

Financial Results for Q2 Year Ending December 31, 2023

August 9, 2023
Suntory Beverage & Food Limited

Overview of First Half FY2023

Makiko Ono, President & Chief Executive Officer

Financial Results for Q2 YTD FY2023 (IFRS)

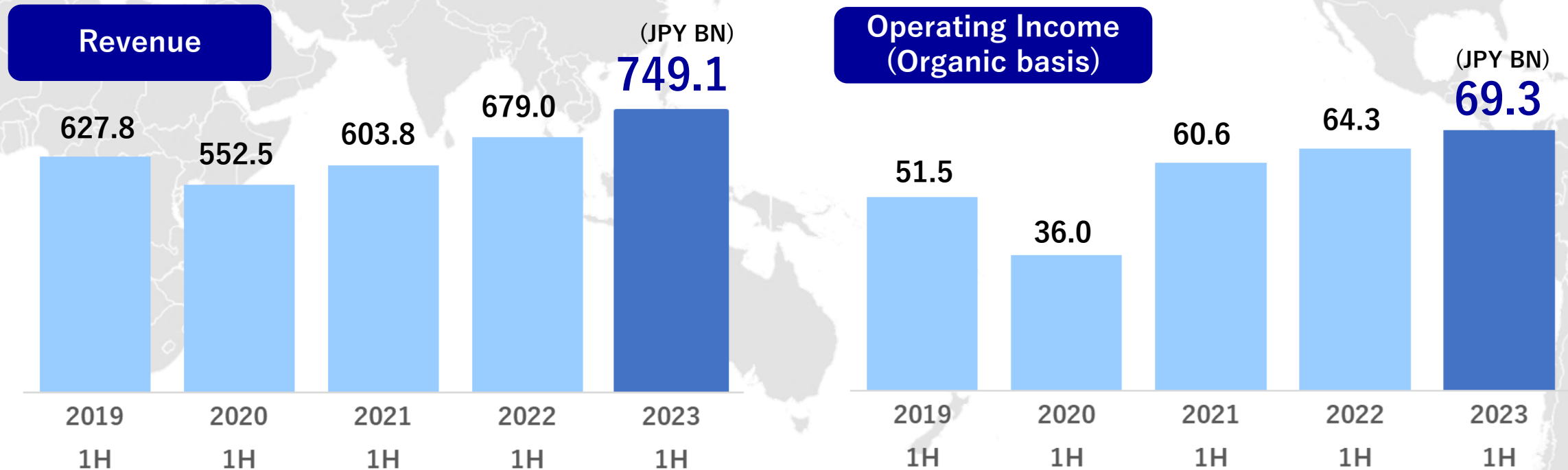
(JPY BN)

	FY2023 Jan-Jun	Change			
		Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY
Revenue	749.1	+70.1	+10.3%	+43.6	+6.2%
Operating Income	68.8	-11.5	-14.4%	-15.5	-18.4%
Extraordinary Items	-0.4	-17.2	—	-17.3	—
Operating Income (Organic basis*1)	69.3	+5.6	+8.9%	+1.8	+2.7%
Net Income*2	38.4	-10.4	-21.3%	-12.6	-24.7%

*1 Extraordinary factors and profit/loss impact from transferred business deducted from operating income

*2 Profit attributable to owners of the Company

Despite the continued challenging business environment, both revenue and operating income (organic basis) exceeded expectations, reaching record-highs for the first half.



- **Core Brands Innovation**

- **Driving Structural Transformation**

- **Investing in Growth for the Future**

Our Initiatives – Core Brands Innovation

First half results

Japan

Tennensui

*GREEN
DA · KA · RA*



103%

104%

Vietnam

TEA+

Sting



102%

114%

Australia

V



119%

France

Oasis



101%

UK

Lucozade



107%

Sales
volume
YoY

(Sources) Brand sales volume YoY: on a shipping basis

* Cumulative total from January to June 2023

* Japan on the basis of actual number of cases delivered

Active investment in key strategic areas

Japan: New lines added at Shinano-no-Mori

APAC: Production capacity added in Vietnam and Australia

Americas: New lines added and warehouse expanded



Challenging new category

APAC: Development of RTD business in Oceania
(Started preparations for partnership with Beam Suntory)



Inorganic growth

Maximum net debt-to-equity ratio 1x (approximately ¥700BN)

Allocate ¥200-300BN for investment

Production enhancement for growth

Expand production capacity to further accelerate the growth in the beverage business in Oceania

CAPEX (plan): Appx. ¥39BN

Commencement of operation (plan):

2H of FY2024: Beverage

1H of FY2025: RTD



Challenging new category

Started preparations for partnership with Beam Suntory to take on a challenge of fast growing RTD



Start of partnership (plan): 2H of FY2025

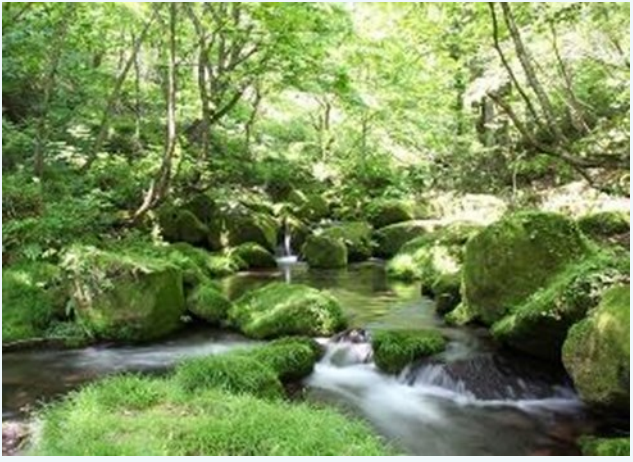


Beverage



RTD

Water



35% reduction^{*1} of water consumption at the SBF plants worldwide

2022 result: 22% reduction

*1 The goal of the Suntory Group (SBF's goal is 20% reduction).
Baseline year: 2015
*2 Common goal for the Suntory Group and SBF.
Baseline year: 2019
*3 PET bottles using recycled or plant-based materials 100%
*4 Ratio of sustainable (recycled or plant-based) materials used (by weight)

Greenhouse Gasses



50% reduction^{*2} of GHG emissions from the SBF sites

2022 result: 14% reduction

Fully switched purchased energy to 100% renewables in all directly-owned manufacturing sites and R&D facilities in Japan, the Americas, and Europe at the end of 2022

Plastics



100% replacement of PET bottles to sustainable bottles^{*3} globally

2022 result: 26% (Japan: 46%)

Continue pursuing further growth in all segments amid a highly uncertain environment

- Uneven economic conditions (demand recovery, recession risk)
- Persistent high inflation
- Diversified customer tastes and values

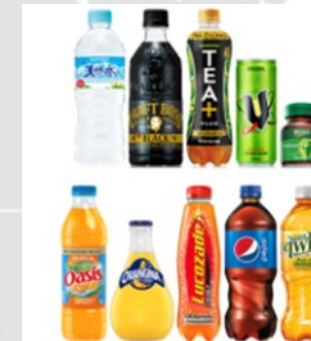
Management challenges

- Evolution to “high-revenue, high-margin” company
- Establishment of robust and optimal supply chain
- Challenging new category and creating group synergies
- Strategic promotion of sustainability

Pursue high-quality growth as a global beverage company

Enhancement of brand strategy

- Strengthening of Core Brands Innovation
- Expansion of the cross-selling areas of strategic brands
- Creation of global Suntory brands



Business structural transformation

- Overseas: faster growth and stronger earning capacity
- Japan: Acceleration of structural transformation for stronger earning capacity

Diversity

- Integration of various ideas and values to boost corporate competitiveness

Sustainability

- More efforts to address environmental and social issues

Supplementary Explanation

Noriaki Otsuka, Managing Executive Officer

Financial Results for Q2 YTD FY2023 (IFRS) – Organic basis

(JPY BN)

	Revenue	Change			
		Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY
Japan	328.2	+22.3	+7.3%	+22.3	+7.3%
APAC	182.7	+16.1	+9.7%	+5.2	+2.9%
Europe	164.5	+22.6	+15.9%	+13.0	+8.6%
Americas	73.8	+15.4	+26.3%	+9.8	+15.2%
Total	749.1	+76.3	+11.3%	+50.2	+7.2%
Segment Profit					
Japan	17.0	+2.9	+20.8%	+2.9	+20.8%
APAC	22.7	-1.9	-7.9%	-3.7	-14.0%
Europe	26.5	+3.3	+14.3%	+1.8	+7.3%
Americas	9.4	+2.0	+27.7%	+1.3	+16.5%
Reconciliation	-6.4	-0.7		-0.6	
Total	69.3	+5.6	+8.9%	+1.8	+2.7%

* Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

* Africa has been reclassified from APAC to Europe in 2023. Reclassified 2022 figures are used in this table for year-on-year comparisons.

(JPY BN)

Revenue	%YoY		Segment Profit	%YoY	
	Incl. currency effect	Currency neutral		Incl. currency effect	Currency neutral
328.2 BN	+7.3%	–	17.0 BN	+20.8%	–

- Beverage market sales volume estimated at 98%, while SBF Japan marked 101% YoY. Fully focused activities for core brands led to above-market growth in all channels and market share gains. *Suntory Tennensui* and *GREEN DA·KA·RA* were strong performers, reaching the highest sales volume ever.
- Revenue grew faster than sales volume, reaching 107% of the previous year's level. Price revisions in October 2022 and May 2023 were among the contributing factors.
- Segment profit increased due to revenue growth and strict cost management, while the impact of rising costs, such as high raw material prices and yen depreciation was within the expected range.



* Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

(JPY BN)

Revenue

182.7 BN

%YoY

Incl.
currency
effectCurrency
neutral

+9.7%

+2.9%

Segment
Profit

22.7 BN

%YoY

Incl.
currency
effectCurrency
neutral

-7.9%

-14.0%

Revenue

%YoY

Incl. currency
effect

Currency neutral

Beverage
(Vietnam)

72.9 BN

+18.5%

+10.8%

Beverage
(Thailand)

46.7

+20.6%

+11.4%

Health
Supplement
(*1)

15.2

-12.3%

-19.0%

Beverage
(Oceania)

31.8

+16.0%

+12.4%

Robust demand from traditional trade channel continued. Core brands such as *TEA+* and *Sting* grew.

Demand trended steadily. *PEPSI* brand and *TEA+* grew. Flexible price revisions since last year also contributed.

Demand continued to decline. Further strengthened activities for *BRAND'S Essence of Chicken*.

Strengthened activities for *V*. *BOSS* also performed well.



(*1) Health Supplement results consist of Thailand and Indochina Peninsula

Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

(JPY BN)

Revenue

164.5 BN

%YoY

Incl.
currency
effectCurrency
neutral

+15.9%

+8.6%

Segment
Profit

26.5 BN

%YoY

Incl.
currency
effectCurrency
neutral

+14.3%

+7.3%

Revenue

%YoY

Incl. currency
effect

Currency neutral

France

62.1 BN

+15.0%

+5.9%

UK
(*1)

47.6

+17.8%

+12.8%

Spain
(*2)

29.1

+12.2%

+3.3%

Strengthened activities for *Oasis*, *Schweppes*, and *Orangina*. *Oasis* reached a record-high sales volume for 1H.

Demand remained strong. *Lucozade* continued to grow, led especially by *Lucozade Sport*.

Strengthened activities for *Schweppes* amid the impact of weather factors.



(*1) UK and Ireland (*2) Spain and Portugal

Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

RGM (Revenue growth management): Pricing, pack price architecture, mix management, etc.

(JPY BN)

Revenue

73.8 BN

%YoY

Incl.
currency
effect

+26.3%

Currency
neutral

+15.2%

Segment
Profit

9.4 BN

%YoY

Incl.
currency
effect

+27.7%

Currency
neutral

+16.5%

- Robust demand continued in both off- and on-premise channels.
- Sales volume trended positively due to increased activities in both carbonated and non-carbonated categories, channel expansion for *Gatorade*, and contribution from the energy drink *Celsius*.
- RGM including price revision effect also contributed to revenue growth.
- Absorbed impact of high raw material costs and rising labor costs, and achieved profit growth.



Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.
 RGM (Revenue growth management): Pricing, pack price architecture, mix management, etc.

	(JPY BN)	Q1 (Jan-Mar)	Change %YoY	Q2 (Apr-Jun)	Change %YoY
Revenue					
Japan		145.8	+8.8%	182.4	+6.1%
APAC		89.9	+5.9%	92.8	+0.2%
Europe		68.6	+20.1%	95.9	+1.6%
Americas		32.9	+11.7%	40.9	+18.2%
Total		337.2	+10.4%	411.9	+4.7%
Segment Profit					
Japan		3.6	+39.0%	13.5	+16.7%
APAC		12.0	-4.6%	10.7	-22.6%
Europe		10.7	+52.5%	15.8	-10.6%
Americas		3.7	+7.2%	5.7	+23.7%
Reconciliation		-3.2		-3.2	
Total		26.8	+17.3%	42.4	-4.8%

* Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

* Africa has been reclassified from APAC to Europe in 2023. Reclassified 2022 figures are used in this table for year-on-year comparisons.

Trend in Q1/Q2 Revenue Growth Rate (IFRS) – Organic Basis

Revenue growth rate (%YoY, currency neutral basis for overseas figures)	2022 Jan-Mar	2023 Jan-Mar	2022 Apr-Jun	2023 Apr-Jun
Japan	0%	9%	5%	6%
APAC	9%	6%	13%	0%
Europe	25%	20%	19%	2%
Americas	17%	12%	7%	18%
Total	8%	10%	10%	5%

Revenue growth rate

(%YoY, currency neutral basis)

	2022 Apr-Jun	2023 Apr-Jun
APAC ^(*1)	13%	0%
Beverage (Vietnam)	28%	1%
Beverage (Thailand)	8%	14%
Health Supplement	-5%	-20%
Beverage (Oceania)	10%	8%

(*1) Revenue growth rate on an organic basis

(*2) RtM (Route to market): Sales and distribution strategy

Challenges and Actions in the health supplement business

Current status and challengesSales downtrend since 2H 2022

- Lower demand in the overall health supplement market
- Cost driven price revisions
- Signs of recovery in trend since the renewal of *Brand's Essence of Chicken* in October 2022

Actions in 2H and beyondMore activities to rebuild the business

- Further enhancement of brand value
- Intensification of RtM strategy and promotion
- Capturing inbound demand^(*2)

Revenue growth rate

(%YoY, currency neutral basis)

	2022 Apr-Jun	2023 Apr-Jun
Europe (*1)	19%	2%
France	10%	1%
UK	15%	10%
Spain	54%	-12%

(*1) Revenue growth rate on an organic basis

Current status and actions in 2H

Current status and challengesTemporary major impact on Q2 due to changes in external environment

France: Impacted by weather conditions and social conditions

UK: Steady trend

Spain: Weather conditions and intensified competition in the on-premise channel

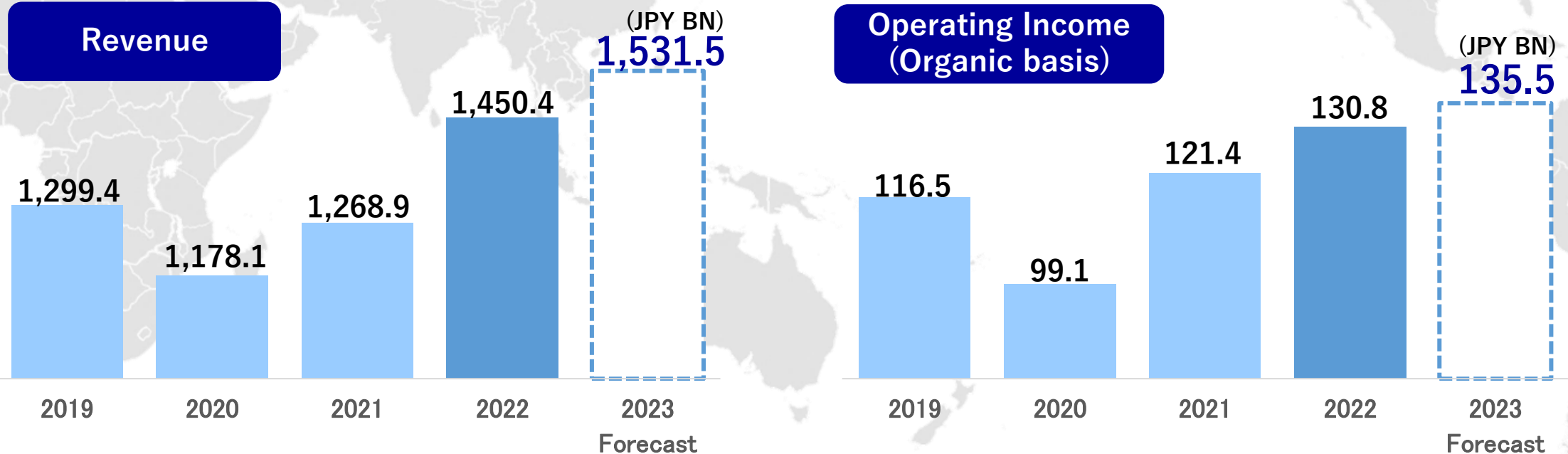
Actions in 2H and beyondCapture robust demand in key markets, strengthen activities, and thoroughly manage costs

- Core brands innovation
- Strengthening of RGM
- Supply chain innovation

Toward 2H

Leverage our global portfolio and aim to exceed performance guidance, assuming the highly uncertain situation continues.

- Economy**
 - Persistent inflation, materialization of recession risk
- Competition**
 - Increased competition in key markets
- Cost**
 - Continued uncertainty in market conditions and sourcing costs



SUNTORY

SUNTORY BEVERAGE & FOOD

(JPY BN)

	FY2023 Jan-Jun	Descriptions
Operating Income	68.8	
Non-recurring items	-0.4	APAC: -0.2, Europe: -0.3
Operating Income (Organic basis)	69.3	

Quarterly Results for Q2 (Apr-Jun) FY2023 (IFRS)

		(JPY BN)			
	FY2023 Apr-Jun	Change			
		Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY
Revenue	411.9	+28.9	+7.6%	17.3	+4.4%
Operating Income	42.5	-16.3	-27.7%	-18.3	-30.1%
Non-recurring items	0.0	-16.1	—	-16.2	—
Operating Income (Organic basis*1)	42.4	-0.2	-0.4%	-2.2	-4.8%
Net Income*2	23.8	-12.6	-34.6%	-13.8	-36.6%

*1 Extraordinary factors and profit/loss impact from transferred business deducted from operating income

*2 Profit attributable to owners of the Company

Financial Results for Q2 YTD FY2023 (IFRS) by Segment

(JPY BN)

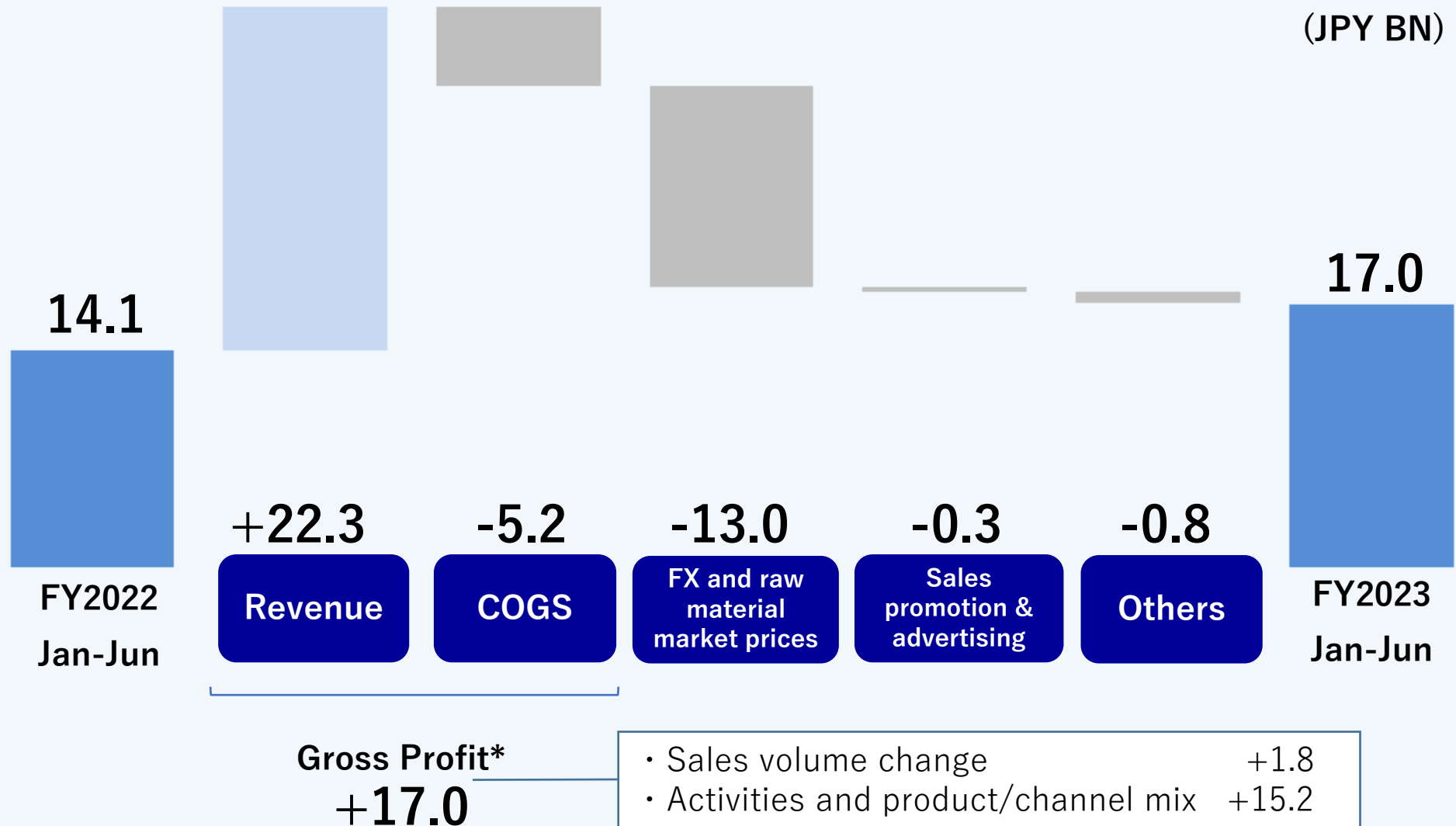
	Revenue	Change			
		Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY
Japan	328.2	+22.3	+7.3%	+22.3	+7.3%
APAC	182.7	+12.7	+7.5%	+1.7	+0.9%
Europe	164.5	+19.8	+13.7%	+9.9	+6.4%
Americas	73.8	+15.4	+26.3%	+9.8	+15.2%
Total	749.1	+70.1	+10.3%	+43.6	+6.2%
Segment Profit					
Japan	17.0	+2.9	+20.8%	+2.9	+20.8%
APAC	22.5	-18.0	-44.4%	-19.7	-46.7%
Europe	26.2	+2.1	+8.8%	+0.5	+2.0%
Americas	9.4	+2.0	+27.7%	+1.3	+16.5%
Reconciliation	-6.4	-0.7		-0.5	
Total	68.8	-11.5	-14.4%	-15.5	-18.4%

* Africa has been reclassified from APAC to Europe in 2023. Reclassified 2022 figures are used in this table for year-on-year comparisons.

FY2023 Quarterly Results (IFRS) by Segment

(JPY BN)

	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change			
		Incl. currency effect		Currency neutral			Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY		YoY	%YoY	YoY	%YoY
Revenue										
Japan	145.8	+11.8	+8.8%	+11.8	+8.8%	182.4	+10.5	+6.1%	+10.5	+6.1%
APAC	89.9	+9.5	+11.9%	+1.5	+1.7%	92.8	+3.2	+3.5%	+0.2	+0.2%
Europe	68.6	+12.8	+23.0%	+9.5	+16.0%	95.9	+7.0	+7.8%	+0.4	+0.4%
Americas	32.9	+7.0	+27.2%	+3.5	+11.7%	40.9	+8.3	+25.6%	+6.3	+18.2%
Total	337.2	+41.2	+13.9%	+26.3	+8.4%	411.9	+28.9	+7.6%	+17.3	+4.4%
Segment Profit										
Japan	3.6	+1.0	+39.0%	+1.0	+39.0%	13.5	+1.9	+16.7%	+1.9	+16.7%
APAC	11.8	+0.3	+2.9%	-0.9	-6.8%	10.7	-18.3	-63.0%	-18.9	-63.7%
Europe	10.4	+3.2	+43.5%	+2.8	+36.7%	15.8	-1.0	-6.2%	-2.3	-12.7%
Americas	3.7	+0.7	+22.0%	+0.3	+7.2%	5.7	+1.4	+31.8%	+1.1	+23.7%
Reconciliation	-3.2	-0.4		-0.4		-3.2	-0.2		-0.2	
Total	26.4	+4.7	+22.0%	+2.8	+12.0%	42.5	-16.3	-27.7%	-18.3	-30.1%



* Gross Profit excluding impact of FX and raw material market prices

Sales Volume of Major Brands

Japan

(Million cases)	Q2 YTD FY2022		Q2 YTD FY2023		FY2023	
	Actual	YoY	Actual	YoY	Forecast	YoY
<i>Suntory Tennensui</i>	60.7	10%	62.9	3%	132.0	2%
<i>Boss</i>	50.9	2%	50.7	-0%	102.0	-2%
<i>Iyemon</i>	29.4	5%	26.3	-11%	63.0	2%
<i>GREEN DA·KA·RA</i>	21.0	14%	21.8	4%	48.0	-1%
<i>Suntory Oolong Tea</i>	6.6	-3%	6.9	6%	15.0	1%
<i>PEPSI</i>	8.3	15%	8.3	0%	17.0	-2%
FOSHU drinks and Foods with Function Claims	12.6	24%	18.5	45%	47.0	45%
Total	208.1	7%	210.8	1%	445.0	0%

* The portions of the sales volume that were supplied from other soft drink manufacturers such as Japan Beverage Holdings Inc. are not included in the above figures.

Europe

(Million liters)	Q2 YTD FY2022		Q2 YTD FY2023	
	Actual	YoY	Actual	YoY
<i>Oasis</i> (France)	166	15%	169	1%
<i>Schweppes</i> (France)	100	11%	95	-5%
<i>Orangina</i> (France)	97	10%	96	-1%
<i>Lucozade</i> (UK, Ireland)	207	8%	221	7%
<i>Ribena</i> (UK, Ireland)	43	-4%	43	-1%
<i>Schweppes</i> (Spain, Portugal)	62	23%	62	-1%

(JPY, average of period)

	FY2022 Jan-Jun	FY2023 Jan-Jun	FY2023 Forecast
U.S. dollar	123.2	135.0	130.0
Euro	134.4	145.9	141.0
Sterling	159.6	166.7	160.0
Singapore dollar	90.2	101.0	98.0
Thai baht	3.7	4.0	3.9
Vietnam dong	0.0054	0.0057	0.0056
New Zealand dollar	81.6	84.2	84.0
Australian dollar	88.6	91.3	91.0

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