English Translation

SUNTORY BEVERAGE & FOOD

February 14, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended 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
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Scheduled date of ordinary general meeting of shareholders:	March 25, 2022
Scheduled date to file securities report:	March 28, 2022
Scheduled date to commence dividend payments:	March 28, 2022
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, 2021 (from January 1, 2021 to December 31, 2021)

(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, 2021	1,268,917	7.7	118,568	23.3	117,052	24.3	83,029	29.1
December 31, 2020	1,178,137	(9.3)	96,177	(15.6)	94,168	(16.1)	64,294	(19.7)

	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, 2021	68,676	31.5	122,638	113.5
December 31, 2020	52,212	(24.2)	57,434	(26.9)

	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, 2021	222.25	–	8.4	7.2	9.3
December 31, 2020	168.97	–	6.8	6.0	8.2

Reference: Gain on investments accounted for using the equity method
For the fiscal year ended December 31, 2021: ¥70 million
For the fiscal year ended December 31, 2020: ¥(85) 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, 2021	1,676,926	943,952	860,593	51.3	2,785.09
December 31, 2020	1,574,251	859,556	781,755	49.7	2,529.95

(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, 2021	158,180	(56,867)	(96,109)	176,655
December 31, 2020	134,019	(61,217)	(46,754)	167,480

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, 2020	–	39.00	–	39.00	78.00	24,101	46.2	3.1
Fiscal year ended December 31, 2021	–	39.00	–	39.00	78.00	24,101	35.1	2.9
Fiscal year ending December 31, 2022 (Forecast)	–	39.00	–	39.00	78.00		32.8	

3. Consolidated earnings forecast for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	1,369,000	7.9	125,500	5.8	124,000	5.9	88,500	6.6	73,500	7.0	237.86

* 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, 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 December 31, 2021	31 shares
As at December 31, 2020	3 shares

c. Average number of outstanding shares during the period

Fiscal year ended December 31, 2021	308,999,994 shares
Fiscal year ended December 31, 2020	308,999,997 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.

In 2021, the Group continued to expand its market share in key countries as a result of promoting its growth strategy enlisting ongoing efforts to concentrate on our core brands while coming up against effects of the novel coronavirus disease (COVID-19). Profit greatly exceeded that of the previous fiscal year as the Group persisted in carrying out cost reduction activities and improving efficiency in the use of sales promotion and advertising costs amid a scenario of cost increases associated with inflation in commodities and global supply chain disruptions becoming more apparent since the third quarter of the year ended December 31, 2021. With respect to operating income, whereas the Group had been seeking to achieve a return to 2019 levels during the fiscal year ending December 31, 2022, the Group achieved that objective one year ahead of plan.

For the fiscal year under review, the Group reported consolidated revenue of ¥1,268.9 billion, up 7.7% year on year. Consolidated operating income was ¥118.6 billion, up 23.3% year on year. Furthermore, profit for the year attributable to owners of the Company was ¥68.7 billion, up 31.5% year on year.

Results by segment are described below.
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." To present comparisons with the previous corresponding periods, previous fiscal year figures have been reclassified into the reportable segments subsequent to the organizational changes and also reclassified enlisting the methods for calculating profit and loss of reportable segments subsequent to the changes.

< Japan business >
Results in the overall beverage market were only slightly higher than in the previous fiscal 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 achieved an increase in sales volume relative to the previous fiscal year due to contributions 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 *Suntory Tennensui* brand achieved record-high sales volume with sales volume of the brand overall having increased relative to the previous fiscal year. 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. The increase in sales volume was substantially bolstered by *Matcha Latte*, which was newly released in August, in addition to growth with respect to both the *Craft BOSS* series, which was renewed in March, and the tea series. In the sugar-free tea category, the *Iyemon* brand achieved record-high sales volume with the brand's overall sales volume having greatly exceeded that of the previous fiscal year. The increase in the brand's sales volume contributed 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, such results encountered adverse effects of inflation in commodities prevailing since the third quarter of the year ended December 31, 2021, in addition to an ongoing impact from changes in the channel mix. Nevertheless, profits were substantially bolstered by factors that include improvements in the product mix realized through growth of small-size (500 ml PET, etc.) products, vending machine business transformation, cost reduction activities, and ongoing initiatives to improve efficiency in the use of promotion and advertising costs.

As a result, the Japan business reported revenue of ¥629.6 billion, down 0.5% year on year, and segment profit of ¥40.9 billion, up 10.7% year on year.

< Asia Pacific business >
In Asia, the Company was adversely affected by lockdowns in Vietnam and by tightened restrictions in Thailand, particularly since the third quarter of the year ended December 31, 2021. Nevertheless, in the beverage business the Company has increased its share of the beverage markets of Vietnam and Thailand due to its 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. 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 ¥295.9 billion, up 11.7% year on year. Segment profit was ¥39.7 billion, up 15.7% year on year.

< Europe business >
In Europe, results continued on a recovery trend but were affected by unfavorable weather in northern Europe during the third quarter of the year ended December 31, 2021.
In France, the Company gained market share amid an increase in sales volume relative to the previous fiscal year with respect to the core brands *Orangina*, *Oasis* and *Schweppes* amid recovery in the on-premise market prevailing since the second quarter of the year ended December 31, 2021, due to easing of restrictions cancellation of night-time restrictions on movement, in addition to favorable performance in the off-premise market. In the UK, the Company's sales volume increased significantly year on year amid ongoing market recovery. 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 *Schweppes*, a core brand, increased significantly year on year owing to robust sales in the off-premise market 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 ¥234.9 billion, up 23.6% year on year, and segment profit of ¥35.7 billion, up 31.2% year on year.

< Americas business >
In Americas, in addition to further strengthening sales of the core carbonated beverage products, the Company also focused on the growing noncarbonated beverage category, which included water and RTD coffee. As a result, the Company's business maintained its market share, and sales rose significantly year on year.

In terms of profit, an increase in sales together with cost reduction activities made positive contributions.

As a result, the Americas business reported revenue of ¥108.5 billion, up 20.3% year on year, and segment profit of ¥13.3 billion, up 46.5% year on year.

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

Total assets as of December 31, 2021 stood at ¥1,676.9 billion, an increase of ¥102.7 billion compared to December 31, 2020. The main factor was an increase in trade and other receivables.
Total liabilities stood at ¥733.0 billion, an increase of ¥18.3 billion compared to December 31, 2020. This was due in part to an increase in trade and other payables.
Total equity stood at ¥944.0 billion, an increase of ¥84.4 billion compared to December 31, 2020 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 51.3% and equity attributable to owners of the Company per share was ¥2,785.09.

(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, 2021 amounted to ¥176.7 billion, an increase of ¥9.2 billion compared to December 31, 2020.
Net cash inflow from operating activities was ¥158.2 billion, an increase of ¥24.2 billion compared to the previous fiscal year. This was mainly the result of an increase in trade and other receivables of ¥36.6 billion, despite profit before tax of ¥117.1 billion, and depreciation and amortization of ¥69.4 billion.
Net cash outflow from investing activities was ¥56.9 billion, a decrease of ¥4.3 billion compared to the previous fiscal year. This was mainly the result of the payments for property, plant and equipment and intangible assets of ¥56.1 billion.
Net cash outflow from financing activities was ¥96.1 billion, an increase of ¥49.4 billion compared to the previous fiscal year. This was mainly the result of a decrease of ¥29.6 billion in short-term borrowings and commercial paper, repayments of long-term borrowings of ¥27.8 billion, and dividends paid of ¥38.3 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 2022. In the 2023 fiscal year, the Group expects consolidated revenue of ¥1,369.0 billion, up 7.9% year on year, consolidated operating income of ¥125.5 billion, up 5.8% year on year.

The main foreign exchange rates underlying the outlook for the next fiscal year are ¥130.0 against the euro and ¥115.0 against the U.S. dollar.

(5) Basic policy on profit distribution and dividends for the 2021 and 2022 fiscal years

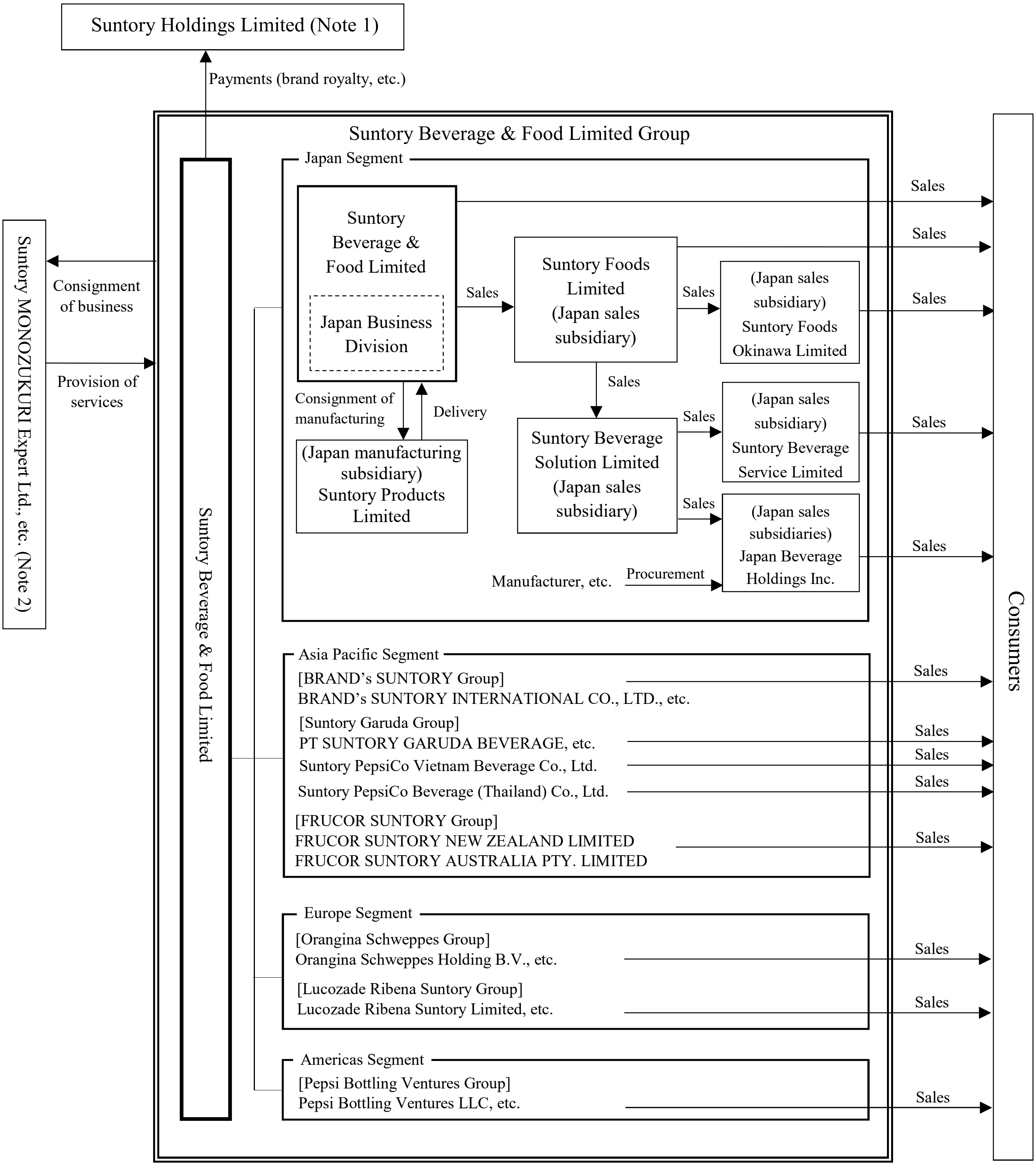
The Company believes its prioritization of strategic investments as well as capital expenditures for sustainable revenue growth and increasing the value of its business will benefit its shareholders. In addition, the Company views an appropriate shareholder return as one of its core management principles. 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, 2022, 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, 81 subsidiaries and 7 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 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 as follows.

Always start from consumers
Pursue to create new taste, well-being and joy
Aim to be the most locally beloved company

(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
  (Established in January 2021)

< 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
(In 2021, achieved operating income level greater than that of 2019)

<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

In 2022, we aim to achieve revenue growth in each of our reportable segments by further promoting core brand innovation as we steadily tap into recovering demand in our key national markets. We will seek to maximize revenue and rigorously manage costs in order to address effects of inflation in commodities.

Underpinned by our mission “To Create Harmony with People and Nature,” our sustainability initiatives will involve redoubling our efforts related to water and greenhouse gases with our sights set on achieving our “Environmental Targets toward 2030,” and also more robustly engaging in the initiatives listed in the Suntory Group Plastic Policy.

The Company has established SBF International upon having restructured its overseas organization as of January 1, 2022, with the aims of increasing momentum with respect to achieving rapid transformation of its overseas operations and taking an integrated approach to management. This does not entail changes to the reportable segments.

< Japan business >

Designating our business strategies of “vending machine business transformation,” “accelerating growth in core brands,” and “supply chain structural reform” as the key priorities, we aim to grow sales and profit. With respect to marketing activities, this year the Group will further strengthen initiatives involving *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, and will also enhance initiatives involving *THE STRONG* product line of the *Suntory Tennensui Sparkling* series. With the *BOSS* brand, which celebrates its 30th anniversary this year, the Group will promote initiatives aimed at existing core users of canned coffee while also further enhancing initiatives involving the *Craft BOSS* lineup, which underwent renewal last year, enlisting a two-pronged approach marketing the line as a coffee series and a tea series of products. To achieve growth for a third consecutive year with respect to our *Iyemon* brand, the Group will redouble efforts involving the *Iyemon Kyoto Blend* and *Iyemon Koi Aji* product lines. The Group will strive to get customers more accustomed to drinking *Tokucha* by further enhancing our marketing activities and conveying the appeal of *Tokucha* in terms of its unique functions.

< Asia Pacific business >

In the Asia Pacific region, the Group aims to achieve revenue growth by persisting with its approach of core brand innovation tapping into market recovery.

In Vietnam, the Group will continue to strengthen 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 seeks to increase market share in the energy drink category market by concentrating investment on the *Lucozade Energy* brand. In Spain, the Group will further promote structural reform of its on-premise business while redoubling efforts involving *Schweppes* in the off-premise and on-premise markets.

< Americas business >

The Group will accelerate growth by enhancing the core carbonated beverage category, further expanding the growing non-carbonated beverage category, and further strengthening pricing policies and the supply chain.

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, 2020	As at December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	167,480	176,655
Trade and other receivables	196,242	240,584
Other financial assets	717	1,252
Inventories	79,260	87,807
Other current assets	23,496	23,953
Total current assets	467,198	530,253
Non-current assets:		
Property, plant and equipment	360,358	372,337
Right-of-use assets	50,772	52,260
Goodwill	250,448	255,599
Intangible assets	405,175	430,086
Investments accounted for using the equity method	895	1,005
Other financial assets	14,513	13,847
Deferred tax assets	15,465	14,173
Other non-current assets	9,423	7,362
Total non-current assets	1,107,052	1,146,673
Total assets	1,574,251	1,676,926

	Millions of yen	
	As at December 31, 2020	As at December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	83,401	55,789
Trade and other payables	308,381	354,595
Other financial liabilities	33,542	30,877
Accrued income taxes	14,628	14,757
Provisions	1,586	2,016
Other current liabilities	4,986	5,529
Total current liabilities	446,526	463,565
Non-current liabilities:		
Bonds and borrowings	120,292	109,558
Other financial liabilities	52,867	54,241
Post-employment benefit liabilities	15,073	14,697
Provisions	2,287	4,312
Deferred tax liabilities	71,695	81,403
Other non-current liabilities	5,952	5,196
Total non-current liabilities	268,168	269,409
Total liabilities	714,694	732,974
Equity		
Share capital	168,384	168,384
Share premium	182,414	182,423
Retained earnings	492,451	536,996
Treasury shares	(0)	(0)
Other components of equity	(61,495)	(27,210)
Total equity attributable to owners of the Company	781,755	860,593
Non-controlling interests	77,801	83,358
Total equity	859,556	943,952
Total liabilities and equity	1,574,251	1,676,926

(2) Consolidated statement of profit or loss

	Millions of yen	
	Year ended December 31, 2020	Year ended December 31, 2021
Revenue	1,178,137	1,268,917
Cost of sales	(694,282)	(745,735)
Gross profit	483,855	523,181
Selling, general and administrative expenses	(382,331)	(397,707)
Gain on investments accounted for using the equity method	(85)	70
Other income	3,341	2,887
Other expenses	(8,603)	(9,863)
Operating income	96,177	118,568
Finance income	861	508
Finance costs	(2,871)	(2,024)
Profit before tax	94,168	117,052
Income tax expense	(29,873)	(34,023)
Profit for the year	64,294	83,029
Attributable to:		
Owners of the Company	52,212	68,676
Non-controlling interests	12,082	14,353
Profit for the year	64,294	83,029
Earnings per share (Yen)	168.97	222.25

(3) Consolidated statement of comprehensive income

	Millions of yen	
	Year ended December 31, 2020	Year ended December 31, 2021
Profit for the year	64,294	83,029
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	(1,354)	(711)
Remeasurement of defined benefit plans	1,064	1,181
Total	(289)	470
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	(5,680)	37,608
Changes in the fair value of cash flow hedges	(846)	1,447
Changes in comprehensive income of investments accounted for using the equity method	(43)	83
Total	(6,570)	39,139
Other comprehensive income for the year, net of tax	(6,860)	39,609
Comprehensive income for the year	57,434	122,638
Attributable to:		
Owners of the Company	49,223	102,932
Non-controlling interests	8,210	19,706
Comprehensive income for the year	57,434	122,638

(4) Consolidated statement of changes in equity

	Millions of yen							
	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other compo-nents of equity	Total		
Balance at January 1, 2020	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
Profit for the year			68,676			68,676	14,353	83,029
Other comprehensive income					34,256	34,256	5,353	39,609
Total comprehensive income for the year	–	–	68,676	–	34,256	102,932	19,706	122,638
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(24,101)			(24,101)	(14,165)	(38,267)
Transactions with non-controlling interests		8				8	16	24
Reclassification to retained earnings			(28)		28	–		–
Total transactions with owners of the Company	–	8	(24,130)	(0)	28	(24,093)	(14,149)	(38,243)
Balance at December 31, 2021	168,384	182,423	536,996	(0)	(27,210)	860,593	83,358	943,952

(5) Consolidated statement of cash flows

	Millions of yen	
	Year ended December 31, 2020	Year ended December 31, 2021
Cash flows from operating activities		
Profit before tax	94,168	117,052
Depreciation and amortization	70,652	69,376
Impairment losses (reversal of impairment losses)	1,962	1,647
Interest and dividends income	(833)	(450)
Interest expense	2,137	1,926
Loss (gain) on investments accounted for using the equity method	85	(70)
Decrease (increase) in inventories	5,058	(5,503)
Decrease (increase) in trade and other receivables	(5,556)	(36,634)
Increase (decrease) in trade and other payables	(1,337)	32,109
Other	(3,072)	10,099
Subtotal	163,265	189,553
Interest and dividends received	955	439
Interest paid	(1,968)	(2,925)
Income tax paid	(28,232)	(28,887)
Net cash inflow (outflow) from operating activities	134,019	158,180
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(62,485)	(56,122)
Proceeds on sale of property, plant and equipment and intangible assets	352	1,191
Payments for transfer of business	–	(2,223)
Other	915	286
Net cash inflow (outflow) from investing activities	(61,217)	(56,867)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	30,197	(29,622)
Proceeds from long-term borrowings	30,000	11,189
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	(13,983)	(16,484)
Dividends paid to owners of the Company	(24,101)	(24,101)
Dividends paid to non-controlling interests	(11,655)	(14,197)
Other	(16)	(0)
Net cash inflow (outflow) from financing activities	(46,754)	(96,109)
Net increase (decrease) in cash and cash equivalents	26,047	5,203
Cash and cash equivalents at the beginning of the year	143,564	167,480
Effects of exchange rate changes on cash and cash equivalents	(2,131)	3,971
Cash and cash equivalents at the end of the year	167,480	176,655

(6) Notes to consolidated financial statements

(Going concern)

The consolidated financial statements are prepared on going concern basis.

(Changes in presentation)

(Application of the Accounting Standard for Disclosure of Accounting Estimates)

The Company has applied the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) starting from the financial statements related to the end of the fiscal year under review, and provides notes regarding significant accounting estimates in the financial statements.

However, in this note, information on the fiscal year ended December 31, 2021 has not been provided in accordance with the transitional treatment provided for in the proviso to paragraph 11 of this accounting standard.

(Significant accounting estimates)

Valuation of goodwill and intangible assets with indefinite useful lives

(1) Amount recognized in consolidated financial statements for the end of the current fiscal year

Goodwill	¥255,599 million
Intangible assets with indefinite useful lives	¥369,190 million

(2) Information on details of significant accounting estimates relating to the identified items

The Company estimates recoverable amounts used for impairment testing on goodwill and intangible assets with indefinite useful lives.

The recoverable amount is calculated using the value in use, which is calculated by discounting the estimated amount of cash flows based on the business plan approved by senior management to the present value using the pretax weighted average cost of capital for the cash-generating unit or group of cash-generating units.

The business plan used for impairment testing is formulated based on not only the expectations of recovery from the lull in business activity due to the effect of COVID-19 and the growth rate of the beverages market in each country having an impact on future net sales and operating income, but also estimates, etc. of the effectiveness of the respective sales and promotion strategies for each brand, and each sales channel such as the off-premises and on-premises channels. Moreover, the growth rate is determined by taking into consideration the long-term average growth rate for the markets or countries to which these cash-generating units and groups of cash-generating units belong. If that differs from actual results, then it is possible that there will be an impact on the operating results, etc.

(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 four reportable segments: “Japan business,” “Asia Pacific business,” “Europe business” and “Americas business.” The intersegment transactions are considered on an arm’s length basis.

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 from the first three months of the year ended December 31, 2021, comprise “Japan business,” “Asia Pacific business,” “Europe business,” and “Americas business.” The figures for the year ended December 31, 2020, have been reclassified into the reportable segments after the change.

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, 2020

	Millions of yen						
	Reportable segment						
	Japan	Asia Pacific	Europe	Americas	Segment total	Reconciliations	Consolidated
Revenue:							
External customers	633,002	265,025	189,970	90,138	1,178,137	–	1,178,137
Intersegment	48	848	1,114	–	2,011	(2,011)	–
Total revenue	633,051	265,874	191,085	90,138	1,180,149	(2,011)	1,178,137
Segment profit	36,981	34,354	27,236	9,099	107,671	(11,493)	96,177
(Depreciation and amortization)	36,536	15,147	11,698	3,921	67,303	3,349	70,652

Year ended December 31, 2021

	Millions of yen						
	Reportable segment						
	Japan	Asia Pacific	Europe	Americas	Segment total	Reconciliations	Consolidated
Revenue:							
External customers	629,640	295,948	234,862	108,466	1,268,917	–	1,268,917
Intersegment	55	992	1,318	–	2,366	(2,366)	–
Total revenue	629,695	296,940	236,180	108,466	1,271,283	(2,366)	1,268,917
Segment profit	40,945	39,744	35,726	13,330	129,747	(11,178)	118,568
(Depreciation and amortization)	34,139	15,296	12,582	4,196	66,215	3,161	69,376

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

Revenue from external customers is as follows:

	Millions of yen				
	Japan	Asia Pacific	Europe	Americas	Total
Year ended December 31, 2020	633,002	259,620	195,375	90,138	1,178,137
Year ended December 31, 2021	629,640	288,998	241,812	108,466	1,268,917

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	Asia Pacific	Europe	Americas	Total
As at December 31, 2020	362,395	158,078	482,943	63,336	1,066,754
As at December 31, 2021	367,309	165,098	505,604	72,270	1,110,283

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, 2020	Year ended December 31, 2021
Profit for the year attributable to owners of the Company	52,212	68,676
Profit for the year not attributable to ordinary shareholders of the Company	–	–
Profit for the year used in the calculation of earnings per share	52,212	68,676
Weighted-average number of ordinary shares (Shares)	308,999,997	308,999,994
Earnings per share (Yen)	168.97	222.25

(Subsequent events)

On February 9, 2022, the Company agreed to transfer all shares of its subsidiary Suntory Coffee Australia Ltd., which operates a fresh coffee business in Oceania, to UCC ANZ MANAGEMENT PTY LTD (UCC ANZ), a subsidiary of UCC Holdings Co., Ltd. as part of revisions to the sustainable business portfolio.
The Company expects a transfer price of Approx. ¥18.5 billion.
The transfer is scheduled to complete in the second quarter of 2022.