

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

Company name: **Suntory Beverage & Food Limited**
 Shares listed: Tokyo Stock Exchange
 Securities code: 2587
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Scheduled date to file quarterly securities report: August 10, 2022
 Scheduled date to commence dividend payments: September 6, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting (for institutional investors and analysts): Yes

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

1. Consolidated financial results for the first six months of the year ending December 31, 2022
(from January 1, 2022 to June 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)	(%)
Six months ended								
June 30, 2022	679,009	12.4	80,370	33.1	80,206	35.2	58,108	43.4
June 30, 2021	603,835	9.3	60,401	69.1	59,343	69.0	40,508	52.5

	Profit for the period attributable to owners of the Company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)
Six months ended						
June 30, 2022	48,734	51.5	129,486	80.0	157.72	—
June 30, 2021	32,159	53.7	71,927	—	104.07	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As at				
June 30, 2022	1,848,875	1,056,633	956,528	51.7
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
Six months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
June 30, 2022	80,562	(8,170)	(32,837)	224,426
June 30, 2021	88,976	(24,168)	(72,559)	162,280

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

Note: Revisions to the earnings forecast most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- | | |
|---|------|
| a. Changes in accounting policies required by IFRS: | None |
| b. Changes in accounting policies due to other reasons: | None |
| c. Changes in accounting estimates: | None |
- (3) Number of issued shares (ordinary shares)
- | | |
|---|--------------------|
| a. Total number of issued shares at the end of the period (including treasury shares) | |
| As at June 30, 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 June 30, 2022 | 57 shares |
| As at December 31, 2021 | 31 shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| Six months ended June 30, 2022 | 308,999,960 shares |
| Six months ended June 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

Index

1.	Qualitative Information Regarding Settlement of Accounts for the First Six Months.....	2
	(1) Operating results	2
	(2) Financial position.....	4
	(3) Analysis of cash flows	4
	(4) Consolidated earnings forecast and other forward-looking statements	4
2.	Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto (Unaudited)	5
	(1) Condensed quarterly consolidated statement of financial position.....	5
	(2) Condensed quarterly consolidated statement of profit or loss	7
	(3) Condensed quarterly consolidated statement of comprehensive income.....	8
	(4) Condensed quarterly consolidated statement of changes in equity.....	9
	(5) Condensed quarterly consolidated statement of cash flows.....	10
	(6) Notes to condensed quarterly consolidated financial statements	11
	(Going concern)	11

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

(1) Operating results

Suntory Beverage & Food Limited Group (the Group), based on the philosophy of always starting from consumers, pursuing to create new taste, well-being and joy, and aiming to be the most locally beloved company by proposing premium and unique products that match the tastes and needs of consumers, worked to put effort into brand reinforcement and new demand creation, and worked to improve the quality of products. In addition, the Group worked to strengthen profitability in each area.

The Group continued strong growth, with the strong demand of the first quarter continuing in the second quarter in Europe and the Americas together with contribution from a relaxation of rules regarding COVID-19 in Japan and the Asia Pacific from the second quarter due to fewer infections. 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.

The Group posted overall revenue that was above expectations.

Operating income was also higher than expected, because although there was an increasing effect from soaring raw material prices and energy prices in the second quarter, the Group was able to continue cost cutting activities in all segments while benefiting from the growth in revenue.

For the operating results of the first six months of the year ending December 31, 2022, the Group reported consolidated revenue of ¥679.0 billion, up 12.4% year on year. Consolidated operating income was ¥80.4 billion, up 33.1% year on year. Furthermore, profit for the period attributable to owners of the Company was ¥48.7 billion, up 51.5% year on year.

Results by segment are described below.

< Japan business >

In the second quarter, the beverage market performed stronger year on year (based on the Company's own estimation), which was due to the beginning of the recovery in demand accompanying the lifting of priority preventative measures in addition to favorable weather conditions. The Company carried out initiatives to strengthen its core brands with a focus on the water, coffee, and sugar-free tea categories, and received contributions from sales of new products and marketing activities. This led the Company to significantly increase its sales volume year on year to the highest on record for the first six-month period and further increase market share. For the *Suntory Tennensui* brand, record-high sales volume was achieved for the first six-month period for the overall brand, with large year-on-year increases being seen for both the large bottles and the small bottles (500 ml PET, etc.). For the *BOSS* brand, the overall sales volume of the brand increased year on year. In the *Craft BOSS* series, growth of the coffee and tea series, which were renewed in February, continued. In the sugar-free tea category, a record-high sales volume for the overall *Iyemon* brand was achieved for the first six-month period. Sales volume grew for the *Iyemon Kyoto Blend* as well as the *Iyemon Koi Aji*, which was newly released in February as a food with functional claims. In addition, the sales trend for *Tokucha*, which was renewed in April, recovered greatly, achieving a year-on-year increase for the first six months.

With the contribution of considerably increased sales volumes, revenue for the first six months recovered to on par with expectations.

In terms of segment profit, although concerted efforts in cost management are continuing, including supply chain cost cutting, the greater-than-expected impact from exchange rates and the soaring price of raw materials hit especially hard from the second quarter.

The Japan business reported revenue of ¥305.9 billion, up 2.6% year on year, and segment profit of ¥14.1 billion, down 19.6% 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. While the impact of COVID-19 continued in some regions, the beverage business in Vietnam saw a full-scale expansion in demand during the second quarter, which was a strong driver of the business. The increase in the sales volume along with the price revisions in the major markets contributed to the higher-than-expected revenue. By brand, in Vietnam, there were considerable increases, particularly in sales from the energy drink *Sting* and the tea beverage *TEA+*, resulting in an increased sales share. In Thailand, sales of *Pepsi*, including low-sugar products, and the brand continued to maintain market share in the carbonated beverage category. Regarding the health supplement business, the Group's focus on mainstay product BRANDS Essence of Chicken translated to higher revenue year on year. 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.

Segment profit was higher than expected, as although there was a more significant impact from soaring raw material prices in the second quarter period, the Group was able to diminish the effect through growth in revenue.

On April 1, 2022, the divestiture of all shares of a subsidiary that had operated a fresh coffee business in Oceania was completed, and the resulting ¥15.8 billion gain on transfer was recorded as other income in the first six months.

The Asia Pacific business reported revenue of ¥174.6 billion, up 17.4% year on year. Segment profit was ¥41.3 billion, up 74.8% year on year.

< Europe business >

In Europe, demand continued to increase, even in the second quarter. In France, the UK and Spain, sales volumes continued to grow, boosted by favorable weather, and together with the contribution from price revisions, revenue rose considerably higher than initial expectations.

In France, in addition to a strong off-premise market, the on-premise market recovered considerably in the second quarter. In addition to continued growth for core brand *Oasis*, which was renewed in the second quarter ended June 30, 2021, sales volumes of *Orangina* and *Schweppes* increased considerably year on year. In the UK, amid a continuing increase in demand, sales volume for the core brand *Lucozade* rose significantly year on year. In addition to a strong performance in *Lucozade Energy*, *Lucozade Sport* also recorded significant growth due to the increase in sports events and outdoor activities. In Spain, there was a significant recovery in demand in the off-premise and on-premise markets during the second quarter and sales volume of core brand *Schweppes* grew significantly year on year.

Segment profit was much higher than expected, as although there was a more significant impact from soaring raw material prices and energy prices in the second quarter period, revenue increased significantly due to growth in sales volume and price revisions.

The Europe business reported revenue of ¥140.1 billion, up 26.1% year on year, and segment profit of ¥23.3 billion, up 23.7% year on year.

< Americas business >

The Americas business continued to achieve increased sales volume as a result of not only further strengthening sales of the core carbonated beverage products, but also focusing on the growing non-carbonated beverage category. Revenue received a contribution from 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 ¥58.5 billion, up 27.1% year on year, and segment profit of ¥7.4 billion, up 26.8% year on year.

(2) Financial position

Total assets as at June 30, 2022 stood at ¥1,848.9 billion, an increase of ¥171.9 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 ¥792.2 billion, an increase of ¥59.3 billion compared to December 31, 2021. This was due in part to an increase in trade and other payables.

Total equity stood at ¥1,056.6 billion, an increase of ¥112.7 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 June 30, 2022 amounted to ¥224.4 billion, an increase of ¥47.8 billion compared to December 31, 2021.

Net cash inflow from operating activities was ¥80.6 billion, a decrease of ¥8.4 billion compared to the same period of the previous year. This was mainly the result of profit before tax for the period of ¥80.2 billion, depreciation and amortization of ¥35.1 billion, and an increase in trade and other payables of ¥43.8 billion, despite an increase in inventories of ¥20.2 billion, gain on sales of shares of subsidiaries of ¥15.8 billion and an increase in trade and other receivables of ¥33.2 billion.

Net cash outflow from investing activities was ¥8.2 billion, a decrease of ¥16.0 billion compared to the same period of the previous year. This was mainly the result of proceeds from sale of subsidiaries of ¥19.5 billion, despite payments for property, plant and equipment and intangible assets of ¥27.1 billion.

Net cash outflow from financing activities was ¥32.8 billion, a decrease of ¥39.7 billion compared to the same period of the previous year. This was mainly the result of a decrease in short-term borrowings and commercial paper of ¥2.6 billion and repayments of long-term borrowings of ¥12.8 billion.

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

The consolidated earnings forecast for the fiscal year ending December 31, 2022, is unchanged from that announced on February 14, 2022. Factors such as the effect of the depreciating yen and gain on transfer of business could lead to an overshoot of the forecast, but although the northern hemisphere is heading towards the third-quarter peak, the environment in which the Company operates remains highly uncertain due to the unprecedented increases in raw material and energy prices and the progressive inflation caused by the situation in Russia and Ukraine, and the risk of the spread of further COVID-19 variants. With all segments expected to continue to experience an increasingly challenging cost environment from the third quarter onward, the Group will ensure that it capture growth in demand, and continue to implement RGM (revenue growth management), including price revisions, while constantly working on cost-reduction activities. In the Japanese business, price revisions will be timed for the fourth quarter of the fiscal year ending December 31, 2022, and with a high probability that earnings will be affected by the depreciating yen and soaring prices for raw materials, the Group will leverage the strengths of our global portfolio to bolster efforts to achieve the consolidated earnings forecast.

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 June 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	176,655	224,426
Trade and other receivables	240,584	283,898
Other financial assets	1,252	3,811
Inventories	87,807	107,931
Other current assets	23,953	24,389
Subtotal	530,253	644,457
Assets held for sale	–	6,035
Total current assets	530,253	650,492
Non-current assets:		
Property, plant and equipment	372,337	382,255
Right-of-use assets	52,260	51,664
Goodwill	255,599	267,085
Intangible assets	430,086	466,132
Investments accounted for using the equity method	1,005	1,115
Other financial assets	13,847	14,373
Deferred tax assets	14,173	8,923
Other non-current assets	7,362	6,831
Total non-current assets	1,146,673	1,198,382
Total assets	1,676,926	1,848,875

Millions of yen

	As at December 31, 2021	As at June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	55,789	72,195
Trade and other payables	354,595	405,469
Other financial liabilities	30,877	38,919
Accrued income taxes	14,757	23,255
Provisions	2,016	1,241
Other current liabilities	5,529	10,367
Subtotal	463,565	551,448
Liabilities directly associated with assets held for sale	–	2,975
Total current liabilities	463,565	554,424
Non-current liabilities:		
Bonds and borrowings	109,558	79,894
Other financial liabilities	54,241	47,803
Post-employment benefit liabilities	14,697	15,489
Provisions	4,312	4,835
Deferred tax liabilities	81,403	85,146
Other non-current liabilities	5,196	4,647
Total non-current liabilities	269,409	237,816
Total liabilities	732,974	792,241
Equity		
Share capital	168,384	168,384
Share premium	182,423	182,461
Retained earnings	536,996	573,032
Treasury shares	(0)	(0)
Other components of equity	(27,210)	32,650
Total equity attributable to owners of the Company	860,593	956,528
Non-controlling interests	83,358	100,105
Total equity	943,952	1,056,633
Total liabilities and equity	1,676,926	1,848,875

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Six months ended June 30, 2021	Six months ended June 30, 2022
Revenue	603,835	679,009
Cost of sales	<u>(350,219)</u>	<u>(411,233)</u>
Gross profit	253,615	267,776
Selling, general and administrative expenses	(192,666)	(203,204)
Gain on investments accounted for using the equity method	20	70
Other income	980	17,388
Other expenses	<u>(1,549)</u>	<u>(1,660)</u>
Operating income	60,401	80,370
Finance income	259	830
Finance costs	<u>(1,317)</u>	<u>(994)</u>
Profit before tax for the period	59,343	80,206
Income tax expense	<u>(18,834)</u>	<u>(22,098)</u>
Profit for the period	<u>40,508</u>	<u>58,108</u>
Attributable to:		
Owners of the Company	32,159	48,734
Non-controlling interests	<u>8,349</u>	<u>9,373</u>
Profit for the period	<u>40,508</u>	<u>58,108</u>
Earnings per share (Yen)	104.07	157.72

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit for the period	40,508	58,108
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	21	189
Remeasurement of defined benefit plans	(238)	(51)
Total	(216)	137
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	30,631	70,527
Changes in the fair value of cash flow hedges	957	564
Changes in comprehensive income of investments accounted for using the equity method	47	149
Total	31,635	71,241
Other comprehensive income for the period, net of tax	31,419	71,378
Comprehensive income for the period	71,927	129,486
Attributable to:		
Owners of the Company	60,342	107,947
Non-controlling interests	11,585	21,539
Comprehensive income for the period	71,927	129,486

(4) Condensed quarterly consolidated statement of changes in equity

Six months ended June 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			32,159			32,159	8,349	40,508
Other comprehensive income					28,183	28,183	3,235	31,419
Total comprehensive income for the period	–	–	32,159	–	28,183	60,342	11,585	71,927
Dividends			(12,050)			(12,050)	(3,676)	(15,727)
Transactions with non-controlling interests		(34)				(34)	27	(6)
Total transactions with owners of the Company	–	(34)	(12,050)	–	–	(12,085)	(3,649)	(15,734)
Balance at June 30, 2021	168,384	182,380	512,559	(0)	(33,312)	830,012	85,737	915,749

Six months ended June 30, 2022

Millions of yen

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

(5) Condensed quarterly consolidated statement of cash flows

	Millions of yen	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before tax for the period	59,343	80,206
Depreciation and amortization	34,547	35,091
Impairment losses (reversal of impairment losses)	147	108
Interest and dividends income	(246)	(485)
Interest expense	934	956
Loss (gain) on investments accounted for using the equity method	(20)	(70)
Loss (gain) on sales of shares of subsidiaries	–	(15,842)
Decrease (increase) in inventories	(15,026)	(20,152)
Decrease (increase) in trade and other receivables	(32,065)	(33,202)
Increase (decrease) in trade and other payables	41,886	43,758
Other	13,853	2,184
Subtotal	103,353	92,550
Interest and dividends received	213	396
Interest paid	(1,201)	(918)
Income tax paid	(13,388)	(11,466)
Net cash inflow (outflow) from operating activities	88,976	80,562
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(22,482)	(27,108)
Proceeds on sale of property, plant and equipment and intangible assets	26	409
Payments for transfer of business	(2,181)	–
Proceeds from sale of subsidiaries	–	19,491
Other	469	(962)
Net cash inflow (outflow) from investing activities	(24,168)	(8,170)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(42,612)	(2,615)
Proceeds from long-term borrowings	11,187	6,429
Repayments of long-term borrowings	(18,108)	(12,768)
Payments of lease liabilities	(6,941)	(6,619)
Dividends paid to owners of the Company	(12,050)	(12,050)
Dividends paid to non-controlling interests	(4,033)	(5,212)
Other	–	(0)
Net cash inflow (outflow) from financing activities	(72,559)	(32,837)
Net increase (decrease) in cash and cash equivalents	(7,750)	39,554
Cash and cash equivalents at the beginning of the period	167,480	176,655
Effects of exchange rate changes on cash and cash equivalents	2,550	11,125
Cash and cash equivalents included in assets held for sale	–	(2,909)
Cash and cash equivalents at the end of the period	162,280	224,426

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

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