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Notice of Convocation of the 15th Ordinary General Meeting of Shareholders

Suntory Beverage & Food Limited

[Our Purpose]

**To inspire the brilliance of life,
by creating rich experiences for people, in harmony with nature.**

[Our Values]

Growing for Good / “Yatte Minahare” / Giving Back to Society

[Who We Are]

Always Together with Seikatsusha

We connect with your feelings to enrich every moment of life

To: Our Shareholders

“Aiming to Achieve High-quality Growth as a True Global Beverage Company”

In 2023, factors such as geopolitical uncertainty, increasing costs due to circumstances in the raw materials and energy markets combined with sharp yen depreciation, and unstable weather conditions worldwide made it a very difficult year.

In this challenging environment, we achieved record-high revenue by doubling down our efforts to accelerate our Core Brands, while also achieving record-high operating income through price revisions in Japan and internationally along with rigorous cost-cutting across our entire value chain.

In 2024, we aim to achieve sustainable business growth and enhance our corporate value, despite the likelihood of persisting worldwide uncertainties and a challenging competitive landscape. To such ends, we have accordingly formulated a new corporate philosophy (“Our Purpose,” “Our Values,” “Who We Are”) in citing the objective of seeking to achieve high-quality growth as a True Global Beverage Company. We will also work to achieve ambitious targets as a medium-term plan established upon our having formulated a new medium-term strategy.

In seeking to attain further business growth, we will embrace various forms of diversity and accelerate our global DEI initiatives, while also redoubling our efforts in regard to our sustainability initiatives in positioning water, greenhouse gases, and plastics as key priorities toward achieving our targets toward 2030.

We sincerely ask for the continued warm support of our shareholders.

Sincerely yours,

Makiko Ono
Representative Director, President & Chief
Executive Officer
Suntory Beverage & Food Limited

Date issued: March 5, 2024
Start date of measures for electronic provision: February 28, 2024

To: Our Shareholders

Notice of Convocation of the 15th Ordinary General Meeting of Shareholders

You are hereby notified that the 15th Ordinary General Meeting of Shareholders (the “Meeting”) of Suntory Beverage & Food Limited (the “Company”) will be held as described below. Your attendance would be much appreciated.

When convening the Meeting, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the Company’s website by using the Internet address shown below to review the information.

The Company’s website

<https://www.suntory.com/softdrink/ir/stock/meeting.html>

In addition to posting items subject to measures for electronic provision on the website above, the Company also posts this information on the website of the Tokyo Stock Exchange (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the Internet address shown below, enter the issue name (company name) or securities code, and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

TSE website

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

In consideration of the convenience of shareholders, paper-based documents stating particularly important items among the items subject to measures for electronic provision are delivered to all shareholders. (In addition, the paper-based documents stating all other items subject to measures for electronic provision excluding certain items are to be delivered to shareholders who have made a request for delivery of such documents.)

If you are unable to attend the Meeting, you may exercise your voting rights by mail or via the Internet, etc. We kindly request that you exercise your voting rights no later than 5:30 p.m. on Tuesday, March 26, 2024 (JST).

Additionally, the Meeting can be viewed via a live stream. Please be aware that you will not be able to exercise your voting rights or ask questions during the live streaming session. We appreciate your understanding in that regard.

Exercising voting rights by attendance at the General Meeting of Shareholders

Please refer to page 7.

Exercising voting rights by mail

Please refer to page 7.

Exercising voting rights by the Internet, etc.

Please refer to page 8.

1. Date and Time: March 27, 2024 (Wednesday) at 10:00 a.m. (JST)
2. Place: Main Hall, Suntory Hall
13-1, Akasaka 1-chome, Minato-ku, Tokyo
3. Purpose:
Items to be reported:
 1. Business Report and the Consolidated Financial Statements for the 15th business term (from January 1, 2023 to December 31, 2023), the audit reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. The Non-consolidated Financial Statements for the 15th business term (from January 1, 2023 to December 31, 2023)

Items to be resolved:

- Proposal 1: Appropriation of Surplus
Proposal 2: Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
Proposal 3: Election of One (1) Director Serving on the Audit and Supervisory Committee
Proposal 4: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

Sincerely yours,

Makiko Ono
Representative Director, President & Chief
Executive Officer

Suntory Beverage & Food Limited
1-1, Shibaura 3-chome, Minato-ku, Tokyo

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- Among the items subject to measures for electronic provision, in accordance with the provisions of relevant laws and regulations and the Company's Articles of Incorporation, the following items are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents. Documents subject to audit, including the items stated below, have been audited by the Audit and Supervisory Committee and the Accounting Auditor.
 - System to Ensure the Appropriateness of the Business and the Operational Status of the System (Business Report)
 - Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements (Consolidated Financial Statements)

- Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements (Non-consolidated Financial Statements)
- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company's website and the TSE website.

<Information on the mini-concert to be held>

Following the Meeting, cellist Hitomi Niikura will perform a 15-minute mini-concert for shareholders at the venue. Please take this opportunity to visit Suntory Hall.

* The mini-concert will also be broadcast live to shareholders. Please refer to page 9 for details on how to watch the Meeting.

* Any changes in the content of the concert or any other matters that shareholders need to be aware of will be posted on the Company's website.

Guide to Exercising Voting Rights

Exercising voting rights by attendance at the General Meeting of Shareholders

Please present the voting form sent out with this convocation notice to the reception desk.

Date and Time: March 27, 2024 (Wednesday) at 10:00 a.m. (Reception desk opens at 9:15 a.m.)

Place: Main Hall, Suntory Hall
13-1, Akasaka 1-chome, Minato-ku, Tokyo

- Please note that persons other than shareholders who can exercise voting rights, such as proxies who are not shareholders or accompanying persons, shall not be permitted entry even if they hold the enclosed voting form.

Exercising voting rights by mail

Please indicate “For” or “Against” with respect to each proposal on the voting form sent out with this convocation notice and post it without affixing a postage stamp.

Votes to be received by: March 26, 2024 (Tuesday) at 5:30 p.m.

Guide to filling in the voting form

Please indicate your “For” or “Against” with respect to each proposal.

Proposals 1, 3 and 4

If you consent: Mark a ○ in the box marked “賛”

If you dissent: Mark a ○ in the box marked “否”

Proposal 2

If you consent for all candidates: Mark a ○ in the box marked “賛”

If you dissent for all candidates: Mark a ○ in the box marked “否”

If you selectively veto certain candidates: Mark a ○ in the box marked “賛” and write the number of each candidate you choose to veto.

[Handling of voting rights]

If you indicate neither your “For” nor “Against” with respect to each proposal on the voting form, your answer will be deemed to be “For.”

Exercising voting rights by the Internet, etc.

Votes to be transmitted by: March 26, 2024 (Tuesday) at 5:30 p.m.

(i) By scanning QR code (Smart Voting)

You can exercise your voting rights without entering your voting right exercise code and password.

1. Scan the QR code indicated at the lower right of the voting form.
2. Follow the subsequent input instructions on screen to register your approval or disapproval.

("QR code" is a registered trademark of DENSO WAVE INCORPORATED.)

Please note that exercising voting rights by using "Smart Vote" method is available only once.

If you need to change your votes after exercising your voting rights, please exercise your voting rights again in accordance with (ii) below.

If you rescan the QR code, you will be taken to the voting rights exercise website described in (ii) below.

(ii) By entering your voting right exercise code and password

Voting rights exercise website (<https://www.web54.net> (in Japanese only))

1. Please access the voting rights exercise website.

Click on "Next"
 2. Enter the "voting right exercise code" indicated on the voting form.

Enter the "voting right exercise code"
Click on "Login"
 3. Enter the "password" indicated on the voting form.

Enter the "password"
Enter the new password that you will actually use
Click "Register"
 4. Follow the subsequent instructions on screen to register your approval or disapproval.
- * Any fees to internet service providers and telecommunication carriers (such as access fees, etc.) shall be borne by the shareholders.

If you have any technical inquiries regarding the operation of a PC, smartphone and mobile phone for exercising voting rights on the voting rights exercise website, please contact the following:

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Web Support Phone No.
Toll-free (within Japan): 0120-652-031 (9:00 a.m. to 9:00 p.m.) (JST)

- If you exercise your voting rights both via the Internet, etc. and by mail, the vote exercised via the Internet, etc. will be taken as valid. If you exercise your voting rights more than once, only the final vote will be taken as valid.

For institutional investors

Institutional investors may use the electronic voting rights exercise platform operated by ICJ, Inc. to exercise the voting rights by electronic or magnetic means for the Meeting.

Information on submission of questions in advance and live streaming for shareholders

Questions regarding matters covered in the Meeting will be accepted in advance. Moreover, proceedings of the Meeting will be streamed live.

Questions in advance

1. Questions to be submitted by: March 19, 2024 (Tuesday) at 5:30 p.m.
2. How to ask questions:
 - (1) Please access the following website.

Website
URL: <https://2587.ksoukai.jp> (in Japanese only)
 - (2) After accessing the website, enter your ID and password following the on-screen instructions.
 - (i) ID Shareholder number (9-digit numeric code printed on the voting form)
 - (ii) Password Postal code (7-digit numeric postal code of the shareholder's registered address, no hyphen)
 - (3) Click the "Ask Questions in Advance" button.
 - (4) Following the on-screen instructions, select a question category then enter your question and click the "Submit" button.

* Of the questions received in advance, the Company will answer questions at the Meeting that seem to be of particular interest to shareholders.

Live stream

1. Streaming date and time: March 27, 2024 (Wednesday) from 10:00 a.m. to the end of the mini-concert

* You may view proceedings of the Meeting beginning at 9:15 a.m. on March 27, 2024 (Wednesday).
2. How to watch:
 - (1) Log in to the website after having read the aforementioned instructions under "How to ask questions."
 - (2) Follow the on-screen instructions after logging in to watch proceedings of the Meeting.

Inquiries regarding live streaming

Phone No.: 03-6833-6901

Time: March 27, 2024 (Wednesday) from 9:00 a.m. to the end of the mini-concert

Notes on viewing live stream

1. You will not be able to exercise your voting rights or ask questions during the live streaming session.
2. Access to the website may not be possible using certain devices and network configurations. Access to the website may not be possible due to system malfunction, or other such unforeseen circumstances. Notification regarding matters arising that shareholders need to be aware of will be posted to the Company's website (URL: <https://www.suntory.com/softdrink/ir/stock/meeting.html>).

3. Any fees to internet service providers and telecommunication carriers (such as access fees, etc.) shall be borne by the shareholders.
4. Only those shareholders listed in the Company's shareholder registry as of December 31, 2023 may access the website. Please refrain from recording video and audio of the live streaming session, providing or otherwise disclosing such content to third parties, and instructing third parties on how to view the proceedings.

*Streaming will be in Japanese only.

Reference Document for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

Considering the business performance and business environment, we propose to pay a year-end dividend for the current business term of ¥40 per share of common stock of the Company in accordance with our dividend policy.

Accordingly, including the interim dividend of ¥40 already paid, the annual dividend for the current business term will be ¥80 per share. The details are as follows.

- (i) Type of dividend property: Cash
- (ii) Matters concerning the allotment of dividend property to shareholders and the total amount of the allotment:
¥40 per share of common stock of the Company
Total cash dividends of ¥12,359,994,080
- (iii) Date on which the dividend of surplus will become effective:
March 28, 2024

(Reference)

Dividend Policy of the Company

The Company believes its prioritization of strategic investments as well as capital expenditures for sustainable profit growth and improving corporate value 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 comprehensive shareholder return policy that also takes into account its business results and future funding needs.

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.

Moreover, although the Company had until fiscal 2023 targeted a consolidated payout ratio of 30% or more of profit for the year attributable to owners of the Company, with the objective of further enhancing returns to shareholders, the Company has taken the decision to raise this to 40% or more from fiscal 2024 onward.

Transition of annual dividend and payout ratio (consolidated)

Category	The Fiscal Year 2018	The Fiscal Year 2019	The Fiscal Year 2020	The Fiscal Year 2021	The Fiscal Year 2022	The Fiscal Year 2023
Annual dividend (yen)	78	78	78	78	80	80
Payout ratio (%)	30.1	35.0	46.2	35.1	30.0	29.9

Proposal 2: Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

At the close of the Meeting, the term of office of all six (6) Directors (excluding Directors serving on the Audit and Supervisory Committee; the same applies hereafter in this proposal) will expire. Accordingly, we request the election of six (6) Directors. Also, in regard to this proposal, the Audit and Supervisory Committee has judged the candidates to be reasonable nominations for the position of Director of the Company.

The candidates for Directors to be elected are as follows:

No.	Name		Current positions, etc. in the Company or other companies	Board of Directors Meeting Attendance
1	Reelection	Makiko Ono	Representative Director, President & Chief Executive Officer Overall Group Management	10/10
2	Reelection	Shekhar Mundlay	Director, Executive Vice President Chief Operating Officer of SBF, Operational Excellence Officer	13/13
3	Reelection	Hachiro Naiki	Director, Senior Managing Executive Officer Chief Executive Officer of SBF Japan, Chief Operating Officer, Innovation Development Division of SBF Japan	10/10
4	Reelection	Peter Harding	Director Chief Executive Officer of SBF International	13/13
5	Reelection	Hiroshi Miyamori	Director Executive Officer of Suntory Holdings Limited	10/10
6	New election Outside Director Independent Officer	Maki Nakamura	Representative Director and President of Mamma Co., Ltd. Director and CHRO of SATUDORA HOLDINGS CO., LTD.	—

- Notes:
1. There is no special interest between the Company and each candidate.
 2. The Company has entered into a directors and officers liability insurance policy contract with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, with all of its Directors included in the policy as insured persons. The overview of the details of this insurance policy is presented under “Names, etc. of Directors” in “Status of Directors” in the Business Report. If a respective candidate assumes office as a Director, he or she will be included as an insured party under the insurance policy. The Company intends to renew the insurance policy with no change to its content during the terms of office.
 3. In addition to the number of attendances at meetings of the Board of Directors presented above, in accordance with the provisions of Article 370 of the Companies Act of Japan, and of Article 27 of the Company’s Articles of Incorporation, there were six (6) written resolutions where it was deemed that a resolution of the Board of Directors had been made.

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 1 Reelection Makiko Ono (March 16, 1960)</p>	<p>Joined Suntory Limited in April 1982.</p> <p>Assumed the office of Senior General Manager, International Liquor Division of Suntory Liquors Limited (Present: Suntory Spirits Limited) in April 2009.</p> <p>Assumed the office of Executive Officer of such company in April 2010.</p> <p>Assumed the office of Deputy Chief Operating Officer, International Liquor Division of such company in April 2010.</p> <p>Assumed the office of Senior General Manager, London Branch of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Executive Officer of Suntory Beverage & Food Limited in April 2013.</p> <p>Assumed the office of Deputy Chief Operating Officer, International Division of such company in April 2013.</p> <p>Assumed the office of Senior General Manager, Corporate Planning Department and Senior General Manager, Corporate Development Department of such company in April 2014.</p> <p>Assumed the office of Senior General Manager, Global Human Resources Department of Suntory Holdings Limited in September 2015.</p> <p>Assumed the office of Executive Officer of such company in April 2016.</p> <p>Assumed the office of Chief Operating Officer, Human Resources Development Division and Senior General Manager, Global Human Resources Department of such company in April 2016.</p> <p>Assumed the office of Managing Executive Officer of Suntory Beverage & Food Limited in April 2017.</p> <p>Assumed the office of Deputy Chief Operating Officer, Business Administration Division and Senior General Manager, Global Corporate Communication Department of such company in April 2017.</p> <p>Assumed the office of Deputy Chief Operating Officer, Corporate Management Division and Senior General Manager, Global Human Resources Department and in charge of Legal & Risk Management Department of such company in April 2019.</p> <p>Assumed the office of Chief Executive Officer of Orangina Suntory France (Present: Suntory Beverage & Food France) in January 2020.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in January 2022.</p> <p>Assumed the office of Chief Operating Officer, Sustainability Management Division of such company in January 2022.</p> <p>Assumed the office of Senior Managing Executive Officer of Suntory Beverage & Food Limited in January 2023.</p> <p>Has occupied the office of Representative Director, President & Chief Executive Officer of such company from March 2023 to date (incumbent).</p>	<p>1,100</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p><Responsibilities> Overall Group Management</p> <p><Important Concurrent Positions> Director of Orangina Schweppes Holding B.V. Director of Pepsi Bottling Ventures LLC</p> <p><Reason for the Selection> Ms. Ono has borne management responsibility of the Group in her role as Representative Director, President & Chief Executive Officer of the Company. In consideration not only of her track record in directing the entire Group through her strong leadership but also of her experience in leading departments including overseas business, corporate planning, marketing, human resources, and sustainability, her abundant business experience, including overseas management experience, and her keen insight into all areas of management, we judge her well qualified for the role of Director.</p> <p><Board of Directors Meeting Attendance> 10/10 * This is her attendance at Board of Directors meetings since assuming her post on March 24, 2023.</p> <p><Term of Office as Director> One year (as of the closing of the Meeting)</p>	

Note: The positions and responsibilities held at the parent company, etc. at present and in the last ten years by Ms. Makiko Ono are as listed in the “Career Summary, Positions and Responsibilities and Important Concurrent Positions” column above.

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 2 Reelection</p> <p>Shekhar Mundlay (Chandrashekhar Arvind Mundlay) (May 1, 1962)</p>	<p>Assumed the office of Chief Executive Officer of PEPSICO INTERNATIONAL - VIETNAM COMPANY (Present: Suntory PepsiCo Vietnam Beverage Co., Ltd.) in February 2010.</p> <p>Assumed the office of Chief Executive Officer of Suntory PepsiCo Vietnam Beverage Co., Ltd. in April 2014.</p> <p>Assumed the office of Chief Executive Officer, Beverage Division of Suntory Beverage & Food Asia Pte. Ltd. in January 2016.</p> <p>Assumed the office of Chief Executive Officer of such company in April 2019.</p> <p>Assumed the office of Chief Executive Officer of Suntory Beverage & Food Asia Pacific in January 2021.</p> <p>Assumed the office of Director of Suntory Beverage & Food Limited in March 2021.</p> <p>Has occupied the office of Director, Executive Vice President of such company from January 2022 to date (incumbent).</p> <p>Assumed the office of Chief Executive Officer, SBF International of such company in January 2022.</p> <p>Assumed the office of Chief Operating Officer, SBF and Chief Executive Officer, SBF International of such company in January 2023.</p> <p>Has occupied the office of Chief Operating Officer, SBF and Operational Excellence Officer of such company from January 2024 to date (incumbent).</p> <p><Responsibilities> Chief Operating Officer of SBF Operational Excellence Officer</p> <p><Important Concurrent Positions> Director of Pepsi Bottling Ventures LLC</p> <p><Reason for the Selection> In consideration of Mr. Mundlay's track record in driving business forward with strong leadership as Chief Operating Officer of the Group, his sales and business experience in the Asian region, his extensive management experience as Chief Executive Officer of overseas business, and his keen insight into all areas of management, we judge him well qualified for the role of Director.</p> <p><Board of Directors Meeting Attendance> 13/13</p> <p><Term of Office as Director> Three years (as of the closing of the Meeting)</p>	<p>—</p>

Note: The positions and responsibilities held at the parent company, etc. at present and in the last ten years by Mr. Shekhar Mundlay are as listed in the "Career Summary, Positions and Responsibilities and Important Concurrent Positions" column above.

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 3 Reelection Hachiro Naiki (April 18, 1960)</p>	<p>Joined Suntory Foods Limited in April 1979.</p> <p>Assumed the office of Senior General Manager, Nationwide Chainstores Sales Department of such company in April 2010.</p> <p>Assumed the office of Executive Officer of such company in September 2010.</p> <p>Assumed the office of Director of such company in March 2011.</p> <p>Assumed the office of Senior General Manager, Metropolitan Marketing Office of such company in April 2012.</p> <p>Assumed the office of Senior Managing Director of such company in September 2015.</p> <p>Assumed the office of Chief Operating Officer, Overall Sales & Marketing Division of such company in September 2015.</p> <p>Assumed the office of Director of Suntory Beverage & Food Limited in March 2016.</p> <p>Assumed the office of Representative Director, President & Chief Executive Officer of Suntory Foods Limited in March 2016.</p> <p>Assumed the office of Managing Executive Officer of Suntory Beverage & Food Limited in April 2017.</p> <p>Assumed the office of Representative Director, President & Chief Executive Officer of Suntory Foods Limited and Representative Director, President & Chief Executive Officer of Suntory Beverage Solution Limited in March 2019.</p> <p>Assumed the office of Senior Managing Executive Officer of Suntory Beverage & Food Limited in January 2020.</p> <p>Assumed the office of Chief Executive Officer, SBF Japan of such company in January 2023.</p> <p>Has occupied the office of Director, Senior Managing Executive Officer of such company from March 2023 to date (incumbent).</p> <p>Has occupied the office of Chief Executive Officer, SBF Japan and Chief Operating Officer, Innovation Development Division, SBF Japan of such company from September 2023 to date (incumbent).</p>	<p>600</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p><Responsibilities> Chief Executive Officer of SBF Japan Chief Operating Officer, Innovation Development Division of SBF Japan</p> <p><Important Concurrent Positions> Director, Chairman of the Board & Chief Executive Officer of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited</p> <p><Reason for the Selection> In consideration of Mr. Naiki's track record in driving business forward with strong leadership as Chief Executive Officer of the Group's Japan business, his experience in the sales division for many years, and his keen insight into all areas of management, we judge him well qualified for the role of Director.</p> <p><Board of Directors Meeting Attendance> 10/10 * This is his attendance at Board of Directors meetings since assuming his post on March 24, 2023.</p> <p><Term of Office as Director> One year (as of the closing of the Meeting)</p>	

Note: The positions and responsibilities held at the parent company, etc. at present and in the last ten years by Mr. Hachiro Naiki are as listed in the "Career Summary, Positions and Responsibilities and Important Concurrent Positions" column above.

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 4 Reelection</p> <p>Peter Harding (Peter John Harding) (April 24, 1964)</p>	<p>Assumed the office of General Manager, SVP Consumer Healthcare GB&Ireland of GlaxoSmithKline plc in October 2009.</p> <p>Assumed the office of Chief Operating Officer of Lucozade Ribena Suntory Limited in January 2014.</p> <p>Assumed the office of Chief Executive Officer of Suntory Beverage & Food Europe in August 2018.</p> <p>Has occupied the office of Director of Suntory Beverage & Food Limited from March 2021 to date (incumbent).</p> <p>Assumed the office of Chief Executive Officer, SBF Europe of such company in January 2022.</p> <p>Has occupied the office of Chief Executive Officer, SBF International of such company from January 2024 to date (incumbent).</p> <p><Responsibilities> Chief Executive Officer of SBF International</p> <p><Important Concurrent Positions> Director of Suntory Beverage & Food Asia Pte. Ltd. Director of Suntory PepsiCo Beverage (Thailand) Co., Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC</p> <p><Reason for the Selection> In consideration of Mr. Harding's track record in driving business forward with strong leadership as Chief Executive Officer of the Group's overseas business, his wide-ranging experience notably in the marketing division in the European region, his extensive management experience as Chief Executive Officer of the Europe business, and his keen insight into all areas of management, we judge him well qualified for the role of Director.</p> <p><Board of Directors Meeting Attendance> 13/13</p> <p><Term of Office as Director> Three years (as of the closing of the Meeting)</p>	<p>–</p>

Note: The positions and responsibilities held at the parent company, etc. at present and in the last ten years by Mr. Peter Harding are as listed in the "Career Summary, Positions and Responsibilities and Important Concurrent Positions" column above.

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 5 Reelection Hiroshi Miyamori (August 2, 1961)</p>	<p>Joined Suntory Limited in April 1984.</p> <p>Assumed the office of Senior General Manager, London Branch of such company in April 2008.</p> <p>Assumed the office of Executive Vice President and Chief Operating Officer of Orangina Schweppes Holdings S.à r.l (Present: Orangina Schweppes Holding B.V. due to organizational restructuring) in December 2009.</p> <p>Assumed the office of Senior General Manager, International Strategy Division of Suntory Holdings Limited in April 2014.</p> <p>Assumed the office of Vice President, International Marketing-Suntory Brands of Beam Suntory Inc. in May 2014.</p> <p>Assumed the office of Senior Vice President, Advisor to Chief Executive Officer of such company in April 2015.</p> <p>Has occupied the office of Executive Officer of Suntory Holdings Limited from April 2017 to date (incumbent).</p> <p>Assumed the office of Senior Vice President, Advisor to Chief Executive Officer of Beam Suntory Inc. and Senior General Manager, Global Alcohol Responsibility and Sustainability Department of Suntory Holdings Limited in January 2020.</p> <p>Assumed the office of Senior General Manager, Global Business Development Department and Senior General Manager, Global Alcohol Responsibility and Sustainability Department of Suntory Holdings Limited in January 2021.</p> <p>Assumed the office of Director of Beam Suntory Inc. in January 2021.</p> <p>Has occupied the office of Director of Suntory Beverage & Food Limited from March 2023 to date (incumbent).</p> <p>Has occupied the office of Chief Operating Officer, Group Governance Division and Senior General Manager, Global Alcohol Responsibility and Sustainability Department of Suntory Holdings Limited from January 2024 to date (incumbent).</p> <p>Has occupied the office of Audit Committee Member of Beam Suntory Inc. from January 2024 to date (incumbent).</p> <p><Responsibilities> —</p> <p><Important Concurrent Positions> Executive Officer of Suntory Holdings Limited</p> <p><Reason for the Selection> In consideration of Mr. Miyamori's extensive overseas management experience in the Suntory Group's beverage and alcoholic beverage businesses, and his keen insight in leading the legal/risk management divisions, we judge him well qualified for the role of Director so that he may contribute to further strengthening the functioning of the Board of Directors.</p>	<p>300</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<Board of Directors Meeting Attendance> 10/10 * This is his attendance at Board of Directors meetings since assuming his post on March 24, 2023. <Term of Office as Director> One year (as of the closing of the Meeting)	

- Notes:
1. The positions and responsibilities held at the parent company, etc. at present and in the last ten years by Mr. Hiroshi Miyamori are as listed in the "Career Summary, Positions and Responsibilities and Important Concurrent Positions" column above.
 2. The Company has concluded a limited liability agreement with Mr. Miyamori, pursuant to Article 427, paragraph (1) of the Companies Act of Japan. Based on this agreement, Mr. Miyamori's liability as a Director is limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan. The Company plans to continue this agreement with Mr. Miyamori if he is reelected at the Meeting.

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 6</p> <p>New election</p> <p>Outside Director</p> <p>Independent Officer</p> <p>Maki Nakamura (July 21, 1964)</p>	<p>Joined Seiyu Co., Ltd. in March 1987.</p> <p>Assumed the office of Divisional Manager, Product Department Textile Department of Carrefour Japan in April 2000.</p> <p>Assumed the office of Manager, Residential Products Department of Seiyu Co., Ltd. in July 2002.</p> <p>Assumed the office of Senior Director, Merchandise Department Reform of such company in January 2003.</p> <p>Assumed the office of Director, Merchandise Department Residential Equipment I Department Daily Necessities Department of such company in October 2004.</p> <p>Assumed the office of Senior Director, Consumables and Home Appliances of such company in January 2006.</p> <p>Assumed the office of VP/GMM (General Merchandising Manager), Consumables and Home Appliances of such company in January 2007.</p> <p>Assumed the office of VP/GMM (General Merchandising Manager), Grocery Consumables of such company in March 2008.</p> <p>Assumed the office of Executive Officer SVP/Food Manager of such company in January 2009.</p> <p>Assumed the office of Executive Officer SVP/Chief Merchandise Officer (CMO) of Seiyu LLC in November 2009.</p> <p>Assumed the office of Executive Officer SVP of such company and Representative Director and President of Wakana Co., Ltd. in August 2012.</p> <p>Assumed the office of President of HAVI Supply Chain Solutions Japan G.K. in August 2017.</p> <p>Has occupied the office of Representative Director and President of Mamma Co., Ltd. from September 2020 to date (incumbent).</p> <p>Assumed the office of Outside Director of SATUDORA HOLDINGS CO., LTD. in August 2021.</p> <p>Has occupied the office of Director and CHRO of such company from August 2023 to date (incumbent).</p> <p><Important Concurrent Positions> Representative Director and President of Mamma Co., Ltd. Director and CHRO of SATUDORA HOLDINGS CO., LTD.</p> <p><Reason for the Selection and Expected Role> In consideration of Ms. Nakamura's extensive experience as a corporate executive in the retail industry and other sectors, and her keen insight in the field of human resource development, we judge her well qualified for the role of Outside Director. We expect that she will utilize such experience and insight, give strategic advice and demonstrate supervisory functions at the Board of Directors, and fulfill her role as a member of the Human Resources Committee and the Special Committee from an independent and objective standpoint.</p>	<p>—</p>

- Notes:
1. Ms. Maki Nakamura is a candidate for Outside Director.
 2. If Ms. Nakamura assumes office as a Director, the Company will conclude a limited liability agreement with her pursuant to Article 427, paragraph (1) of the Companies Act of Japan.

Based on this agreement, Ms. Nakamura's liability as a Director is limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan.

3. The Company plans to designate Ms. Nakamura as an Independent Officer and report this designation to the Tokyo Stock Exchange. Ms. Nakamura currently serves as Representative Director and President of Mamma Co., Ltd. However, the Group does not conduct any transactions with the aforesaid company. Although there are transactions for vending machine installation, etc. between the Group and SATUDORA HOLDINGS CO., LTD., where Ms. Nakamura serves as Director and CHRO, the monetary amount of these transactions is less than 1% of consolidated revenues on either side, and the Company believes that this has no material effect on Ms. Nakamura's independence.

Proposal 3: Election of One (1) Director Serving on the Audit and Supervisory Committee

At the close of the Meeting, Director serving on the Audit and Supervisory Committee, Mr. Yuji Yamazaki will resign. Accordingly, we request the election of one (1) Director serving on the Audit and Supervisory Committee.

The Audit and Supervisory Committee has already given their consent to this proposal. This proposal and Mr. Yamazaki's resignation have been considered by the Directors serving on the Audit and Supervisory Committee, but they have expressed no opinion.

The candidate for Director serving on the Audit and Supervisory Committee to be elected is as follows:

Name		Current positions, etc. in the Company or other companies
New election	Hideki Kanda	Managing Executive Officer

(Reference) Directors serving on the Audit and Supervisory Committee who will remain in office

Name		Current positions, etc. in the Company or other companies
Outside Director Independent Officer	Mika Masuyama	Outside Director serving on the Audit and Supervisory Committee President and Representative Partner of Masuyama & Company LLC.
Outside Director Independent Officer	Mariko Mimura	Outside Director serving on the Audit and Supervisory Committee Attorney of Nishimura & Asahi (Gaikokuho Kyodo Jigyo) (Of Counsel)

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>New election</p> <p>Hideki Kanda (May 13, 1963)</p>	<p>Joined Suntory Limited in April 1987.</p> <p>Assumed the office of Senior General Manager, Human Resources Department of Suntory Holdings Limited in April 2014.</p> <p>Assumed the office of Executive Officer of such company in April 2016.</p> <p>Assumed the office of Chief Operating Officer, Human Resources Management Division and Senior General Manager, Human Resources Department of such company in April 2016.</p> <p>Assumed the office of Senior General Manager, Human Resources Department and in charge of Career Planning & Development Department of such company in April 2017.</p> <p>Assumed the office of Director of Suntory Business Systems Limited in March 2018.</p> <p>Assumed the office of Chief Operating Officer, Human Resources Division and Senior General Manager, Human Resources Department of Suntory Holdings Limited in April 2019.</p> <p>Assumed the office of Representative Director, President & Chief Executive Officer of Suntory Spirits Limited in January 2020.</p> <p>Assumed the office of Director of Suntory Beer, Wine & Spirits Japan Limited (Present: Suntory Spirits Limited) in January 2020.</p> <p>Assumed the office of Director, Managing Executive Officer of Suntory Spirits Limited in July 2022.</p> <p>Assumed the office of Head, Spirits Company of such company in July 2022.</p> <p>Assumed the office of Chief Operating Officer, Risk Management Division of Suntory Holdings Limited in January 2023.</p> <p>Has occupied the office of Managing Executive Officer of Suntory Beverage & Food Limited from January 2024 to date (incumbent).</p> <p><Reason for the Selection> In consideration of Mr. Kanda's track record leading the legal/risk management divisions, his experience in sales and business departments of the Suntory Group's alcoholic beverage business, his management experience as Head of a spirits operating company, and his keen insight into all areas of management, we judge him well qualified for the role of Director serving on the Audit and Supervisory Committee.</p>	<p>—</p>

- Notes:
1. There is no special interest between the Company and Mr. Hideki Kanda.
 2. The positions and responsibilities held at the parent company, etc. at present and in the last ten years by Mr. Kanda are as listed in the "Career Summary, Positions and Responsibilities and Important Concurrent Positions" column above.
 3. The Company has entered into a directors and officers liability insurance policy contract with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, with all of its Directors serving on the Audit and Supervisory Committee included in the policy as insured persons. The overview of the details of this insurance policy is presented under "Names, etc. of Directors" in "Status of Directors" in the Business Report. If Mr. Kanda assumes office as a Director serving on the Audit and Supervisory Committee, he will be included as an insured party under the insurance policy. The Company intends to renew the insurance policy with no change to its content during his term of office.
 4. If Mr. Kanda assumes office as a Director serving on the Audit and Supervisory Committee, the Company will conclude a limited liability agreement with him pursuant to Article 427, paragraph (1) of the Companies Act of Japan. Based on this agreement, Mr. Kanda's liability as a Director is limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan.

Proposal 4: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

As the effect of Mr. Mitsuhiro Amitani's election will expire at the commencement of the Meeting, we request the election of one (1) Substitute Director serving on the Audit and Supervisory Committee as a substitute for all the Directors serving on the Audit and Supervisory Committee, to prepare for a situation where the number of Directors serving on the Audit and Supervisory Committee does not satisfy the number prescribed by laws and regulations.

The Audit and Supervisory Committee has already given their consent to this proposal. This proposal has been considered by the Directors serving on the Audit and Supervisory Committee, but they have expressed no opinion.

The candidate for Substitute Director serving on the Audit and Supervisory Committee to be elected is as follows:

Name (Date of Birth)	Career Summary and Important Concurrent Positions	Number of Company's Shares Held (shares)
Mitsuhiro Amitani (June 2, 1956)	<p>Registered as Attorney in April 1985.</p> <p>Joined Hashidate Law Office in April 1985.</p> <p>Joined Wakita Law Office in November 1989.</p> <p>Has occupied the office of Attorney of Shimada, Seno & Amitani Law Office (Present: SAH & Co.) from March 1990 to date (incumbent).</p> <p>Has occupied the office of Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD. from June 2006 to date (incumbent).</p> <p>Has occupied the office of Outside Audit & Supervisory Board Member of HUB CO., LTD. from May 2013 to date (incumbent).</p> <p>Has occupied the office of Outside Director of SIGMAXYZ Inc. (Present: SIGMAXYZ Holdings Inc.) from June 2018 to date (incumbent).</p> <p><Important Concurrent Positions> Attorney (Partner) of SAH & Co. Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD. Outside Audit & Supervisory Board Member of HUB CO., LTD. Outside Director of SIGMAXYZ Holdings Inc.</p> <p><Reason for the Selection and Expected Role> Based on his high-level specialized knowledge of the field of law as an attorney, we expect Mr. Amitani to provide appropriate opinions from a reasonable and fair perspective that comes from an independent and objective standpoint on the Company's decision making as it relates to the execution of its business, and we judge him well qualified for the role of Substitute Outside Director serving on the Audit and Supervisory Committee.</p>	-

- Notes:
1. There is no special interest between the Company and Mr. Mitsuhiro Amitani.
 2. The Company has entered into a directors and officers liability insurance policy contract with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, with all of its Directors serving on the Audit and Supervisory Committee included in the policy as insured persons. The overview of the details of this insurance policy is presented under "Names, etc. of Directors" in "Status of Directors" in the Business

Report. If Mr. Amitani assumes office as a Director serving on the Audit and Supervisory Committee, he will be included as an insured party under the insurance policy. The Company intends to renew the insurance policy with no change to its content during his term of office.

3. Mr. Amitani is a candidate for Substitute Outside Director.
4. Although Mr. Amitani has not been directly involved in corporate management in ways other than being an Outside Director or Outside Audit & Supervisory Board Member, as noted in the <Reason for the Selection and Expected Role> pertaining to him, we judge him well qualified to perform his duties as a Director serving on the Audit and Supervisory Committee.
5. If Mr. Amitani assumes office as a Director serving on the Audit and Supervisory Committee, the Company will conclude a limited liability agreement with him pursuant to Article 427, paragraph (1) of the Companies Act of Japan. Based on this agreement, Mr. Amitani's liability as a Director is limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan.
6. If Mr. Amitani assumes office as a Director serving on the Audit and Supervisory Committee, the Company plans to designate Mr. Amitani as an Independent Officer and report this designation to the Tokyo Stock Exchange.

(Reference) Skillset Matrix of the Board of Directors

Having deemed that the Board of Directors is responsible for implementing corporate strategy and achieving management targets by engaging in wide-ranging and practical discussions regarding corporate strategy, medium- and long-term plans, and management issues, the Company has accordingly identified the skills that the Board of Directors should possess, as follows, in order to fulfill such responsibilities.

Skill category	Reason for inclusion in the skillset matrix
Company management	Knowledge and experience regarding company management are necessary in seeking to achieve high-quality growth, building corporate strategy, and making appropriate management decisions as a True Global Beverage Company in the rapidly changing business environment.
International experience	Knowledge and experience in building and executing global strategies based on an understanding of diverse values and cultures are necessary in order to achieve growth as a True Global Beverage Company.
Marketing	Knowledge and experience in building and executing marketing strategies are necessary in order to accurately understand the business environment and market trends and create connections with “Seikatsusha” through meaningful dialogue.
Sales	Knowledge and experience in building and executing sales strategies are necessary in order to achieve revenue growth as well as profit growth which outpaces revenue growth.
Finance and accounting	Knowledge and experience in finance and accounting are necessary in order to establish financial infrastructure necessary for achieving corporate strategy.
Human resource development	Knowledge and experience in human resource development are necessary in order to enable each and every employee to achieve ongoing growth enlisting their full potential in terms of their individuality and skills, based on the philosophy that people are the crucial foundation of business management.
Sustainability	Knowledge and experience in sustainability are necessary with respect to enhancing efforts for addressing environmental and social challenges and promoting sustainability management.
Corporate governance/ Risk management	Knowledge and experience in corporate governance and risk management are necessary in order to establish a corporate governance structure and appropriately manage risk in a manner that places due consideration on the “characteristics” and “basic policy” of the Company’s corporate governance.

The Company’s Director candidates are to embody the following three values, which are set out in the Suntory Group corporate philosophy.

Growing for Good

“Yatte Minahare”

Giving Back to Society

Furthermore, the Company selects internal Director candidates who will ensure diversity in terms of their respective fields of specialty and professional experience, while also demonstrating managerial leadership.

When it comes to Outside Director candidates, the Company considers those with independence and equipped with abundant knowledge, experience and expertise.

The following skillset matrix presents the individual skills possessed by each Director after the Meeting (planned).

* After the Meeting (planned)

Name/ Date of birth	Position(s)*	Gender	Nationality	Area of expertise	Term of office*
Makiko Ono March 16, 1960	Representative Director, President & Chief Executive Officer Chairperson of the Human Resources Committee	Female	Japan	Company management International experience Marketing Human resource development Sustainability Corporate governance/Risk management	One year
Shekhar Mundlay May 1, 1962	Director, Executive Vice President Chief Operating Officer of SBF Operational Excellence Officer	Male	India	Company management International experience Sales	Three years
Hachiro Naiki April 18, 1960	Director, Senior Managing Executive Officer Chief Executive Officer of SBF Japan Chief Operating Officer, Innovation Development Division of SBF Japan	Male	Japan	Company management Sales	One year
Peter Harding April 24, 1964	Director Chief Executive Officer of SBF International	Male	U.K.	Company management International experience Marketing	Three years
Hiroshi Miyamori August 2, 1961	Director	Male	Japan	Company management International experience Marketing Corporate governance/Risk management	One year
Maki Nakamura July 21, 1964	Outside Director (Independent Officer) Human Resources Committee Member Special Committee Member	Female	Japan	Company management International experience Marketing Human resource development	Zero years

Name/ Date of birth	Position(s)*	Gender	Nationality	Area of expertise	Term of office*
Hideki Kanda May 13, 1963	Director Full-time Audit and Supervisory Committee Member Human Resources Committee Member	Male	Japan	Company management Marketing Sales Finance and accounting Human resource development Corporate governance/Risk management	Zero years
Mika Masuyama January 6, 1963	Lead Outside Director (Independent Officer) Audit and Supervisory Committee Member Human Resources Committee Member Chairperson of the Special Committee	Female	Japan	International experience Human resource development Corporate governance/Risk management	Seven years
Mariko Mimura March 22, 1957	Outside Director (Independent Officer) Audit and Supervisory Committee Member Human Resources Committee Member Special Committee Member	Female	Japan	Company management International experience Corporate governance/Risk management	One year

Business Report (from January 1, 2023 to December 31, 2023)

1. Matters Concerning the Present Condition of the Group

(1) Progress and Achievement of Business

Billions of yen

Category	The 14th Fiscal Year 2022	The 15th Fiscal Year 2023	YoY change
Consolidated revenue	1,450.4	1,591.7	Up 9.7%
Consolidated operating income	139.7	141.7	Up 1.5%
Profit for the year attributable to owners of the Company	82.3	82.7	Up 0.5%

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 2023, the Group steadily tapped into demand in the major countries and continued to concentrate its activities on core brands in all segments. In Japan, we achieved our highest sales volume on record as well as further expanded our market share, in part due to favorable weather. In major overseas markets as well, sales volume remained strong, despite the impact of unfavorable weather in Europe and deteriorating business confidence in Vietnam.

Price revisions in Japan and revenue growth management (RGM) measures that included flexible price revisions overseas contributed to revenue increases in all segments.

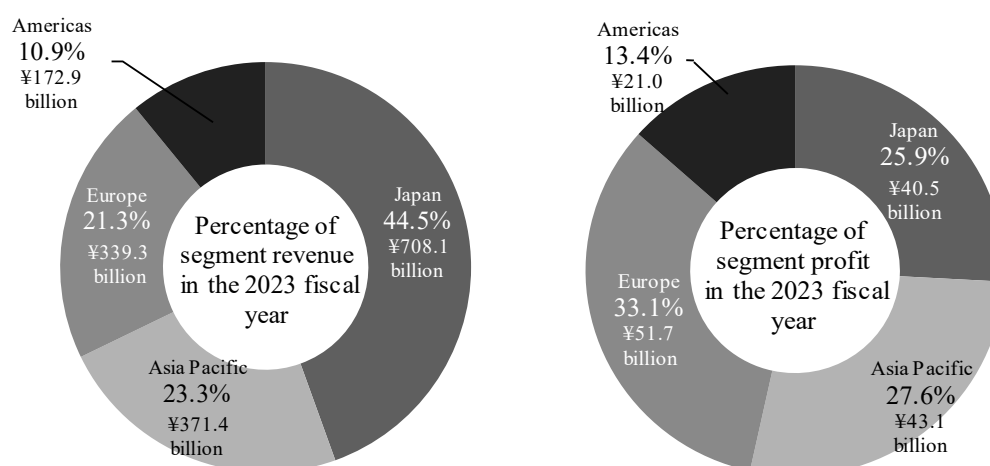
The higher costs due to high raw material prices and exchange rate fluctuations were generally as anticipated. However, the Group was able to absorb this impact due to the rise in revenue and thorough cost management. As a result, operating income increased.

For the operating results of the fiscal year under review, the Group reported consolidated revenue of ¥1,591.7 billion, up 9.7% year on year and up 5.7% on a currency neutral basis. Consolidated operating income was ¥141.7 billion, up 1.5% year on year and down 3.6% on a currency neutral basis. Furthermore, profit for the year attributable to owners of the Company was ¥82.7 billion, up 0.5% year on year and down 4.0% 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 quarter of the year ended December 31, 2023. Accordingly, in the following year-on-year comparisons, figures for the previous year have been compared based on the segment classification after the change.

(Reference) Segment revenue and segment profit in the 2023 fiscal year



Segment	Billions of yen	
	Segment revenue	Segment profit
Japan business	708.1	40.5
Asia Pacific business	371.4	43.1
Europe business	339.3	51.7
Americas business	172.9	21.0
Reconciliations	—	(14.5)
Total	1,591.7	141.7

Segment Information

Japan business	
Segment revenue	¥708.1 billion (up 8.4% year on year)
Segment profit	¥40.5 billion (up 21.0% year on year)

Performance in the beverage market was on par with the previous fiscal year (based on the Company's own estimation), partly due to the effect of price revisions, despite an increase in demand accompanying the recovery of foot traffic and the record-breaking heat wave during the third quarter of the year ended December 31, 2023. The Company carried out initiatives to strengthen its core brands with a focus on the water, coffee, and sugar-free tea categories, and in addition to the contributions from sales of new products and marketing activities, the heat wave also contributed as in the beverage market, resulting in achieving the highest sales volume on record in 2023, as well as further expanding market share. *Suntory Tennensui* and *GREEN DA•KA•RA* achieved record-high sales volume in 2023.

For the *Suntory Tennensui* brand, in addition to the continued strong growth of natural mineral water, the *Kiritto Fruit* series contributed to the incremental increase of the brand's sales volume. Overall sales volume of the *BOSS* brand was slightly lower than the previous fiscal year, but sales volume of canned products was strong, exceeding market growth, partly due to the increase in sales volume of products such as *BOSS Caffeine*. 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. *Iyemon Koi Aji*, a food with functional claims, continued to have strong sales volume. As for the *GREEN DA•KA•RA* brand, the renewals of *GREEN DA•KA•RA* standard product and *Yasashii Mugicha* launched in April 2023, together with the strong performance of the new product *Yasashii Rooibos* contributed to the increase in the brand's sales volume.

Revenue increased due to higher sales volume in addition to the contribution made by the effect of price revisions.

Segment profit increased due to the growth in revenue, as well as the impact of high raw material prices and foreign exchange rate fluctuations coming in line with expectations.

The Japan business reported revenue of ¥708.1 billion, up 8.4% year on year, and segment profit of ¥40.5 billion, up 21.0% year on year.

Asia Pacific business	
Segment revenue	¥371.4 billion (up 5.3% year on year)
Segment profit	¥43.1 billion (down 25.4% year on year)

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 Vietnamese economy and the health supplement business to recover, revenue was on par with the previous year due to the ongoing contribution made by the effect of price revisions in major markets in addition to the firm increase in sales volumes in the beverage businesses in Thailand and Oceania.

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. In the beverage business in Vietnam, sales volume of major brands, including the mainstay energy drink *Sting* and tea beverage *TEA+*, remained strong 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 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. 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.

The Asia Pacific business reported revenue of ¥371.4 billion, up 5.3% year on year and up 0.0% on a currency neutral basis. Segment profit was ¥43.1 billion, down 25.4% year on year and down 27.7% on a currency neutral basis.

Europe business	
Segment revenue	¥339.3 billion (up 13.4% year on year)
Segment profit	¥51.7 billion (up 22.8% year on year)

In Europe, sales volumes in major countries were lower than in the previous fiscal year due to a decline in demand in major countries in 2023, partly due to the severe impact of unstable weather conditions.

Revenue received a contribution from RGM 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*. *Oasis* achieved record-high sales volume. In the UK, sales volume for the core brand *Lucozade* rose year on year. Strong sales of non-sugar product *Lucozade Sport Zero* also contributed to the strong growth of the *Lucozade Sport* brand. In Spain, sales volume was on par with the previous fiscal year as a result of intensified activities for the core *Schweppes* brand, despite being severely affected by weather conditions.

The Europe business reported revenue of ¥339.3 billion, up 13.4% year on year and up 4.1% on a currency neutral basis, and segment profit of ¥51.7 billion, up 22.8% year on year and up 10.8% on a currency neutral basis.

Americas business	
Segment revenue	¥172.9 billion (up 18.8% year on year)
Segment profit	¥21.0 billion (up 15.2% year on year)

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 ¥172.9 billion, up 18.8% year on year and up 11.2% on a currency neutral basis, and segment profit of ¥21.0 billion, up 15.2% year on year and up 7.8% on a currency neutral basis.

(2) Issues to Address

1) Corporate philosophy

The Group's corporate philosophy consists of "Our Purpose," "Our Values," and "Who We Are."

"Our Purpose" and "Our Values" align with the Suntory Group's Corporate Philosophy in that they define the values all our employees embrace to achieve our purpose, in addition to the goals of our business and our corporate direction.

Moreover, we define the universal characteristics of the Group as "Who We Are" in seeking to achieve high-quality growth as a truly global beverage business.

< Our Purpose >

To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature.

< Our Values >

Growing for Good / "Yatte Minahare" / Giving Back to Society

< Who We Are >

Always Together with Seikatsusha

We connect with your feelings to enrich every moment of life

2) Medium-term strategy and medium-term plan

The medium-term strategy and medium-term plan are as follows:

Medium-term strategy

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," as we seek to achieve high-quality growth as a True Global Beverage Company.

Furthermore, we 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.

< Brand strategy >

- Enhance core brand innovation
- Expand cross-selling of strategic brands to a wider area
- Develop global Suntory brands

< Structural transformation >

- Japan: Accelerate structural transformation toward strengthening profitability
- Overseas: Accelerate business growth and further strengthen profitability
- Further augment and strengthen the business portfolio (deployment of RTD, etc.)

< DEI >

- Improve corporate competitive strengths through integration of diverse perspectives and values

< Sustainability >

- Reinforce initiatives for taking on environmental and social challenges

Medium-term plan (2024-2026)

The targets through 2026 based on the medium-term strategy are as follows:

Organic growth

(Base year: 2023, on a currency neutral basis)

Revenue	Mid single-digit Compound Annual Growth Rate (CAGR) growth
Operating income	High single-digit Compound Annual Growth Rate (CAGR) growth
Operating margin	Over 10% by 2026
Free cash flow	Generate more than ¥140 billion in 2026

* Free cash flow = cash flows from operating activities - cash flows from investing activities

Growth investment

- Allocate ¥300-600 billion for investment
- Focus on augmenting M&A and strategic capital investment (including investments in sustainability), and on global deployment of strategic brands

Dividend policy

- Target dividend payout ratio of 40% or higher from fiscal year 2024 onward
- * A targeted consolidated payout ratio of profit for the year attributable to owners of the Company.

3) Initiatives for 2024

In 2024, we expect that we will continue to face an uncertain macro environment and a challenging competitive landscape. As such, we will aim to achieve further revenue growth by enhancing our RGM activities, in addition to rigorously undertaking proactive marketing investment and promotional activities centered around our core brands. We will persist with rigorous cost management and aim to achieve higher profits across all segments.

Further, aiming at sustainable growth, we will explore M&A and other investment opportunities and expand production facilities. Regarding our DEI initiatives, we seek to ensure that diverse employees exemplify our motto “Yatte Minahare–Go for it!” by promoting greater diversity of employee attributes and working to further build an organization conducive to accepting and leveraging differences. Moreover, 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 activities listed in the Suntory Group Plastic Policy. We will also shore up our investments in sustainability.

< Japan business >

Designating our business strategies of “core brand innovation,” “vending machine business transformation,” and “supply chain structural reform” as the key priorities, we aim to grow revenue and profit. With respect to marketing activities, the Group will continue to further strengthen initiatives involving *Suntory Tennensui*, *BOSS*, *Iyemon*, *GREEN DA•KA•RA* and *Tokucha*.

With the *Suntory Tennensui* and *BOSS* brands, the Group aims to achieve continuous growth through further portfolio expansion. With the *Iyemon* brand, the Group will undertake renewal aligned with resurging growth trends of the brand. 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 Asia Pacific, the Group aims to achieve further growth of its core brands by leveraging its comprehensive strengths across the entire value chain. We will strengthen profitability through revenue growth and expansion of production facilities.

In Vietnam, steadily tapping into recovering demand, the Group will continue to strengthen its sales activities while striving to accelerate further growth of core brands such as the energy drink *Sting* and tea beverage *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. In Oceania, the Group will continue to focus on the energy drink *V*, a core brand, while also intensifying promotional campaigns aligned with further growth of the *BOSS* brand. Meanwhile, the Group will establish a robust supply chain for beverages enlisting operations of the new plant in Australia, while also embarking on preparations for the sales launch of RTD beverages in 2025. Regarding the health supplement business, the Group will bolster marketing activities aligned with recovering sales trends of the mainstay product *BRAND'S Essence of Chicken*.

< Europe business >

In Europe, the Group aims to achieve revenue growth, which will entail prompting growth in sales volume by further concentrating efforts on core brands in respective countries. The Group will furthermore enhance profitability by spurring evolution of its RGM activities.

In France, the Group will strengthen marketing for *Oasis* and *Schweppes*. In the UK, the Group will concentrate investment on the *Lucozade* brand. In Spain, the Group will redouble efforts involving *Schweppes* in the off-premise and on-premise markets.

< Americas business >

The Group will enhance the core carbonated beverage category, while also working to further expand the growing non-carbonated beverage category. Moreover, the Group will strive to strengthen profitability through further initiatives involving the supply chain.

We appreciate and value your ongoing cooperation and support.

(Reference) Sustainability Initiatives

As companies are expected to implement proactive actions for achieving the Sustainable Development Goals (SDGs)*, which are objectives shared by the whole world, the Group, which operates globally, will continue to take on the challenge of realizing a sustainable society by addressing global issues more sincerely than ever before.

To promote sustainability management, the Company has identified its materiality, and this materiality is incorporated into our sustainability strategy. In materiality analysis, we identified and evaluated the impact on both the Group’s financial impact and external impact on the environment and society based on the concept of double materiality.

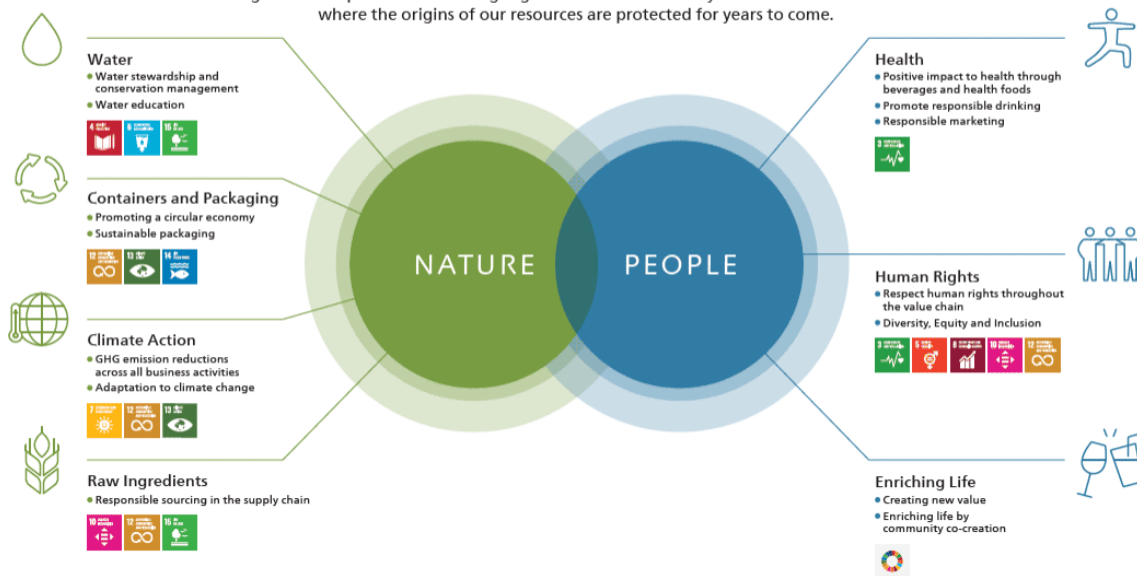
In addition, we have formulated the “Suntory Beverage & Food Group Sustainability Vision” based on the results of materiality analysis. With the Sustainability Vision incorporating seven priority themes structured around Nature and People, the Group is aware of the interdependence of Nature and People, and accordingly engages in activities together with its stakeholders with the aim of creating a society of harmony between the two.

* The Sustainable Development Goals are goals adopted at a UN Summit in September 2015 that the whole world should tackle by 2030

Suntory Beverage and Food Group Sustainability Vision

To Create Harmony with People and Nature

As a multifaceted beverage company whose products rely on the blessings of nature, the Suntory Beverage & Food Group is committed to working with our stakeholders to protect and nurture the natural environment. We recognize the importance of coming together to create a society in which all life can flourish and where the origins of our resources are protected for years to come.



Targets toward 2030

1. Water

[Reduction of water used in direct operation]

Reduce the water intensity of production at our owned plants^{*1} by 20%^{*2}

[Water replenishment]

Replenish more than 100% of water used in at least 50% of our owned plants^{*1}, including all those in highly water stressed areas

[Sustainable water use in raw ingredients]

Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients^{*3} in highly water stressed areas

[Water education and access to safe water]

Expand water education programs and initiatives to provide safe water access for more than 1 million people^{*4}

2. Greenhouse Gas (GHG)

- Reduce GHG emissions from our direct operations by 50%^{*5}
- Reduce GHG emissions across our entire value chain by 30%^{*5}

3. Use of Sustainable Materials in PET Bottles^{*6}

Switch all PET bottles used globally to 100% sustainable materials

*1 Owned plants that manufacture finished products of the Group

*2 Reduction of water intensity of production based on 2015 baseline year

*3 Coffee, etc.

*4 The target of 1 million people is the Suntory Group's target.

*5 Based on emissions in 2019.

*6 Sustainable materials in PET bottles by weight (recycled or Bio-based material)

Sustainability Initiatives in 2023

Water replenishment

The Suntory Group has been engaging in Suntory Natural Water Sanctuary water source conservation activities for more than two decades in Japan. In 2023, we embarked on our water source conservation activities in partnership with the locality of Toledo, Spain, which is a highly water stressed area among the regions in which the Group operates. We will engage in water source conservation activities to help restore nature such as by improving water quality and enhancing biodiversity through efforts to restore the vegetation environment around the water sources for our beverage production. Going forward, we will continue to engage in water source conservation activities to achieve the targets toward 2030.

Initiatives to Promote DEI

One ethical principle described in the Suntory Group Code of Business Ethics is to accept the existence of diverse values when carrying out business activities.

Moreover, aiming to realize not only a workplace where anyone can work enthusiastically in a way suited to them, while having self-awareness and pride as an employee of Suntory, but also an organization that considers the individual qualities and diversity among fellow employees as a strength to utilize, in 2021 the Suntory Group established its “DEI Vision Statement,” which states “We are all unique. We courageously embrace diversity and equity, and cultivate a culture of inclusion. Let’s be the best we can all be for our colleagues, customers and communities.”

To this end, we are promoting DEI throughout the Suntory Group with three Strategic Pillars: a diverse workforce; an inclusive workplace; and customers and communities.

Based on this notion, the Company is actively engaging in various initiatives enlisting our basic policy of DEI promotion, which makes use of diverse human resources and diverse values.

Health and Productivity Management Initiatives

The Company has been selected as a certified enterprise of the 2023 Health & Productivity Stock Selection in recognition of its advanced health management practices. The Company has also been selected as a 2023 Certified Health & Productivity Management Outstanding Organization (White 500) for the 7th consecutive year.

We have set forth and promoted Health Management Declaration since 2016, based on the belief that the robust physical and mental health of employees and their families leads to fulfilling daily lives and rewarding work and is the driving force behind the realization of the SBF Vision that we aim to achieve.

The SUNTORY+ healthcare service for supporting corporate health management has been adopted by more than 700 companies since it went into operation in July 2020.

Moreover, we have been actively contributing to the health of society in part with our launch of the Children’s Heat Index awareness campaign for preventing heatstroke in children in July 2023.

Please refer to the following website for further details on the Group’s sustainability activities.

<https://www.suntory.com/softdrink/company/sustainability/>

(3) Status of Assets and Profit and Loss

Category	The 12th Fiscal Year 2020	The 13th Fiscal Year 2021	The 14th Fiscal Year 2022	The 15th Fiscal Year 2023 (fiscal year under review)
Revenue (Millions of yen)	1,178,137	1,268,917	1,450,397	1,591,722
Operating Income (Millions of yen)	96,177	118,568	139,688	141,726
Profit for the Year Attributable to Owners of the Company (Millions of yen)	52,212	68,676	82,317	82,743
Basic Earnings per Share (Yen)	168.97	222.25	266.40	267.78
Total Equity (Millions of yen)	859,556	943,952	1,060,104	1,185,027
Equity Attributable to Owners of the Company per Share (Yen)	2,529.95	2,785.09	3,123.69	3,519.00
Total Assets (Millions of yen)	1,574,251	1,676,926	1,783,349	1,912,415

(4) Summary of Principal Businesses (as of December 31, 2023)

The Group manufactures and sells beverages and food including mineral water, coffee beverages, tea beverages, carbonated beverages, sports beverages, and FOSHU.

(5) Status of Significant Parent Company and Subsidiaries

1) Status of Significant Parent Company

Name	Shares Held	Ratio of Voting Rights	Business Relationship
Suntory Holdings Limited	183,800,000 shares	59.4%	Payment of brand royalties, advance payment for raw materials, etc.

Note: The Company's important transactions, activities, etc. conducted with its parent company are, in accordance with internal regulations, examined beforehand by the departments conducting the important transactions, activities, etc. and by the Company's legal affairs division and finance & accounting division to confirm the necessity and reasonableness of transactions, activities, etc., the appropriateness of their terms and conditions, etc., and the fairness, taking into consideration the perspective of independence from the parent company. Furthermore, following prior deliberation and report by the Special Committee consisting of three Independent Outside Directors who are independent of the parent company group, the Board of Directors carries out a full deliberation on the necessity and

reasonableness of transactions, activities, etc., the appropriateness of their terms and conditions, etc., and the fairness, that precedes decision making. In addition to deliberation beforehand, after a transaction takes place, in accordance with internal regulations, the legal affairs division, finance & accounting division, and internal audit division conduct a check on whether the transaction was carried out based on the contents of the deliberation. Also, the Audit and Supervisory Committee conducts an audit. Moreover, the status of the transactions, activities, etc. is reported to the Special Committee and the Board of Directors, and they confirm the results of the transactions, activities, etc. After reviewing these procedures, the Company's Board of Directors has determined that the important transactions, activities, etc., with the parent company do not undermine the Company's interests since they are necessary and reasonable, appropriate in terms of terms and conditions, etc., and fair.

2) Status of Significant Subsidiaries, etc.

Name	Paid-in Capital	Ratio of Voting Rights (%)	Principal Business Purpose
Suntory Foods Limited	(Million) ¥1,000	100.0	Sale of non-alcoholic beverages
Suntory Beverage Solution Limited	(Million) ¥80	100.0	Sale of non-alcoholic beverages
Japan Beverage Holdings Inc.	(Million) ¥100	82.7	Sale of non-alcoholic beverages
Suntory Products Limited	(Million) ¥1,000	100.0	Manufacture of non-alcoholic beverages
Suntory Beverage & Food Asia Pte. Ltd.	(Thousand) S\$808,827	100.0	Strategic planning and group supervision for beverage and food businesses in South East Asia and other regions
Suntory Beverage & Food International (Thailand) Co., Ltd.	(Million) THB250	100.0	Manufacture and sale of health foods
PT SUNTORY GARUDA BEVERAGE	(Million) IDR198,048	75.0	Manufacture and sale of non-alcoholic beverages
Suntory PepsiCo Vietnam Beverage Co., Ltd.	(Million) VND5,597,429	100.0	Manufacture and sale of non-alcoholic beverages
Suntory PepsiCo Beverage (Thailand) Co., Ltd.	(Thousand) THB14,085,250	51.0	Manufacture and sale of non-alcoholic beverages
FRUCOR SUNTORY NEW ZEALAND LIMITED	(Thousand) NZ\$446,709	100.0	Manufacture and sale of non-alcoholic beverages
FRUCOR SUNTORY AUSTRALIA PTY. LIMITED	(Thousand) A\$249,200	100.0	Sale of non-alcoholic beverages

Name	Paid-in Capital	Ratio of Voting Rights (%)	Principal Business Purpose
Orangina Schweppes Holding B.V.	(Thousand) €18	100.0	Manufacture and sale of non-alcoholic beverages
Lucozade Ribena Suntory Limited	(Million) £544	100.0	Manufacture and sale of non-alcoholic beverages
Pepsi Bottling Ventures LLC	(Thousand) US\$215,554	65.0	Manufacture and sale of non-alcoholic beverages

Notes:

1. The ratio of voting rights includes indirect holdings.
2. The Company and its subsidiary Japan Beverage Holdings Inc. hold all of the issued shares of Suntory Beverage Solution Limited.
3. The Company holds 51.0% of the issued shares of Suntory PepsiCo Investment B.V., which holds all of the issued shares of Suntory PepsiCo Vietnam Beverage Co., Ltd.

(6) Principal Offices and Plants, etc. (as of December 31, 2023)

1) The Company

Head Office:	1-1, Shibaura 3-chome, Minato-ku, Tokyo
Research Institute:	Product Development Center (Kawasaki-shi, Kanagawa)

2) Subsidiaries

Name of Segment	Name	Major Business Sites	
Japan	Suntory Foods Limited	Head Office	Minato-ku, Tokyo
		Office	Metropolitan Marketing Office (Minato-ku, Tokyo), etc.
	Suntory Beverage Solution Limited	Head Office	Shinjuku-ku, Tokyo
		Office	Tokyo Metropolitan Sales & Marketing Division (Shinjuku-ku, Tokyo), etc.
	Japan Beverage Holdings Inc.	Head Office	Shinjuku-ku, Tokyo
	Suntory Products Limited	Head Office	Minato-ku, Tokyo
		Plant	Haruna Plant (Shibukawa-shi, Gunma), etc.

Name of Segment	Name	Major Business Sites	
Asia Pacific	Suntory Beverage & Food Asia Pte. Ltd.	Head Office	Singapore
	Suntory Beverage & Food International (Thailand) Co., Ltd.	Head Office	Bangkok, Thailand
	PT SUNTORY GARUDA BEVERAGE	Head Office	Jakarta, Indonesia
	Suntory PepsiCo Vietnam Beverage Co., Ltd.	Head Office	Ho Chi Minh, Viet Nam
	Suntory PepsiCo Beverage (Thailand) Co., Ltd.	Head Office	Bangkok, Thailand
	FRUCOR SUNTORY NEW ZEALAND LIMITED	Head Office	Auckland, New Zealand
	FRUCOR SUNTORY AUSTRALIA PTY. LIMITED	Head Office	New South Wales, Australia
Europe	Orangina Schweppes Holding B.V.	Head Office	Amsterdam, the Netherlands
	Lucozade Ribena Suntory Limited	Head Office	London, U.K.
Americas	Pepsi Bottling Ventures LLC	Head Office	North Carolina, U.S.A.

(7) Status of Employees (as of December 31, 2023)

Name of Segment	Number of Employees	Increase (Decrease) from Previous Fiscal Year
Japan	9,551 [651]	(10) [(22)]
Asia Pacific	7,390 [273]	(341) [(172)]
Europe	3,471 [120]	134 [6]
Americas	3,008 [65]	267 [3]
Company-wide (common)	112 [-]	(3) [-]
Total	23,532 [1,109]	47 [(185)]

Notes:

- The number of employees refers to the number of current workers while the number in the brackets [] is the average number of temporary employees for the most recent one-year period, which is not included in the number of current workers.
- Employees classified as Company-wide (common) are administrative staff not assigned to any particular segment.

(8) Status of Company's Principal Lenders (as of December 31, 2023)

Name of Lender	Amount of Loan (Millions of yen)
The Norinchukin Bank	25,000

(9) Status of Fund Procurement

No items to report.

(10) Status of Capital Investment

Capital investment in the fiscal year under review was ¥98.6 billion. A breakdown of capital investment by segment is as follows.

Name of Segment	Capital Investment (Millions of yen)
Japan	30,575
Asia Pacific	43,580
Europe	13,801
Americas	10,687
Total	98,644

1) Major Plant and Equipment Completed in the Fiscal Year under Review

No items to report.

2) New Construction, etc. of Major Plant and Equipment in Progress or Planning in the Fiscal Year under Review

Name of Segment	Content of Capital Investment
Japan	Construction of production line and logistics warehouse at the Takasago Plant of Suntory Products Limited
Asia Pacific	Construction of a new plant of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED
Europe	Construction of logistics warehouse adjacent to Donnery Plant of Orangina Suntory France Production S.a.s

(11) Status of Significant Business Realalignments

No items to report.

2. Matters Concerning Shares (as of December 31, 2023)

- (1) Total Number of Shares Authorized to be Issued: 480,000,000 shares
 (2) Total Number of Issued and Outstanding Shares: 309,000,000 shares
 (3) Number of Shareholders: 40,016 (increased by 416 from the previous fiscal year)
 (4) Major Shareholders (Top 10 shareholders):

Name of Shareholder	Shares Held (Thousands)	Ratio of Shareholding (%)
Suntory Holdings Limited	183,800	59.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,910	7.0
Custody Bank of Japan, Ltd. (Trust Account)	7,487	2.4
JPMorgan Securities Japan Co., Ltd.	4,725	1.5
STATE STREET BANK WEST CLIENT – TREATY 505234	3,759	1.2
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,999	0.9
STATE STREET BANK AND TRUST COMPANY 505224	2,794	0.9
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	2,664	0.8
Mizuho Securities Co., Ltd.	2,639	0.8
JP MORGAN CHASE BANK 385781	1,715	0.5

Note: Ratio of Shareholding is calculated after deducting treasury shares (148 shares).

3. Status of Directors

(1) Names, etc. of Directors (as of December 31, 2023)

Position	Name	Responsibilities and Important Concurrent Positions
Representative Director, President & Chief Executive Officer	Makiko Ono	Overall Group Management Chairperson of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Pepsi Bottling Ventures LLC
Director, Executive Vice President	Shekhar Mundlay	Chief Operating Officer of SBF Chief Executive Officer of SBF International Chairperson of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & Food Asia Pte. Ltd. Commissioner of PT SUNTORY GARUDA BEVERAGE Director of Suntory PepsiCo Beverage (Thailand) Co., Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC
Director, Senior Managing Executive Officer	Hachiro Naiki	Chief Executive Officer of SBF Japan Chief Operating Officer, Innovation Development Division of SBF Japan Director, Chairman of the Board & Chief Executive Officer of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited
Director	Peter Harding	Chief Executive Officer of SBF Europe Chief Executive Officer of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC
Director	Hiroshi Miyamori	Executive Officer of Suntory Holdings Limited
Director	Yukari Inoue	Managing Director of Kellogg Japan G.K. Outside Director of Toyota Tsusho Corporation
Full-time Audit and Supervisory Committee Member	Yuji Yamazaki	Audit & Supervisory Board Member of Suntory Foods Limited Audit & Supervisory Board Member of Suntory Products Limited

Position	Name	Responsibilities and Important Concurrent Positions
Audit and Supervisory Committee Member	Mika Masuyama	President and Representative Partner of Masuyama & Company LLC. Outside Director of KOKUYO CO., LTD. External Director of Konoike Transport Co., Ltd.
Audit and Supervisory Committee Member	Mariko Mimura	Attorney of Nishimura & Asahi (Gaikokuho Kyodo Jigyo) (Of Counsel) Board Director (outside) of TOMY COMPANY, LTD.

Notes:

1. Mses. Yukari Inoue, Mika Masuyama and Mariko Mimura are Outside Directors.
2. The Company designated Outside Directors Mses. Inoue, Masuyama and Mimura as Independent Officers and reported this designation to the Tokyo Stock Exchange.
3. The Company has concluded limited liability agreements with Mr. Hiroshi Miyamori, Ms. Inoue, Mr. Yuji Yamazaki, Ms. Masuyama and Ms. Mimura pursuant to Article 427, paragraph (1) of the Companies Act of Japan. Based on these agreements, if any of them causes the Company to suffer loss through neglect of duties, then providing that he/she was fulfilling his/her duties in good faith with no gross negligence, the liability to the Company shall be limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan.
4. Mr. Yamazaki has extensive experience in leading the corporate planning division, and he possesses a considerable amount of expertise related to finance and accounting.
5. Changes in Directors' responsibilities during the fiscal year under review are as follows.

Name	Responsibilities before Change	Responsibilities after Change	Date of Change
Hachiro Naiki	Chief Executive Officer of SBF Japan	Chief Executive Officer of SBF Japan Chief Operating Officer, Innovation Development Division of SBF Japan	September 1, 2023

6. Changes in Directors' responsibilities after the end of the fiscal year under review are as follows.

Name	Responsibilities before Change	Responsibilities after Change	Date of Change
Shekhar Mundlay	Chief Operating Officer of SBF Chief Executive Officer of SBF International	Chief Operating Officer of SBF Operational Excellence Officer	January 1, 2024
Peter Harding	Chief Executive Officer of SBF Europe	Chief Executive Officer of SBF International	January 1, 2024

7. Changes in Directors' important concurrent positions after the end of the fiscal year under review are as follows.

Name	Important Concurrent Positions before Change	Important Concurrent Positions after Change	Date of Change
Makiko Ono	Chairperson of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Pepsi Bottling Ventures LLC	Director of Orangina Schweppes Holding B.V. Director of Pepsi Bottling Ventures LLC	January 1, 2024
Shekhar Mundlay	Chairperson of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & Food Asia Pte. Ltd. Commissioner of PT SUNTORY GARUDA BEVERAGE Director of Suntory PepsiCo Beverage (Thailand) Co., Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC	Commissioner of PT SUNTORY GARUDA BEVERAGE Director of Pepsi Bottling Ventures LLC	January 1, 2024
	Commissioner of PT SUNTORY GARUDA BEVERAGE Director of Pepsi Bottling Ventures LLC	Director of Pepsi Bottling Ventures LLC	January 31, 2024
Peter Harding	Chief Executive Officer of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC	Director of Suntory Beverage & Food Asia Pte. Ltd. Director of Suntory PepsiCo Beverage (Thailand) Co., Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC	January 1, 2024

8. To strengthen the auditing and supervising function of the Audit and Supervisory Committee, the Company has appointed Mr. Yamazaki as full-time Audit and Supervisory Committee Member to enable collection of information from the Directors (excluding Audit and Supervisory Committee Members), sharing of information at important meetings, and the sufficient coordination between

the internal audit division and the Audit and Supervisory Committee.

9. The Company has entered into a directors and officers liability insurance policy contract with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan. The insured parties do not assume costs of the insurance premiums such that the insured parties under the insurance policy include the Company's Directors, Senior Managing Executive Officers, and Managing Executive Officers, as well as Directors and Audit and Supervisory Board Members of the Company's domestic subsidiaries. This insurance policy covers an insured party's losses and such costs as related litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured party as an officer or a person at a certain position of the Company. However, to ensure that the proper performance of duties of an insured party is not impaired, the insurance policy does not provide coverage for losses and costs incurred by an insured party who has committed a criminal act or an otherwise intentionally illegal act.

(Reference) Names, etc. of Senior Managing Executive Officer and Managing Executive Officer (as of January 1, 2024)

Position	Name	Responsibilities
Director, Senior Managing Executive Officer	Hachiro Naiki	Chief Executive Officer of SBF Japan Senior General Manager, Innovation Development Division
Senior Managing Executive Officer	Yoshihito Suda	R&D and Production, Chief Operating Officer, MONOZUKURI Division
Managing Executive Officer	Hideki Kanda	
Managing Executive Officer	Shinichiro Yanai	Executive Vice President, Chief Operating Officer, Brand Development Division, Chief Operating Officer, Communication Division, and in charge of Cross Region Development Department of SBF Japan
Managing Executive Officer	Takayuki Sanno	Chief Executive Officer of SBF Asia Pacific
Managing Executive Officer	Akira Haraguchi	Chief Operating Officer, Corporate Management Division
Managing Executive Officer	Tsuyoshi Oikawa	Representative Director, President & Chief Executive Officer of Suntory Beverage Solution Limited
Managing Executive Officer	Haruhisa Inada	Senior General Manager, Global Auditing Department and Corporate Auditor of SBF Asia Pacific
Managing Executive Officer	Susumu Takemoto	Senior General Manager, Development & Design Department and Senior General Manager, Research & Development Department of SBF Japan
Managing Executive Officer	Akiyo Sato	Deputy Chief Operating Officer, Brand Development Division of SBF Japan
Managing Executive Officer	Shigeaki Kazama	Chief Operating Officer, Production & Supply Chain Management Division of SBF Japan
Managing Executive Officer	Noriaki Otsuka	Chief Operating Officer, Corporate Strategy Division
Managing Executive Officer	Shigeaki Kogiso	Representative Director, President & Chief Executive Officer of Suntory Foods Limited, Chief Operating Officer, Overall Sales & Marketing Division
Managing Executive Officer	Takahiro Yoshimura	Representative Director, President & Chief Executive Officer of Suntory Products Limited

(2) Policy on Determining Remuneration, etc. for the Company's Directors

The Company has resolved on the following policy on determining remuneration, etc. for the Company's Directors at the meeting of its Board of Directors held on June 15, 2022.

Remuneration, etc. for the Company's Directors are structured at levels commensurate with their role and responsibilities in a manner that motivates them to improve the Company's performance and corporate value and secures outstanding personnel.

The Human Resources Committee, with Outside Directors accounting for at least half of its membership, deliberates the levels and criteria of remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members), and reports to the Board of Directors with respect to the appropriateness thereof.

The Representative Director, President & Chief Executive Officer, appointed by the Board of Directors, makes decisions on amounts of remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members) based on reports of the Human Resources Committee. Remuneration, etc. for Directors serving on the Audit and Supervisory Committee is decided upon discussion involving the Audit and Supervisory Committee Members.

The Human Resources Committee confirms that details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy. The Board of Directors deems that details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy based on the confirmation results of the Human Resources Committee.

Remuneration, etc. for the Executive Directors consists of fixed compensation (monthly) and performance-based compensation (annually in March). The remuneration, etc., for Executive Directors who are foreign nationals are paid by overseas subsidiaries. Although the remuneration is not subject to the Company's remuneration system, it is a combination of fixed compensation and performance-based compensation, and the Company's consolidated operating income is used as one of the criteria for performance-based compensation.

Remuneration, etc. for non-executive Directors shall only consist of fixed compensation (monthly). However, full-time Audit and Supervisory Committee members shall be paid, in addition to fixed compensation, a performance-based compensation (annually in March) as remuneration, etc. in consideration of the contribution to the Company's performance.

While fixed compensation is the main form of remuneration, the ratio of fixed compensation to performance-based compensation paid to Executive Directors (excluding Executive Directors who are foreign nationals) is set to secure outstanding personnel and provide the proper incentive to improve the Company's performance and corporate value. The Human Resources Committee takes the trends with respect to remuneration benchmark company groupings and other factors into consideration and holds regular discussions.

The level of fixed compensation shall be set according to position and considering responsibilities.

The performance-based compensation, for which the key performance indicator is consolidated operating income (excluding one-time income and expenses), is calculated by multiplying the amount on the performance-based compensation calculation table set according to the individual's responsibilities/performance evaluation by a performance coefficient, where that performance coefficient is calculated by multiplying the achievement percentage of the targeted consolidated operating income (excluding one-time income and expenses) by the benchmark consolidated operating income (excluding one-time income and expenses).

The Company chose consolidated operating income (excluding one-time income and expenses) as the key performance indicator because in the Group, importance is placed on consolidated operating income (excluding one-time income and expenses) as an indicator that reflects the results of continuous business activities and because it will incentivize the recipients to improve the Company's performance and corporate value.

In addition, the Company does not have a retirement allowance system or a stock option system.

(3) Remuneration, etc. for Directors

Classification	Fixed Compensation		Performance-Based Compensation		Total (Millions of yen)
	Number of Persons	Payment Amount (Millions of yen)	Number of Persons	Payment Amount (Millions of yen)	
Director (excluding Audit and Supervisory Committee Member)	7	125	4	111	236
(Outside Director)	(1)	(15)	(-)	(-)	(15)
Director (Audit and Supervisory Committee Member)	4	73	1	39	112
(Outside Director)	(3)	(36)	(-)	(-)	(36)
Total	11	199	5	150	349
(Outside Director)	(4)	(51)	(-)	(-)	(51)

Notes:

1. Performance-based compensation is an amount to be paid. Note that the Company has not disclosed the targets and actual results of consolidated operating income (excluding one-time income and expenses), which is a major indicator for the performance-based compensation, but the forecast and actual results for consolidated operating income, which form the basis of those amounts, are ¥140,000 million and ¥141,726 million, respectively.
2. The maximum remuneration limit for Directors (excluding Audit and Supervisory Committee Members) is an annual amount not exceeding ¥1,000 million (of which a maximum amount of

¥100 million shall be paid to Outside Directors; providing, however, not including the employee portion of salaries of Directors who are concurrently employees), which was passed by resolution at the Ordinary General Meeting of Shareholders held on March 27, 2015. The number of Directors (excluding Audit and Supervisory Committee Members) at the conclusion of said Ordinary General Meeting of Shareholders was eight (including one Outside Director).

3. The maximum remuneration limit for Audit and Supervisory Committee Members is an annual amount not exceeding ¥150 million, which was passed by resolution at the Ordinary General Meeting of Shareholders held on March 27, 2015. The number of Directors serving on the Audit and Supervisory Committee at the conclusion of said Ordinary General Meeting of Shareholders was three (including two Outside Directors).
4. This does not include remuneration, etc. for the two Executive Directors who are foreign nationals because their remuneration is paid by overseas subsidiaries.
5. The Board of Directors has delegated decisions on amounts of remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members) to Representative Director, President & Chief Executive Officer Makiko Ono. The Company delegated such decisions to her upon having deemed it appropriate for the Representative Director, President & Chief Executive Officer to make decisions on details of remuneration, etc. for individuals in view of factors such as performance of the Group overall. As a measure to ensure that such authority is exercised appropriately, the Board of Directors deems that details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy based on the confirmation results of the Human Resources Committee, which entails the committee confirming whether or not details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy.

(4) Outside Directors

- 1) Status of Material Concurrent Positions at Other Companies, etc. and the Company's Relationship with the Aforesaid Organizations

There are no special interests between the Company and the following entities at which the Outside Directors concurrently serve.

Classification	Name	Important Concurrent Positions
Outside Director	Yukari Inoue	Managing Director of Kellogg Japan G.K. Outside Director of Toyota Tsusho Corporation
Outside Director (Audit and Supervisory Committee Member)	Mika Masuyama	President and Representative Partner of Masuyama & Company LLC. Outside Director of KOKUYO CO., LTD. External Director of Konoike Transport Co., Ltd.
Outside Director (Audit and Supervisory Committee Member)	Mariko Mimura	Attorney of Nishimura & Asahi (Gaikokuho Kyodo Jigyo) (Of Counsel) Board Director (outside) of TOMY COMPANY, LTD.

2) Principal Activities during the Fiscal Year under Review

Classification	Name	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance	Status of Statements and Duties Carried out in Relation to Roles an Outside Director is Expected to Perform
Outside Director	Yukari Inoue	11/13	—	She has been providing strategic advice and supervision in the Board of Directors through commentary drawing on her experience and knowledge as a corporate executive. In addition, she has been serving as a member of the Human Resources Committee and the Special Committee, enlisting her independent and objective standpoint.
Outside Director (Audit and Supervisory Committee Member)	Mika Masuyama	13/13	13/13	She has been providing advice and supervision in the Board of Directors as well as audits and supervision in the Audit and Supervisory Committee through commentary drawing on her experience and knowledge relating to corporate governance, human resource development and other areas. In addition, she has been serving as a member of the Human Resources Committee and the chair of the Special Committee, enlisting her independent and objective standpoint.

Classification	Name	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance	Status of Statements and Duties Carried out in Relation to Roles an Outside Director is Expected to Perform
Outside Director (Audit and Supervisory Committee Member)	Mariko Mimura	10/10	10/10	She has been providing advice and supervision in the Board of Directors as well as audits and supervision in the Audit and Supervisory Committee through commentary drawing on her experience and knowledge as an attorney. In addition, she has been serving as a member of the Human Resources Committee and the Special Committee, enlisting her independent and objective standpoint.

Notes:

1. In addition to the number of attendances at meetings of the Board of Directors presented above, in accordance with the provisions of Article 370 of the Companies Act of Japan, and of Article 27 of the Company's Articles of Incorporation, there were six (6) written resolutions where it was deemed that a resolution of the Board of Directors had been made.
2. This is the attendance of Ms. Mariko Mimura at Board of Directors and Audit and Supervisory Committee meetings since assuming her post on March 24, 2023.

4. Status of Accounting Auditor

- (1) Name: Deloitte Touche Tohmatsu LLC
- (2) Amount of Accounting Auditor's Fees, etc.

(Millions of yen)	
Amount of fees, etc. for the fiscal year under review	161
Total amount of money and other financial benefits payable to Accounting Auditor by the Company and its subsidiaries	198

Notes:

- 1. The audit agreement between the Company and the Accounting Auditor does not distinguish between fees paid for the audit conducted in accordance with the Companies Act of Japan from fees paid for the audit conducted in accordance with the Financial Instruments and Exchange Act, and it is practically impossible to make such a distinction. Accordingly, the amount specified above is the aggregate amount of fees for these two types of audits.
- 2. Of the Company's significant subsidiaries, ten companies, including Suntory Beverage & Food Asia Pte. Ltd., are subject to audits of their financial statements by a certified public accountant or an audit corporation (including parties holding qualifications comparable to those of a certified public accountant or an audit corporation in a country besides Japan) other than the accounting auditor of the Company (provided, however, that such audits fall under the provisions of the Companies Act of Japan or the Financial Instruments and Exchange Act (or foreign laws comparable to the said Acts)).

- (3) Reason for the Audit and Supervisory Committee Consenting to the Fees, etc. of the Accounting Auditor

With regard to the fees, etc. of the Accounting Auditor, the Company's Audit and Supervisory Committee has obtained the necessary materials and received reports from Directors, related internal departments and the Accounting Auditor, and has checked the Accounting Auditor's performance and fees hitherto. Then the Committee has made the requisite investigation into the appropriateness of the Accounting Auditor's action plans and the calculation basis for their estimated fees for the fiscal year under review. As a result of these deliberations, it has concluded that these are appropriate and it consents to the amount of the fees, etc. of the Accounting Auditor in accordance with Article 399, paragraph (1) of the Companies Act of Japan.

- (4) Content of Non-audit Service

No items to report.

(5) Policy Regarding Decisions of Dismissal or Non-reappointment of Accounting Auditor

If the Company's Audit and Supervisory Committee deems that any circumstance stipulated in any item of Article 340, paragraph (1) of the Companies Act of Japan applies to the Accounting Auditor, the Accounting Auditor will be dismissed based on the unanimous approval of all Audit and Supervisory Committee Members. In such situations, an Audit and Supervisory Committee Member selected by the Committee shall report to the first General Meeting of Shareholders convened after the dismissal both the fact of the dismissal and the reasons for the dismissal.

The Company's Audit and Supervisory Committee shall, if it is recognized that on consideration of the Accounting Auditor's performance of their duties and the Company's audit system, etc. there is a need for a change in Accounting Auditor, decide on the content of a proposal to submit to the General Meeting of Shareholders regarding the dismissal or the non-reappointment of the Accounting Auditor.

5. Policy on Determining Dividends of Surplus, etc.

The Company believes its prioritization of strategic investments as well as capital expenditures for sustainable profit growth and improving corporate value 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 comprehensive shareholder return policy that also takes into account its business results and future funding needs.

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.

The Company maintains a basic policy of paying dividends of surplus twice annually in the form of an interim dividend and a year-end dividend.

The record date for interim dividends has been stipulated in the Articles of Incorporation as June 30 of each year.

The Company seeks the ability to more flexibly pay dividends from surplus and other such distributions, without it requiring a resolution of an Ordinary General Meeting of Shareholders, in the event of unforeseen circumstances posing challenges for the holding of such a meeting. To such ends, the Company has put in place a system that makes it possible to seek resolution on dividends and other such distributions either at a General Meeting of Shareholders or at a meeting of the Board of Directors, upon having stipulated in its Articles of Incorporation wording such that, “The company may, by resolution of a meeting of the board of directors, determine the matters provided for in each item of Article 459, paragraph (1) of the Companies Act of Japan, including dividends from surplus, except as otherwise provided for in laws and regulations.”

Consolidated Financial Statements (IFRSs)

Consolidated Statement of Financial Position

(As at December 31, 2023)

(Unit: Millions of yen)

Assets		Liabilities and Equity	
Accounts	Amount	Accounts	Amount
Current assets	638,907	Current liabilities	535,730
Cash and cash equivalents	171,755	Bonds and borrowings	49,431
Trade and other receivables	309,923	Trade and other payables	430,812
Other financial assets	1,664	Other financial liabilities	22,982
Inventories	115,967	Accrued income taxes	19,926
Other current assets	28,175	Provisions	1,403
Assets held for sale	11,421	Other current liabilities	6,100
		Liabilities directly associated with assets held for sale	5,073
Non-current assets	1,273,507	Non-current liabilities	191,657
Property, plant and equipment	416,600	Bonds and borrowings	25,000
Right-of-use assets	51,891	Other financial liabilities	45,472
Goodwill	278,231	Post-employment benefit liabilities	14,323
Intangible assets	495,339	Provisions	6,068
Investments accounted for using the equity method	114	Deferred tax liabilities	93,954
Other financial assets	14,482	Other non-current liabilities	6,838
Deferred tax assets	8,969	Total liabilities	727,388
Other non-current assets	7,878	Equity attributable to owners of the Company	1,087,370
		Share capital	168,384
		Share premium	182,229
		Retained earnings	652,706
		Treasury shares	(0)
		Other components of equity	84,050
		Non-controlling interests	97,656
		Total equity	1,185,027
Total assets	1,912,415	Total liabilities and equity	1,912,415

Note: All amounts have been rounded down to the nearest million yen.

Consolidated Statement of Profit or Loss

(For the year ended December 31, 2023)

(Unit: Millions of yen)

Accounts	Amount
Revenue	1,591,722
Cost of sales	(1,001,726)
Gross profit	589,996
Selling, general and administrative expenses	(445,401)
Share of the profit or loss of investments accounted for using equity method	(27)
Other income	3,273
Other expenses	(6,114)
Operating income	141,726
Finance income	4,281
Finance costs	(4,226)
Profit before tax	141,781
Income tax expense	(37,301)
Profit for the year	104,480
Attributable to:	
Owners of the Company	82,743
Non-controlling interests	21,736
Profit for the year	104,480

Note: All amounts have been rounded down to the nearest million yen.

Non-consolidated Financial Statements (Japanese GAAP)

Non-consolidated Balance Sheet

(As at December 31, 2023)

(Unit: Millions of yen)

Assets		Liabilities	
Accounts	Amount	Accounts	Amount
Current assets	326,266	Current liabilities	257,502
Cash and deposits	108,454	Accounts payable - trade	74,578
Accounts receivable - trade	92,873	Electronically recorded obligations	14,251
Merchandise and finished goods	144	Short-term borrowings	9,027
Work in process	1,073	Current portion of bonds payable	35,000
Raw materials and supplies	15,419	Current portion of long-term borrowings	5,420
Advance payments-trade	505	Accounts payable-other	13,718
Prepaid expenses	1,188	Accrued expenses	19,729
Short-term loans receivable	88,830	Accrued income taxes	3,032
Allowance for doubtful accounts	(30)	Deposits received	75,049
Accounts receivable-other	14,559	Provision for bonuses	2,876
Other	3,247	Other	4,817
Non-current assets	603,240	Long-term liabilities	28,875
Property, plant, and equipment	60,835	Long-term borrowings	25,000
Buildings	1,448	Liability for employee retirement benefits	3,462
Machinery and equipment	1,820	Asset retirement obligations	393
Tools, furniture, and fixtures	28,784	Other	19
Land	27,596		
Construction in progress	123	Total liabilities	286,377
Other	1,061	Equity	
Intangible fixed assets	2,099	Shareholders' equity	643,143
Computer software	1,741	Common stock	168,384
Goodwill	321	Capital surplus	213,425
Other	35	Legal capital surplus	145,884
Investments and other assets	540,305	Other capital surplus	67,541
Shares of subsidiaries and associates	508,571	Retained earnings	261,334
Long-term loans receivable from subsidiaries and associates	25,592	Other retained earnings	261,334
Guarantee deposits	128	Reserve for advanced depreciation of non-current assets	992
Long-term prepaid expenses	208	Reserve for special depreciation	108
Prepaid pension cost	4,426	General reserve	34,982
Deferred tax assets	1,303	Retained earnings brought forward	225,250
Other	73	Treasury shares	(0)
Deferred assets	15	Valuation and translation adjustments	1
Bond issuance expenses	15	Unrealized gain on available-for-sale securities	37
		Deferred gain on derivatives under hedge accounting	(35)
		Total equity	643,145
Total assets	929,522	Total liabilities and equity	929,522

Note: All amounts have been rounded down to the nearest million yen.

Non-consolidated Statement of Income

(For the year ended December 31, 2023)

(Unit: Millions of yen)

Accounts	Amount	
Net sales		439,048
Cost of sales		320,835
Gross profit		118,212
Selling, general and administrative expenses		97,245
Operating income		20,966
Non-operating income		
Interest income	4,720	
Dividend income	5,099	
Rental income from non-current assets	15,898	
Other	1,325	27,045
Non-operating expenses		
Interest expense	4,337	
Rental expenses on non-current assets	15,058	
Other	251	19,648
Ordinary income		28,363
Extraordinary income		
Gain on extinguishment of tie-in shares	80	80
Extraordinary loss		
Loss on disposal of non-current assets	97	
Restructuring cost	115	213
Income before income taxes		28,230
Income taxes—current	5,913	
Income taxes—deferred	240	6,153
Net income		22,076

Note: All amounts have been rounded down to the nearest million yen.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 13, 2024

To the Board of Directors of
Suntory Beverage & Food Limited:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner,
Certified Public Accountant:
Shinichi Ishihara

Designated Engagement Partner,
Certified Public Accountant:
Ayato Hirano

Designated Engagement Partner,
Certified Public Accountant:
Akihiro Maeda

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Suntory Beverage & Food Limited and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from January 1, 2023 to December 31, 2023, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the

other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 13, 2024

To the Board of Directors of
Suntory Beverage & Food Limited:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner,
Certified Public Accountant:
Shinichi Ishihara

Designated Engagement Partner,
Certified Public Accountant:
Ayato Hirano

Designated Engagement Partner,
Certified Public Accountant:
Akihiro Maeda

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of Suntory Beverage & Food Limited (the "Company"), namely, the non-consolidated balance sheet as of December 31, 2023, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the 15th fiscal year from January 1, 2023 to December 31, 2023, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

Audit Report by Audit and Supervisory Committee

AUDIT REPORT

The Audit and Supervisory Committee (the “Committee”) of Suntory Beverage & Food Limited (the “Company”) has audited the performance of the duties of Directors during the 15th business term which commenced on January 1, 2023 and ended on December 31, 2023. The Committee hereby reports the method and result thereof as follows.

1. Method and content of audit

Regarding the content of the resolution of the Board of Directors relating to matters stipulated in Article 399-13, paragraph (1), item (i)(b) and (c) of the Companies Act of Japan and the status of the system being developed pursuant to such resolutions (internal control system), the Committee periodically received reports from the Directors, employees and other personnel concerning the establishment and management of such system, sought explanations as necessary, and expressed opinions. In addition, the Committee carried out audits according to the following method:

- (i) The Committee worked in coordination with the respective company internal audit division and other divisions with jurisdiction over internal control to investigate the decision-making processes and the content of decisions at important meetings, etc.; the content of major approval-granting documents, and other important documents related to the execution of business, etc.; the status of the performance of the duties of Directors, principal employees and other personnel; and the status of company business operations and property. While carrying out this work, the Committee complied with the Audit and Supervisory Committee Audit Criteria established by the Committee and adhered to auditing principles and the duties allocated to them, etc. In addition, as for the subsidiaries of the Company, communication and exchange of information were sought with the directors and the audit and supervisory board members, etc. of such subsidiaries, and reports concerning the subsidiaries’ businesses were received from them, as necessary.

- (ii) The Committee also reviewed the details of the matters noted in Article 118 item (5)(a) of the Ordinance for Enforcement of the Companies Act of Japan as described in the Business Report, and the judgments in that item and the reasons therefor, based on the deliberations at the meetings of the Board of Directors and other meetings.
- (iii) In addition to monitoring and verifying whether the Accounting Auditor kept its independent position and whether it performed proper audit, the Committee received reports from the Accounting Auditor concerning the performance of its duties, and requested additional explanation as necessary. Moreover, a notice informing that a “system to ensure the proper performance of the duties” (as prescribed in items of Article 131 of the Regulations on Corporate Accounting) has been established pursuant to the “Quality Control Standards Concerning Audits” (Business Accounting Council), etc. was received from the Accounting Auditor, and explanation regarding such system were made as necessary.

Based on the above-mentioned method, inspection was conducted regarding the Business Report and the Supplementary Schedules thereto, the Non-consolidated Financial Statements (the Non-consolidated Balance Sheet, the Non-consolidated Statement of Income, the Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements) and the Supplementary Schedules thereto and the Consolidated Financial Statements (the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements), for the business term.

2. Result of audit

(1) Result of audit of Business Report, etc.

- (i) We confirm that the Business Report and the Supplementary Schedules thereto accurately indicate the condition of the Company in compliance with laws and regulations and the Articles of Incorporation of the Company.
- (ii) We have not detected any misconduct or material fact of violation of the relevant laws and regulations or the Articles of Incorporation of the Company, in connection with the performance of the duties of Directors.

- (iii) We confirm that the content of the resolution of the Meeting of the Board of Directors concerning the internal control system is reasonable. Furthermore, we have not found anything that should be pointed out with respect to the content of the Business Report and the performance of the duties of Directors concerning the internal control system.
- (iv) Regarding the transactions with the parent company, etc. described in the Business Report, we have not found anything that should be pointed out with respect to the matters needing attention to avoid harming the interests of the Company in conducting such transactions, and the judgment of the Board of Directors as to whether such transactions would harm the interests of the Company and the reasons therefor.

(2) Result of audit of the Non-consolidated Financial Statements and the Supplementary Schedules thereto

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are reasonable.

(3) Result of audit of the Consolidated Financial Statements

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are reasonable.

February 15, 2024

Audit and Supervisory Committee of

Suntory Beverage & Food Limited

Full-time Audit and Supervisory Committee Member

Yuji Yamazaki (seal)

Audit and Supervisory Committee Member

Mika Masuyama (seal)

Audit and Supervisory Committee Member

Mariko Mimura (seal)

Note: Audit and Supervisory Committee Members Mika Masuyama and Mariko Mimura are outside directors provided in Article 2, item (xv), and Article 331, paragraph (6) of the Companies Act of Japan.

**Informational Materials for the 15th Ordinary
General Meeting of Shareholders
(Items Subject to Measures for Electronic Provision
Excluded from Paper-Based Documents
Delivered upon Request)**

Business Report

System to Ensure the Appropriateness of the Business
and the Operational Status of the System

Consolidated Financial Statements

Consolidated Statement of Changes in Equity
Notes to Consolidated Financial Statements

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Equity
Notes to Non-consolidated Financial Statements

Suntory Beverage & Food Limited

<p>In accordance with the provisions of laws and regulations and Article 16 of the Company's Articles of Incorporation, the above items are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents.</p>

Business Report

System to Ensure the Appropriateness of the Business and the Operational Status of the System

The Board of Directors of the Company has resolved as follows with regard to its basic policy on the construction of a system (internal control system) to ensure the appropriateness of the business in order to ensure that the Company and its subsidiaries (the “Group”) carry out their business operations properly for maintaining good relationships with each stakeholder and fulfill their social responsibilities as a corporation.

- (1) System for Ensuring That the Execution of Duties by Officers and Employees of the Group Conforms with Laws and Regulations and the Articles of Incorporation
 - (a) In accordance with the “Suntory Group Code of Business Ethics,” the Group shall conduct management that prioritizes compliance, and not only obey the law, but also demonstrate even higher ethical standards as we strive for best practices that meet or even exceed the expectations of all stakeholders the Group is involved with, such as our shareholders, consumers, customers, suppliers, business partners, communities, global society, natural environment, employees.
 - (b) In accordance with the Suntory Group Code of Business Ethics, and in line with laws and regulations and a high ethical viewpoint, the Group shall make the operation of fair and transparent activities as one of its basic policies, and it shall practice “Compliance with the law, respect for standards and culture,” “Fair competition,” “Prohibition of corruption,” “Monitoring of conflicts of interest,” “Severance of all relations with organized crime groups and thorough trade controls,” and “Fair and appropriate financial and business records and disclosure.” The officers shall take the initiative in complying with laws and regulations and business ethics, and actively make efforts to maintain and improve the management based on compliance.
 - (c) In order to ensure that the execution of duties by officers and employees of the Group conforms with laws and regulations and the Articles of Incorporation, the Group shall establish and promote a compliance system for the entire Group, which shall encompass promoting education and training programs; establishing and operating systems for administrative divisions, an internal audit division, and whistleblowing reporting system; and providing support, advice and oversight for subsidiaries of the Company along with other initiatives.
 - (d) The Group shall establish Compliance hotlines within and outside the Company to allow officers and employees of the Group to directly report compliance-related problems. Upon working to obtain information, the divisions in charge of compliance shall investigate the details, discuss the issue with the relevant departments as necessary, take corrective measures, establish measures aimed at preventing recurrence, and have such measures implemented across the entire Group.
 - (e) In order to maintain soundness for the appropriate execution of business operations within the Group, an internal audit division shall be established to

perform internal audits pertaining to the status of compliance and the appropriateness of business operations of the Group. The internal audit division shall report results of such audits to the Audit and Supervisory Committee and the Representative Director, President & Chief Executive Officer, as necessary.

- (2) System for the Preservation and Management of Information of the Group
 - (a) The Group shall, in accordance with laws and regulations and internal regulations, preserve and manage minutes of General Meetings of Shareholders, minutes of Board of Directors meetings, and other documents and materials related to important decision-making (including electronic or magnetic records, the same applies hereinafter) in order to ensure the transparency and objectivity of decision-making.
 - (b) The Group shall maintain the documents and other materials mentioned above in a condition that allows for them to be viewed, and decide the authority, scope, procedures, etc. concerning their viewing.
 - (c) The Group shall establish and promote an information security system that does not only protect and preserve information, including personal information, but also facilitates the increase of corporate value through the use of information.

- (3) Regulations and Other Systems for Managing Risk of Losses of the Group
 - (a) The Board of Directors supervises the design and operation of the Group's risk management system. The Board of Directors establishes the Risk Management Committee, the Quality Assurance Committee, and the Sustainability Committee, and gives instructions after receiving reports from these committees.
 - (b) The Risk Management Committee takes on the role of promoting the risk management activities of the entire Group. The Committee identifies the Group's risks, designs countermeasures for these risks, and confirms the progress of responding to these risks.
 - (c) The Quality Assurance Committee is in charge of the role of promoting quality assurance activities of the entire Group. The Committee identifies issues pertaining to the Group in terms of quality assurance, designs countermeasures for these issues, and confirms the progress of responding to these quality assurance issues.
 - (d) The Sustainability Committee is in charge of the role of promoting sustainability management of the entire Group, and formulates and promotes sustainability strategies within the Group that contribute to sustainable development of society and business.

- (4) System for Ensuring the Efficiency of Execution of Duties by Officers and Employees of the Group
 - (a) The Board of Directors determines the basic policies on management of the Group.

- (b) The Board of Directors shall determine Company-wide goals shared by the officers and employees of the Group, and officers in charge shall specify efficient methods for achieving such goals, such as specific targets and appropriate allocation of authority aimed at achieving the Company-wide goals.
 - (c) Officers in charge shall confirm progress made in achieving goals and report the specific measures to achieve the goals at Board of Directors meetings.
 - (d) The Group shall allot the execution of business operations appropriately and strive to make decisions efficiently under the Responsibility and Authority Rules.
- (5) System for Reporting to the Company Matters Related to the Execution of Duties by Officers and Employees of the Company's Subsidiaries
- (a) The Board of Directors requires regular reports regarding the status of the Company's subsidiaries' business execution.
 - (b) Officers require reports regarding the status of the business execution of the Company's subsidiaries of which they are in charge, as needed.
 - (c) In order to promote the Group's management strategy, risk management and management based on compliance, the Company shall design and operate a system that requires consultations with and reports to the Company's relevant departments or approval from the Board of Directors for certain matters concerning management of the Company's subsidiaries.
 - (d) The internal audit division performs internal audits of the Company's subsidiaries, and reports the results to the Company's Representative Directors, officers in charge and Audit and Supervisory Committee as necessary.
- (6) System for Ensuring a Proper Relationship Between the Company and its Parent Company
- (a) The Company shall promote unified group management as a member of the Suntory Group and utilize the brands, human capital, intellectual property and other group business resources while maintaining independence of management, which is necessary as a listed company, making its own decisions regarding major business resources that act as the source of the Company's corporate value, holding and securing such business resources, and working for the Company's sustainable growth while placing due consideration on shareholder conflict of interest.
 - (b) The Company shall establish the Special Committee and make decisions at meetings of the Board of Directors regarding significant transactions, activities, etc. carried out with the Suntory Group after deliberations and reports from the Special Committee, and design and operate a system in order to ensure fairness, transparency and objectivity regarding transactions, activities, etc. with the Suntory Group.
- (7) Matters Regarding Officers and Employees Who Assist in the Duties of the Audit and Supervisory Committee of the Company, Matters Regarding the Independence of Such Officers and Employees from Other Directors (Excluding

Directors Serving on the Audit and Supervisory Committee), and Matters Related to Ensuring the Effectiveness of Instructions Given by the Audit and Supervisory Committee to Such Officers and Employees

- (a) The internal audit division shall assist with the Audit and Supervisory Committee's duties. Matters such as those involving transfer and evaluation of internal audit division officers and employees shall be performed in a manner respectful of views provided by the Audit and Supervisory Committee, and in a manner that ensures independence from the Directors (excluding Directors serving on the Audit and Supervisory Committee).
 - (b) In assisting with the duties of the Audit and Supervisory Committee, officers and employees of the internal audit division shall comply with the instructions and orders from the Audit and Supervisory Committee exclusively.
- (8) System for Reporting to the Audit and Supervisory Committee of the Company by Officers and Employees of the Group or Other Persons Who Receive Reports from Such Officers and Employees and Other Systems for Reporting to the Audit and Supervisory Committee
- (a) The Audit and Supervisory Committee shall investigate the status of company business operations and property for audits, and the officers and employees of the Group shall respond promptly and accurately if required by the Audit and Supervisory Committee.
 - (b) Upon discovery of any incident that could cause the Group substantial damage, such as acts in violation of laws and regulations, the officers and employees of the Group shall immediately report the matter to the Audit and Supervisory Committee.
 - (c) The internal audit division shall regularly report internal audit results and the status of other activities in the Group to the Audit and Supervisory Committee.
 - (d) The division in charge of compliance shall regularly report the status of whistleblowing in the Group to the Audit and Supervisory Committee.
- (9) System to Ensure That a Person Who Has Reported to the Company's Audit and Supervisory Committee Are Not Treated Adversely Based on the Fact Such a Report Has Been Made by the Person

Officers and employees of the Group may report directly to the Audit and Supervisory Committee, and the Company shall design and operate a system in which officers and employees of the Group are not treated adversely based on the fact such a report has been made.

- (10) Policies Regarding Procedures for Advance Payment or Reimbursement of Expenses Arising in Conjunction with the Execution of Duties by Audit and Supervisory Committee Members of the Company (Limited to Those Expenses Incurred in Relation to Execution of Audit and Supervisory Committee Duties) and Other Policies for Processing Expenses and Obligations Arising with Respect

to Execution of Such Duties, and Other Systems for Ensuring That the Audit and Supervisory Committee Effectively Performs Audits

- (a) If the Audit and Supervisory Committee, in conjunction with the execution of its duties, asks the Company for advance payment, etc. of expenses under Article 399-2, paragraph (4) of the Companies Act of Japan, the Company shall promptly process such expenses or obligations, unless they are not necessary for the Audit and Supervisory Committee Members to execute their duties.
- (b) If the Audit and Supervisory Committee requests independent use of an external expert for the purpose of executing duties of the Audit and Supervisory Committee Members, the Company shall then bear those expenses, unless they are not necessary for the Audit and Supervisory Committee Members to execute their duties.
- (c) The Audit and Supervisory Committee makes efforts to carry out effective audits by communicating, collaborating and exchanging opinions and information with the Company's officers, the internal audit division and the Accounting Auditor, and officers and internal audit divisions of the Company's subsidiaries.

In the fiscal year under review, the major operational status of the above-mentioned systems for ensuring the appropriateness of the business is as follows.

(1) Status of Initiatives Related to Improving Efficiency in Execution of Businesses

- The Company has, through a resolution of the Board of Directors, delegated the execution of certain important duties to Directors in order to enable efficient decision making.
- The Board of Directors held 13 board meetings and actively discussed not only various management issues, including the management policy, capital investment, corporate governance and sustainability, but also core-business related key issues and the execution of business.
- At their meetings, the Board of Directors was provided with reports on the Group's monthly business performance, and accordingly verified and discussed matters such as progress made in achieving the Group's business objectives, its management challenges, along with measures in that regard.

(2) Operational Status of the Risk Management System

- The Risk Management Committee regularly held meetings where they identified and assessed risks in a wide range of themes, from medium- to long-term themes to themes related to recent changes in the external environment that are facing the Group, formulated measures for addressing such risks, and checked on progress made with respect to taking action in that regard.
- The Quality Assurance Committee regularly held meetings where they identified quality risks pertaining to the Group, promoted the prevention of quality issues and their recurrence, and also monitored activities for reducing quality risks and the results of those activities.
- The Sustainability Committee regularly held meetings where they checked activity plans and progress on sustainability themes, including those surrounding water, greenhouse gases, and plastics. The Sustainability Committee also discussed opportunities and risks relating to sustainability in a way that is consistent with TCFD recommendations, and the Company accordingly disclosed details of its considerations.
- The details of the activities of the Risk Management Committee, the Quality Assurance Committee and the Sustainability Committee have been reported at the Board of Directors meetings.
- To ensure information security, the Group has been developing various sets of internal rules governing the proper preservation and management of

information. In addition to carrying out discussions on countermeasures at the Risk Management Committee, the Group has also been implementing measures at each Group company, including holding information management education and awareness activities, as well as taking steps geared toward discouraging unsuitable means of information management and preventing leakages of confidential information.

(3) Status of Initiatives Related to Compliance

- The Group implemented training programs, etc. with the aim of encouraging observance of the Code of Business Ethics of the Suntory Group.
- With the goal of proactive prevention and early discovery of infringements of laws and regulations and dishonest practices, channels for whistleblowing are provided by way of the division in charge of compliance, external channels such as law firms and providers of services to receive whistleblower disclosures, and the Audit and Supervisory Committee. The Group employees in both Japan and overseas have been made aware of the existence of these channels through their publication on the Group's intranet.
- In response to reports and requests for advice, the divisions in charge of channels for whistleblowing have taken responsibility for investigating the situation and, if necessary, taking corrective action and drawing up measures to prevent a recurrence.
- Centering on the Risk Management Committee, the Group verified and discussed compliance issues facing the Group, including anti-bribery and corruption initiatives, and countermeasures for dealing with them.
- In Japan, an attitude survey was conducted among employees with the aims of checking whether compliance management is being instilled among them, and of further nurturing a wholesome workplace culture. The results of the attitude survey have been reported to the Board of Directors.

(4) Operational Status of the Audit and Supervisory Committee

- The Audit and Supervisory Committee deliberates on the matters to be discussed at the Board of Directors meetings beforehand and if the Committee deems it is necessary to express an opinion as the Audit and Supervisory Committee at the Board of Directors meeting, the Committee expresses such opinion. Moreover, if an individual Audit and Supervisory Committee Member deems it necessary to express an opinion at the Board of Directors meeting from their respective specialist insight, such individual expresses such opinion.

- The Audit and Supervisory Committee, led by the full-time Audit and Supervisory Committee Member, conducted audits in cooperation with the internal audit division. Pursuant to the audit plan, the Audit and Supervisory Committee carried out audits on the effectiveness of on-site governance structures, risk management, and the internal control systems, from the position of understanding of activities on site, and provided opinions based on the audit results directly to the Representative Director, President & Chief Executive Officer, each of the officers in charge, and management teams of each region, thereby contributing to improving management quality.
- The Group Audit Committee, whose membership consists of Audit and Supervisory Committee Members and personnel such as officers in charge of the corporate strategy division, was held regularly. The Committee received reports on the status of improvement of matters on which the Audit and Supervisory Committee provided opinions from the management team of each region, thereby contributing to improving management quality.
- The full-time Audit and Supervisory Committee Member has been attending important meetings such as the Risk Management Committee and other such bodies, through which he/she has been able to understand the details of business execution by Directors, Executive Officers and others, in addition to which he/she has shared, in a timely and appropriate manner, the process and content of decision making with other Audit and Supervisory Committee Members.

(5) Operational Status of Internal Audits

- Each of the internal audit divisions of the Company and the Group companies has conducted audits of their own company on the basis of the annual audit plan.
- The internal audit division of the Company provides regular reports on the action plan and its progress to the Board of Directors, and strengthens cooperation with the Board of Directors by providing reports directly to the Directors on the results of the internal audit.

(6) Transactions Between the Parent Company, etc.

- The Company has established the permanent Special Committee as a system to safeguard the interests of general shareholders.
- To ensure fairness, transparency and objectivity regarding transactions, activities, etc. with the Suntory Group, the Special Committee verifies the necessity and reasonableness, the appropriateness of the terms and

conditions, etc., and the fairness of transactions equal to or exceeding a certain amount with the Suntory Group, including Suntory Holdings Limited, and transactions, activities, etc. related to the business resources forming the source of Company's corporate value, such as brands, human resources, key assets and information (hereinafter collectively referred to as "Important Transactions, Activities, etc."), and reports to the Board of Directors.

- The members of the Special Committee must be persons who have independence from the Suntory Group to ensure the committee's independence and objectivity, and currently it is composed of three Independent Outside Directors.
- Transactions, activities, etc. with the Suntory Group are, in accordance with internal regulations, examined beforehand by the departments conducting the transactions, activities, etc. and by the Company's legal affairs division and finance & accounting division to confirm the necessity and reasonableness of transactions, activities, etc., the appropriateness of their terms and conditions, etc., and the fairness, taking into consideration the perspective of independence from Suntory Holdings Limited. Furthermore, the Board of Directors makes a decision on Important Transactions, Activities, etc. after sufficient deliberation has been made on the necessity and reasonableness of the Important Transactions, Activities, etc., the appropriateness of their terms and conditions, etc., and the fairness through the process of the prior deliberation and report by the Special Committee.
- In addition to deliberation beforehand, in accordance with internal regulations, the legal affairs division, finance & accounting division, and internal audit division conduct a check on details of the transactions, activities, etc. and the Audit and Supervisory Committee conducts an audit after they are conducted, for the purpose of confirming whether those were based on the contents of the deliberation. For Important Transactions, Activities, etc., the status is reported to the Special Committee and the Board of Directors, and they confirm the results of the transactions, activities, etc.
- In 2023, the Special Committee held two meetings to deliberate Important Transactions, Activities, etc., including the payment of brand royalties, the delegation of functional duties, and the expansion of the RTD business, as a result of which it was able to confirm the necessity and reasonableness, the appropriateness of the terms and conditions, etc., and the fairness of the Important Transactions, Activities, etc., and submitted reports to the Board of Directors. The Board of Directors has also approved the said Important Transactions, Activities, etc. based on the report by the Special Committee.

Consolidated Financial Statements (IFRSs)

Consolidated Statement of Changes in Equity

(For the year ended December 31, 2023)

(Unit: Millions of yen)

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2023	168,384	182,229	594,773	(0)	19,834	965,220	94,883	1,060,104
Profit for the year			82,743			82,743	21,736	104,480
Other comprehensive income					64,434	64,434	5,932	70,366
Total comprehensive income for the year	–	–	82,743	–	64,434	147,178	27,669	174,847
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(25,028)			(25,028)	(25,027)	(50,056)
Transactions with non-controlling interests						–	132	132
Reclassification to retained earnings			218		(218)	–		–
Total transactions with owners of the Company	–	–	(24,810)	(0)	(218)	(25,029)	(24,895)	(49,924)
Balance at December 31, 2023	168,384	182,229	652,706	(0)	84,050	1,087,370	97,656	1,185,027

Note: All amounts have been rounded down to the nearest million yen.

Notes to Consolidated Financial Statements

BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparing consolidated financial statements
Suntory Beverage & Food Limited and its consolidated subsidiaries (the “Group”) prepared its consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter “IFRSs”), pursuant to the provisions of Article 120, paragraph (1) of the Regulations on Corporate Accounting. Disclosure requirements under IFRSs are partially omitted pursuant to the provisions of second sentence of the said paragraph.
2. Scope of consolidation
The number of subsidiaries was 68. The major subsidiaries are Suntory Foods Limited, Suntory Beverage Solution Limited, Japan Beverage Holdings Inc., Suntory Products Limited, Suntory Beverage & Food Asia Pte. Ltd., Suntory Beverage & Food International (Thailand) Co., Ltd., FRUCOR SUNTORY NEW ZEALAND LIMITED, Orangina Schweppes Holding B.V., Lucozade Ribena Suntory Limited and Pepsi Bottling Ventures LLC.
3. Application of equity method
The number of associates and joint ventures accounted for using the equity method was 9.
4. Accounting policies
 - (1) Basis of consolidation
The Group’s consolidated financial statements with the fiscal closing date at December 31 are composed of accounts of Suntory Beverage & Food Limited (the “Company”) and its subsidiaries together with the Group’s interest in associates and joint ventures.
A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group’s subsidiaries are included in the scope of consolidation, which begins when it obtains control over a subsidiary and ceases when it loses control of the subsidiary. Disposal of the Group’s ownership interests in a subsidiary that does not result in the Group losing control over the subsidiaries is accounted for as an equity transaction. Any difference between the amount of an adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributed to owners of the Company. Non-controlling interests of the subsidiaries are identified separately from ownership interests attributable to the Group. Comprehensive income of subsidiaries is attributed to owners of the Company and non-controlling interests, even when comprehensive income attributed to non-controlling interests results in a negative balance.
An associate is an entity over which the Group has significant influence on the financial and operating policy of the entity, but does not have control or joint control. Investments in an associate are initially recognized at cost upon the acquisition and are subsequently accounted for using the equity method. Investments in an associate include goodwill recognized upon the acquisition, net of accumulated impairment losses.
A joint venture is an entity jointly controlled by two or more parties including the Group under the contractually agreed sharing of control of an arrangement over economic activities of the joint venture, which exists only when decisions for strategic financial and operating decisions related to relevant activities require unanimous consent of the parties sharing control. A joint venture of the Group is accounted for using the equity method.
 - (2) Business combination
A business combination is accounted for using the acquisition method. The acquisition cost is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities assumed and the equity financial instruments issued by the Company in exchange for control of the acquiree. Excess of the acquisition cost over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill in the consolidated statement of financial position. Conversely, any excess of the Group’s share of the net fair value of the identifiable assets and liabilities of the investee over the acquisition cost is immediately recognized as income in the consolidated statement of profit or loss. The Group accounts for the acquisition of additional non-controlling interests as an equity transaction, and accordingly, it does not recognize goodwill attributable to such transactions.
Identifiable assets acquired and the liabilities assumed are recognized at their fair value as at the acquisition date, except for the following:
 - Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements;
 - Assets or disposal groups that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.Transaction costs that are directly attributable to a business combination, such as agent, legal, and due diligence fees are expensed as incurred.
 - (3) Foreign currencies
Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). In preparing the financial statements of each entity, a transaction denominated in a currency other than the entity’s functional currency is translated into its functional currency using the exchange rate that approximates the exchange rate prevailing at the date of the transaction. The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. Amounts presented in the consolidated financial statements are rounded down to the nearest million yen.
Assets and liabilities of the Group’s foreign operations are translated into Japanese yen using exchange rates prevailing at the reporting date. In principle, income and expense items of the Group’s foreign operations are translated into Japanese yen at the average exchange rates for the reporting period. Any exchange difference arising from translation of the financial statements of the Group’s foreign operations is recognized in other comprehensive income. Any exchange

difference arising from translation of the Group's foreign operation disposed is recognized in profit or loss for the reporting period in which that foreign operation is disposed of.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at the reporting date. Any exchange difference arising from translation or settlement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. However, exchange differences arising from translation or settlement of equity instruments measured at fair value through other comprehensive income ("FVTOCI") and cash flow hedges are recognized in other comprehensive income.

(4) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

The Group initially recognizes trade and other receivables on the day when they are incurred, and it initially recognizes other financial assets at the transaction date when the Group becomes a party to the contract for the financial assets. Financial assets are classified into the following specific categories; financial assets measured at fair value through profit or loss ("FVTPL") or FVTOCI and financial assets measured at amortized cost. The classification is determined at the time of initial recognition.

All financial assets are measured at fair value, however, the financial assets that are not classified as measured at FVTPL are measured at the sum of the fair value and transaction costs. Financial assets are classified as measured at amortized cost if both of the following conditions are met.

- The financial assets are held within a business model whose objective is to hold the asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

For financial assets measured at fair value other than equity instruments held for trading that should be measured at FVTPL, each equity instrument is designated as measured at FVTPL or FVTOCI. Such designation is continuously applied. There is no debt instrument measured at FVTOCI.

(ii) Subsequent measurement

Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, using the effective interest method. Financial assets measured at fair value are remeasured at fair value. Any gain or loss on financial assets measured at fair value is recognized in profit or loss. However, changes in the fair value of equity instruments designated as measured at FVTOCI are recognized in other comprehensive income and the changes are reclassified to retained earnings when equity instruments are derecognized and when there is a significant decline in their fair value. Dividends from such financial assets are recognized as part of finance income in profit or loss for the year.

(iii) Impairment

For impairment of financial assets measured at amortized cost, the Group recognizes a loss allowance against expected credit losses on such financial assets. At each reporting date, financial assets are assessed whether there has been a significant increase in credit risk of the financial asset since initial recognition.

If the credit risk on financial assets has not increased significantly since initial recognition, a loss allowance is measured at an amount equal to 12-months of expected credit losses. In contrast, if the credit risk on financial assets has increased significantly since initial recognition, a loss allowance is measured at an amount equal to the lifetime expected credit losses. However, a loss allowance for trade and other receivables is always measured at an amount equal to the lifetime expected credit losses. Expected credit losses on financial assets are assessed based on objective evidence which reflects changes in credit information, and past due information of receivables. An impairment loss is recognized in profit or loss. If any event resulting in a decrease of impairment losses occurs after the recognition of impairment losses, impairment gains are recognized through profit or loss.

(iv) Derecognition

The Group derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when it substantially transfers all the risks and rewards of ownership of the assets to another party. In cases where the Group neither transfers nor retains substantially all the risks and rewards of ownership but continues to control the transferred assets, the Group continues to recognize the financial assets to the extent of its continuing involvement in the financial assets.

2) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified into either subsequently measured at FVTPL or at amortized cost. The classifications are determined at the time of initial recognition. All of the financial liabilities are initially measured at fair value and any directly attributable transaction costs are further deducted from the fair value of financial liabilities measured at amortized cost. There are no financial liabilities measured at FVTPL, except for derivative liabilities.

(ii) Subsequent measurement

Financial liabilities measured at FVTPL include those held for trading purposes and those designated as measured at FVTPL upon initial recognition. Such financial liabilities measured at FVTPL are subsequently measured at fair value, with changes recognized in profit or loss for the reporting period. Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. A gain or loss on financial liabilities no longer amortized using the effective interest method and derecognized is recognized as part of finance costs in profit or loss for the reporting period.

(iii) Derecognition

Financial liabilities are derecognized when they are extinguished, i.e., when the obligations specified in the contract are discharged, cancelled or expired.

3) Presentation of financial assets and liabilities
Financial assets and liabilities are presented in their net amount in the consolidated statement of financial position only when the Group has a legally enforceable right to offset the financial asset and liability balances and it intends either to settle on a net basis or to realize financial assets and settle financial liabilities simultaneously.

4) Derivatives and hedge accounting
The Group utilizes derivatives, such as forward exchange contracts and interest rate swap contracts, to hedge foreign exchange and interest rate risks, respectively. Derivatives are initially measured at fair value upon execution of a contract and are subsequently remeasured at fair value.
At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it applies hedge accounting and its risk management objective and strategy for undertaking the hedge. That documentation includes identification of a specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will test the effectiveness of changes in fair value of the hedging instrument in offsetting the exposure to fair value or cash flow changes of the hedged item attributable to the hedged risks. These hedges are presumed to be very effective in offsetting fair value or cash flow changes. Further, continuing assessments are made as to whether the hedges are very effective over all the reporting periods of such designation.
If the hedging relationship no longer meets the hedge effectiveness requirements in terms of hedge ratios due to a change in an economic relationship between the hedged item and the hedging instrument, despite that the risk management objective remains unchanged, the hedge ratio is adjusted to meet the hedge effectiveness requirements again. If the hedging relationship no longer meets the hedge effectiveness requirement in spite of the hedge ratio adjustment, hedge accounting is discontinued for the portion of the hedge relationship that no longer meets the requirement.

The hedges that meet the hedge accounting criteria are classified and are accounted for under IFRS 9 as follows.

(i) Fair value hedges

Changes in the fair value of the hedging instrument are recognized in profit or loss. However, changes in fair value of a hedged item that is an equity instrument designated as measured at FVTOCI are recognized in other comprehensive income. For changes in fair value of the hedged item attributable to the risk being hedged, such changes are adjusted with the carrying amount of the hedged item and are recognized in profit or loss. However, changes in fair value of an equity instrument with an election to present such changes in other comprehensive income are recognized in other comprehensive income.

(ii) Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The portion of the gain or loss on the hedging instrument that is hedge ineffective is immediately recognized in profit or loss. The amount of the hedging instrument recognized in other comprehensive income is reclassified to profit or loss at the point a hedged future transaction affects profit or loss. If the hedged item gives rise to the recognition of a non-financial asset or liability, the amount recognized in other comprehensive income is removed to adjust the original carrying amount of the non-financial asset or liability.
If hedged future cash flows are no longer expected to arise, the cumulative gains and losses previously recognized in equity through other comprehensive income are reclassified to profit or loss. If hedged future cash flows are still expected to arise, the cumulative gains and losses previously recognized in equity through other comprehensive income remain in equity until such future cash flows arise.

(5) Inventories

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale. The cost of inventories is principally determined using a weighted-average basis, comprising all costs of purchase and conversion and other costs incurred in bringing the inventories to their present location and condition.

(6) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment comprises any costs directly attributable to the acquisition of the item, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs that should be capitalized. Depreciation on an item of property, plant and equipment, other than land and construction in progress, are recognized on a straight-line basis over its estimated useful life. The ranges of estimated useful lives by major asset items are as follows:

- Buildings and structures: 3–50 years
- Machinery and vehicles: 2–25 years
- Tools, fixtures and equipment: 2–20 years

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date. Any change is treated as a change in accounting estimate and is accounted for prospectively.

(7) Intangible assets

Intangible assets are measured at cost at initial recognition. Upon initial recognition, intangible assets, exclusive of intangible assets with indefinite useful lives, are amortized on a straight-line basis over its estimated useful life, and is stated at its carrying amount, i.e., at cost less accumulated amortization and any accumulated impairment losses.

The estimated useful lives of principal intangible assets with definite useful lives are as follows:

- Trademarks: 5–20 years
- Computer software: 2–10 years

The estimated useful lives, residual values and amortization methods are reviewed at the end of each reporting period. Any change is treated as a change in accounting estimates and is accounted for prospectively. Intangible assets with

indefinite useful lives are not amortized, but are tested for impairment each reporting period, or whenever there is any indication of impairment.

Goodwill is measured as at the acquisition date as the excess of the aggregate of the consideration transferred, the value of any non-controlling interests and the fair value of any previously held equity interest in the subsidiary acquired over the fair value of the identifiable net assets (net of identifiable assets acquired and the liabilities assumed) acquired. Goodwill is not amortized, but is tested for impairment each reporting period, or whenever there is any indication of impairment.

(8) Leases

At the commencement date of a lease, the right-of-use assets are measured at cost and the lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. If ownership of the underlying asset is transferred to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of a purchase option, the right-of-use assets are depreciated on a straight-line basis over their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis over either shorter of their useful lives or the lease terms. Lease payments are allocated to finance costs and the repayment of the lease liabilities, using the effective interest rate method, and finance costs are recognized in the consolidated statement of profit or loss.

The lease term is determined after adjustment for periods covered by an extension option that the Group is reasonably certain to exercise and a termination option that the Group is reasonably certain not to exercise in the non-cancellable period under the lease contract. In the measurement of the present value, the interest rate implicit in the lease or the incremental borrowing rate is used.

For short-term leases for which the lease term ends within 12 months and leases in which the underlying asset is of low value, total lease payments are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

(9) Impairment of non-financial assets

The carrying amount of a non-financial asset of the Group, exclusive of inventories and deferred tax assets, is assessed at each reporting date to test whether there is any indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Further, the recoverable amount is estimated annually at the same time every year for goodwill and intangible assets with indefinite useful lives and intangible assets that are not yet available for use.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In determining the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the asset. Non-financial assets not tested for impairment on an individual basis are grouped into the smallest cash-generating unit that generates cash inflows from the continuing use of the asset, which are largely independent of those from other assets or asset groups. In performing impairment testing on goodwill, an entity groups cash-generating units to which goodwill is allocated to enable performing impairment testing in a manner that reflects the smallest unit to which it relates. Goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Corporate assets of the Group do not generate independent cash inflows. If there is any indication that a corporate asset may be impaired, the recoverable amount of the cash-generating unit to which the corporate asset belongs is determined.

Impairment loss is recognized in profit or loss when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. An impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then, to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment losses recognized for goodwill are not reversed subsequently. Impairment losses recognized for other assets are assessed at each reporting date whether there is any indication that they may no longer exist or may have decreased. If there is a change in the estimates used to determine the recoverable amount of an asset, an entity reviews the recoverable amount of the asset and reverses an impairment loss for the asset. An impairment loss is reversed to the extent of the carrying amount that would have been determined, net of any amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

(10) Post-employment benefit plans

The Company and certain subsidiaries established post-employment benefit plans for its employees: defined benefit and defined contribution plans. The present value of defined benefit obligations, related current service cost and, where applicable, past service cost are determined using the projected unit credit method. The discount rate is determined by reference to market yields at each reporting date on high quality corporate bonds corresponding to a discount period that is defined based on the period to the date of expected future benefit payment. Net defined benefit liability (asset) is determined as the present value of defined benefit obligation less the fair value of plan assets (including adjustments for the asset ceiling for defined benefit plans and minimum funding requirements, if necessary). Remeasurement of post-employment benefit plans is recognized collectively in other comprehensive income for the period in which they are incurred. The past service cost is accounted for as profit or loss for the period in which it is incurred. Expenses related to defined contribution retirement benefits are recognized when related services are rendered.

(11) Provisions

Provisions are recognized only when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of estimated future cash outflows discounted using a pre-tax rate (or rates) that reflect(s) current market assessments of the time value

of money and the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as finance costs.

(12) Revenue

The Group is engaged in the sale of soft drinks and foods. As customers usually obtain control of the goods and the Group's performance obligation is satisfied at the time when the goods are delivered to wholesalers etc. who are customers, the Group recognizes revenue at the time of delivery of goods. Revenue is measured at the amount of consideration promised under the contracts with customers after deduction of trade discounts, rebates, taxes collected on behalf of third parties such as consumption taxes or value added tax, sales incentives, and returned goods. Interest income and expense is recognized by using the effective interest method.

(13) Government grant

The Group measures and recognizes grant revenue at its fair value when there is reasonable assurance that an entity will comply with the conditions attached to them and will receive the grants. The grants received to compensate costs incurred are recognized as revenue in the period in which such costs are incurred. The grants related to the acquisition of an asset are deducted from the carrying amount of the asset.

(14) Corporate income tax

Corporate income tax is comprised of current and deferred tax. Current and deferred tax are recognized through profit and loss, except for those that arise from a business combination or are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities. The amount of current tax is determined based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in each tax jurisdiction where the Group owns the business activities and earns taxable profit (or loss).

Deferred tax is recognized for the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their value for tax purposes as at the reporting date as well as the carryforward of unused tax losses and unused tax credits. Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising on initial recognition of an asset or liability arising in a transaction other than business combinations and transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, and affects neither accounting profit nor taxable profit;
- Deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangement, to the extent it is probable that the temporary difference will not reverse in the foreseeable future; and
- Taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangement, to the extent the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax liability is principally recognized for all taxable temporary differences and a deferred tax asset is recognized for all deductible temporary differences to the extent it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed each period and is reduced to the extent it is probable that the sufficient taxable profit will not be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are also reviewed each period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that are expected to be applied in the period when the asset is realized or liability is settled, based on statutory tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are netted when the entity has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax balances relate to the same taxation authority.

An asset or liability is recognized for uncertain tax positions at the estimated amount expected to arise from the uncertain tax position if it is probable that the position will result in a payment (or redemption) of taxes.

(15) Earnings per share

Basic earnings per share is calculated by the profit or loss for the year attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares issued.

(16) Assets held for sale

The Group classifies an asset or asset group that will be recovered principally through a sales transaction rather than through continuing use as assets held for sale, only when its sale must be highly probable within one year, the asset or asset group is available for immediate sale in its present condition and the appropriate level of management of the Group is committed to a plan to sell the asset or asset group. The assets held for sale are not depreciated or amortized, and are measured at the lower of its carrying amount and the fair value less costs to sell.

CHANGES IN ACCOUNTING POLICIES

Application of IAS 12 "Income Taxes" (Revised)

In accordance with IAS 12 (Revised), since the fiscal year under review, the Group has adopted a temporary exception to the recognition and information disclosure requirements about deferred tax assets and liabilities related to the International Tax Reform - Pillar Two Model Rules.

The application of IAS 12 (Revised) has no significant impact on the Group's consolidated financial statements.

SIGNIFICANT ACCOUNTING ESTIMATES

Valuation of goodwill and intangible assets with indefinite useful lives

- (1) Amounts recorded in the consolidated financial statements at the end of the fiscal year under review

Goodwill	¥278,231 million
Intangible assets with indefinite useful lives	¥437,629 million

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

The Company estimates recoverable amounts for impairment testing on goodwill and intangible assets with indefinite useful lives. For details, please refer to "BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS, 4. Accounting policies, (9) Impairment of non-financial assets."

The Company calculates these recoverable amounts utilizing the discounted present value of estimated future cash flows based on the business plan and the long-term growth rate for the periods beyond the term of the business plan. The business plan used for impairment testing is formulated based on not only the growth rate of the beverage market and impact from soaring raw material and energy prices, but also estimates of the effects of the respective sales and promotion strategies for each brand, and for each sales channel, such as off-premises and on-premises channels. Moreover, the growth rate is determined by taking into consideration the long-term average growth rate in the markets or countries to which these cash-generating units and groups of cash-generating units belong. If they differ from the actual results, it may impact the business performance and other indicators.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Provisions netted off against assets

Trade and other receivables	¥917 million
Other financial assets	¥50 million

2. Accumulated depreciation of property, plant and equipment (including accumulated impairment losses) ¥582,148 million

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Total number of issued shares as at December 31, 2023: Ordinary shares 309,000,000 shares

2. Cash dividends from surplus paid during the fiscal year under review

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
At Ordinary General Meeting of Shareholders held on March 24, 2023	Ordinary shares	¥12,668 million	¥41.00	December 31, 2022	March 27, 2023
At Meeting of the Board of Directors held on August 9, 2023	Ordinary shares	¥12,359 million	¥40.00	June 30, 2023	September 6, 2023

3. Approval of dividend payment for which the record date is in the fiscal year under review, and the effective date is in the following fiscal year

Resolution [Proposed]	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Scheduled to be resolved at Ordinary General Meeting of Shareholders held on March 27, 2024	Ordinary shares	¥12,359 million	¥40.00	December 31, 2023	March 28, 2024

ASSETS HELD FOR SALE

The breakdown of assets held for sale and liabilities directly associated with assets held for sale is as follows:

	Amount
	Millions of yen
Assets held for sale	
Cash and cash equivalents	1,301
Trade and other receivables	1,842
Inventories	670
Property, plant and equipment	5,235
Right-of-use assets	446
Intangible assets	130
Investments accounted for using the equity method	1,398
Others	396
Total	11,421
Liabilities directly associated with assets held for sale	
Trade and other payables	3,183
Other current liabilities	850
Post-employment benefit liabilities	481
Others	556
Total	5,073

The assets and liabilities classified as held for sale at the end of the fiscal year under review mainly refers to the signing of share purchase agreements to transfer shares of subsidiaries and associates which operate non-alcoholic beverages in Indonesia for the Asia Pacific business.

The sales of the shares of subsidiaries and associates are expected to take place during the first half of the fiscal year ending December 31, 2024.

The accumulated other comprehensive income related to "assets held for sale" amounted to 1,055 million yen (Debit) and was included in "other components of equity" in the consolidated statement of financial position for the year ended December 31, 2023.

FINANCIAL INSTRUMENTS

1. Conditions of financial instruments

The Group is exposed to financial risks, e.g., credit risk, liquidity risk, foreign exchange risk, interest rate risk and market price fluctuation risk in the course of its business activities. The Group performs risk management to mitigate such financial risks.

The Group utilizes derivative transactions to avoid foreign exchange or interest rate risks and has a policy in place not to engage in speculative transactions. The finance department monitors performance and balances of derivative transactions based on the Group's risk management policies and reports derivative transaction records as necessary to the head of the finance function.

(1) Credit risk management

Credit risk is the risk that the counterparty to financial assets held by the Group will default on a contractual obligation, resulting in a financial loss to the Group. In addition, the Group is also exposed to credit risk of financial institutions that are counterparties to derivative transactions to hedge foreign exchange risk and interest rate risk of the Group, and deposit of excess funds. However, the impact on credit risks is immaterial because the Group conducts transactions only with highly credible financial institutions.

The Group sets credit limits for each business counterparty based on internal guidelines for credit management by business and country or region, while managing overdue debtors and outstanding balances. The Group's receivables are from many customers spanning a wide range of countries and regions. The Group does not have any excessively concentrated credit risk for a single counterparty or the group to which such counterparty belongs.

(2) Liquidity risk management

Liquidity risk is the risk that the Group will be unable to make a repayment on the due date in meeting the obligation to repay financial liabilities that become due.

The Group diversifies the means of financing to prevent or mitigate its liquidity risks, considering the market environment and balancing short-term and long-term financing, such as utilizing indirect financing through bank borrowings and direct financing through issuance of bonds and commercial papers. Temporary excess funds are invested in highly secure financial assets, such as short-term deposits.

The Group develops its financing plans based on its annual business plan and manages its liquidity risks by continuously monitoring the actual performance of financing against the plan. In addition, the Group has secured credit lines available at any time from financial institutions, and periodically reports the status of liquidity in hand and interest-bearing liabilities including these credit lines to the Company's President and Board of Directors.

(3) Foreign exchange risk management

The Group operates business activities globally and is exposed to foreign exchange risks due to fluctuations in market rates associated with purchase of raw materials, packaging materials and others, trading such as import and export of merchandise, finance and investments contracted in foreign currencies in the course of business activities.

The Group avoids or mitigates risks due to foreign exchange fluctuations on cash flows in non-functional currencies using forward exchange contracts, currency options and other means, after taking into account offset of foreign currency assets and liabilities and unrecognized firm commitments, and future forecast transactions that can be predicted reasonably. Therefore, the exposure to foreign exchange risk is insignificant, and the impact on the Group is limited.

(4) Interest rate risk management

The Group finances its operating and investing activities through bonds payable and borrowings. Floating-rate borrowings are exposed to risks of changes in future cash flows, while fixed-rate borrowings are exposed to risks of changes in their fair values. To mitigate future interest rate risk, fix interest expenses and reduce changes in fair value, the Group positions interest rate swaps, interest-rate currency swaps and interest rate options (interest-rate caps and swaptions) as hedging instruments.

As a result, the Group's exposure to interest rate risk is limited and the impact of interest rate risk on profit before tax in the consolidated statement of profit or loss is insignificant.

(5) Market price fluctuation risk management

The Group is exposed to risks of changes in market prices arising on equity financial instruments (shares), and the Group manages such risks by periodically monitoring market quotes and financial conditions of issuers (business counterparties).

The impact of market price fluctuation risks on the consolidated financial statements as at the end of the fiscal year under review is immaterial.

2. Fair values of financial instruments

(1) Carrying amount and fair value

Carrying amounts and fair values of financial instruments as at the end of the fiscal year under review are as follows. Financial instruments of which the carrying amount reasonably approximates the fair value and insignificant financial instruments are not included in the table below.

(Unit: Millions of yen)

	Carrying amounts	Fair value
Bonds	34,983	35,050
Borrowings	39,447	39,589

(2) Fair value measurement methods

1) Major financial instruments measured at amortized cost

The fair value measurement methods for major financial instruments measured at amortized cost are as follows.

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables
The carrying amounts approximate their fair value due to their short-term maturity.
- (ii) Bonds and borrowings
Fair values of bonds and borrowings are classified according to certain periods of time and determined based on present value of debts discounted using interest rate that reflects the period up to the maturity and the credit risk.

Carrying amounts and the fair value hierarchy of major financial instruments measured at amortized cost are as follows.

(Unit: Millions of yen)

	Carrying amounts	Level 1	Level 2	Level 3	Total
Liabilities:					
Financial liabilities measured at amortized cost					
Bonds	34,983	–	35,050	–	35,050
Borrowings	39,447	–	39,589	–	39,589

2) Major financial instruments measured at fair value

The fair value measurement methods for major financial instruments measured at fair value are as follows.

- (i) Derivative assets and liabilities
The fair values of derivative financial instruments – e.g., forward exchange contracts, currency options, interest rate swaps, interest-rate currency swaps, interest rate options – are determined based on the prices presented by financial institutions that are our business counterparties. Specifically, for example, the fair value of a forward exchange contract is measured at fair value based on quoted prices of forward foreign exchange markets, etc. The fair value of an interest rate swap is determined based on present value of future cash flows discounted using interest rate swap rate as at the reporting date and the period up to the maturity.
- (ii) Shares
The fair values of listed shares are measured as the quoted prices available at the reporting date. Unlisted shares are principally measured using the valuation model primarily based on net assets (a method to determine corporate values based on net assets of issuing companies).

The fair value hierarchy of financial instruments measured at fair value is as follows.

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets designated as hedging instruments				
Derivative assets	–	104	–	104
Financial assets measured at fair value through profit or loss				
Derivative assets	–	80	–	80
Others	2,005	81	1	2,087
Financial assets measured at fair value through other comprehensive income				
Shares	5,436	–	2,377	7,813
Others	–	–	3	3
Liabilities:				
Financial liabilities designated as hedging instruments				
Derivative liabilities	–	2,149	–	2,149
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	6	–	6

Changes in financial instruments classified as level 3 are as follows.

	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen
December 31, 2022	1	2,821
Total gains and losses	–	(403)
Other comprehensive income	–	(403)
Sales	–	(4)
Business combinations	–	(32)
December 31, 2023	1	2,380

REVENUE RECOGNITION

1. Disaggregation of revenue

Disaggregation of revenue by product and by area is as follows.

	(Unit: Millions of yen)				
	Japan	Asia Pacific	Europe	Americas	Total
Beverages	708,141	336,370	339,274	172,871	1,556,658
Health supplements	–	35,064	–	–	35,064
Total	708,141	371,435	339,274	172,871	1,591,722

2. Information that provides the basis for understanding revenue

Information that provides the basis for understanding revenue is as stated in “BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS, 4. Accounting policies, (12) Revenue.”

PER SHARE INFORMATION

- Equity attributable to owners of the Company per share ¥3,519.00
- Basic earnings per share ¥267.78

There was no diluted share issued.

SIGNIFICANT SUBSEQUENT EVENTS

No items to report.

(Note) All amounts have been rounded down to the nearest million yen.

Non-consolidated Financial Statements (Japanese GAAP)

Non-consolidated Statement of Changes in Equity

(For the year ended December 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings
					Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at January 1, 2023	168,384	145,884	67,541	213,425	984	216	34,982	228,103	264,287
Changes of items in the year									
Cash dividends								(25,028)	(25,028)
Net income								22,076	22,076
Purchase of treasury shares									
Provision of reserve for advanced depreciation of non-current assets					14			(14)	–
Reversal of reserve for advanced depreciation of non-current assets					(6)			6	–
Reversal of reserve for special depreciation						(108)		108	–
Net changes of items other than shareholders' equity									
Net changes in the year	–	–	–	–	8	(108)	–	(2,852)	(2,952)
Balance at December 31, 2023	168,384	145,884	67,541	213,425	992	108	34,982	225,250	261,334

	Shareholders' equity		Valuation and translation adjustments			Total equity
	Treasury shares	Total shareholders' equity	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Total valuation and translation adjustments	
Balance at January 1, 2023	(0)	646,096	33	(613)	(579)	645,516
Changes of items in the year						
Cash dividends		(25,028)				(25,028)
Net income		22,076				22,076
Purchase of treasury shares	(0)	(0)				(0)
Provision of reserve for advanced depreciation of non-current assets		-				-
Reversal of reserve for advanced depreciation of non-current assets		-				-
Reversal of reserve for special depreciation		-				-
Net changes of items other than shareholders' equity			3	577	581	581
Net changes in the year	(0)	(2,952)	3	577	581	(2,371)
Balance at December 31, 2023	(0)	643,143	37	(35)	1	643,145

Note: All amounts have been rounded down to the nearest million yen.

Notes to Non-consolidated Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis and methods of valuation of assets
 - (1) Securities

Shares of subsidiaries and associates: Stated at cost determined by the moving-average method.

Available-for-sale securities:

Securities other than shares that do not have market prices:
Stated at fair market value, based on market quotation at the balance sheet date.
(Unrealized gains and losses, net of applicable income taxes, are reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.)

Shares that do not have market prices:
Stated at cost determined by the moving-average method.
 - (2) Derivatives: Stated at fair value.
 - (3) Inventories: Stated at cost determined by the periodic average method.
(The value stated in the non-consolidated balance sheet is determined according to write-downs based on the decreased profitability of assets.)
2. Depreciation and amortization of non-current assets
 - (1) Property, plant, and equipment

Property, plant, and equipment are depreciated by the straight-line method. Useful lives of principal property, plant, and equipment are as follows.

Buildings:	5–50 years
Machinery and equipment:	2–17 years
Tools, furniture and fixtures:	2–15 years
 - (2) Intangible fixed assets

Intangible fixed assets are amortized by the straight-line method. Goodwill is equally amortized over 20 years. Software for internal use is amortized by the straight-line method over the internally estimated useful lives (within 5 years).
3. Basis for provision of reserves
 - (1) Provision for bonuses

To cover the payments of bonuses, Suntory Beverage & Food Limited (the “Company”) sets aside provision for bonuses based on the projected amount for such payments.
 - (2) Liability for employee retirement benefits (Prepaid pension cost)

The Company sets aside liability for employee retirement benefits to prepare for expenditures of employees’ retirement benefits based on the estimated amount of retirement benefit obligation and pension assets at the end of the fiscal year under review. Since the total amount of pension assets for the pension plan exceeded the amount calculated by deducting unrecognized actuarial differences from retirement benefit obligation as at the end of the fiscal year under review, the excess amount has been recorded in prepaid pension cost (investments and other assets).

 - (a) Methods of attributing estimated retirement benefits to accounting periods

When calculating retirement benefit obligations, the benefit formula basis is used to attribute estimated retirement benefits to the period through the end of the fiscal year under review.
 - (b) Amortization of actuarial differences and prior service cost

Prior service cost is amortized by the straight-line method over the period (15 years), which is shorter than the average remaining service life of employees as incurred, and unrecognized actuarial differences are amortized by the straight-line method over the period (15 years) which is shorter than the average remaining service life of employees as incurred from the year following that in which they arise.
4. Basis for revenue and cost recognition

The Company is engaged in the sale of soft drinks and foods. As customers usually obtain control of the goods and the Company’s performance obligation is satisfied at the time when the goods are delivered to wholesalers etc. who are customers, the Company recognizes revenue at the time of delivery of goods. Revenue is measured at the amount of consideration promised under the contracts with customers after deduction of trade discounts, rebates, taxes collected on behalf of third parties such as consumption taxes or value added tax, sales incentives, and returned goods. Interest income and expense is recognized by using the effective interest method.
5. Other significant matters forming the basis of preparing non-consolidated financial statements
 - (1) Method of hedge accounting

Mainly accounted for with deferred hedge accounting. Items that satisfy the requirements for an accounting method in which monetary receivables and liabilities denominated in foreign currencies are translated at a predetermined rate to hedge against exchange rate fluctuation risk are accounted for under this method. Those that satisfy the requirements for exceptional treatment for interest rate swaps are accounted for under the said exceptional treatment.
 - (2) Method and period for amortization of deferred assets

Bond issuance expenses are amortized by the straight-line method over the period up to bond redemption.

- (3) Accounting treatment for retirement benefits
The accounting treatment method for unrecognized actuarial differences and the unrecognized past service costs related to retirement benefits is different from the treatment method for these items in the consolidated financial statements.

CHANGES IN PRESENTATION

(Non-consolidated Statement of Income)

Due to its decreased materiality, "Interest on bonds" which was previously disclosed as a separate item, is included in "Other" in "Non-operating expenses." "Interest on bonds" for the previous fiscal year was ¥115 million.

SIGNIFICANT ACCOUNTING ESTIMATES

1. Valuation of shares of subsidiaries and associates that do not have market prices

- (1) Amount recorded in the non-consolidated financial statements at the end of the fiscal year under review
Shares of subsidiaries and associates that do not have market prices: ¥508,571 million.
The major shares of subsidiaries and associates are shares of Japan Beverage Holdings Inc., Orangina Schweppes Holdings B.V. and Lucozade Ribena Suntory Limited, and the carrying amount recorded in the non-consolidated balance sheet for these shares is ¥355,528 million.
- (2) Information on details of significant accounting estimates relating to the identified items
In valuing shares of subsidiaries and associates, the Company has a policy to recognize impairment losses when the substantial value of shares has declined significantly due to deterioration in the financial position of the company concerned, unless recoverability is substantiated by sufficient evidence.
For shares acquired reflecting their excess earning power, the Company considers whether the excess earning power is impaired or not by comparing the business plan at the time of stock acquisition, which was used for the basis of calculating the acquisition price, with the actual results up to the fiscal year under review as well as the future business plan prepared during the fiscal year under review.

The business plan includes the estimate of impact from soaring raw material and energy prices, and therefore the actual results in 2024 onwards may differ from the business plan. If this is the case, it may impact the business performance and other indicators.

2. Recoverability of loans receivable from subsidiaries and associates

- (1) Amounts recorded in the non-consolidated financial statements at the end of the fiscal year under review
- | | | |
|--|-----------------|--------|
| Short-term loans receivable: | ¥88,830 million | (Note) |
| Long-term loans receivable from subsidiaries and associates: | ¥25,592 million | (Note) |
| Allowance for doubtful accounts related to Short-term loans receivable | ¥30 million | |

Note: Please refer to "Related Party Transactions" for major components.

- (2) Information on details of significant accounting estimates relating to the identified items
For the valuation of loans receivable from subsidiaries and associates, the Company considers the recoverability of each loan receivable based on the debtor's business plan and repayment plan. In cases where there is a possibility that part of the loans cannot be repaid according to the specified conditions even when considering past operating results and the feasibility of the future business plan, the Company records an allowance for a doubtful account for the expected non-collectible amount.

The debtor's business plan is subject to risks and other factors arising from changes in the business environment, and therefore, the actual results in 2024 onwards may differ from the business plan. If this is the case, it may impact the business performance and other indicators.

NON-CONSOLIDATED BALANCE SHEET

- Accumulated depreciation of property, plant, and equipment ¥128,429 million
- Guarantee obligation
The Company extends guarantee for obligations for affiliated companies as shown below.

Suntory PepsiCo Vietnam Beverage Pte. Ltd.	¥130 million
Suntory PepsiCo Beverage (Thailand) Co., Ltd.	¥86 million
<u>Total</u>	<u>¥217 million</u>
- Monetary receivables and payables from/to affiliated companies (except for those presented separately)

Short-term monetary receivables	¥189,101 million
Short-term monetary payables	¥166,739 million
Long-term monetary payables	¥3 million

NON-CONSOLIDATED STATEMENT OF INCOME

Transactions with affiliated companies

Volume of operating transactions	
Net sales	¥433,626 million
Cost of sales	¥54,296 million
Selling, general and administrative expenses	¥44,868 million
Volume of non-operating transactions	
Non-operating income	¥23,893 million
Non-operating expenses	¥2,756 million

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Number of treasury shares as at December 31, 2023:

Ordinary shares	148 shares
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TAX EFFECT ACCOUNTING

- Major components of deferred tax assets

Temporary differences for investments in subsidiaries	¥16,222 million
Accounts payable—other	¥606 million
Liability for employee retirement benefits	¥1,059 million
Provision for bonuses	¥848 million
Depreciation	¥329 million
Accrued enterprise tax	¥264 million
Deferred gain on derivatives under hedge accounting	¥15 million
Asset retirement obligations	¥120 million
Other	¥45 million
<u>Subtotal</u>	<u>¥19,513 million</u>
Valuation allowance	¥(16,232) million
<u>Total deferred tax assets</u>	<u>¥3,280 million</u>
- Major components of deferred tax liabilities

Prepaid pension cost	¥(1,355) million
Reserve for advanced depreciation of non-current assets	¥(437) million
Removal costs related to asset retirement obligations	¥(120) million
Reserve for special depreciation	¥(47) million
Other	¥(16) million
<u>Total deferred tax liabilities</u>	<u>¥(1,977) million</u>
Net deferred tax assets	¥1,303 million

REVENUE RECOGNITION

Information that provides the basis for understanding revenue is omitted as the same information is provided in “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 4. Basis for revenue and cost recognition.”

PER SHARE INFORMATION

- Equity per share ¥2,081.38
- Net income per share ¥71.44

RELATED PARTY TRANSACTIONS

Attribute	Name of company	Percentage of voting rights owned or owning	Relationship	Content of transaction	Transaction amount (Millions of yen)	Account title	Balance as at December 31, 2023 (Millions of yen)
Parent company	Suntory Holdings Limited	Directly owned 59.4%	-Contract work of indirect operations -Interlocking of officers	Advance payment for raw materials (Note 1)	-	Accounts payable-trade	71,738
Subsidiary	Suntory Foods Limited	Directly owning 100%	-Sales of products of the Company - Rental of sales equipment -Money lending and borrowing -Interlocking of officers	Sales of products of the Company (Note 2)	435,217	Accounts receivable-trade	92,069
				Receipt of sales equipment fees (Note 3)	6,517	Other current assets	426
				Money lending and borrowing (Note 4)	18,476	Short-term loans receivable	18,476
				Proceeds from interest (Note 4)	41	-	-
Subsidiary	Suntory Beverage Solution Limited	Directly owning 50% Indirectly owning 50%	- Rental of sales equipment -Interlocking of officers	Receipt of sales equipment fees (Note 3)	8,875	Other current assets	704
Subsidiary	Japan Beverage Holdings Inc.	Directly owning 82.7%	-Money lending and borrowing	Money lending and borrowing (Note 4)	12,185	Deposits received	12,185
				Interest paid (Note 4)	4	-	-
Subsidiary	Suntory Products Limited	Directly owning 100%	-Outsourcing of manufacturing operations -Money lending and borrowing -Interlocking of officers	Payment of processing fee (Note 2)	54,036	Accounts payable-other	4,550
				Money lending and borrowing (Note 4)	22,714	Short-term loans receivable	22,714
				Proceeds from interest (Note 4)	97	-	-
Subsidiary	Orangina Schweppes Holding B.V.	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Money lending and borrowing (Note 4)	16,227	Short-term loans receivable	18,245
				Proceeds from interest (Note 4)	731	Deposits received	2,017
				Interest paid (Note 4)	36	Other current assets	31
				Capital reduction with compensation (Note 5)	16,206	Other current liabilities	14
						-	-
Subsidiary	Lucozade Ribena Suntory Limited	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Money lending and borrowing (Note 4)	21,980	Short-term loans receivable	6,267
						Long-term loans receivable from subsidiaries and associates	20,907
						Deposits received	5,194
				Proceeds from interest (Note 4)	1,030	Other current assets	89
				Interest paid (Note 4)	496	Other current liabilities	64
				Capital reduction with compensation (Note 5)	10,439	-	-

Attribute	Name of company	Percentage of voting rights owned or owning	Relationship	Content of transaction	Transaction amount (Millions of yen)	Account title	Balance as at December 31, 2023 (Millions of yen)
Subsidiary	Suntory Beverage & Food Asia Pte. Ltd.	Directly owning 100%	-Interlocking of officers	Capital reduction with compensation (Note 5)	18,624	–	–
Subsidiary	FRUCOR SUNTORY AUSTRALIA PTY. LIMITED	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Money lending and borrowing (Note 4)	12,914	Short-term loans receivable	8,264
						Long-term loans receivable from subsidiaries and associates	4,685
						Deposits received	35
				Proceeds from interest (Note 4)	240	Other current assets	40
				Interest paid (Note 4)	513	Other current liabilities	21
Subsidiary	Suntory International Corp.	Directly owning 100%	-Money lending and borrowing	Money lending and borrowing (Note 4)	25,817	Deposits received	25,817
				Interest paid (Note 4)	935	Other current liabilities	319

Terms and conditions of transactions and method of deciding terms and conditions of transactions

Notes:

1. This advance payment was implemented by Suntory Holdings Limited to external business partners, etc. As the transactions were not direct transactions with the parent company, the disclosure of the transaction amount is omitted.
2. Price and other terms and conditions of transactions are decided upon negotiations with each of the counterparties considering the actual market prices.
3. Terms and condition on rental of sales equipment are determined considering factors such as the related costs at the Company.
4. Money lending and borrowing are carried out based on the group company loan system, etc. Applicable interest rates are decided considering the market interest rates. Transaction amounts of money lending and borrowing indicate the net balance as at December 31, 2023.
5. Capital reduction with compensation represents capital reduction made by the subsidiary.

SIGNIFICANT SUBSEQUENT EVENTS

No items to report.

(Note) All amounts have been rounded down to the nearest million yen.