

Summary of Consolidated Financial Results
for the First Six Months of the Year Ending December 31, 2023
<IFRS> (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
 Shares listed: Tokyo Stock Exchange
 Securities code: 2587
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Scheduled date to file quarterly securities report: August 10, 2023
 Scheduled date to commence dividend payments: September 6, 2023
 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 six months of the year ending December 31, 2023
(from January 1, 2023 to June 30, 2023)

(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, 2023	749,135	10.3	68,831	(14.4)	69,361	(13.5)	49,484	(14.8)
June 30, 2022	679,009	12.4	80,370	33.1	80,206	35.2	58,108	43.4

	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, 2023	38,376	(21.3)	129,343	(0.1)	124.19	–
June 30, 2022	48,734	51.5	129,486	80.0	157.72	–

(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, 2023	1,949,862	1,171,435	1,062,790	54.5
December 31, 2022	1,783,349	1,060,104	965,220	54.1

(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, 2023	43,576	(31,645)	(36,963)	183,844
June 30, 2022	80,562	(8,170)	(32,837)	224,426

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, 2022	–	39.00	–	41.00	80.00
Fiscal year ending December 31, 2023	–	40.00			
Fiscal year ending December 31, 2023 (Forecast)			–	40.00	80.00

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

3. Consolidated earnings forecast for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

	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, 2023	1,531,500	5.6	134,500	(3.7)	133,500	(4.2)	95,500	(5.5)	75,500	(8.3)	244.34

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, 2023 | 309,000,000 shares |
| As at December 31, 2022 | 309,000,000 shares |
| b. Number of treasury shares at the end of the period | |
| As at June 30, 2023 | 121 shares |
| As at December 31, 2022 | 121 shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| Six months ended June 30, 2023 | 308,999,879 shares |
| Six months ended June 30, 2022 | 308,999,960 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 always starting from consumers, pursuing to create new taste, well-being and joy, and aiming to be the most locally beloved company by proposing premium and unique products that match the tastes and needs of consumers, worked to 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 by accelerating business transformation in each area.

In the first six months ended June 30, 2023, the Group steadily tapped into demand in the major countries and continued to concentrate its activities on core brands in all segments. Sales volume in Japan exceeded the market growth of the beverage market (based on the Company's own estimation) and our share of the market expanded. In major overseas markets as well, our sales volume increased. Price revisions in Japan of PET products starting from October 2022 and canned products from May 2023 in conjunction with revenue growth management (RGM) measures that included flexible price revisions overseas contributed to revenue increases in all segments.

The higher costs due to high raw material prices and exchange rate fluctuations were generally as anticipated, and the Group was able to absorb this impact due to the rise in revenue and thorough cost management. Nevertheless, operating income fell due to the reactive impact of the gain on sale of businesses recorded in the second quarter of the year ended December 31, 2022.

For the operating results of the first six months of the year ending December 31, 2023, the Group reported consolidated revenue of ¥749.1 billion, up 10.3% year on year and up 6.2% on a currency neutral basis. Consolidated operating income was ¥68.8 billion, down 14.4% year on year and down 18.4% on a currency neutral basis. Furthermore, profit for the period attributable to owners of the Company was ¥38.4 billion, down 21.3% year on year and down 24.7% on a currency neutral basis.

Results by segment are described below.

Due to the organizational changes, the Africa business, which was previously reported in the "Asia Pacific business," has been reclassified to the "Europe business" from the "Asia Pacific business," starting from the first three months of the year ending December 31, 2023. Accordingly, in the following year-on-year comparisons, figures for the same period of the previous year have been compared based on the segment classification after the change.

< Japan business >

In the first six-month period, performance in the beverage market was less strong year on year (based on the Company's own estimation). This was partly due to the effect of ongoing price revisions amid an increase in demand accompanying the recovery of foot traffic. The Company carried out initiatives to strengthen its core brands with a focus on the water, coffee, and sugar-free tea categories, and received contributions from sales of new products and marketing activities. This led the Company to increase its sales volume year on year to the highest on record for the first six-month period and further increase market share.

For the *Suntory Tennensui* brand, record-high sales volume was achieved for the first six-month period for the overall brand, with year-on-year increases being seen for both the large bottles and the small bottles. In addition to the strong sales volume of mineral water, the *Suntory Tennensui Kiritto Fruit* series continued to contribute to the increase of the sales volume. For the *BOSS* brand, the overall sales volume of the brand was almost flat year on year. In addition to the strong sales volume for canned products, to which the new product *BOSS Caffeine* was added, new products such as *Craft BOSS Amakunai-Italiano* also provided underpinning support to the sales volume. For *Iyemon*, overall sales volume of the brand decreased year on year due to a significant effect of price revisions in the overall green tea market from October 2022. *Iyemon Koi Aji*, which was launched in February 2022 as a food with functional claims, continued to have strong sales volume. Year-on-year increase in sales volume for the overall *GREEN DA•KA•RA* brand along with record-high sales volume for a first six-month period was achieved. The renewals of *GREEN DA•KA•RA* standard product and

Yasashii Mugicha launched in April 2023 and the strong performance of the new product *Yasashii Rooibos* contributed to the increase in sales volume.

Revenue increased partly due to a contribution made by the effect of price revisions from October 2022 and May 2023.

This increase in revenue and thorough cost management absorbed the impact of high raw material prices and exchange rate fluctuations, leading to an increase in segment profit.

The Japan business reported revenue of ¥328.2 billion, up 7.3% year on year, and segment profit of ¥17.0 billion, up 20.8% year on year.

< Asia Pacific business >

In the Asia Pacific region, the Group continued with its approach of concentrating its activities on core brands in the beverage and health supplement businesses. While it is taking time for the health supplement business to recover, the beverage business has been performing strongly in the major countries.

The strong sales volumes in the beverage business, along with flexible price revisions in the major markets, contributed to the achievement of a two-digit percentage increase in revenue year on year. Segment profit decreased year on year due to the significant effect of decreased revenue in the health supplement business as well as the reactive impact of the gain on sale of a fresh coffee business in Oceania recorded in the second quarter of the year ended December 31, 2022, despite the Group absorbing the impact from soaring raw material prices by increasing revenue in the beverage business.

By major business, in Vietnam, sales volume of major brands, including the mainstay energy drink *Sting* and tea beverage *TEA+*, grew as a result of strengthening our marketing activities on major brands despite a deterioration of business confidence and the reactive impact of the previous year's expansion in demand. In Thailand, sales of *PEPSI* and *TEA+*, including low-sugar products, were strong and their sales volume increased amid an environment of lowering inflation and recovery in tourism demand. In the health supplement business, while facing the significant impact of decreasing consumer demand in the health supplement market overall, the Group implemented thorough marketing activities for the mainstay product *BRAND'S Essence of Chicken*, and the sales trend is on a gradual path of recovery. In Oceania, sales volumes continued at levels higher than the previous fiscal year as a result of strengthening our marketing activities on the energy drink *V*, a core brand, and due to a contribution from *BOSS* having achieved double-digit growth year on year in sales volume.

The Asia Pacific business reported revenue of ¥182.7 billion, up 7.5% year on year and up 0.9% on a currency neutral basis. Segment profit was ¥22.5 billion, down 44.4% year on year and down 46.7% on a currency neutral basis.

< Europe business >

In Europe, as a result of the Group strengthening activities to concentrate on core brands amid the reactive impact from the expansion of demand due to favorable weather in the previous fiscal year, the sales volumes have stayed the same in the major countries.

Revenue received a contribution from RGM (revenue growth management) including price revisions in the major countries and increased.

Despite effects of high raw material prices and rising energy prices, an increase in revenue and cost-cutting activities absorbed the impact, leading to an increase in segment profit.

Looking at results by major country, in France, efforts were focused on continuing marketing activities for the core brands *Oasis*, *Schweppes*, and *Orangina*. Despite the reactive impact of the favorable weather conditions enjoyed in the second quarter of the year ended December 31, 2022, the sales volume of *Oasis* continued to increase year on year. In the UK, sales volume for the core brand *Lucozade* rose year on year. In addition to a continued strong performance in *Lucozade Energy*, *Lucozade Sport* and non-sugar product *Lucozade Sport Zero* also contributed to significant growth for this core brand. In Spain, while experiencing a significant impact from weather-related factors, the

Group strengthened activities on the core brand *Schweppes*, which resulted in the sales volume staying at approximately the same level year on year.

The Europe business reported revenue of ¥164.5 billion, up 13.7% year on year and up 6.4% on a currency neutral basis, and segment profit of ¥26.2 billion, up 8.8% year on year and up 2.0% on a currency neutral basis.

< Americas business >

In the Americas, the enhancing of marketing activities in the core carbonated beverage category and the non-carbonated beverage category and sales channel expansion of *Gatorade* contributed to strong sales volume. Revenue received a contribution made by the effect of price revisions and was higher than expected.

Segment profit was higher than expected as a growth in revenue was able to absorb the impact from soaring raw materials prices and personnel costs.

The Americas business reported revenue of ¥73.8 billion, up 26.3% year on year and up 15.2% on a currency neutral basis, and segment profit of ¥9.4 billion, up 27.7% year on year and up 16.5% on a currency neutral basis.

(2) Financial position

Total assets as at June 30, 2023 stood at ¥1,949.9 billion, an increase of ¥166.5 billion compared to December 31, 2022. The main factors were increases in trade and other receivables and intangible assets.

Total liabilities stood at ¥778.4 billion, an increase of ¥55.2 billion compared to December 31, 2022. This was due in part to an increase in trade and other payables.

Total equity stood at ¥1,171.4 billion, an increase of ¥111.3 billion compared to December 31, 2022, due in part to an increase in other components of equity.

(3) Analysis of cash flows

Cash and cash equivalents as at June 30, 2023 amounted to ¥183.8 billion, a decrease of ¥16.8 billion compared to December 31, 2022.

Net cash inflow from operating activities was ¥43.6 billion, a decrease of ¥37.0 billion compared to the same period of the previous year. This was mainly the result of an increase in trade and other receivables of ¥48.0 billion and an increase in inventories of ¥20.9 billion, despite profit before tax for the period of ¥69.4 billion, an increase in trade and other payables of ¥41.0 billion, and depreciation and amortization of ¥35.9 billion.

Net cash outflow from investing activities was ¥31.6 billion, an increase of ¥23.5 billion compared to the same period of the previous year. This was mainly the result of payments for property, plant and equipment and intangible assets of ¥32.7 billion.

Net cash outflow from financing activities was ¥37.0 billion, an increase of ¥4.1 billion compared to the same period of the previous year. This was mainly the result of repayments of long-term borrowings of ¥30.0 billion, despite an increase in short-term borrowings and commercial paper of ¥21.5 billion.

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

The consolidated earnings forecast for the fiscal year ending December 31, 2023, is unchanged from that announced on February 13, 2023. On the assumption that a high level of uncertainty persists, the Group will work steadily toward achieving its earnings forecast by focusing on what needs to be done, particularly in terms of continuing with initiatives such as concentrating its activities on core brands in all segments and implementing thorough cost management inclusive of SCM activities.

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, 2022	As at June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	200,630	183,844
Trade and other receivables	270,969	333,221
Other financial assets	3,118	2,854
Inventories	106,086	133,368
Other current assets	25,564	28,751
Total current assets	606,370	682,040
Non-current assets:		
Property, plant and equipment	381,511	401,447
Right-of-use assets	48,841	52,576
Goodwill	264,573	278,503
Intangible assets	452,444	501,435
Investments accounted for using the equity method	1,305	1,860
Other financial assets	14,777	15,300
Deferred tax assets	6,398	7,048
Other non-current assets	7,125	9,649
Total non-current assets	1,176,978	1,267,821
Total assets	1,783,349	1,949,862

Millions of yen

	As at December 31, 2022	As at June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	57,996	71,018
Trade and other payables	384,366	440,966
Other financial liabilities	34,026	23,299
Accrued income taxes	18,098	20,002
Provisions	1,417	878
Other current liabilities	8,254	10,075
Total current liabilities	504,160	566,241
Non-current liabilities:		
Bonds and borrowings	64,752	44,975
Other financial liabilities	44,987	46,034
Post-employment benefit liabilities	13,732	14,432
Provisions	5,722	5,977
Deferred tax liabilities	84,922	94,251
Other non-current liabilities	4,965	6,513
Total non-current liabilities	219,083	212,185
Total liabilities	723,244	778,427
Equity		
Share capital	168,384	168,384
Share premium	182,229	182,229
Retained earnings	594,773	620,763
Treasury shares	(0)	(0)
Other components of equity	19,834	91,413
Total equity attributable to owners of the Company	965,220	1,062,790
Non-controlling interests	94,883	108,645
Total equity	1,060,104	1,171,435
Total liabilities and equity	1,783,349	1,949,862

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Six months ended June 30, 2022	Six months ended June 30, 2023
Revenue	679,009	749,135
Cost of sales	<u>(411,233)</u>	<u>(468,341)</u>
Gross profit	267,776	280,794
Selling, general and administrative expenses	(203,204)	(211,582)
Gain on investments accounted for using the equity method	70	183
Other income	17,388	1,468
Other expenses	<u>(1,660)</u>	<u>(2,033)</u>
Operating income	80,370	68,831
Finance income	830	1,829
Finance costs	<u>(994)</u>	<u>(1,300)</u>
Profit before tax for the period	80,206	69,361
Income tax expense	<u>(22,098)</u>	<u>(19,876)</u>
Profit for the period	<u><u>58,108</u></u>	<u><u>49,484</u></u>
Attributable to:		
Owners of the Company	48,734	38,376
Non-controlling interests	<u>9,373</u>	<u>11,108</u>
Profit for the period	<u><u>58,108</u></u>	<u><u>49,484</u></u>
Earnings per share (Yen)	157.72	124.19

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit for the period	58,108	49,484
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	189	183
Remeasurement of defined benefit plans	(51)	(56)
Total	137	126
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	70,527	79,330
Changes in the fair value of cash flow hedges	564	268
Changes in comprehensive income of investments accounted for using the equity method	149	132
Total	71,241	79,732
Other comprehensive income for the period, net of tax	71,378	79,858
Comprehensive income for the period	129,486	129,343
Attributable to:		
Owners of the Company	107,947	110,238
Non-controlling interests	21,539	19,105
Comprehensive income for the period	129,486	129,343

(4) Condensed quarterly consolidated statement of changes in equity

Six months ended June 30, 2022

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, 2022	168,384	182,423	536,996	(0)	(27,210)	860,593	83,358	943,952
Profit for the period			48,734			48,734	9,373	58,108
Other comprehensive income					59,212	59,212	12,165	71,378
Total comprehensive income for the period	–	–	48,734	–	59,212	107,947	21,539	129,486
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(12,050)			(12,050)	(4,741)	(16,792)
Transactions with non-controlling interests		38				38	(50)	(12)
Reclassification to retained earnings			(647)		647	–		–
Total transactions with owners of the Company	–	38	(12,698)	(0)	647	(12,012)	(4,792)	(16,805)
Balance at June 30, 2022	168,384	182,461	573,032	(0)	32,650	956,528	100,105	1,056,633

Six months ended June 30, 2023

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, 2023	168,384	182,229	594,773	(0)	19,834	965,220	94,883	1,060,104
Profit for the period			38,376			38,376	11,108	49,484
Other comprehensive income					71,862	71,862	7,996	79,858
Total comprehensive income for the period	–	–	38,376	–	71,862	110,238	19,105	129,343
Dividends			(12,668)			(12,668)	(5,343)	(18,012)
Reclassification to retained earnings			283		(283)	–		–
Total transactions with owners of the Company	–	–	(12,385)	–	(283)	(12,668)	(5,343)	(18,012)
Balance at June 30, 2023	168,384	182,229	620,763	(0)	91,413	1,062,790	108,645	1,171,435

(5) Condensed quarterly consolidated statement of cash flows

	Millions of yen	
	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before tax for the period	80,206	69,361
Depreciation and amortization	35,091	35,876
Impairment losses (reversal of impairment losses)	108	151
Interest and dividends income	(485)	(1,831)
Interest expense	956	914
Loss (gain) on investments accounted for using the equity method	(70)	(183)
Loss (gain) on sales of shares of subsidiaries	(15,842)	(187)
Decrease (increase) in inventories	(20,152)	(20,938)
Decrease (increase) in trade and other receivables	(33,202)	(47,963)
Increase (decrease) in trade and other payables	43,758	40,967
Other	2,184	(15,048)
Subtotal	92,550	61,119
Interest and dividends received	396	1,294
Interest paid	(918)	(649)
Income tax paid	(11,466)	(18,188)
Net cash inflow (outflow) from operating activities	80,562	43,576
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(27,108)	(32,661)
Proceeds on sale of property, plant and equipment and intangible assets	409	126
Proceeds from sale of businesses	–	600
Proceeds from sale of subsidiaries	19,491	–
Other	(962)	288
Net cash inflow (outflow) from investing activities	(8,170)	(31,645)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(2,615)	21,535
Proceeds from long-term borrowings	6,429	–
Repayments of long-term borrowings	(12,768)	(30,000)
Payments of lease liabilities	(6,619)	(10,017)
Dividends paid to owners of the Company	(12,050)	(12,668)
Dividends paid to non-controlling interests	(5,212)	(5,812)
Other	(0)	–
Net cash inflow (outflow) from financing activities	(32,837)	(36,963)
Net increase (decrease) in cash and cash equivalents	39,554	(25,032)
Cash and cash equivalents at the beginning of the period	176,655	200,630
Effects of exchange rate changes on cash and cash equivalents	11,125	8,246
Cash and cash equivalents included in assets held for sale	(2,909)	–
Cash and cash equivalents at the end of the period	224,426	183,844

(6) Notes to condensed quarterly consolidated financial statements

(Going concern)

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