

Financial Results for Q1 Year Ending December 31, 2022

May 12, 2022
Suntory Beverage & Food Limited

This is Kazushi Ishikawa.

Today, I will explain the results of the first quarter of FY2022.

Please turn to page 2.

Financial Results for Q1 FY2022 (IFRS)

(JPY BN)

	FY2021 Jan-Mar	FY2022 Jan-Mar	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	269.8 BN	296.0 BN	+26.2	+20.2	+9.7%	+7.3%
Operating Income	19.8 BN	21.6 BN	+1.8	+0.9	+9.2%	+4.6%
Operating Income (Organic basis*1)	19.9 BN	21.5 BN	+1.6	+0.7	+8.0%	+3.5%
Net Income*2	10.7 BN	12.4 BN	+1.7	+1.3	+15.8%	+11.5%

*1 Excluding extraordinary factors from "other income" and "other expenses"

*2 Profit attributable to owners of the Company

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2

Revenue was 296.0 billion yen, up 9.7% year on year and 7.3% on a currency neutral basis.

Operating income was 21.6 billion yen, up 9.2% year on year and 4.6% on a currency neutral basis.

Operating income on an organic basis excluding extraordinary factors was 21.5 billion yen, up 8.0% year on year and 3.5% on a currency neutral basis.

Profit attributable to owners of the Company was 12.4 billion yen, up 15.8% year on year and 11.5% on a currency neutral basis.

We continued to gain share in key markets in the first quarter based on our resolve to steadily capture recovery in demand and return revenue to a growth trajectory, as well as thorough focused activities for core brands in all regions. We successfully grew revenue in the company total, exceeding the 2019 level.

Operating income was also in line with our initial plan due to the top-line growth and thorough cost management, despite more-than-expected cost impact becoming apparent with further price hikes in raw materials and energy caused by the situation in Russia and Ukraine.

Please turn to page 3.

Financial Results for Q1 FY2022 by Segment (IFRS)

	(JPY BN)									
	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	134.0 BN	-0.2		-0.1%		2.6 BN	-1.4		-34.8%	
APAC	83.0	+9.4	+6.2	+12.8%	+8.1%	11.8	-0.9	-1.5	-7.2%	-11.2%
Organic							-0.9	-1.5	-7.1%	-11.1%
Europe	53.2	+11.5	+10.5	+27.5%	+24.5%	6.9	+2.9	+2.8	+72.1%	+66.4%
Organic							+2.7	+2.6	+68.1%	+62.5%
Americas	25.9	+5.5	+3.8	+27.1%	+17.1%	3.1	+1.0	+0.8	+50.0%	+38.2%
Reconciliation						-2.7	+0.2	+0.2		
Total	296.0	+26.2	+20.2	+9.7%	+7.3%	21.6	+1.8	+0.9	+9.2%	+4.6%
Organic						21.5	+1.6	+0.7	+8.0%	+3.5%

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3

This slide shows the performance by segment.

Revenue:

- Japan maintained the same level as last year amid the headwind of introduction and extension of the priority measures to prevent the spread of COVID-19 to address the increase in the number of infections.
- Each overseas segment posted significant growth as a result of RGM activities including price revisions.

Segment profit:

- All segments were affected by soaring raw material and energy prices, resulting in decrease in Japan and Asia-Pacific, but Europe and the Americas grew.

Please turn to page 4.

Revenue		%YoY		Currency neutral		Segment Profit		%YoY		Currency neutral	
134.0 BN		-0.1%		-		2.6 BN		-34.8%		-	

- Beverage market sales volume is estimated at 102% YoY, while SBF Japan marked 104% YoY in terms of actual number of cases.

Suntory Tennensui, Iyemon, and BOSS trended steadily.

FOSHU and products with functional claims recovered in trend with a volume growth effect of *Iyemon Koi Aji*.

- Revenue was at the same level as the previous year. Channel mix deterioration due to slow recovery of the COVID-hit vending machine and CVS channels was mitigated by volume growth and better product mix.
- Segment profit was down due to significant impact from soaring raw material prices despite thorough supply chain cost reduction activities, etc.



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4

I will go over details about Japan.

Revenue was 134.0 billion yen. Segment profit was 2.6 billion yen.

- We estimate the sales volume for the overall beverage market was at 102% level of the previous year due to the impact from the continued restrictions to tackle the resurgence of COVID-19.
- We stayed focused on core brand enhancement. Our new product launches and marketing activities contributed to our sales volume outperform the market by standing at 104% level of the previous year and resulted in market share expansion. *Suntory Tennensui, Iyemon, and BOSS* grew, and the newly introduced *Iyemon Koi Aji* with functional claims drove the recovery in sales trend of the health conscious product category.
- Revenue was at the same level as the previous year. The deteriorated channel mix due to delayed recovery in the vending machine and CVS channels was mitigated by an improvement in the product mix as a result of volume increase and growth in small-sized products.
- Segment profit decreased despite our thorough cost management such as improvement in supply chain cost, due to the significant impact from the soaring raw material prices.

Please turn to page 5.

(JPY BN)

	Revenue	%YoY	Currency neutral	Segment Profit	%YoY	Currency neutral
	83.0 BN	+12.8%	+8.1%	11.8 BN	-7.2%	-11.2%
	Revenue	%YoY	Currency neutral			
Beverage (Vietnam)	27.0 BN	+16.9%	+6.4%	Continued recovery trend since last year-end. <i>TEA+</i> and <i>Sting</i> trended steadily. Gained market share.		
Beverage (Thailand)	17.3 BN	+3.8%	+4.1%	<i>Pepsi</i> brand trended strongly amid COVID restrictions and unseasonable weather. Gained market share.		
Health Supplement (*1)	8.8 BN	+12.9%	+13.2%	Steady trend in general stores channel with focused activities for <i>BRAND'S Essence of Chicken</i> .		
Beverage (Oceania)	13.2 BN	+5.1%	+3.0%	Continued focused activities for energy drink category. <i>V</i> trended strongly. Maintained market share.		

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



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5

Next is Asia-Pacific.

Revenue was 83.0 billion yen. Segment profit was 11.8 billion yen.

- We thoroughly implemented focused activities for core brands amid the continued impact from rising numbers of the infections in some areas of Asia-Pacific. All main businesses achieved revenue growth through strengthened RGM activities.
- Segment profit decreased due to the severe impact from soaring raw material prices despite partial absorption of it by price revisions and our emphasis on cost management.
- The beverage business in Vietnam stayed on a recovery trend since the end of last year. Our focused activities for *TEA+* and *Sting* led to continued expansion of our market share.
- The beverage business in Thailand continued to perform well in *Pepsi* brand including the low-sugar products despite COVID-19 and unseasonable weather, and gained market share.
- The health supplement business was affected by the external factors similarly to the beverage business in Thailand, but *BRAND'S Essence of Chicken* grew in the general stores channel as a result of our concentrated activities.
- The beverage business in Oceania maintained its market share with our continued marketing investment for *V* amid the impact from COVID-19 and the floods in Australia.

(JPY BN)

Revenue

53.2 BN

%YoY

+27.5%

Currency
neutral

+24.5%

Segment
Profit

6.9 BN

%YoY

+72.1%

Currency
neutral

+66.4%

Revenue

%YoY

Currency
neutral

France

19.9 BN

+20.6%

+18.9%

UK

(*1)

17.4 BN

+33.1%

+26.8%

Spain

(*2)

7.6 BN

+37.5%

+35.6%

Steady trend in both on- and off-premise.

Major growth in Oasis, Schweppes, and Orangina.
Gained market share.COVID restrictions lifted and market recovery
continued. Notable growth contribution from
Lucozade Sport. Gained market share.Continued recovery trend in on-
premise channel. Double-digit
growth in *Schweppes*.

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

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6

Moving on to Europe.

Revenue was 53.2 billion yen. Segment profit was 6.9 billion yen.

- With COVID-related restrictions no longer in place, demand expansion continued in major markets. We thoroughly implemented focused activities for our core brands in France, the UK, and Spain. Revenue grew significantly due to a rebound from the COVID impact last year, in addition to our successful RGM activities including price revisions.
- Segment profit grew significantly owing to revenue growth and continued cost management, despite the soaring raw material and energy prices.
- France saw a steady trend in the off-premise channel and a full-scale recovery in the on-premise channel. *Oasis*, *Schweppes*, and *Orangina* each grew more than 10%.
- In the UK, *Lucozade* and *Ribena* both exceeded the previous year's levels with increased demand following the lifting of COVID-related restrictions. *Lucozade Sport* showed particularly strong growth.
- In Spain, the on-premise channel stayed on a recovery trend, with continued double-digit growth of *Schweppes*.

Please turn to page 7.

(JPY BN)

Revenue

25.9 BN

%YoY

+27.1%

Currency
neutral

+17.1%

Segment
Profit

3.1 BN

%YoY

+50.0%

Currency
neutral

+38.2%

- Both on- and off-premise trended well owing to continued demand expansion.
- Revenue grew with volume increase and price revision effects.
- Segment profit increased significantly, absorbing higher raw material prices and personnel expenses.



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7

Next is the Americas.

Revenue was 25.9 billion yen. Segment profit was 3.1 billion yen.

- Both on- and off-premise channels continued to perform well. Revenue grew as a result of volume growth and RGM activities including price revisions.
- Segment profit increased significantly, absorbing the impact from soaring raw material and energy prices and rising personnel expenses.

Please turn to page 8.

Greenhouse Gasses (GHG)

Goal 2030: 50% reduction of GHG emissions from the SBF sites (*1)

- Switch to 100% renewable electricity in 30 directly-owned manufacturing sites and R&D facilities in Japan in April 2022.



Suntory Tennensui Kita Alps Shinano-no-Mori Plant
Realization of “zero CO2 emissions plant” (*2)
(started operation in May 2021)

(*1) Common goal for the Suntory Group and Suntory Beverage & Food. Baseline year: 2019
(*2) A plant which reduces CO2 emissions during its manufacturing processes to effectively zero by promoting energy conservation, introducing renewable energies and credits to offset fossil fuel-derived CO2 emissions, etc.

Plastics

Goal 2030: 100% replacement of PET bottles to sustainable bottles globally (*3)

- Japan: Started in March 2022 to enhance our communication to consumers with a new logo. (*4)



- Overseas: Started in April 2022
- Spain: Introduced 100% sustainable bottles for all *Schweppes* PET bottle products
- Vietnam: Introduced the first 100% sustainable bottle product (*Pepsi* 330ml). (*5)

(*3) PET bottles using recycled or plant-based materials 100%
(*4) All PET bottle products except for products without labels
(*5) Introduced in the northern area in April. To be expanded to other areas in due course.

Lastly, let me update you on our sustainability management.

On the “Greenhouse Gasses” front, we are stepping up our initiatives under the 2030 target to reduce emissions from our sites by 50%, part of which is our completion of switching to 100% renewable energy at 30 of our manufacturing sites and R&D facilities in Japan in April.

On the “Plastics” front, we are accelerating our initiatives across all regions to achieve 100% sustainable PET bottles in 2030. In order to promote renewability of PET bottles, we gradually started introducing a new logo, “Bottles are resources! Towards a Sustainable Bottle” in Japan in March, with all our PET bottle products in scope. Overseas, we introduced 100% sustainable bottles for all *Schweppes* PET bottle products in Spain and launched our first 100% sustainable bottle product in Vietnam in April.

The entire Suntory group will continue to make concerted efforts in sustainability management to solve social issues.

Please turn to page 9.

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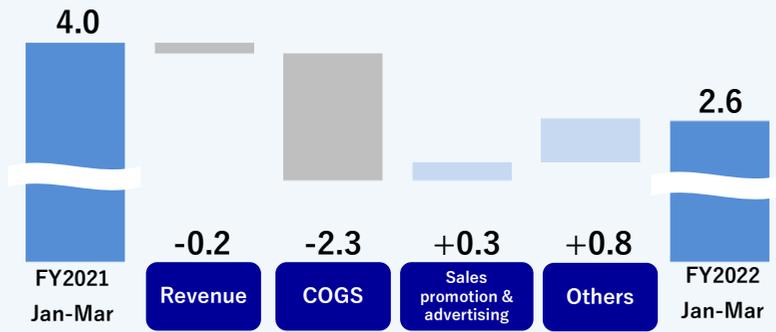
That is all for the first quarter of FY2022.

The environment surrounding us remains uncertain due to soaring raw material and energy prices and currency fluctuations stemming from the situation in Russia and Ukraine etc. as well as the risk of further spread of COVID variants.

A tougher-than-expected cost environment is likely to persist in the second quarter and beyond, but we will work earnestly to bring our revenue back on the pre-COVID growth trajectory and will further strengthen activities in all regions. In response to rising costs, we will make effort to absorb the cost-push impact on profits by stepping up RGM including price revisions and by fully implementing cost management such as SCM activities. Driven by our strong determination to deliver our full year guidance, we will demonstrate our comprehensive capabilities in full value chain.

That is all from me. Thank you.

(JPY BN)



Gross Profit
-2.5

- Sales volume change +2.5
- Activities and product/channel mix -2.0
- FX and raw material market prices -3.0

Sales Volume of Major Brands

Japan

(Million cases)	Q1 FY2021		Q1 FY2022		FY2022	
	Actual	YoY	Actual	YoY	Forecast	YoY
<i>Suntory Tennensui</i>	24.3	-2%	26.0	7%	126.0	5%
<i>Boss</i>	23.3	-6%	24.1	4%	106.0	0%
<i>Iyemon</i>	12.1	15%	12.6	4%	62.5	6%
<i>Green DAKARA</i>	6.1	-8%	6.5	5%	46.5	11%
<i>Suntory Oolong Tea</i>	3.1	-17%	2.8	-8%	14.0	-5%
<i>PEPSI</i>	2.9	13%	3.5	22%	17.0	4%
FOSHU drinks and Foods with Function Claims	4.8	-6%	5.4	12%	20.5	2%
Total	85.0	-3%	88.3	4%	436.5	4%

* Changed to actual number of cases and arrival basis from FY2022.

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

Europe

(Million liters)	Q1 FY2021		Q1 FY2022	
	Actual	YoY	Actual	YoY
<i>Oasis (France)</i>	56	-5%	64	15%
<i>Schweppes (France)</i>	31	0%	37	18%
<i>Orangina (France)</i>	31	-6%	37	17%
<i>Lucozade (UK, Ireland)</i>	82	-10%	94	14%
<i>Ribena (UK, Ireland)</i>	19	7%	20	5%
<i>Schweppes (Spain, Portugal)</i>	18	-22%	21	14%

(JPY, average of period)

	FY2021 Jan-Mar	FY2022 Jan-Mar	FY2022 Forecast
U.S. dollar	107.2	116.4	115.0
Euro	128.5	130.4	130.0
Sterling	148.6	156.0	154.0
Singapore dollar	80.3	86.0	84.0
Thai baht	3.5	3.5	3.4
Vietnam dong	0.0047	0.0051	0.0050
New Zealand dollar	77.0	78.7	78.0
Australian dollar	82.8	84.3	82.0

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