

Summary of Consolidated Financial Results
for the First Nine 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
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Scheduled date to file quarterly securities report: November 12, 2021
 Scheduled date to commence dividend payments: –
 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 nine months of the year ending December 31, 2021
(from January 1, 2021 to September 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)	(%)
Nine months ended								
September 30, 2021	941,821	6.3	100,329	29.8	99,446	31.0	70,253	24.7
September 30, 2020	886,199	(9.6)	77,301	(14.7)	75,939	(15.0)	56,345	(14.8)

	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)
Nine months ended						
September 30, 2021	59,408	25.7	95,233	145.7	192.26	–
September 30, 2020	47,267	(18.2)	38,757	(0.5)	152.97	–

(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				
September 30, 2021	1,641,989	919,801	839,178	51.1
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
Nine months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
September 30, 2021	136,633	(38,453)	(100,910)	166,433
September 30, 2020	99,791	(44,167)	6,082	201,942

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	1,266,000	7.5	117,000	21.7	115,500	22.7	79,000	22.9	65,000	24.5	210.36

Note: Revisions to the earnings forecast most recently announced: Yes

*** 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 September 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 September 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) | |
| Nine months ended September 30, 2021 | 308,999,997 shares |
| Nine months ended September 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 Nine 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.

During the third quarter of the year ending December 31, 2021, we incurred adverse effects both from persistent tightening of restrictions associated with an increasing number of people infected with the novel coronavirus disease (COVID-19) in Japan and other Asia Pacific nations, and also from a deteriorating external environment in part due to unfavorable weather in Japan and northern Europe. However, we continued to promote our growth strategy amid continuing efforts in all segments that involved concentrating on core brands, carrying out cost reduction activities and improving efficiency in the use of sales promotion and advertising costs. As a result of the above, we continued to achieve growth with respect to both revenue and operating income exceeding that of the previous year in the first nine months of the year ending December 31, 2021, and we also increased our market share in our key markets.

For the operating results of the first nine months of the year ending December 31, 2021, the Group reported consolidated revenue of ¥941.8 billion, up 6.3% year on year. Consolidated operating income was ¥100.3 billion, up 29.8% year on year. Furthermore, profit for the period attributable to owners of the Company was ¥59.4 billion, up 25.7% year on year.

Results by segment are described below.

< Japan business >

Performance of the overall beverage market was below that of the previous year (presumably by the Company) due to restrictions imposed on human activity as a result of the government's intermittent announcements and extensions of state of emergency declarations and also due to effects of unfavorable weather prevailing since mid-August. Nevertheless, 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 sales of *THE STRONG*, which was newly released in June, remained solid. 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, *Matcha Latte*, which was newly released in August, also contributed to the increase in the brand's sales volume. In the sugar-free tea category, the *Iyemon* brand's overall sales volume greatly exceeded that of the same period of the previous year. The increase in the brand's sales volume is attributable to strong performance of *Iyemon Koi Aji*, which was newly released in February, and *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 impacts.

As a result, the Japan business reported revenue of ¥474.6 billion, down 1.5% year on year, and segment profit of ¥36.1 billion, up 21.9% year on year.

< Asia Pacific business >

In Asia, we were adversely affected by lockdowns in Vietnam and by tightened restrictions in Thailand, particularly during the third quarter of the year ending December 31, 2021, in addition to having incurred adverse effects due to human activity having been intermittently subject to restrictions due to COVID-19 in some regions from the beginning of the year. Nevertheless, in the Group's beverage business we have increased our share of the beverage markets of Vietnam and Thailand due to our efforts to concentrate on core brands. By brand, increases especially in sales from the energy drink *Sting* and the tea beverage *TEA+* were achieved in Vietnam, and sales of *Pepsi*, including low-sugar products were strong in Thailand. In the health supplement business, sales volume of *BRAND'S Essence of Chicken* increased year on year as a result of having focused on strengthening marketing activities.

In Oceania, results continued on a powerful recovery trend despite having encountered a phase where business was adversely affected by lockdowns during the third quarter of the year ending December 31, 2021. 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 ¥215.0 billion, up 11.4% year on year. Segment profit was ¥30.8 billion, up 21.1% year on year.

< Europe business >

In Europe, the beverage markets were affected by unfavorable weather in northern Europe during the third quarter of the year ending December 31, 2021, but results continued on a recovery trend during the first nine months of the year ending December 31, 2021.

In France, although results were affected by unfavorable weather in August, we gained market share having achieved a year-on-year increase in sales volume of the core brands *Orangina*, *Oasis* and *Schwepes* amid strength in off-premise channels as well as recovery of the beverage markets also with respect to the on-premise channels due to easing of restrictions and cancellation of night-time restrictions on movement. In the UK, the Company's sales volume increased significantly year on year in the second quarter of the year ending December 31, 2021, then again in the third quarter, amid ongoing market recovery due to progress made in administering vaccines. In addition to a significant year-on-year increase in sales volume for the core brands *Lucozade* and *Ribena*, strong growth was achieved for *Lucozade Sport* due to the resumption of sports events and outdoor activities. In Spain, sales of *Schwepes*, a core brand, increased significantly year on year owing to robust sales in the off-premises channels along with the steady recovery for the on-premise market 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 ¥177.9 billion, up 19.4% year on year, and segment profit of ¥32.2 billion, up 32.6% year on year.

< Americas business >

In the beverage markets, the recovery trend in the on-premise channels gained momentum in conjunction with strong performance in the off-premise channels. 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. As a result, the Group's business maintained its market share, and sales rose significantly year on year.

In terms of profit, an increase of sales made significant positive contributions.

As a result, the Americas business reported revenue of ¥74.2 billion, up 18.7% year on year, and segment profit of ¥9.3 billion, up 56.1% year on year.

(2) Financial position

Total assets as at September 30, 2021 stood at ¥1,642.0 billion, an increase of ¥67.7 billion compared to December 31, 2020. The main factor was an increase in trade and other receivables.

Total liabilities stood at ¥722.2 billion, an increase of ¥7.5 billion compared to December 31, 2020.

This was due in part to an increase in trade and other payables.

Total equity stood at ¥919.8 billion, an increase of ¥60.2 billion compared to December 31, 2020 due in part to an increase in retained earnings.

(3) Analysis of cash flows

Cash and cash equivalents as at September 30, 2021 amounted to ¥166.4 billion, a decrease of ¥1.0 billion compared to December 31, 2020.

Net cash inflow from operating activities was ¥136.6 billion, an increase of ¥36.8 billion compared to the same period of the previous year. This was mainly the result of an increase in trade and other receivables of ¥24.7 billion, and an increase in inventories of ¥8.9 billion, despite profit before tax for the period of ¥99.4 billion, and depreciation and amortization of ¥52.4 billion.

Net cash outflow from investing activities was ¥38.5 billion, a decrease of ¥5.7 billion compared to the same period of the previous year. This was mainly the result of the payments for property, plant and equipment and intangible assets of ¥37.3 billion.

Net cash outflow from financing activities was ¥100.9 billion (in the same period of the previous year, ¥6.1 billion net cash inflow). This was mainly the result of a decrease in short-term borrowings and commercial paper of ¥43.9 billion and repayments of long-term borrowings of ¥27.8 billion.

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

The consolidated earnings forecast for the year ending December 31, 2021, which was announced on February 9, 2021, has been revised as follows, taking into account results for the first nine months of the year ending December 31, 2021, and the outlook for the fourth quarter.

Whereas progress is being made in administering vaccinations worldwide and restrictions are being eased, cost increases associated with inflation in commodities and global supply chain disruptions are becoming more apparent. We will persist with our efforts that involve concentrating on core brands, carrying out cost reduction activities and improving efficiency in the use of sales promotion and advertising costs, while addressing changes in the external environment.

Revision to the consolidated earnings forecast for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

	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)
Previous forecast (A)	1,260,000	105,000	103,500	73,500	60,500	195.79
Revised forecast (B)	1,266,000	117,000	115,500	79,000	65,000	210.36
Change in amount (A-B)	6,000	12,000	12,000	5,500	4,500	-
Change (%)	0.5	11.4	11.6	7.5	7.4	-
(Reference) Actual results for the year ended December 31, 2020	1,178,137	96,177	94,168	64,294	52,212	168.97

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 September 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	167,480	166,433
Trade and other receivables	196,242	224,517
Other financial assets	717	1,702
Inventories	79,260	89,931
Other current assets	23,496	24,073
Total current assets	467,198	506,657
Non-current assets:		
Property, plant and equipment	360,358	371,135
Right-of-use assets	50,772	50,789
Goodwill	250,448	254,100
Intangible assets	405,175	421,302
Investments accounted for using the equity method	895	972
Other financial assets	14,513	14,763
Deferred tax assets	15,465	15,359
Other non-current assets	9,423	6,908
Total non-current assets	1,107,052	1,135,331
Total assets	1,574,251	1,641,989

Millions of yen

	As at December 31, 2020	As at September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	83,401	38,094
Trade and other payables	308,381	359,279
Other financial liabilities	33,542	29,301
Accrued income taxes	14,628	17,428
Provisions	1,586	1,014
Other current liabilities	4,986	7,720
Total current liabilities	446,526	452,838
Non-current liabilities:		
Bonds and borrowings	120,292	113,916
Other financial liabilities	52,867	53,102
Post-employment benefit liabilities	15,073	15,699
Provisions	2,287	2,291
Deferred tax liabilities	71,695	79,082
Other non-current liabilities	5,952	5,255
Total non-current liabilities	268,168	269,349
Total liabilities	714,694	722,187
Equity		
Share capital	168,384	168,384
Share premium	182,414	182,380
Retained earnings	492,451	527,744
Treasury shares	(0)	(0)
Other components of equity	(61,495)	(39,330)
Total equity attributable to owners of the Company	781,755	839,178
Non-controlling interests	77,801	80,622
Total equity	859,556	919,801
Total liabilities and equity	1,574,251	1,641,989

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Revenue	886,199	941,821
Cost of sales	<u>(519,759)</u>	<u>(548,008)</u>
Gross profit	366,439	393,812
Selling, general and administrative expenses	(287,596)	(292,367)
Gain on investments accounted for using the equity method	(91)	64
Other income	2,730	1,561
Other expenses	<u>(4,180)</u>	<u>(2,741)</u>
Operating income	77,301	100,329
Finance income	729	612
Finance costs	<u>(2,090)</u>	<u>(1,495)</u>
Profit before tax for the period	75,939	99,446
Income tax expense	<u>(19,594)</u>	<u>(29,192)</u>
Profit for the period	<u><u>56,345</u></u>	<u><u>70,253</u></u>
Attributable to:		
Owners of the Company	47,267	59,408
Non-controlling interests	<u>9,077</u>	<u>10,845</u>
Profit for the period	<u><u>56,345</u></u>	<u><u>70,253</u></u>
Earnings per share (Yen)	152.97	192.26

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit for the period	56,345	70,253
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	(1,199)	250
Remeasurement of defined benefit plans	20	(147)
Total	<u>(1,179)</u>	<u>102</u>
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	(16,061)	23,452
Changes in the fair value of cash flow hedges	(294)	1,376
Changes in comprehensive income of investments accounted for using the equity method	(51)	48
Total	<u>(16,408)</u>	<u>24,877</u>
Other comprehensive income for the period, net of tax	<u>(17,587)</u>	<u>24,979</u>
Comprehensive income for the period	<u><u>38,757</u></u>	<u><u>95,233</u></u>
Attributable to:		
Owners of the Company	33,437	81,559
Non-controlling interests	5,320	13,674
Comprehensive income for the period	<u><u>38,757</u></u>	<u><u>95,233</u></u>

(4) Condensed quarterly consolidated statement of changes in equity

Nine months ended September 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			47,267			47,267	9,077	56,345
Other comprehensive income					(13,830)	(13,830)	(3,757)	(17,587)
Total comprehensive income for the period	–	–	47,267	–	(13,830)	33,437	5,320	38,757
Dividends			(24,101)			(24,101)	(9,348)	(33,450)
Transactions with non-controlling interests		82				82	(56)	25
Reclassification to retained earnings			(7)		7	–		–
Total transactions with owners of the Company	–	82	(24,109)	–	7	(24,019)	(9,404)	(33,424)
Balance at September 30, 2020	168,384	182,431	487,864	(0)	(72,693)	765,985	76,912	842,897

Nine months ended September 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			59,408			59,408	10,845	70,253
Other comprehensive income					22,151	22,151	2,828	24,979
Total comprehensive income for the period	–	–	59,408	–	22,151	81,559	13,674	95,233
Dividends			(24,101)			(24,101)	(10,878)	(34,980)
Transactions with non-controlling interests		(34)				(34)	25	(8)
Reclassification to retained earnings			(13)		13	–		–
Total transactions with owners of the Company	–	(34)	(24,115)	–	13	(24,136)	(10,853)	(34,989)
Balance at September 30, 2021	168,384	182,380	527,744	(0)	(39,330)	839,178	80,622	919,801

(5) Condensed quarterly consolidated statement of cash flows

Millions of yen

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Cash flows from operating activities		
Profit before tax for the period	75,939	99,446
Depreciation and amortization	52,942	52,359
Impairment losses (reversal of impairment losses)	192	293
Interest and dividends income	(720)	(337)
Interest expense	1,568	1,429
Loss (gain) on investments accounted for using the equity method	91	(64)
Decrease (increase) in inventories	(3,085)	(8,894)
Decrease (increase) in trade and other receivables	(25,978)	(24,667)
Increase (decrease) in trade and other payables	17,889	38,773
Other	4,885	(350)
Subtotal	123,726	157,987
Interest and dividends received	825	314
Interest paid	(1,826)	(1,739)
Income tax paid	(22,933)	(19,929)
Net cash inflow (outflow) from operating activities	99,791	136,633
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(44,938)	(37,296)
Proceeds on sale of property, plant and equipment and intangible assets	244	549
Payments for transfer of business	–	(2,196)
Other	526	490
Net cash inflow (outflow) from investing activities	(44,167)	(38,453)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	77,483	(43,902)
Proceeds from long-term borrowings	30,000	11,188
Repayments of long-term borrowings	(57,194)	(27,820)
Proceeds from issuance of bonds	–	19,927
Redemption of bonds	–	(15,000)
Payments of lease liabilities	(10,098)	(9,964)
Dividends paid to owners of the Company	(24,101)	(24,101)
Dividends paid to non-controlling interests	(10,006)	(11,236)
Net cash inflow (outflow) from financing activities	6,082	(100,910)
Net increase (decrease) in cash and cash equivalents	61,706	(2,730)
Cash and cash equivalents at the beginning of the period	143,564	167,480
Effects of exchange rate changes on cash and cash equivalents	(3,329)	1,682
Cash and cash equivalents at the end of the period	201,942	166,433

(6) Notes to condensed quarterly consolidated financial statements
(Going concern)

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