

Summary of Consolidated Financial Results
for the First Six Months of the Year Ending December 31, 2021
<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
 Inquiries: Takayuki Sanno, Chief Financial Officer, Corporate Strategy Division
 TEL: +81-3-5579-1837 (from overseas)

Scheduled date to file quarterly securities report: August 13, 2021
 Scheduled date to commence dividend payments: September 9, 2021
 Attachment of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing meeting (for institutional investors and analysts): Yes

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

1. Consolidated financial results for the first six months of the year ending December 31, 2021
(from January 1, 2021 to June 30, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax for the period		Profit for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six months ended								
June 30, 2021	603,835	9.3	60,401	69.1	59,343	69.0	40,508	52.5
June 30, 2020	552,529	(12.0)	35,712	(29.8)	35,113	(29.7)	26,558	(28.8)

	Profit for the period attributable to owners of the Company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)
Six months ended						
June 30, 2021	32,159	53.7	71,927	–	104.07	–
June 30, 2020	20,922	(34.1)	5,666	(75.3)	67.71	–

(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
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As at				
June 30, 2021	1,672,330	915,749	830,012	49.6
December 31, 2020	1,574,251	859,556	781,755	49.7

(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 period
Six months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
June 30, 2021	88,976	(24,168)	(72,559)	162,280
June 30, 2020	43,897	(30,662)	28,869	183,288

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended December 31, 2020	–	39.00	–	39.00	78.00
Year ending December 31, 2021	–	39.00			
Year ending December 31, 2021 (Forecast)			–	39.00	78.00

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

3. Consolidated earnings forecast for the 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 (Yen)
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	
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

Note: Revisions to the earnings forecast most recently announced: None

*** 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 June 30, 2021 | 309,000,000 shares |
| As at December 31, 2020 | 309,000,000 shares |
| b. Number of treasury shares at the end of the period | |
| As at June 30, 2021 | 3 shares |
| As at December 31, 2020 | 3 shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| Six months ended June 30, 2021 | 308,999,997 shares |
| Six months ended June 30, 2020 | 308,999,997 shares |

*** Quarterly financial results reports are exempt from quarterly review conducted 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. Qualitative Information Regarding Settlement of Accounts for the First Six Months

(1) Operating results

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.

Since March, the Group's business continued to be on a powerful recovery trend, despite the pace of recovery in the market environment differing depending on the country. As a result of continuing efforts in all segments to concentrate on core brands, carry out cost reduction activities and improve efficiency in the use of sales promotion and advertising costs, we achieved progress beyond our expectations for both revenue and operating income in the second quarter of the year ending December 31, 2021, which continued from the first three months.

For the operating results of the first six months of the year ending December 31, 2021, the Group reported consolidated revenue of ¥603.8 billion, up 9.3% year on year. Consolidated operating income was ¥60.4 billion, up 69.1% year on year. Furthermore, profit for the period attributable to owners of the Company was ¥32.2 billion, up 53.7% year on year.

Results by segment are described below.

< Japan business >

Performance of the overall beverage market remained almost flat year on year (presumably by the Company) due mainly to effects of restrictions imposed on human activity as a result of the government's intermittent announcements of state of emergency declarations. The Company increased its sales volume year on year as a result of the contribution of initiatives to strengthen its core brands with a focus on the water, coffee, and sugar-free tea categories, sales of new products and marketing activities, leading the Company to increase market share.

The sales volume for the *Suntory Tennensui* brand as a whole rose year on year, exceeding the previous corresponding period, which had grown substantially due to an increase in demand for large formats. Sales of the *Suntory Tennensui Sparkling* series increased substantially as a result of contribution of *THE STRONG*, which was newly released in June. For the *BOSS* brand, the overall sales volume of the brand increased year on year. In addition to growth in the *Craft BOSS* series, which was renewed in March, new products in the tea series also contributed to the increase. In the sugar-free tea category, the *Iyemon* brand continued to grow in the second quarter of the year ending December 31, 2021, due to renewal of the brand, and overall sales volume of the brand greatly exceeded that of the same period of the previous year due to contribution of *Iyemon Kyoto Blend*, which was newly released in April.

In terms of profit, despite continuing to experience a negative impact from changes in the channel mix, improvements in the product mix were realized through growth of small-size (500 ml PET) products. In addition, cost reduction activities and ongoing initiatives to improve efficiency in the use of promotion and advertising costs provided significant positive impacts.

As a result, the Japan business reported revenue of ¥298.0 billion, down 0.2% year on year, and segment profit of ¥17.6 billion, up 58.7% year on year.

< Asia Pacific business >

In Asia, the beverage markets suffered negative impacts from intermittent restrictions imposed on human activity due to COVID-19 in some regions from the beginning of the year and from a clamping down on restrictions due to a resurgence in the number of infected persons from mid-May onward. The Group has increased its share of the beverage markets in Vietnam and Thailand due to its efforts to concentrate on the core brands of its business. The health supplement business also increased substantially in the second quarter of the year ending December 31, 2021. By brand, strong

increases especially in sales from the energy drink *Sting* and the tea beverage *TEA+* were achieved in Vietnam, which experienced growth in all brands, and sales of *Pepsi*, including low-sugar products were strong in Thailand. Regarding the health supplement business, the Group's focus on mainstay product *BRAND'S Essence of Chicken* along with results from its strengthening of market activities translated to higher performance year on year.

In Oceania, the energy drink *V*, a core brand, led the market in the energy category as a result of a substantial increase due to a strengthening of marketing activities, and its market share is growing.

In terms of profit, the increase in sales, improvement in the product mix along with cost reduction activities all made contributions.

As a result, the Asia Pacific business reported revenue of ¥148.7 billion, up 16.5% year on year. Segment profit was ¥23.6 billion, up 42.1% year on year.

< Europe business >

In Europe, the mobility among the people is returning thanks to the easing of restrictions that is accompanying progress in administering the vaccines in each country, and since March, the beverage markets have been steadily recovering.

In France, sales volume of core brands *Orangina* and *Oasis*, together with *Schweppes*, which underwent further brand strengthening in the second quarter of the year ending December 31, 2021, increased significantly year on year, with strength in off-premise channels, and recovery in the on-premise channels since June with the easing of restrictions and the cancellation of the night-time restrictions on movement. In the UK, also, the market recovered with vaccine administration progressing most rapidly there. Sales volume for the core brands *Lucozade* and *Ribena* rose significantly year on year. In particular, strong growth was achieved for *Lucozade Sport* due to the resumption of sports events and outdoor activities. In Spain, sales of *Schweppes*, a core brand, increased significantly year on year owing to ongoing robust sales in the off-premises channels along with the start of recovery for the on-premise channels as well, following the easing of restrictions. In terms of profit, an increase of sales, efficient use of sales promotion and advertising costs together with cost reduction activities made positive contributions.

As a result, the Europe business reported revenue of ¥111.1 billion, up 26.7% year on year, and segment profit of ¥18.8 billion, up 78.8% year on year.

< Americas business >

In addition to further strengthening sales of the core carbonated beverage products, the Group also focused on the growing non-carbonated beverage category, which included water and RTD coffee. The cancellation of on-premise restrictions following progress in the vaccine administration also made a contribution, and sales rose significantly year on year.

In terms of profit, an increase of sales and reduced costs made positive contributions.

As a result, the Americas business reported revenue of ¥46.0 billion, up 19.2% year on year, and segment profit of ¥5.8 billion, up 97.8% year on year.

(2) Financial position

Total assets as at June 30, 2021 stood at ¥1,672.3 billion, an increase of ¥98.1 billion compared to December 31, 2020. The main factor was an increase in trade and other receivables.

Total liabilities stood at ¥756.6 billion, an increase of ¥41.9 billion compared to December 31, 2020. This was due in part to an increase in trade and other payables.

Total equity stood at ¥915.7 billion, an increase of ¥56.2 billion compared to December 31, 2020, due in part to increases in retained earnings as a result of the recording of profit for the period attributable to owners of the Company and other components of equity.

(3) Analysis of cash flows

Cash and cash equivalents as at June 30, 2021 amounted to ¥162.3 billion, a decrease of ¥5.2 billion compared to December 31, 2020.

Net cash inflow from operating activities was ¥89.0 billion, an increase of ¥45.1 billion compared to the same period of the previous year. This was mainly the result of profit before tax for the period of ¥59.3 billion, depreciation and amortization of ¥34.5 billion, and an increase in trade and other payables of ¥41.9 billion.

Net cash outflow from investing activities was ¥24.2 billion, a decrease of ¥6.5 billion compared to the same period of the previous year despite payments for property, plant and equipment and intangible assets of ¥22.5 billion.

Net cash outflow from financing activities was ¥72.6 billion, an increase of ¥101.4 billion compared to the same period of the previous year. This was mainly the result of a decrease in short-term borrowings and commercial paper of ¥42.6 billion and repayments of long-term borrowings of ¥18.1 billion.

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

No changes have been made to the consolidated earnings forecast for the fiscal year ending December 31, 2021, which was announced on February 9, 2021.

The macro environment is becoming more volatile due to factors such as differences in the progress of vaccinations depending on the area or country amid a global resurgence in the number of COVID-19 cases. Factors such as inflation in commodities and disruptions caused by the global supply chain constraints have also started to have an effect that is more negative than the initial assumptions.

Amid this environment, in the second half of the fiscal year, we will promote activities and investments for the growth of revenue in order to continue the momentum from the second quarter of the year ending December 31, 2021. Moreover, in light of the market situation, we will flexibly combine “offense” and “defense,” and swiftly carry them out. For operating income on an existing business basis, we aim to return to the level of the fiscal year ended December 31, 2019 in the fiscal year ending December 31, 2021, one year ahead of the initial plan, by further moving in the direction of growth while managing business.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto (Unaudited)

(1) Condensed quarterly consolidated statement of financial position

Millions of yen

	As at December 31, 2020	As at June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	167,480	162,280
Trade and other receivables	196,242	232,981
Other financial assets	717	1,024
Inventories	79,260	96,454
Other current assets	23,496	25,826
Total current assets	467,198	518,567
Non-current assets:		
Property, plant and equipment	360,358	377,611
Right-of-use assets	50,772	52,510
Goodwill	250,448	255,741
Intangible assets	405,175	428,085
Investments accounted for using the equity method	895	904
Other financial assets	14,513	14,182
Deferred tax assets	15,465	17,035
Other non-current assets	9,423	7,692
Total non-current assets	1,107,052	1,153,762
Total assets	1,574,251	1,672,330

Millions of yen

	As at December 31, 2020	As at June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	83,401	37,556
Trade and other payables	308,381	369,667
Other financial liabilities	33,542	44,432
Accrued income taxes	14,628	18,080
Provisions	1,586	1,057
Other current liabilities	4,986	8,834
Total current liabilities	446,526	479,628
Non-current liabilities:		
Bonds and borrowings	120,292	119,952
Other financial liabilities	52,867	55,550
Post-employment benefit liabilities	15,073	15,616
Provisions	2,287	2,361
Deferred tax liabilities	71,695	78,315
Other non-current liabilities	5,952	5,155
Total non-current liabilities	268,168	276,952
Total liabilities	714,694	756,580
Equity		
Share capital	168,384	168,384
Share premium	182,414	182,380
Retained earnings	492,451	512,559
Treasury shares	(0)	(0)
Other components of equity	(61,495)	(33,312)
Total equity attributable to owners of the Company	781,755	830,012
Non-controlling interests	77,801	85,737
Total equity	859,556	915,749
Total liabilities and equity	1,574,251	1,672,330

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Six months ended June 30, 2020	Six months ended June 30, 2021
Revenue	552,529	603,835
Cost of sales	<u>(327,330)</u>	<u>(350,219)</u>
Gross profit	225,199	253,615
Selling, general and administrative expenses	(188,639)	(192,666)
Gain on investments accounted for using the equity method	(83)	20
Other income	1,520	980
Other expenses	<u>(2,284)</u>	<u>(1,549)</u>
Operating income	35,712	60,401
Finance income	587	259
Finance costs	<u>(1,186)</u>	<u>(1,317)</u>
Profit before tax for the period	35,113	59,343
Income tax expense	<u>(8,555)</u>	<u>(18,834)</u>
Profit for the period	<u><u>26,558</u></u>	<u><u>40,508</u></u>
Attributable to:		
Owners of the Company	20,922	32,159
Non-controlling interests	<u>5,635</u>	<u>8,349</u>
Profit for the period	<u><u>26,558</u></u>	<u><u>40,508</u></u>
Earnings per share (Yen)	67.71	104.07

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit for the period	26,558	40,508
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	(691)	21
Remeasurement of defined benefit plans	(81)	(238)
Total	(773)	(216)
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	(19,906)	30,631
Changes in the fair value of cash flow hedges	(161)	957
Changes in comprehensive income of investments accounted for using the equity method	(51)	47
Total	(20,118)	31,635
Other comprehensive income for the period, net of tax	(20,891)	31,419
Comprehensive income for the period	5,666	71,927
Attributable to:		
Owners of the Company	1,846	60,342
Non-controlling interests	3,819	11,585
Comprehensive income for the period	5,666	71,927

(4) Condensed quarterly consolidated statement of changes in equity

Six months ended June 30, 2020

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at January 1, 2020	168,384	182,349	464,705	(0)	(58,870)	756,568	80,997	837,565
Profit for the period			20,922			20,922	5,635	26,558
Other comprehensive income					(19,075)	(19,075)	(1,816)	(20,891)
Total comprehensive income for the period	–	–	20,922	–	(19,075)	1,846	3,819	5,666
Dividends			(12,050)			(12,050)	(2,320)	(14,371)
Transactions with non-controlling interests		82				82	(54)	27
Reclassification to retained earnings			(3)		3	–		–
Total transactions with owners of the Company	–	82	(12,054)	–	3	(11,968)	(2,375)	(14,344)
Balance at June 30, 2020	168,384	182,431	473,573	(0)	(77,942)	746,446	82,440	828,887

Six months ended June 30, 2021

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at January 1, 2021	168,384	182,414	492,451	(0)	(61,495)	781,755	77,801	859,556
Profit for the period			32,159			32,159	8,349	40,508
Other comprehensive income					28,183	28,183	3,235	31,419
Total comprehensive income for the period	–	–	32,159	–	28,183	60,342	11,585	71,927
Dividends			(12,050)			(12,050)	(3,676)	(15,727)
Transactions with non-controlling interests		(34)				(34)	27	(6)
Total transactions with owners of the Company	–	(34)	(12,050)	–	–	(12,085)	(3,649)	(15,734)
Balance at June 30, 2021	168,384	182,380	512,559	(0)	(33,312)	830,012	85,737	915,749

(5) Condensed quarterly consolidated statement of cash flows

	Millions of yen	
	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before tax for the period	35,113	59,343
Depreciation and amortization	35,311	34,547
Impairment losses (reversal of impairment losses)	170	147
Interest and dividends income	(576)	(246)
Interest expense	1,127	934
Loss (gain) on investments accounted for using the equity method	83	(20)
Decrease (increase) in inventories	(10,420)	(15,026)
Decrease (increase) in trade and other receivables	(13,231)	(32,065)
Increase (decrease) in trade and other payables	6,730	41,886
Other	2,565	13,853
Subtotal	56,874	103,353
Interest and dividends received	633	213
Interest paid	(1,311)	(1,201)
Income tax paid	(12,297)	(13,388)
Net cash inflow (outflow) from operating activities	43,897	88,976
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(31,138)	(22,482)
Proceeds on sale of property, plant and equipment and intangible assets	154	26
Payments for transfer of business	–	(2,181)
Other	321	469
Net cash inflow (outflow) from investing activities	(30,662)	(24,168)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	52,959	(42,612)
Proceeds from long-term borrowings	30,000	11,187
Repayments of long-term borrowings	(32,194)	(18,108)
Payments of lease liabilities	(6,864)	(6,941)
Dividends paid to owners of the Company	(12,050)	(12,050)
Dividends paid to non-controlling interests	(2,979)	(4,033)
Net cash inflow (outflow) from financing activities	28,869	(72,559)
Net increase (decrease) in cash and cash equivalents	42,104	(7,750)
Cash and cash equivalents at the beginning of the period	143,564	167,480
Effects of exchange rate changes on cash and cash equivalents	(2,381)	2,550
Cash and cash equivalents at the end of the period	183,288	162,280

(6) Notes to condensed quarterly consolidated financial statements

(Going concern)

The condensed quarterly consolidated financial statements are prepared on going concern basis.