

Summary of Consolidated Financial Results
for the First Three Months of the Year Ending December 31, 2021
<IFRS> (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
 Shares listed: First Section, Tokyo Stock Exchange
 Securities code: 2587
 URL: <https://www.suntory.com/sbf/>
 Representative: Kazuhiro Saito, Chief Executive Officer
 Inquiries: Takayuki Sanno, Chief Financial Officer, Corporate Strategy Division
 TEL: +81-3-5579-1837 (from overseas)

Scheduled date to file quarterly securities report: May 13, 2021
 Scheduled date to commence dividend payments: –
 Attachment of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing meeting (for institutional investors and analysts): Yes

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

1. Consolidated financial results for the first three months of the year ending December 31, 2021
(from January 1, 2021 to March 31, 2021)

(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)	(%)
Three months ended								
March 31, 2021	269,791	(2.7)	19,804	(0.2)	19,532	(1.1)	14,546	(7.0)
March 31, 2020	277,244	(3.0)	19,843	11.6	19,757	13.0	15,642	17.8

	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)	(%)		
Three months ended					(Yen)	(Yen)
March 31, 2021	10,668	(16.2)	44,415	–	34.53	–
March 31, 2020	12,726	18.8	(14,255)	–	41.18	–

(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)	(%)
As at	(Millions of yen)	(Millions of yen)	(Millions of yen)		(%)
March 31, 2021	1,628,175	891,906	806,237		49.5
December 31, 2020	1,574,251	859,556	781,755		49.7

(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
Three months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2021	34,636	(13,570)	(15,111)	176,387
March 31, 2020	14,240	(16,583)	(6,743)	130,004

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended December 31, 2020	–	39.00	–	39.00	78.00
Year ending December 31, 2021	–				
Year ending December 31, 2021 (Forecast)		39.00	–	39.00	78.00

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

3. Consolidated earnings forecast for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(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)	(%)							
Year ending December 31, 2021	1,260,000	6.9	105,000	9.2	103,500	9.9	73,500	14.3	60,500	15.9	195.79

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 March 31, 2021 | 309,000,000 shares |
| As at December 31, 2020 | 309,000,000 shares |
| b. Number of treasury shares at the end of the period | |
| As at March 31, 2021 | 3 shares |
| As at December 31, 2020 | 3 shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| Three months ended March 31, 2021 | 308,999,997 shares |
| Three months ended March 31, 2020 | 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 Three Months.....	2
	(1) Operating results	2
	(2) Financial position.....	3
	(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 Three Months

(1) Operating results

Suntory Beverage & Food Limited Group (the Group), based on the philosophy of enriching consumers' lives by proposing premium and unique products that match the tastes and needs of consumers, 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.

Whereas the novel coronavirus disease (COVID-19) pandemic has continued to affect respective countries since the end of last year, there has been a marked return in human activity since March as authorities ease restrictions particularly with respect to lockdowns and requests for voluntary business shutdowns mainly in Japan and Europe. As such, we achieved progress beyond our expectations in the first quarter amid a situation where the Company's business has been on a steady recovery trend underpinned by this external environment.

As a result of the above, for the operating results of the first three months of the year ending December 31, 2021, the Group reported consolidated revenue of ¥269.8 billion, down 2.7% year on year. Consolidated operating income was ¥19.8 billion, down 0.2% year on year. Furthermore, profit for the period attributable to owners of the Company was ¥10.7 billion, down 16.2% year on year.

Results by segment are described below.

The Company implemented changes to its organization on January 1, 2021, to achieve dramatic growth in key markets in the Asia and Oceania regions. As a result of this restructuring, the reportable segments, which until now comprised "Japan business," "Europe business," "Asia business," "Oceania business," and "Americas business," effective from the first three months of the year ending December 31, 2021, comprise "Japan business," "Asia Pacific business," "Europe business," and "Americas business." To present comparisons with the previous corresponding periods, the figures for the first three months of the year ended December 31, 2020, have been reclassified into the reportable segments after the change.

< Japan business >

Performance of the overall beverage market presumably underperformed that of the same period of the previous fiscal year largely due to effects of restrictions imposed on human activity as a result of the government having prolonged its state of emergency declaration. Although the Company's sales volume also dropped year on year, its market share increased amid initiatives to strengthen its core brands with a focus on the water, coffee, and sugar-free tea categories.

Sales volume for the *Suntory Tennensui* brand as a whole decreased slightly year on year as a result of sales of large PET bottle format product lapping higher stock piling demand for such products in March 2020, but sales of the *Suntory Tennensui Sparkling* series increased substantially as a result of our having tapped in-home demand. For the *BOSS* brand, although sales of the brand as a whole were lower year on year, there was a substantial increase in sales of the *Craft BOSS* series, which was renewed in March. In the sugar-free tea category, overall sales volume of the *Iyemon* brand greatly exceeded that of the same period of the previous year due to renewal of the *Iyemon* brand and contribution of *Iyemon Koi Aji*, which was newly released in February.

In terms of profit, we carried out cost reduction activities, and also worked to improve efficiency in the use of sales promotion and advertising costs, but the decline in sales volume and the change of channel mix continued to have a negative impact.

As a result, the Japan business reported revenue of ¥134.2 billion, down 8.6% year on year, and segment profit of ¥4.0 billion, down 44.0% year on year.

< Asia Pacific business >

In Asia, certain regions have been subject to intermittent restrictions due to COVID-19, but strong growth with respect to sales in Vietnam has served as a driver of our business. The Group has increased its share of the beverage markets in Vietnam and Thailand due to its efforts to concentrate on its core brands. By brand, sales of the energy drink *Sting* and the tea beverage *TEA+* increased in Vietnam, and sales of *Pepsi*, including low-sugar products were strong in Thailand. The health supplement business encountered a downturn in sales year on year, but the sales trend is steadily getting back on track in part because of our efforts to strengthen marketing activities with respect to our mainstay product *BRAND'S Essence of Chicken*.

In Oceania, we achieved growth in sales outperforming the market with respect to the energy drink *V*, a core brand, in the substantially growing energy drink category.

In terms of profit, an increase of sales and efficient use of sales promotion and advertising costs made positive contributions.

As a result, the Asia Pacific business reported revenue of ¥73.5 billion, up 8.9% year on year. Segment profit was ¥12.7 billion, up 38.5% year on year.

< Europe business >

In Europe, business has been affected by COVID-19, but human activity has been resuming since March amid a scenario where authorities have been easing restrictions in the on-premise channels in Spain, and authorities have also been gradually easing restrictions in the UK amid increasing prevalence of vaccinations.

In France, sales volume of *Orangina* and *Oasis* posted a year-on-year decline, having been substantially affected by prolonged lockdowns despite a firm off-premise market and favorable weather in March having made positive contributions. The *Schweppes* brand achieved results almost flat year on year due to successful efforts to strengthen the brand. In the UK, the *Lucozade Energy* brand and the *Lucozade Sport* brand have both been on a recovery trend since March amid a situation where human activity is beginning to resume as the government gradually eases restrictions. In Spain, sales of *Schweppes*, a core brand, have been on a recovery trend amid firm results in the off-premise channels coupled with moves to ease restrictions in the on-premise channels since March.

In terms of profit, despite positive contributions from working to improve efficiency in the use of marketing expenses, profit declined due to the impact of the decrease in sales.

As a result, the Europe business reported revenue of ¥41.7 billion, down 5.3% year on year, and segment profit of ¥4.0 billion, down 16.2% year on year.

< Americas business >

In addition to further strengthening sales of the core carbonated beverage products, the Group also focused on the growing non-carbonated beverage category, which included water and RTD coffee. Despite the continuing impact of COVID-19, sales increased year on year, led by strong demand for home consumption products.

As a result, the Americas business reported revenue of ¥20.4 billion, up 7.4% year on year, and segment profit of ¥2.0 billion, up 36.3% year on year.

(2) Financial position

Total assets as at March 31, 2021 stood at ¥1,628.2 billion, an increase of ¥53.9 billion compared to December 31, 2020. The main factors were increases in cash and cash equivalents, inventories, property, plant and equipment, and intangible assets.

Total liabilities stood at ¥736.3 billion, an increase of ¥21.6 billion compared to December 31, 2020. This was due in part to increases in bonds and borrowings, trade and other payables, and other financial liabilities.

Total equity stood at ¥891.9 billion, an increase of ¥32.3 billion compared to December 31, 2020, due in part to an increase in other components of equity.

(3) Analysis of cash flows

Cash and cash equivalents as at March 31, 2021 amounted to ¥176.4 billion, an increase of ¥8.9 billion compared to December 31, 2020.

Net cash inflow from operating activities was ¥34.6 billion, an increase of ¥20.4 billion compared to the same period of the previous year. This was mainly the result of profit before tax for the period of ¥19.5 billion, depreciation and amortization of ¥17.4 billion, and a decrease in trade and other receivables of ¥10.1 billion, despite a decrease in trade and other payables of ¥5.8 billion, and an increase in inventories of ¥5.4 billion.

Net cash outflow from investing activities was ¥13.6 billion, a decrease of ¥3.0 billion compared to the same period of the previous year. This was mainly the result of the payments for property, plant and equipment and intangible assets of ¥11.2 billion.

Net cash outflow from financing activities was ¥15.1 billion, an increase of ¥8.4 billion compared to the same period of the previous year. This was mainly the result of a decrease in proceeds from short-term borrowings and commercial paper of ¥24.2 billion compared to the same period of the previous year.

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

No changes have been made to the consolidated earnings forecast for the fiscal year ending December 31, 2021, which was announced on February 9, 2021.

Meanwhile, in Japan and the rest of the Northern Hemisphere we are now headed toward the peak summer season, yet uncertainty remains high in that there has been a resurgence in the number of COVID-19 cases, thereby causing the Japanese government to once again issue a state of emergency declaration while also resulting in continuance of lockdowns in France. Amid this situation, we will direct our business momentum into steadily achieving results.

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, 2020	As at March 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	167,480	176,387
Trade and other receivables	196,242	190,230
Other financial assets	717	837
Inventories	79,260	86,805
Other current assets	23,496	22,725
Total current assets	467,198	476,986
Non-current assets:		
Property, plant and equipment	360,358	376,753
Right-of-use assets	50,772	52,227
Goodwill	250,448	254,744
Intangible assets	405,175	426,276
Investments accounted for using the equity method	895	955
Other financial assets	14,513	15,407
Deferred tax assets	15,465	16,370
Other non-current assets	9,423	8,454
Total non-current assets	1,107,052	1,151,189
Total assets	1,574,251	1,628,175

Millions of yen

	As at December 31, 2020	As at March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	83,401	96,027
Trade and other payables	308,381	317,673
Other financial liabilities	33,542	37,171
Accrued income taxes	14,628	13,074
Provisions	1,586	2,773
Other current liabilities	4,986	5,786
Total current liabilities	446,526	472,505
Non-current liabilities:		
Bonds and borrowings	120,292	110,763
Other financial liabilities	52,867	55,994
Post-employment benefit liabilities	15,073	15,350
Provisions	2,287	2,319
Deferred tax liabilities	71,695	73,691
Other non-current liabilities	5,952	5,645
Total non-current liabilities	268,168	263,763
Total liabilities	714,694	736,269
Equity		
Share capital	168,384	168,384
Share premium	182,414	182,450
Retained earnings	492,451	491,069
Treasury shares	(0)	(0)
Other components of equity	(61,495)	(35,665)
Total equity attributable to owners of the Company	781,755	806,237
Non-controlling interests	77,801	85,668
Total equity	859,556	891,906
Total liabilities and equity	1,574,251	1,628,175

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Three months ended March 31, 2020	Three months ended March 31, 2021
Revenue	277,244	269,791
Cost of sales	<u>(162,776)</u>	<u>(158,566)</u>
Gross profit	114,468	111,224
Selling, general and administrative expenses	(94,256)	(91,283)
Gain on investments accounted for using the equity method	17	24
Other income	793	530
Other expenses	<u>(1,179)</u>	<u>(691)</u>
Operating income	19,843	19,804
Finance income	553	201
Finance costs	<u>(639)</u>	<u>(473)</u>
Profit before tax for the period	19,757	19,532
Income tax expense	<u>(4,114)</u>	<u>(4,986)</u>
Profit for the period	<u>15,642</u>	<u>14,546</u>
Attributable to:		
Owners of the Company	12,726	10,668
Non-controlling interests	<u>2,916</u>	<u>3,877</u>
Profit for the period	<u>15,642</u>	<u>14,546</u>
Earnings per share (Yen)	41.18	34.53

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit for the period	15,642	14,546
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	(945)	271
Remeasurement of defined benefit plans	(61)	(245)
Total	<u>(1,007)</u>	<u>26</u>
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	(29,060)	29,028
Changes in the fair value of cash flow hedges	230	765
Changes in comprehensive income of investments accounted for using the equity method	(60)	49
Total	<u>(28,890)</u>	<u>29,842</u>
Other comprehensive income for the period, net of tax	<u>(29,898)</u>	<u>29,869</u>
Comprehensive income for the period	<u>(14,255)</u>	<u>44,415</u>
Attributable to:		
Owners of the Company	(14,017)	36,498
Non-controlling interests	(237)	7,917
Comprehensive income for the period	<u>(14,255)</u>	<u>44,415</u>

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended March 31, 2020

	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, 2020	168,384	182,349	464,705	(0)	(58,870)	756,568	80,997	837,565
Profit for the period			12,726			12,726	2,916	15,642
Other comprehensive income					(26,743)	(26,743)	(3,154)	(29,898)
Total comprehensive income for the period	–	–	12,726	–	(26,743)	(14,017)	(237)	(14,255)
Dividends			(12,050)			(12,050)	(40)	(12,091)
Transactions with non-controlling interests		83				83	(0)	83
Total transactions with owners of the Company	–	83	(12,050)	–	–	(11,967)	(40)	(12,008)
Balance at March 31, 2020	168,384	182,432	465,380	(0)	(85,614)	730,582	80,718	811,301

Three months ended March 31, 2021

	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, 2021	168,384	182,414	492,451	(0)	(61,495)	781,755	77,801	859,556
Profit for the period			10,668			10,668	3,877	14,546
Other comprehensive income					25,829	25,829	4,039	29,869
Total comprehensive income for the period	–	–	10,668	–	25,829	36,498	7,917	44,415
Dividends			(12,050)			(12,050)	(6)	(12,057)
Transactions with non-controlling interests		35				35	(42)	(7)
Total transactions with owners of the Company	–	35	(12,050)	–	–	(12,015)	(49)	(12,065)
Balance at March 31, 2021	168,384	182,450	491,069	(0)	(35,665)	806,237	85,668	891,906

(5) Condensed quarterly consolidated statement of cash flows

Millions of yen

	Three months ended March 31, 2020	Three months ended March 31, 2021
Cash flows from operating activities		
Profit before tax for the period	19,757	19,532
Depreciation and amortization	17,816	17,392
Impairment losses (reversal of impairment losses)	50	–
Interest and dividends income	(286)	(103)
Interest expense	577	444
Loss (gain) on investments accounted for using the equity method	(17)	(24)
Decrease (increase) in inventories	(10,546)	(5,447)
Decrease (increase) in trade and other receivables	14,092	10,106
Increase (decrease) in trade and other payables	(11,402)	(5,849)
Other	(4,761)	6,897
Subtotal	25,280	42,948
Interest and dividends received	215	87
Interest paid	(873)	(212)
Income tax paid	(10,382)	(8,187)
Net cash inflow (outflow) from operating activities	14,240	34,636
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(16,969)	(11,214)
Proceeds on sale of property, plant and equipment and intangible assets	32	59
Payments for transfer of business	–	(2,158)
Other	353	(256)
Net cash inflow (outflow) from investing activities	(16,583)	(13,570)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	41,279	17,046
Proceeds from long-term borrowings	–	2,203
Repayments of long-term borrowings	(32,194)	(18,108)
Payments of lease liabilities	(3,068)	(3,842)
Dividends paid to owners of the Company	(12,050)	(12,050)
Dividends paid to non-controlling interests	(708)	(360)
Net cash inflow (outflow) from financing activities	(6,743)	(15,111)
Net increase (decrease) in cash and cash equivalents	(9,087)	5,953
Cash and cash equivalents at the beginning of the period	143,564	167,480
Effects of exchange rate changes on cash and cash equivalents	(4,473)	2,953
Cash and cash equivalents at the end of the period	130,004	176,387

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

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