English Translation

SUNTORY
SUNTORY BEVERAGE & FOOD

November 2, 2016

Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2016 <under Japanese GAAP> (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
Shares listed: First Section, Tokyo Stock Exchange
Securities code: 2587
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Scheduled date to file quarterly securities report: November 11, 2016
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly 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 first nine months of the fiscal year ending December 31, 2016 (from January 1, 2016 to September 30, 2016)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Nine months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
September 30, 2016	1,065,818	4.4	74,440	6.5	72,171	17.1	36,423	(5.7)
September 30, 2015	1,020,964	8.5	69,875	7.8	61,643	(1.2)	38,618	25.2

Note: Comprehensive income (loss)
For the nine months ended September 30, 2016: ¥(45,083) million [–%]
For the nine months ended September 30, 2015: ¥5,446 million [(84.2)%]
Reference: EBITDA
For the nine months ended September 30, 2016: ¥139.6 billion [7.6%]
For the nine months ended September 30, 2015: ¥129.8 billion [7.6%]
For the definition of EBITDA, its calculation method, etc., refer to “Segment information, etc.” on page 10.
Net income before amortization of goodwill
For the nine months ended September 30, 2016: ¥58.0 billion [(0.4)%]
For the nine months ended September 30, 2015: ¥58.2 billion [17.4%]
Note: Net income before amortization of goodwill is the sum of net income attributable to owners of the parent and amortization of goodwill.

	Net income per share	Diluted net income per share
Nine months ended	(Yen)	(Yen)
September 30, 2016	117.88	–
September 30, 2015	124.98	–

(2) Consolidated financial position

	Total assets	Total equity	Shareholders' equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
September 30, 2016	1,355,301	554,875	38.1
December 31, 2015	1,484,434	626,890	39.3

Reference: Shareholders' equity (Equity excluding non-controlling interests)
As of September 30, 2016: ¥516,071 million As of December 31, 2015: ¥583,495 million

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended December 31, 2015	–	33.00	–	35.00	68.00
Fiscal year ending December 31, 2016	–	34.00	–		
Fiscal year ending December 31, 2016 (Forecast)				34.00	68.00

Note: Revisions to the forecast of dividends most recently announced: None

3. Consolidated earnings forecast for the fiscal year ending December 31, 2016 (from January 1, 2016 to December 31, 2016)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Fiscal year ending December 31, 2016	1,400,000	1.4	92,000	(0.0)	89,000	7.4	40,500	(4.6)	131.07

Note: Revisions to the earnings forecast most recently announced: Yes
Reference: EBITDA
For the fiscal year ending December 31, 2016 (forecast): ¥179.0 billion [2.0%]
Net income before amortization of goodwill
For the fiscal year ending December 31, 2016 (forecast): ¥69.0 billion [(1.0)%]
Note: Net income before amortization of goodwill is the sum of net income attributable to owners of the parent and amortization of goodwill.

* Notes

(1) Changes in significant subsidiaries during the nine months ended September 30, 2016 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a.	Changes in accounting policies due to revisions to accounting standards and other regulations:	Yes
b.	Changes in accounting policies due to other reasons:	None
c.	Changes in accounting estimates:	None
d.	Restatement of prior period financial statements after error corrections:	None

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2016	309,000,000 shares
As of December 31, 2015	309,000,000 shares

b. Number of treasury shares at the end of the period

As of September 30, 2016	– shares
As of December 31, 2015	– shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2016	309,000,000 shares
Nine months ended September 30, 2015	309,000,000 shares

*** Indication regarding execution of quarterly review procedures**

The quarterly review pursuant to the Financial Instruments and Exchange Act does not apply to this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

*** 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. Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Operating results

In the first nine months of the fiscal year ending December 31, 2016 (from January 1, 2016 to September 30, 2016), there was a gradual recovery in the global economy overall despite signs of weakness in some areas. Although the Japanese economy continued to follow a path of gradual recovery, there were signs of weakness in consumer spending and corporate earnings in some areas.

Amid these circumstances, Suntory Beverage & Food Limited Group (the Group) put efforts into brand reinforcement and new demand creation under its philosophy of proposing products based on the concept of "natural & healthy" and "unique & premium," and enriching consumers' lives. By utilizing the expertise of each company, the Group also worked to strengthen earning capacity through cost reductions and to improve quality of products throughout the group. Furthermore, with the aim of achieving sustainable future growth, the Group concentrated on strengthening its business foundation in each area.

In the Japan segment, in addition to reinforcing core brands with a focus on the *Suntory Tennensui* brand and *Boss* coffee brand, the Group launched products with new value such as *Blood Orangina*, and strengthened high-value-added products such as *Iyemon Tokucha* as part of efforts to create new demand.
In the overseas segment, the Group further reinforced core brands and reduced costs in each area. In Europe, in addition to efforts centering on core brands such as *Orangina*, *Oasis*, *Schweppes*, *Lucozade* and *Ribena*, the Group took steps to expand the brand portfolio and continued to work on initiatives to expand business in on-premise channel. Furthermore, in Asia, the Group made focused efforts to further strengthen its business foundation, such as sales and production structures.

As a result of the above, for the operating results of the first nine months of the fiscal year under review, the Group reported consolidated net sales of ¥1,065.8 billion, up 4.4% year on year, operating income of ¥74.4 billion, up 6.5%, ordinary income of ¥72.2 billion, up 17.1% and net income attributable to owners of the parent of ¥36.4 billion, down 5.7%. An extraordinary loss of ¥3.6 billion related to the 2016 Kumamoto Earthquake was also posted. Going forward, the Group expects to receive insurance payments against these losses, but at present the exact amount is not determined yet.

Results by segment are as follows:

< Japan segment >
In Japan, as well as strengthening core brands, by focusing on high-value-added products such as FOSHU (a Food for Specified Health Uses) drink products, the Group worked on creating new demand, and consequently achieved a year-on-year increase in sales volume.
In the *Suntory Tennensui* brand, the Group promoted the brand's original value by emphasizing its qualities of "clear & tasty" and "natural & healthy." Especially, sales of *Suntory Yogurina & Minami-Alps Tennensui* were strong. As a result, sales volume for the brand as a whole grew considerably.
In the *Boss* coffee brand, in addition to continuing efforts focused on 185g canned coffee *Premium Boss*, *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black* and *Café au Lait*, which are our core products, sales volume of *Premium Boss Black* and *Premium Boss Bito* increased significantly in the growing bottle-shaped canned coffee range and drove growth of the brand. In September, in order to fulfil the increasingly diversified tastes of consumers, in the *Premium Boss* brand the Company launched new product of 185g canned coffee *Premium Boss Limited*, as well as new products of bottle-shaped canned coffee *Premium Boss - The Mild*, and *Premium Boss - The Latte (sugar-free)*, further expanding the product lineup.
In the *Iyemon* brand, the Company made focused efforts to reinforce brands by continuously making proposals for adjusting flavors to suit the season. Furthermore, sales volume of the FOSHU green tea *Iyemon Tokucha* grew significantly. As a result, sales volume for the brand as a whole grew steadily.

The Company contributed to market expansion of FOSHU drink products, which are attracting

attention on the back of increasing health consciousness, and is establishing a strong position in this market. In addition to conducting further aggressive marketing activities for *Iyemon Tokucha*, *Suntory Black Oolong Tea* and *Suntory Goma Mugicha* etc., in the *Iyemon Tokucha* brand, the Company launched in August *Suntory Tokucha Caffeine Zero*, which provides new added value through being caffeine-free, winning support from even greater numbers of consumers than before. As a result, the total sales volume of FOSHU drink products rose considerably year on year.

The Group is also focused on its initiatives to improve profitability. By launching products with new value such as *Premium Boss - The Latte* and *Blood Orangina* in March, and by strengthening sales of high-value-added products such as FOSHU drink products and small-size format products such as 500 ml PET bottles, the product mix improved, which resulted in an increase in profit. The Group also continued to work on reducing packaging material costs and manufacturing expenses, etc., and as a result, production costs reduced year on year. Sales promotion and advertising costs rose year on year, but the Group continued to make efficient investment in marketing to net sales.

Suntory Beverage Solution Limited started its operations in April in order to provide even higher added value to consumers in those businesses that have direct contact with the consumer, such as the vending machine business, fountain business and water dispenser business. Together with Suntory Foods Limited, which specializes in retail channel operations, the company worked on initiatives to strengthen the customer response capabilities and sales capabilities of each.

As a result of the above, the Japan segment reported year-on-year increases in both net sales and segment profit, as shown below.

Japan segment net sales: ¥678.1 billion (up 14.3% year on year)
Japan segment profit: ¥43.2 billion (up 27.1% year on year)

< Overseas segment >
In Europe, aggressive marketing activities were conducted centering on core brands such as *Orangina*, *Oasis*, *Schweppes*, *Lucozade* and *Ribena*. In France, where the business environment is tough, the sales volume of *Orangina* was about the same level as previous year, and the sales volume of *Oasis* declined year on year. In the UK, sales volume of *Lucozade*, which was strongly supported by the launch of zero calorie *Lucozade Zero* in May, was positive. Sales volume of *Ribena* was about the same level as previous year. In Spain, the Group pursued successfully the collaboration with PepsiCo, Inc. that began last year and sales continued to be strong in the on-premise channel. Also, by taking over the impulse distribution of the spring water *Highland Spring* in the UK in December 2015 and by launching the premium low-sugar iced tea *May Tea* in France in May, the Group bolstered its brand portfolio across Europe, where health consciousness is increasing.
Furthermore, on September 30, the Group acquired from GlaxoSmithKline Consumer Nigeria Plc the business foundation for manufacturing and sales of the two brands *Lucozade* and *Ribena* in Nigeria, in order to reinforce its business in Africa.
In Asia, the Group worked to strengthen its business foundation and conducted marketing activities centering on core brands in each country. In the health supplement business, in core market Thailand, sales of *BRAND'S Essence of Chicken*, etc. continued to be steady. In the beverage business, in Vietnam, despite signs of slowdown in the beverage market, the Group took steps to strengthen marketing for Suntory brand products such as the launch of green tea *TEA+ MATCHA* in April, and sales rose considerably year on year along with PepsiCo brands. In Indonesia, the Group made efforts to redevelop the sales structure and the marketing strategy.
In Oceania, the Group worked to expand sales by launching *V Pure* in May, which is made with natural ingredients and related to its mainstay energy drink *V*, and conducting aggressive marketing activities for the hydration beverage *OVI*, which contains the same antioxidant component as green tea.
In the Americas, the Group further promoted PepsiCo brand products, focusing on the state of North Carolina, and improved business efficiency in sales and distribution. In addition, the Group started sales operations for the Suntory brand product *OVI* in January.

In addition to activities to expand sales in each area, the Group strove to further improve quality and strengthen earning capacity by sharing the R&D technology and knowhow for the reduction of

costs among all Group companies.

As a result of these activities, excluding the effect of changes in exchange rates, the overseas segment reported year-on-year increases in both net sales and segment profit but due to the stronger yen, both net sales and segment profits declined, as shown below.

Overseas segment net sales: ¥387.7 billion (down 9.3% year on year)
Overseas segment profit: ¥52.8 billion (down 7.4% year on year)

(2) Financial position

Total assets as of September 30, 2016 stood at ¥1,355.3 billion, a decrease of ¥129.1 billion compared to December 31, 2015. The main factors were decreases in goodwill and trademarks in overseas subsidiaries due to the effect of foreign currency translation, and other item, while there were increases in cash and deposits, notes and accounts receivable-trade and other items.
Total liabilities stood at ¥800.4 billion, a decrease of ¥57.1 billion compared to December 31, 2015. This was due in part a decrease in interest-bearing debt, while there were increases in notes and accounts payable-trade and other items.
Equity stood at ¥554.9 billion, a decrease of ¥72.0 billion compared to December 31, 2015, due in part to a decrease in retained earnings resulting from payments of cash dividends and a decrease in foreign currency translation adjustments, despite other factors including an increase in retained earnings resulting from the recording of net income attributable to owners of the parent.

(3) Consolidated earnings forecast and other forward-looking statements

After taking into consideration of such factors as business circumstances and the effect of changes in exchange rates, we have revised the consolidated earnings forecast for the fiscal year ending December 31, 2016, which were announced on February 12, 2016, as follows.

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A)	1,430,000	90,000	86,500	40,500	131.07
Revised forecast (B)	1,400,000	92,000	89,000	40,500	131.07
Change in amount (B–A)	(30,000)	2,000	2,500	–	–
Change (%)	(2.1)	2.2	2.9	–	–
(Reference) Actual results for the fiscal year ended December 31, 2015	1,381,007	92,007	82,869	42,462	137.42

<Reference> EBITDA
For the fiscal year ending December 31, 2016 (forecast): Revised forecast ¥179.0 billion (previous forecast ¥180.0 billion)
Net income before amortization of goodwill
For the fiscal year ending December 31, 2016 (forecast): Revised forecast ¥69.0 billion (previous forecast ¥70.0 billion)

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the nine months ended September 30, 2016

No items to report

(2) Application of specific accounting methods for preparing quarterly consolidated financial statements

No items to report

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter ended March 31, 2016, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as additional capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter ended March 31, 2016, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for "net income" and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests." To reflect these changes, the Company has reclassified its quarterly consolidated financial statements and consolidated financial statements for the first nine months ended September 30, 2015 and the previous fiscal year.

The application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in Section 58-2 (3) of the Accounting Standard for Business Combinations, Section 44-5 (3) of the Accounting Standard for Consolidated Financial Statements and Section 57-4 (3) of the Accounting Standard for Business Divestitures. Accordingly, the cumulative amount of impact as of the beginning of the first quarter ended March 31, 2016, in the case of retrospective application of the new accounting policies to all prior periods has been added to or deducted from capital surplus and retained earnings.

As a result, as of the beginning of the first quarter ended March 31, 2016, goodwill and foreign currency translation adjustments decreased by ¥1,971 million and ¥26 million respectively, capital surplus increased by ¥211 million, and retained earnings decreased by ¥2,157 million. The impact from this on operating income, ordinary income and income before income taxes of the first nine months ended September 30, 2016 is immaterial.

3. Quarterly Consolidated Financial Statements (Unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2015	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	97,746	105,067
Notes and accounts receivable-trade	156,918	169,311
Merchandise and finished goods	47,844	47,482
Work in process	6,753	6,065
Raw materials and supplies	27,992	27,414
Other	53,649	58,507
Allowance for doubtful accounts	(352)	(229)
Total current assets	390,553	413,619
Noncurrent assets		
Property, plant, and equipment	347,850	314,043
Intangible fixed assets		
Goodwill	454,212	398,365
Trademarks	188,517	138,660
Other	68,697	58,942
Total intangible fixed assets	711,427	595,968
Investments and other assets		
Investment securities	9,929	9,692
Other	24,873	22,414
Allowance for doubtful accounts	(547)	(547)
Total investments and other assets	34,255	31,559
Total noncurrent assets	1,093,533	941,571
Deferred assets	348	110
Total	1,484,434	1,355,301

(Millions of yen)

	As of December 31, 2015	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	119,831	127,028
Electronically recorded obligations-operating	13,619	13,784
Short-term borrowings	113,649	99,448
Lease obligations	7,646	7,301
Accrued income taxes	13,138	13,663
Provision for bonuses	7,255	9,809
Other	163,739	183,438
Total current liabilities	438,881	454,475
Long-term liabilities		
Bonds payable	40,000	40,000
Long-term debt	258,743	196,866
Lease obligations	16,593	12,887
Retirement allowances for directors and audit and supervisory board members	321	224
Net defined benefit liability	6,887	7,474
Other	96,116	88,498
Total long-term liabilities	418,662	345,951
Total liabilities	857,543	800,426
Equity		
Shareholders' equity		
Common stock	168,384	168,384
Capital surplus	192,323	192,431
Retained earnings	176,537	189,483
Total shareholders' equity	537,245	550,299
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,894	1,865
Deferred gain (loss) on derivatives under hedge accounting	376	(159)
Foreign currency translation adjustments	46,993	(33,075)
Remeasurements of defined benefit plans	(3,013)	(2,857)
Total accumulated other comprehensive income (loss)	46,249	(34,228)
Non-controlling interests	43,395	38,804
Total equity	626,890	554,875
Total	1,484,434	1,355,301

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Net sales	1,020,964	1,065,818
Cost of sales	460,793	469,306
Gross profit	560,170	596,511
Selling, general, and administrative expenses	490,295	522,071
Operating income	69,875	74,440
Non-operating income		
Interest income	325	306
Dividend income	1,582	84
Equity in earnings of affiliates	–	544
Other	875	894
Total non-operating income	2,783	1,829
Non-operating expenses		
Interest expense	3,830	3,396
Equity in losses of affiliates	5,521	–
Other	1,662	703
Total non-operating expenses	11,014	4,099
Ordinary income	61,643	72,171
Extraordinary income		
Gain on sales of noncurrent assets	74	52
Gain on sales of investment securities	1	47
Gain on step acquisitions	15,698	–
Other	54	–
Total extraordinary income	15,827	100
Extraordinary loss		
Loss on disposal of noncurrent assets	1,687	1,704
Losses from a natural disaster	–	3,589
Restructuring cost	1,380	3,219
Other	10,404	583
Total extraordinary losses	13,472	9,096
Income before income taxes	63,998	63,174
Income taxes	24,047	22,076
Net income	39,950	41,097
Net income attributable to non-controlling interests	1,332	4,673
Net income attributable to owners of the parent	38,618	36,423

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Net income	39,950	41,097
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	188	(38)
Deferred gain (loss) on derivatives under hedge accounting	58	(557)
Foreign currency translation adjustments	(34,294)	(85,257)
Remeasurements of defined benefit plans, net of tax	4	170
Share of other comprehensive loss in associates	(461)	(497)
Total other comprehensive loss	(34,504)	(86,180)
Total comprehensive income (loss)	5,446	(45,083)
Total comprehensive income (loss) attributable to:		
Owners of the parent (the Company)	5,978	(44,053)
Non-controlling interests	(532)	(1,029)

(3) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report

(Segment information, etc.)

[Segment information]

I. Nine months ended September 30, 2015

1. Information regarding amounts of sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	593,523	427,440	1,020,964	–	1,020,964
Intersegment sales or transfers	14	1,454	1,469	(1,469)	–
Total	593,538	428,895	1,022,433	(1,469)	1,020,964
Segment profit (Note 3)	34,007	56,967	90,974	(21,099)	69,875

Notes 1. The reconciliations of segment profit represent amortization of goodwill, etc. unallocated to each reportable segment.
2. The segment profit is adjusted with operating income described on the quarterly consolidated statements of income.
3. The EBITDA for each reportable segment is as follows:

(Millions of yen)

	Japan	Overseas	Reconciliations (Note 1)	Total
Segment profit	34,007	56,967	–	90,974
Depreciation and amortization	23,497	16,803	–	40,301
Reconciliations	–	–	(1,520)	(1,520)
EBITDA (Note 2)	57,504	73,771	(1,520)	129,755

Notes 1. The reconciliation of EBITDA represents a one-time adjustment owing to Japan Beverage Holdings Inc., etc. being newly included in the scope of consolidation.
2. EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Asia	Oceania	Americas	Total
Sales					
Sales to external customers	198,556	130,010	32,295	66,578	427,440
Intersegment sales or transfers	1,454	–	–	–	1,454
Total	200,010	130,010	32,295	66,578	428,895
Segment profit	36,467	8,983	3,651	7,864	56,967
Depreciation and amortization	6,966	6,117	1,223	2,496	16,803
EBITDA	43,434	15,101	4,875	10,360	73,771

2. Information regarding assets by reportable segment

In the Japan segment, assets for the reportable segment as of September 30, 2015 increased by ¥247,350 million compared with December 31, 2014, mainly due to acquisition of the shares of Japan Beverage Holdings Inc. and A-Star Co., Ltd. (former JT A-Star Co., Ltd.), etc., and these companies being newly included in the scope of consolidation during the third quarter ended

September 30, 2015.

3. Information regarding impairment loss on noncurrent assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)
In the Overseas segment, the Company has recorded impairment loss on goodwill, etc. as it no longer expects to obtain revenues that it originally forecasted due to the effect of economic slowdown in Indonesia. The amount of this impairment loss recorded in the nine months ended September 30, 2015 was ¥9,738 million.
In addition, for the goodwill equivalent related to equity method affiliates associated with the aforementioned, the Company recognized impairment losses and recorded ¥5,829 million in equity in losses of affiliates in the nine months ended September 30, 2015.
The total amount of the aforementioned impairment loss and equity in losses of affiliates recorded in the nine months ended September 30, 2015 was ¥15,567 million.

(Significant change in amount of goodwill)
In the Japan segment, a significant change in amount of goodwill occurred as a result of the acquisition of the shares of Japan Beverage Holdings Inc. and A-Star Co., Ltd. (former JT A-Star Co., Ltd.), etc., and the new inclusion of these companies in the scope of consolidation during the nine months ended September 30, 2015. As a result of the aforementioned events, the amount of goodwill increased by ¥133,359 million in the nine months ended September 30, 2015.

(Significant gain on negative goodwill)
No items to report

II. Nine months ended September 30, 2016

1. Information regarding amounts of sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	678,126	387,692	1,065,818	–	1,065,818
Intersegment sales or transfers	5	1,111	1,116	(1,116)	–
Total	678,131	388,803	1,066,935	(1,116)	1,065,818
Segment profit (Note 3)	43,232	52,776	96,008	(21,568)	74,440

Notes 1. The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.
2. The segment profit is adjusted with operating income described on the quarterly consolidated statements of income.
3. The EBITDA for each reportable segment is as follows:

(Millions of yen)

	Japan	Overseas	Total
Segment profit	43,232	52,776	96,008
Depreciation and amortization	27,747	15,868	43,615
EBITDA	70,979	68,644	139,624

EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Asia	Oceania	Americas	Total
Sales					
Sales to external customers	180,370	118,967	28,440	59,913	387,692
Intersegment sales or transfers	1,075	35	–	–	1,111
Total	181,446	119,003	28,440	59,913	388,803
Segment profit	31,294	11,541	2,974	6,966	52,776
Depreciation and amortization	6,593	5,819	1,162	2,292	15,868
EBITDA	37,887	17,361	4,136	9,259	68,644

2. Information regarding impairment loss on noncurrent assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)
No items to report

(Significant change in amount of goodwill)
No items to report

(Significant gain on negative goodwill)
No items to report

(Notes on substantial changes in the amount of shareholders' equity)
No items to report