English Translation

SUNTORY
SUNTORY BEVERAGE & FOOD

February 9, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 <IFRS> (UNAUDITED)

Company name:	**Suntory Beverage & Food Limited**
Shares listed:	First Section, Tokyo Stock Exchange
Securities code:	2587
URL:	https://www.suntory.com/sbf/
Representative:	Kazuhiro Saito, Chief Executive Officer
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Scheduled date of ordinary general meeting of shareholders:	March 26, 2021
Scheduled date to file securities report:	March 29, 2021
Scheduled date to commence dividend payments:	March 29, 2021
Preparation of supplementary material on financial results:	Yes
Holding of financial results presentation meeting (for institutional investors and analysts):	Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax		Profit for the year	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
December 31, 2020	1,178,137	(9.3)	96,177	(15.6)	94,168	(16.1)	64,294	(19.7)
December 31, 2019	1,299,385	0.4	113,948	0.3	112,186	0.3	80,080	(9.9)

	Profit for the year attributable to owners of the Company		Comprehensive income for the year	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)
December 31, 2020	52,212	(24.2)	57,434	(26.9)
December 31, 2019	68,888	(13.9)	78,599	40.0

	Basic earnings per share	Diluted earnings per share	Ratio of profit for the year to equity attributable to owners of the Company	Ratio of profit before tax to total assets	Ratio of operating income to revenue
Fiscal year ended	(Yen)	(Yen)	(%)	(%)	(%)
December 31, 2020	168.97	–	6.8	6.0	8.2
December 31, 2019	222.94	–	9.4	7.2	8.8

Reference: Gain on investments accounted for using the equity method
For the fiscal year ended December 31, 2020: ¥(85) million
For the fiscal year ended December 31, 2019: ¥5 million

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity attributable to owners of the Company per share
As of	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Yen)
December 31, 2020	1,574,251	859,556	781,755	49.7	2,529.95
December 31, 2019	1,567,299	837,565	756,568	48.3	2,448.44

(3) Consolidated cash flows

	Net cash inflow (outflow) from operating activities	Net cash inflow (outflow) from investing activities	Net cash inflow (outflow) from financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
December 31, 2020	134,019	(61,217)	(46,754)	167,480
December 31, 2019	170,596	(59,382)	(115,156)	143,564

2. Dividends

	Annual cash dividends					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the Company (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Fiscal year ended December 31, 2019	–	39.00	–	39.00	78.00	24,101	35.0	3.3
Fiscal year ended December 31, 2020	–	39.00	–	39.00	78.00	24,101	46.2	3.1
Fiscal year ending December 31, 2021 (Forecast)	–	39.00	–	39.00	78.00		39.8	

3. Consolidated earnings forecast for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Company		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Fiscal year ending December 31, 2021	1,260,000	6.9	105,000	9.2	103,500	9.9	73,500	14.3	60,500	15.9	195.79

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

a.	Changes in accounting policies required by IFRS:	None
b.	Changes in accounting policies due to other reasons:	None
c.	Changes in accounting estimates:	None

(3) Number of issued shares (ordinary shares)

a. Total number of issued shares at the end of the period (including treasury shares)	
As at December 31, 2020	309,000,000 shares
As at December 31, 2019	309,000,000 shares
b. Number of treasury shares at the end of the period	
As at December 31, 2020	3 shares
As at December 31, 2019	3 shares
c. Average number of outstanding shares during the period	
Fiscal year ended December 31, 2020	308,999,997 shares
Fiscal year ended December 31, 2019	308,999,998 shares

*** Financial results reports are not required to be audited by certified public accountants or an audit corporation.**

*** Proper use of earnings forecast, and other special matters**

The earnings forecast contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

Attached Materials

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1. Overview of Operating Results

(1) Overview of operating results for the fiscal year under review

Suntory Beverage & Food Limited Group (the Group), based on the philosophy of enriching consumers' lives by proposing premium and unique products that match the tastes and needs of consumers, put effort into brand reinforcement and new demand creation, and worked to improve the quality of products. In addition, the Group worked to strengthen profitability in each area.

During 2020, the lockdowns and requests for voluntary business shutdowns issued by each major country in response to the novel coronavirus disease (COVID-19) pandemic has greatly changed the flow of people traffic, and the effect on businesses of the Group both in Japan and overseas has been severe. With the reintroduction of voluntary shutdowns and other measures in some countries as the number of infections with COVID-19 is on the rise again, the situation is unstable, and we will therefore continue to monitor the situation closely.

For the fiscal year under review, the Group reported consolidated revenue of ¥1,178.1 billion, down 9.3% year on year. Consolidated operating income was ¥96.2 billion, down 15.6% year on year. Furthermore, profit for the year attributable to owners of the Company was ¥52.2 billion, down 24.2% year on year.

Results by segment are described below.

< Japan business >

The Group worked on strengthening core brands with a focus on water, coffee, and sugar-free tea categories, but sales volume dropped year on year, despite outperforming the overall beverage market, due to unfavorable weather and the continued effects of COVID-19. Sales volume for the *Suntory Tennensui* brand as a whole achieved results almost flat year on year, backed by a growing demand for large formats for stockpiling at home and strong performance of the renewed *Suntory Tennensui Sparkling* series. For the *BOSS* brand, despite an active rollout of marketing activities and our efforts to revitalize the market such as the new launch of *BOSS CAFE BASE* and *Craft BOSS LEMON TEA*, sales volume for the BOSS brand as a whole was lower year on year. In the sugar-free tea category, the *Iyemon* brand's renewal carried out in April has been well received by customers, and the overall sales volume of the brand greatly exceeded that of the previous year. In addition, for *Green DAKARA*, sales of *Green DAKARA Yasashii Mugicha* continued to remain strong, and the overall sales volume of the brand was almost flat year on year.

In terms of profit, we undertook initiatives to reduce the cost of ingredients, carried out cost-cutting activities, and also worked to improve efficiency in the use of sales promotion and advertising costs, but the decline in sales volume and the change of channel mix continued to have a negative impact.

As a result, the Japan business reported revenue of ¥633.0 billion, down 10.1% year on year, and segment profit of ¥37.0 billion, down 30.8% year on year.

< Europe business >

In France, sales volume for the core brands *Orangina* and *Oasis* posted a year-on-year decline due to the impact of COVID-19. While sales have shown signs of recovery during the summer partly due to the effect of favorable weather, the second lockdown that began in October had its effect. In the UK, the overall sales volume for the *Lucozade* brand decreased year on year, but the *Lucozade Energy* brand capturing stress-relief needs remained stable.

In Spain, sales volume for the core *Schweppes* brand was firm in the off-premise channel, but down year on year due to the impact of restrictions in the on-premise channel.

In terms of profit, despite the positive contributions from working to improve efficiency in the use of marketing expenses and reducing the cost of ingredients, profit declined due to the impact of the decrease in sales.

As a result, the Europe business reported revenue of ¥190.0 billion, down 14.6% year on year, and segment profit of ¥27.2 billion, down 17.5% year on year.

< Asia business >

In the beverage business, sales fell year on year due to COVID-19, however, concentrated activities on core brands in Vietnam and the introduction of new, low-sugar products in Thailand allowed us to outgrow the market.

The health supplement business was greatly affected by COVID-19, and while sales fell year on year, as a result of our continued activities to enhance our mainstay product *BRAND'S Essence of Chicken*, the sales trend is steadily getting back on track.

In terms of profit, lower cost of ingredients and efficient use of sales promotion and advertising costs made positive contributions.

As a result, the Asia business reported revenue of ¥212.0 billion, down 8.5% year on year. Segment profit was ¥27.9 billion, up 10.8% year on year.

< Oceania business >

Regarding the beverage business, energy drinks such as *V* sold strongly. Additionally, in the fresh coffee business, the Group worked on strengthening its core brands. Since April when the lockdown was lifted, sales trends in the on-premise channels and convenience stores, which had been particularly affected by COVID-19, have also recovered well.

As a result, the Oceania business reported revenue of ¥53.0 billion, down 0.4% year on year, and segment profit of ¥6.5 billion, up 5.2% year on year.

< Americas business >

In addition to further strengthening sales of the core carbonated beverage brand products, the Group also focused on the growing non-carbonated beverage category, which included water and RTD coffee. Despite the continuing impact of COVID-19, sales increased year on year due to growth in demand for home consumption products.

As a result, the Americas business reported revenue of ¥90.1 billion, up 2.7% year on year, and segment profit of ¥9.1 billion, up 10.4% year on year.

(2) Overview of financial position for the fiscal year under review

Total assets as of December 31, 2020 stood at ¥1,574.3 billion, an increase of ¥7.0 billion compared to December 31, 2019. The main factor was an increase in cash and cash equivalents.

Total liabilities stood at ¥714.7 billion, a decrease of ¥15.0 billion compared to December 31, 2019. This was due in part to a decrease in trade and other payables.

Total equity stood at ¥859.6 billion, an increase of ¥22.0 billion compared to December 31, 2019 due in part to an increase in retained earnings.

As a result of the above, ratio of equity attributable to owners of the Company to total assets was 49.7% and equity attributable to owners of the Company per share was ¥2,529.95.

(3) Overview of cash flows for the fiscal year under review

Cash flow positions in the fiscal year under review are as follows.

Cash and cash equivalents as of December 31, 2020 amounted to ¥167.5 billion, an increase of ¥23.9 billion compared to December 31, 2019.

Net cash inflow from operating activities was ¥134.0 billion, a decrease of ¥36.6 billion compared to the previous fiscal year. This was mainly the result of a decrease in trade and other payables of ¥1.3 billion, despite profit before tax of ¥94.2 billion, and depreciation and amortization of ¥70.7 billion.

Net cash outflow from investing activities was ¥61.2 billion, an increase of ¥1.8 billion compared to the previous fiscal year. This was mainly the result of the payments for property, plant and equipment and intangible assets of ¥62.5 billion.

Net cash outflow from financing activities was ¥46.8 billion, a decrease of ¥68.4 billion compared to the previous fiscal year. This was mainly the result of an increase of ¥30.2 billion in short-term borrowings and proceeds from long-term borrowings of ¥30.0 billion, despite the repayments of long-term borrowings of ¥57.2 billion.

(4) Future outlook

Based on the medium-term strategy, the Group will work on further improvement of profitability and business foundation.

Please see 3. Management Policies for further details on the medium-term strategy and initiatives for 2021. In the 2021 fiscal year, the Group expects consolidated revenue of ¥1,260.0 billion, up 6.9% year on year, consolidated operating income of ¥105.0 billion, up 9.2% year on year.

The main foreign exchange rates underlying the outlook for the next fiscal year are ¥127.0 against the euro and ¥106.0 against the U.S. dollar.

(5) Basic policy on profit distribution and dividends for the 2020 and 2021 fiscal years

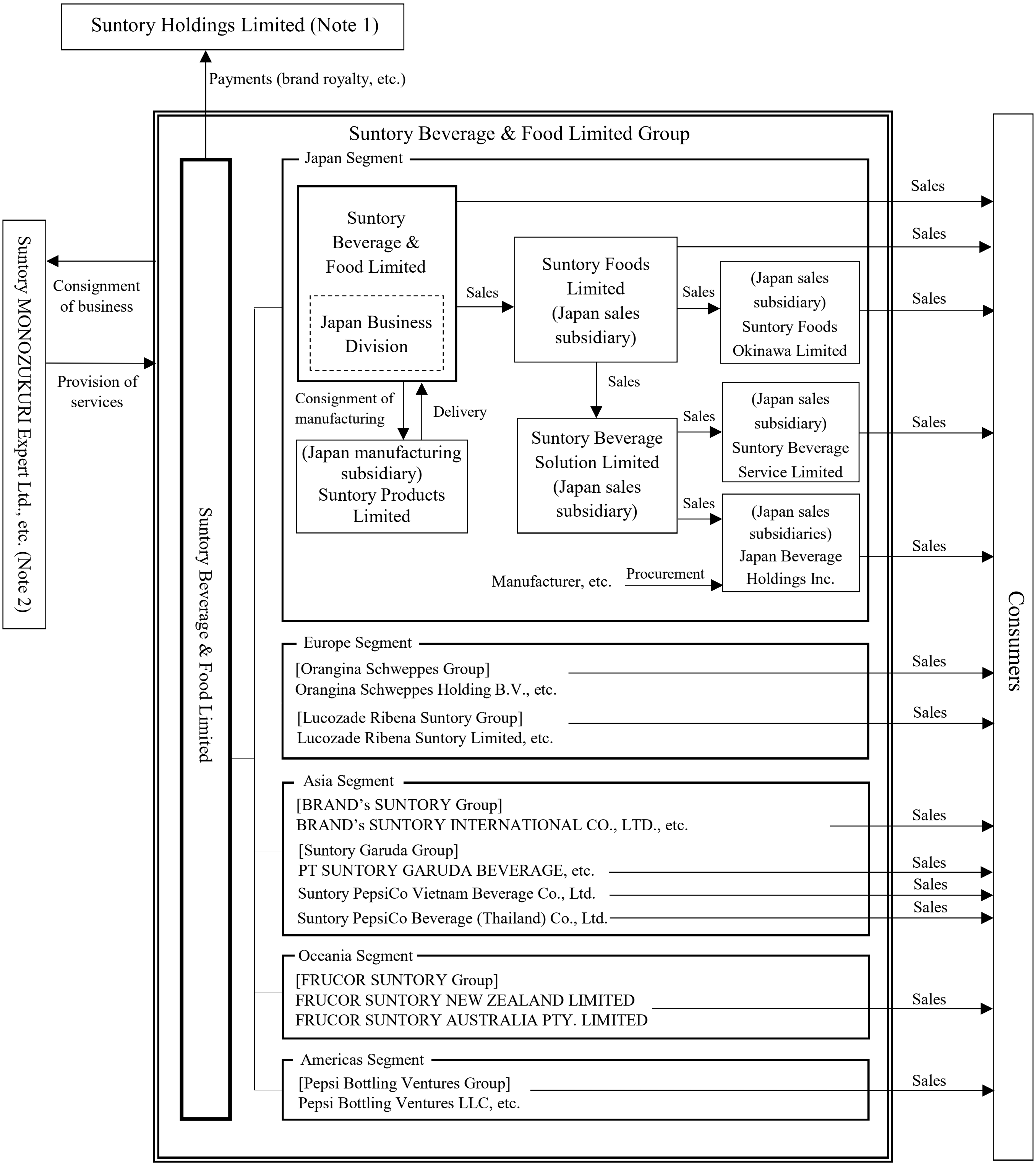
The Company believes its prioritization of strategic investments as well as capital expenditures for sustainable revenue growth and increasing the value of its business will benefit its shareholders. In addition, the Company views an appropriate shareholder return as one of its core management principles. While giving due consideration to providing a stable return and maintaining robust internal reserves for the future, the Company intends to pursue a shareholder return policy that takes its business results and future funding needs into account comprehensively. Specifically, the Company aims to stably increase dividends on the basis of profit growth with a targeted consolidated payout ratio of 30% or more of profit for the year attributable to owners of the Company. Looking to the medium- and long-term, the Company will also consider increasing the payout ratio depending on such factors as its need for funds and progress in profit growth.

For the fiscal year under review, in accordance with the basic policy described above and a consideration of business results and environment, the Company plans to pay a fiscal year-end dividend of ¥39 per share. As a result, the planned annual dividend for the fiscal year under review is ¥78 per share, together with an interim dividend of ¥39 already paid. For the fiscal year ending December 31, 2021, the Company plans to pay an annual dividend of ¥78 per share, comprised of an interim dividend of ¥39 and a fiscal year-end dividend of ¥39.

2. State of the Group

The Suntory Beverage & Food Limited Group is comprised of the Company, 93 subsidiaries and 8 affiliates.
The major companies are mentioned below.

The following shows a business schematic diagram of the Group.



Notes: 1. Suntory Holdings Limited is the parent company.
2. Suntory MONOZUKURI Expert Ltd., etc. are sister companies.

3. Management Strategy

(1) Corporate vision and promise

We promise and declare to society that we make our living with water, which we call *Mizu to Ikiru*. We embrace nature, enrich our society and encourage our people to take on new challenges.
In addition, in the light of recent changes in the business environment, such as shifts in social conditions and rising health-focus among consumer needs, we have set our vision to "Enrich our drinking-experiences to be more natural, healthy, convenient, and fulfilling, by leading the next drinks revolution."

(2) Medium-term strategy

Establish a unique position moving one step ahead of consumer trends, in the global beverages industry
Our aspiration is ¥2.5 trillion sales by 2030 to be achieved organically by "outperforming the market" as well as through "incremental growth from new investments."
Aim for profit growth which outpaces revenue growth.
In order to achieve these, the Group will proactively develop business in line with the following key strategic pillars.

< Growth strategy >

<u>First mover</u> - Organic growth

- Double down on core brands through innovation
- Innovate future categories

<u>Game Changer</u> – Inorganic growth

- Go beyond RTD (Ready to Drink)
- Expand into new markets
- Accelerate M&A investment

<u>Enablers</u>

- Accelerate Centers of Excellence and DX
- Establish Asia-Pacific region to unlock growth

< Structural transformation >

- Vending machine business transformation in Japan
- On-premise business transformation in Europe

In addition to the above, the Group will contribute to the local communities through the promotion of sustainability initiatives.

(3) Medium-term plan (2021-2023)

The targets through 2023 based on the medium-term strategy are as follows:

<u>Organic growth</u>

(Base year: 2020, on a currency neutral basis)

Revenue	Mid single-digit Compound Annual Growth Rate (CAGR) growth
Operating income	Above 10% Compound Annual Growth Rate (CAGR) growth
Operating margin	10% or above by 2023

Target to surpass 2019 Revenue and Operating Income level in 2022

<u>Growth investment</u>

Focus on growth investment (including M&A)

- Maximum net D/E ratio of 1x (approx. ¥700 billion)
- Allocate ¥200-300 billion for investment

(4) Issues to address

We see 2021 as an opportunity to capture changes in consumer preferences and buying patterns caused by COVID-19 and will promote growth strategies and structural reform in each of our reporting segments, aiming for sales and profit growth.
The Company implemented changes to its organization on January 1, 2021, to achieve dramatic growth in key markets in the Asia and Oceania regions. As a result of this restructuring, the

reportable segments, which until now comprised “Japan business,” “Europe business,” “Asia business,” “Oceania business,” and “Americas business,” effective in 2021, comprise “Japan business,” “Asia Pacific business,” “Europe business,” and “Americas business.”

< Japan business >

Designating our business strategies of “vending machine business model reform,” “accelerating growth in core brands,” and “supply chain structural reform” as the key priorities, we aim to grow sales and profit. The Group will continue marketing activities this year around *Suntory Tennensui*, *BOSS*, *Iyemon* and *Tokucha.* With the *Suntory Tennensui* brand, the Group will continue to appeal to consumers using its unique “clear & tasty” brand value. In the *BOSS* brand, in addition to activities aimed at existing core users of canned coffee, the Group will strengthen initiatives for *Craft BOSS*. To accelerate growth of our *Iyemon* brand after renewal, we are promoting activities to create new demand. To get customers more accustomed to drinking *Tokucha*, we are further enhancing our marketing activities.

Moreover, on top of the activities that the entire Suntory Group has engaged in over many years, such as initiatives to contribute to the environment and society, we will put effort into activities in order to leave a sustainable earth environment for the next generation, such as by reinforcing effective use of used PET bottles.

< Asia Pacific business >

In Vietnam, the Group will continue with its sales activities while striving to accelerate growth of core brands such as the energy drink *Sting* and the RTD tea *TEA+*. In Thailand, the Group will strengthen the *Pepsi* brand and work to achieve further improvements in productivity, and continue reinforcing low-sugar products in order to capture demand driven by the rising health consciousness of consumers. Regarding the health supplement business, the Group will bolster marketing activities for mainstay product *BRAND’S Essence of Chicken*. In Oceania, the Group will continue to focus on the energy drink *V*, a core brand.

< Europe business >

Across Europe, in addition to working to revitalize the *Schweppes* brand, the Group will tackle structural reform such as strengthening sales and supply chain management. In France, the Group will strengthen marketing for core brands *Orangina* and *Oasis*, and strive for growth in sales and profit. In the UK, the Group will further strengthen sales with a focus on *Lucozade*. In Spain, we are promoting structural reform of our commercial business.

< Americas business >

The Group will enhance the core carbonated beverage category, while also working to further expand the growing non-carbonated beverage category. We will also promote sales innovation and accelerate growth.

4. Basic Concept Regarding Selection of Accounting Standard

Considering the ongoing globalization of the business activities of the Group, the Group has applied the International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2017, to improve the quality of the Group’s business management through unified accounting standards and to increase international comparability of its financial information in the capital markets.

5. Consolidated Financial Statements and Significant Notes Thereto (Unaudited)

(1) Consolidated statement of financial position

	Millions of yen	
	As at December 31, 2019	As at December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	143,564	167,480
Trade and other receivables	191,240	196,242
Other financial assets	6,200	717
Inventories	84,916	79,260
Other current assets	20,287	23,496
Subtotal	446,210	467,198
Assets held for sale	104	–
Total current assets	446,314	467,198
Non-current assets:		
Property, plant and equipment	372,036	360,358
Right-of-use assets	47,446	50,772
Goodwill	247,851	250,448
Intangible assets	411,374	405,175
Investments accounted for using the equity method	1,107	895
Other financial assets	17,162	14,513
Deferred tax assets	14,428	15,465
Other non-current assets	9,575	9,423
Total non-current assets	1,120,984	1,107,052
Total assets	1,567,299	1,574,251

	Millions of yen	
	As at December 31, 2019	As at December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	74,652	83,401
Trade and other payables	322,455	308,381
Other financial liabilities	38,444	33,542
Accrued income taxes	18,815	14,628
Provisions	1,511	1,586
Other current liabilities	6,026	4,986
Total current liabilities	461,905	446,526
Non-current liabilities:		
Bonds and borrowings	132,716	120,292
Other financial liabilities	45,752	52,867
Post-employment benefit liabilities	15,405	15,073
Provisions	2,557	2,287
Deferred tax liabilities	65,835	71,695
Other non-current liabilities	5,561	5,952
Total non-current liabilities	267,828	268,168
Total liabilities	729,733	714,694
Equity		
Share capital	168,384	168,384
Share premium	182,349	182,414
Retained earnings	464,705	492,451
Treasury shares	(0)	(0)
Other components of equity	(58,870)	(61,495)
Total equity attributable to owners of the Company	756,568	781,755
Non-controlling interests	80,997	77,801
Total equity	837,565	859,556
Total liabilities and equity	1,567,299	1,574,251

(2) Consolidated statement of profit or loss

	Millions of yen	
	Year ended December 31, 2019	Year ended December 31, 2020
Revenue	1,299,385	1,178,137
Cost of sales	(763,291)	(694,282)
Gross profit	536,094	483,855
Selling, general and administrative expenses	(414,794)	(382,331)
Gain on investments accounted for using the equity method	5	(85)
Other income	1,681	3,341
Other expenses	(9,039)	(8,603)
Operating income	113,948	96,177
Finance income	1,427	861
Finance costs	(3,188)	(2,871)
Profit before tax	112,186	94,168
Income tax expense	(32,106)	(29,873)
Profit for the year	80,080	64,294
Attributable to:		
Owners of the Company	68,888	52,212
Non-controlling interests	11,191	12,082
Profit for the year	80,080	64,294
Earnings per share (Yen)	222.94	168.97

(3) Consolidated statement of comprehensive income

	Millions of yen	
	Year ended December 31, 2019	Year ended December 31, 2020
Profit for the year	80,080	64,294
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	945	(1,354)
Remeasurement of post-employment benefit plans	(1,151)	1,064
Total	(205)	(289)
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	(996)	(5,680)
Changes in the fair value of cash flow hedges	(263)	(846)
Changes in comprehensive income of investments accounted for using the equity method	(14)	(43)
Total	(1,274)	(6,570)
Other comprehensive income for the year, net of tax	(1,480)	(6,860)
Comprehensive income for the year	78,599	57,434
Attributable to:		
Owners of the Company	66,558	49,223
Non-controlling interests	12,041	8,210
Comprehensive income for the year	78,599	57,434

(4) Consolidated statement of changes in equity

Millions of yen

	Attributable to owners of the Company							
	Share capital	Share premium	Retained earnings	Treasury shares	Other compo-nents of equity	Total	Non-controlling interests	Total equity
Balance at December 31, 2018	168,384	182,349	420,638	–	(56,548)	714,823	84,054	798,877
Cumulative effect of adopting new accounting standards			(710)			(710)	(165)	(876)
Balance at January 1, 2019	168,384	182,349	419,927	–	(56,548)	714,112	83,888	798,000
Profit for the year			68,888			68,888	11,191	80,080
Other comprehensive income					(2,329)	(2,329)	849	(1,480)
Total comprehensive income for the year	–	–	68,888	–	(2,329)	66,558	12,041	78,599
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(24,101)			(24,101)	(14,315)	(38,417)
Transactions with non-controlling interests						–	(618)	(618)
Reclassification to retained earnings			(7)		7	–		–
Total transactions with owners of the Company	–	–	(24,109)	(0)	7	(24,102)	(14,933)	(39,035)
Balance at December 31, 2019	168,384	182,349	464,705	(0)	(58,870)	756,568	80,997	837,565
Profit for the year			52,212			52,212	12,082	64,294
Other comprehensive income					(2,988)	(2,988)	(3,871)	(6,860)
Total comprehensive income for the year	–	–	52,212	–	(2,988)	49,223	8,210	57,434
Dividends			(24,101)			(24,101)	(11,338)	(35,440)
Transactions with non-controlling interests		65				65	(68)	(2)
Reclassification to retained earnings			(364)		364	–		–
Total transactions with owners of the Company	–	65	(24,466)	–	364	(24,036)	(11,406)	(35,442)
Balance at December 31, 2020	168,384	182,414	492,451	(0)	(61,495)	781,755	77,801	859,556

(5) Consolidated statement of cash flows

	Millions of yen	
	Year ended December 31, 2019	Year ended December 31, 2020
Cash flows from operating activities		
Profit before tax	112,186	94,168
Depreciation and amortization	71,035	70,652
Impairment losses (reversal of impairment losses)	2,008	1,962
Interest and dividends income	(1,422)	(833)
Interest expense	2,824	2,137
Loss (gain) on investments accounted for using the equity method	(5)	85
Decrease (increase) in inventories	439	5,058
Decrease (increase) in trade and other receivables	(7,019)	(5,556)
Increase (decrease) in trade and other payables	8,943	(1,337)
Other	11,820	(3,072)
Subtotal	200,811	163,265
Interest and dividends received	1,345	955
Interest paid	(2,776)	(1,968)
Income tax paid	(28,783)	(28,232)
Net cash inflow (outflow) from operating activities	170,596	134,019
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(58,815)	(62,485)
Proceeds on sale of property, plant and equipment and intangible assets	332	352
Payments for purchase of shares of subsidiaries	(900)	—
Other	1	915
Net cash inflow (outflow) from investing activities	(59,382)	(61,217)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(9,458)	30,197
Proceeds from long-term borrowings	–	30,000
Repayments of long-term borrowings	(27,979)	(57,194)
Redemption of bonds	(25,000)	—
Payments of lease liabilities	(14,842)	(13,983)
Dividends paid to owners of the Company	(24,101)	(24,101)
Dividends paid to non-controlling interests	(13,639)	(11,655)
Other	(134)	(16)
Net cash inflow (outflow) from financing activities	(115,156)	(46,754)
Net increase (decrease) in cash and cash equivalents	(3,942)	26,047
Cash and cash equivalents at the beginning of the year	146,535	143,564
Effects of exchange rate changes on cash and cash equivalents	971	(2,131)
Cash and cash equivalents at the end of the year	143,564	167,480

(6) Notes to consolidated financial statements

(Going concern)

The consolidated financial statements are prepared on going concern basis.

(Segment information)

The reportable segments are components of the Group for which separate financial information is available and regularly reviewed by management to make decisions about the allocation of resources and to assess segment performance.
The Group manufactures and distributes soft drinks and foods, including mineral water, coffee drinks, tea drinks, carbonated drinks, sports drinks and food for specified health uses (FOSHU). The Company, together with its manufacturing and sales subsidiaries, operates in the domestic market, and its regional subsidiaries operate in overseas markets. Therefore, the Group comprises of five reportable segments: "Japan business," "Europe business," "Asia business," "Oceania business" and "Americas business." The intersegment transactions are considered on an arm's length basis.
The Group operates a single business, the manufacturing and distribution of soft drinks and foods; therefore, financial information by product and service is not prepared.
Profit or loss for each reportable segment of the Group is as follows.

Year ended December 31, 2019

Millions of yen

	Reportable segment					Segment		
	Japan	Europe	Asia	Oceania	Americas	total	Reconciliations	Consolidated
Revenue:								
External customers	704,254	222,457	231,694	53,228	87,750	1,299,385	–	1,299,385
Intersegment	4	942	1,044	5	–	1,996	(1,996)	–
Total revenue	704,259	223,400	232,738	53,233	87,750	1,301,382	(1,996)	1,299,385
Segment profit	53,464	33,020	25,173	6,137	8,239	126,036	(12,088)	113,948
(Depreciation and amortization)	37,375	11,864	12,126	2,760	3,579	67,706	3,328	71,035

Year ended December 31, 2020

Millions of yen

	Reportable segment					Segment		
	Japan	Europe	Asia	Oceania	Americas	total	Reconciliations	Consolidated
Revenue:								
External customers	633,002	189,970	211,998	53,027	90,138	1,178,137	–	1,178,137
Intersegment	48	1,114	843	5	–	2,011	(2,011)	–
Total revenue	633,051	191,085	212,841	53,032	90,138	1,180,149	(2,011)	1,178,137
Segment profit	36,981	27,236	27,898	6,456	9,099	107,671	(11,493)	96,177
(Depreciation and amortization)	36,536	11,698	11,677	3,469	3,921	67,303	3,349	70,652

"Reconciliations" to segment profit represents overhead costs incurred by the Company to manage the Group's operations and is not allocated to each reportable segment. Segment profit agrees with operating income presented in the consolidated statement of profit or loss.

Geographical areas are comprised of the following countries.

Japan business:	Japan
Europe business:	France, UK, Spain, and others
Asia business:	Vietnam, Thailand, Indonesia, and others
Oceania business:	New Zealand, Australia, and others
Americas business:	United States of America

Revenue from external customers is as follows:

	Millions of yen					
	Japan	Europe	Asia	Oceania	Americas	Total
Year ended December 31, 2019	704,254	228,637	225,540	53,202	87,750	1,299,385
Year ended December 31, 2020	633,002	195,375	206,634	52,986	90,138	1,178,137

Revenue is allocated to countries or areas based on the customers' location for the analysis above.

Non-current assets by reportable segment is as follows:

	Millions of yen					
	Japan	Europe	Asia	Oceania	Americas	Total
As at December 31, 2019	358,876	486,958	125,996	41,044	65,833	1,078,709
As at December 31, 2020	362,395	482,943	116,575	41,503	63,336	1,066,754

Non-current assets (property, plant and equipment, right-of-use assets, intangible assets and goodwill) is allocated to each reportable segment based on their locations for the above analysis.

There is no customer to which sales exceeds 10% of the Group's total revenue.

(Per share information)

The basis for calculating earnings per share is as follows. There is no diluted share issued.

	Millions of yen	
	Year ended December 31, 2019	Year ended December 31, 2020
Profit for the year attributable to owners of the Company	68,888	52,212
Profit for the year not attributable to ordinary shareholders of the Company	–	–
Profit for the year used in the calculation of earnings per share	68,888	52,212
Weighted-average number of ordinary shares (Shares)	308,999,998	308,999,997
Earnings per share (Yen)	222.94	168.97

(Subsequent events)

There were no subsequent events.