

Summary of Consolidated Financial Results
for the First Nine Months of the Year Ending December 31, 2022
<IFRS> (UNAUDITED)

Company name:	Suntory Beverage & Food Limited	
Shares listed:	Tokyo Stock Exchange	
Securities code:	2587	
URL:	https://www.suntory.com/sbf/	
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Scheduled date to file quarterly securities report:		November 14, 2022
Scheduled date to commence dividend payments:		—
Preparation of supplementary material on quarterly financial results:		Yes
Holding of quarterly financial results presentation meeting (for institutional investors and analysts):		Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first nine months of the year ending December 31, 2022
(from January 1, 2022 to September 30, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax for the period		Profit for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Nine months ended								
September 30, 2022	1,081,394	14.8	114,958	14.6	114,830	15.5	82,111	16.9
September 30, 2021	941,821	6.3	100,329	29.8	99,446	31.0	70,253	24.7

	Profit for the period attributable to owners of the Company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)
Nine months ended						
September 30, 2022	68,020	14.5	156,737	64.6	220.13	—
September 30, 2021	59,408	25.7	95,233	145.7	192.26	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As at				
September 30, 2022	1,835,392	1,064,117	964,799	52.6
December 31, 2021	1,676,926	943,952	860,593	51.3

(3) Consolidated cash flows

	Net cash inflow (outflow) from operating activities	Net cash inflow (outflow) from investing activities	Net cash inflow (outflow) from financing activities	Cash and cash equivalents at the end of the period
Nine months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
September 30, 2022	131,295	(23,745)	(85,682)	207,125
September 30, 2021	136,633	(38,453)	(100,910)	166,433

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended December 31, 2021	–	39.00	–	39.00	78.00
Fiscal year ending December 31, 2022	–	39.00	–		
Fiscal year ending December 31, 2022 (Forecast)				39.00	78.00

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

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

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Company		Basic earnings per share (Yen)
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	
Fiscal year ending December 31, 2022	1,453,000	14.5	140,500	18.5	139,500	19.2	98,000	18.0	79,500	15.8	257.28

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

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- | | |
|---|------|
| a. Changes in accounting policies required by IFRS: | None |
| b. Changes in accounting policies due to other reasons: | None |
| c. Changes in accounting estimates: | None |
- (3) Number of issued shares (ordinary shares)
- | | |
|---|--------------------|
| a. Total number of issued shares at the end of the period (including treasury shares) | |
| As at September 30, 2022 | 309,000,000 shares |
| As at December 31, 2021 | 309,000,000 shares |
| b. Number of treasury shares at the end of the period | |
| As at September 30, 2022 | 79 shares |
| As at December 31, 2021 | 31 shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| Nine months ended September 30, 2022 | 308,999,948 shares |
| Nine months ended September 30, 2021 | 308,999,997 shares |

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecast, and other special matters**

The earnings forecast contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

Attached Materials

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1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Operating results

Suntory Beverage & Food Limited Group (the Group), based on the philosophy of 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 in each area.

In the nine months ended September 30, 2022, the Group maintained robust growth due to continuing a proactive approach aimed at achieving further revenue expansion. As a result of continuing initiatives that were started at the beginning of the year to concentrate efforts on core brands in all segments, the Group continued to expand market share in the major countries.

In addition to sales volume increasing in all segments, the contribution made by price revisions overseas and other revenue growth management (RGM) measures resulted in better-than-expected progress in overall Group revenue.

Despite a significant impact from soaring raw material and energy prices, and the effects of exchange rates, the Group achieved an increase in overall operating income due to the rise in revenue and thorough cost-cutting activities in all segments.

As a result of revising the business portfolio and continuing to implement structural reform initiatives, temporary structural reform costs were recorded in the third quarter of the year ending December 31, 2022 for the Asia Pacific and Europe segments.

For the operating results of the first nine months of the year ending December 31, 2022, the Group reported consolidated revenue of ¥1,081.4 billion, up 14.8% year on year and up 9.3% on a currency neutral basis. Consolidated operating income was ¥115.0 billion, up 14.6% year on year and up 7.5% on a currency neutral basis. Furthermore, profit for the period attributable to owners of the Company was ¥68.0 billion, up 14.5% year on year and up 8.8% on a currency neutral basis.

Results by segment are described below.

< Japan business >

The recovery in demand has continued since the second quarter, and due in part to favorable weather, the beverage market is estimated by the Company to have increased year on year. The Company continued to carry out initiatives to strengthen its core brands with a focus on the water, coffee, and sugar-free tea categories, and received contributions from sales of new products and marketing activities. This led the Company to significantly increase its sales volume year on year to record-high sales volume for the first nine-month period and further increase market share. By brand, *Suntory Tennensui*, *Iyemon*, and *Green DAKARA* achieved record-high sales volume in the nine months ended September 30, 2022. For the *BOSS* brand, the overall sales volume of the brand was almost flat year on year. In the *Craft BOSS* series, growth of the coffee and tea series, which were renewed in February, continued. The overall results for food for specified health uses and foods with functional claims, which included continued good performance from the *Tokucha* brand, which was renewed in April, as well as *Suntory Iyemon Koi Aji* (food with functional claims) and *Suntory Oolong Tea OTTP* (food with functional claims), contributed to the increase.

Revenue grew largely in line with plan as a result of the increase in sales volume absorbing the deterioration in the channel mix.

Although the increase in revenue and thorough cost management measures, including cost-reduction activities in the supply chain, resulted in incremental profits, the depreciating yen and soaring prices for raw materials had a greater-than-expected impact and led to a decrease in segment profit.

The Japan business reported revenue of ¥496.2 billion, up 4.5% year on year, and segment profit of ¥28.6 billion, down 20.8% year on year.

< Asia Pacific business >

In the Asia Pacific region, the Group continued with its approach of concentrating its activities on core brands in the beverage and health food businesses. In particular, robust growth in Vietnam was a significant driver for the business.

The increase in sales volume, along with flexible price revisions in the major markets, contributed to higher-than-expected revenue.

There was a significant impact from soaring raw material prices, but it was absorbed by the growth in revenue, and segment profit was in line with expectations.

By major country, in Vietnam, there were considerable increases, particularly in sales of the energy drink *Sting* and the tea beverage *TEA+*, resulting in an increased sales share. In Thailand, sales of *Pepsi*, including low-sugar products, were strong and the brand continued to maintain market share in the carbonated beverage category. Regarding the health supplement business, the Group focused on mainstay product *BRAND'S Essence of Chicken*. In Oceania, by continuing our marketing activities on the energy drink *V*, a core brand, sales volumes in New Zealand and Australia continued at levels higher than the previous corresponding period.

The Asia Pacific business reported revenue of ¥263.6 billion, up 22.6% year on year and up 9.9% on a currency neutral basis. Segment profit was ¥46.0 billion, up 49.3% year on year and up 35.2% on a currency neutral basis.

< Europe business >

In Europe, in addition to demand remaining strong, due in part to the impact of favorable weather France, the UK and Spain all recorded growth in sales volume. Revenue received a contribution from price revisions and was considerably higher than expected.

Despite the increasing effect of soaring raw material prices and energy prices, the significant rise in revenue achieved by a higher sales volume and RGM, which included price revisions, absorbed the impact.

Viewed by major country, as well as benefiting from favorable weather, France experienced a continuation of strong off-premise and on-premise demand. Sales volume of core brands *Orangina*, *Oasis*, and *Schweppes* rose by double-digit rates, resulting in expanded market share. In the UK, core brand *Lucozade* recorded a strong performance due to continued firm demand, while price revisions and other RGM measures also contributed. In Spain, the recovery in on-premise demand gathered momentum, leading to significant year-on-year growth in sales volume for core brand *Schweppes*.

The Europe business reported revenue of ¥224.9 billion, up 26.4% year on year and up 20.2% on a currency neutral basis, and segment profit of ¥36.4 billion, up 13.1% year on year and up 7.3% on a currency neutral basis.

< Americas business >

In the Americas, the enhancing of marketing activities in core carbonated beverage brands and the non-carbonated beverage category resulted in continued strong sales volumes. Revenue received contributions from price revisions and other RGM measures, and continued to be higher than expected.

This increase in revenue absorbed soaring raw material, distribution, and personnel costs, leading to higher-than-expected segment profit.

The Americas business reported revenue of ¥96.6 billion, up 30.2% year on year and up 10.2% on a currency neutral basis, and segment profit of ¥12.6 billion, up 34.8% year on year and up 14.1% on a currency neutral basis.

(2) Financial position

Total assets as at September 30, 2022 stood at ¥1,835.4 billion, an increase of ¥158.5 billion compared to December 31, 2021. The main factors were increases in cash and cash equivalents, and trade and other receivables.

Total liabilities stood at ¥771.3 billion, an increase of ¥38.3 billion compared to December 31, 2021. This was due in part to an increase in trade and other payables.
Total equity stood at ¥1,064.1 billion, an increase of ¥120.2 billion compared to December 31, 2021, due in part to an increase in other components of equity.

(3) Analysis of cash flows

Cash and cash equivalents as at September 30, 2022 amounted to ¥207.1 billion, an increase of ¥30.5 billion compared to December 31, 2021.

Net cash inflow from operating activities was ¥131.3 billion, a decrease of ¥5.3 billion compared to the same period of the previous year. This was mainly the result of profit before tax for the period of ¥114.8 billion, depreciation and amortization of ¥53.9 billion, an increase in trade and other payables of ¥61.9 billion, an increase in inventories of ¥19.2 billion, gain on sales of shares of subsidiaries of ¥16.0 billion and an increase in trade and other receivables of ¥49.4 billion.

Net cash outflow from investing activities was ¥23.7 billion, a decrease of ¥14.7 billion compared to the same period of the previous year. This was mainly the result of payments for property, plant and equipment and intangible assets of ¥40.9 billion and proceeds from sale of subsidiaries of ¥17.8 billion.

Net cash outflow from financing activities was ¥85.7 billion, a decrease of ¥15.2 billion compared to the same period of the previous year. This was mainly the result of repayments of long-term borrowings of ¥38.7 billion, payment of dividends of ¥24.1 billion, and dividends paid to non-controlling interests of ¥13.0 billion.

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

The consolidated earnings forecast for the year ending December 31, 2022, which was announced on February 14, 2022, has been revised as follows, taking into account results for the first nine months of the year ending December 31, 2022, and the outlook for the fourth quarter.

On the assumption that the challenging cost environment will continue, the Group will grow revenue by increasingly concentrating activities on core brands in all segments in order to drive expansion in sales volume, and by strengthening RGM, including price revisions. Furthermore, by implementing even more thorough cost reduction activities in the supply chain and elsewhere to absorb and mitigate the impact of higher costs on profit, the Group will work to achieve earnings forecasts.

Revision to the consolidated earnings forecast for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

	Revenue	Operating income	Profit before tax	Profit for the year	Profit for the year attributable to owners of the Company	Basic earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A)	1,369,000	125,500	124,000	88,500	73,500	237.86
Revised forecast (B)	1,453,000	140,500	139,500	98,000	79,500	257.28
Change in amount (A-B)	84,000	15,000	15,500	9,500	6,000	-
Change (%)	6.1	12.0	12.5	10.7	8.2	-
(Reference) Actual results for the year ended December 31, 2021	1,268,917	118,568	117,052	83,029	68,676	222.25

Exchange rates for the consolidation of profit or loss of the major overseas companies are as follows. (Unit: Yen)

Previous forecast: USD 115.0, EUR 130.0, GBP 154.0, SGD 84.0, THB 3.4, VND 0.0050
Revised forecast: USD 133.0, EUR 138.0, GBP 161.0, SGD 95.0, THB 3.7, VND 0.0057

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto (Unaudited)

(1) Condensed quarterly consolidated statement of financial position

Millions of yen

	As at December 31, 2021	As at September 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	176,655	207,125
Trade and other receivables	240,584	299,645
Other financial assets	1,252	4,770
Inventories	87,807	107,996
Other current assets	23,953	25,912
Total current assets	530,253	645,450
Non-current assets:		
Property, plant and equipment	372,337	381,404
Right-of-use assets	52,260	50,586
Goodwill	255,599	265,584
Intangible assets	430,086	461,777
Investments accounted for using the equity method	1,005	1,330
Other financial assets	13,847	14,729
Deferred tax assets	14,173	7,662
Other non-current assets	7,362	6,866
Total non-current assets	1,146,673	1,189,941
Total assets	1,676,926	1,835,392

Millions of yen

	As at December 31, 2021	As at September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	55,789	57,437
Trade and other payables	354,595	424,041
Other financial liabilities	30,877	32,490
Accrued income taxes	14,757	22,193
Provisions	2,016	2,273
Other current liabilities	5,529	9,424
Total current liabilities	463,565	547,860
Non-current liabilities:		
Bonds and borrowings	109,558	64,796
Other financial liabilities	54,241	47,063
Post-employment benefit liabilities	14,697	15,256
Provisions	4,312	4,874
Deferred tax liabilities	81,403	86,423
Other non-current liabilities	5,196	4,999
Total non-current liabilities	269,409	223,414
Total liabilities	732,974	771,274
Equity		
Share capital	168,384	168,384
Share premium	182,423	182,229
Retained earnings	536,996	580,470
Treasury shares	(0)	(0)
Other components of equity	(27,210)	33,715
Total equity attributable to owners of the Company	860,593	964,799
Non-controlling interests	83,358	99,318
Total equity	943,952	1,064,117
Total liabilities and equity	1,676,926	1,835,392

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Revenue	941,821	1,081,394
Cost of sales	<u>(548,008)</u>	<u>(664,736)</u>
Gross profit	393,812	416,658
Selling, general and administrative expenses	(292,367)	(311,620)
Gain on investments accounted for using the equity method	64	238
Other income	1,561	18,395
Other expenses	<u>(2,741)</u>	<u>(8,713)</u>
Operating income	100,329	114,958
Finance income	612	1,383
Finance costs	<u>(1,495)</u>	<u>(1,511)</u>
Profit before tax for the period	99,446	114,830
Income tax expense	<u>(29,192)</u>	<u>(32,719)</u>
Profit for the period	<u><u>70,253</u></u>	<u><u>82,111</u></u>
Attributable to:		
Owners of the Company	59,408	68,020
Non-controlling interests	<u>10,845</u>	<u>14,090</u>
Profit for the period	<u><u>70,253</u></u>	<u><u>82,111</u></u>
Earnings per share (Yen)	192.26	220.13

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit for the period	70,253	82,111
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	250	277
Remeasurement of defined benefit plans	(147)	55
Total	102	332
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	23,452	73,058
Changes in the fair value of cash flow hedges	1,376	1,036
Changes in comprehensive income of investments accounted for using the equity method	48	198
Total	24,877	74,293
Other comprehensive income for the period, net of tax	24,979	74,626
Comprehensive income for the period	95,233	156,737
Attributable to:		
Owners of the Company	81,559	128,307
Non-controlling interests	13,674	28,429
Comprehensive income for the period	95,233	156,737

(4) Condensed quarterly consolidated statement of changes in equity

Nine months ended September 30, 2021

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at January 1, 2021	168,384	182,414	492,451	(0)	(61,495)	781,755	77,801	859,556
Profit for the period			59,408			59,408	10,845	70,253
Other comprehensive income					22,151	22,151	2,828	24,979
Total comprehensive income for the period	–	–	59,408	–	22,151	81,559	13,674	95,233
Dividends			(24,101)			(24,101)	(10,878)	(34,980)
Transactions with non-controlling interests		(34)				(34)	25	(8)
Reclassification to retained earnings			(13)		13	–		–
Total transactions with owners of the Company	–	(34)	(24,115)	–	13	(24,136)	(10,853)	(34,989)
Balance at September 30, 2021	168,384	182,380	527,744	(0)	(39,330)	839,178	80,622	919,801

Nine months ended September 30, 2022

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at January 1, 2022	168,384	182,423	536,996	(0)	(27,210)	860,593	83,358	943,952
Profit for the period			68,020			68,020	14,090	82,111
Other comprehensive income					60,287	60,287	14,339	74,626
Total comprehensive income for the period	–	–	68,020	–	60,287	128,307	28,429	156,737
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(24,101)			(24,101)	(12,471)	(36,573)
Transactions with non-controlling interests		(193)	193			–	1	1
Reclassification to retained earnings			(639)		639	–		–
Total transactions with owners of the Company	–	(193)	(24,547)	(0)	639	(24,102)	(12,469)	(36,572)
Balance at September 30, 2022	168,384	182,229	580,470	(0)	33,715	964,799	99,318	1,064,117

(5) Condensed quarterly consolidated statement of cash flows

Millions of yen

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Cash flows from operating activities		
Profit before tax for the period	99,446	114,830
Depreciation and amortization	52,359	53,860
Impairment losses (reversal of impairment losses)	293	1,903
Interest and dividends income	(337)	(945)
Interest expense	1,429	1,453
Loss (gain) on investments accounted for using the equity method	(64)	(238)
Loss (gain) on sales of shares of subsidiaries	–	(16,020)
Decrease (increase) in inventories	(8,894)	(19,241)
Decrease (increase) in trade and other receivables	(24,667)	(49,360)
Increase (decrease) in trade and other payables	38,773	61,942
Other	(350)	4,521
Subtotal	157,987	152,704
Interest and dividends received	314	419
Interest paid	(1,739)	(1,123)
Income tax paid	(19,929)	(20,705)
Net cash inflow (outflow) from operating activities	136,633	131,295
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(37,296)	(40,852)
Proceeds on sale of property, plant and equipment and intangible assets	549	314
Payments for transfer of business	(2,196)	–
Proceeds from sale of subsidiaries	–	17,840
Other	490	(1,047)
Net cash inflow (outflow) from investing activities	(38,453)	(23,745)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(43,902)	(6,402)
Proceeds from long-term borrowings	11,188	6,577
Repayments of long-term borrowings	(27,820)	(38,672)
Proceeds from issuance of bonds	19,927	–
Redemption of bonds	(15,000)	–
Payments of lease liabilities	(9,964)	(10,128)
Dividends paid to owners of the Company	(24,101)	(24,101)
Dividends paid to non-controlling interests	(11,236)	(12,953)
Other	–	(0)
Net cash inflow (outflow) from financing activities	(100,910)	(85,682)
Net increase (decrease) in cash and cash equivalents	(2,730)	21,867
Cash and cash equivalents at the beginning of the period	167,480	176,655
Effects of exchange rate changes on cash and cash equivalents	1,682	8,602
Cash and cash equivalents at the end of the period	166,433	207,125

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

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