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# Notice of Convocation of the 12th Ordinary General Meeting of Shareholders

Suntory Beverage & Food Limited

[Promise]

## **Mizu To Ikiru**

Water is the source of all the lives on the planet.

We promise and declare to society that we make our living with water.

We embrace nature, enrich our society

and encourage our people to take on new challenges.

[Vision]

Enrich our drinking-experiences to be  
more natural, healthy, convenient, and fulfilling,  
by leading the next drinks revolution

To: Our Shareholders

A year of new growth amid a “Gemba” centric approach and swift transformation

As the world persists in combating the spread of the novel coronavirus disease (COVID-19) pandemic which continues to spread, we have been compelled by our sense of duty in striving to consistently deliver products and services needed by our customers and business partners to fulfill our mission as a manufacturer of life essentials.

This situation has truly caused us to learn numerous lessons as we set our sights on the true “Gemba,” encompassing points of purchase and consumption alike, contemplating how customer lifestyles and daily behaviors might change.

Most importantly, having become more aware of the strengths of our long-selling brands that have come to be favored across generations throughout the world, we better realize that we must seek innovation particularly when it comes to these brands appreciated for so many years.

We accordingly subjected the *Iyemon* brand to a major overhaul last year in Japan, with the aim of ensuring that it more closely manifests the color, taste and aroma of freshly brewed green tea, which was very well received by our customers. The brand has achieved longevity particularly because it remains closely aligned with customer changes. Meanwhile, given its many long-selling brands in Japan and overseas as well, the Group aims to remain ahead of the rapidly changing market through efforts that involve further increasing brand value by applying the latest technologies in undertaking initiatives to revamp such brands.

In addition, we have been encountering rapidly mounting needs for stress relief and refreshment as people find themselves increasingly spending more time in their homes and elsewhere outside of the workplace due to changes in working styles particularly in the form of telework arrangements.

Going forward, we will persistently and promptly take on new challenges in this regard without fear of failure, in a manner that involves thinking things through and taking a first-hand approach to ascertaining matters regarding frontline of customer’s consumption and purchase.

In addition, the entire Suntory Group remains committed to focusing on sustainability initiatives as they become increasingly important. We will continue to work on efficiently recycling of plastics, reducing CO<sub>2</sub> emissions, and conserving and utilizing water resources.

We look forward to the continued support and guidance of our shareholders.

Sincerely yours,

Kazuhiro Saito  
Representative Director, President & Chief  
Executive Officer

Suntory Beverage & Food Limited

*[Translation]*

March 4, 2021

To: Our Shareholders

Notice of Convocation of the 12th Ordinary General Meeting of Shareholders

Dear Shareholder:

You are hereby notified that the 12th Ordinary General Meeting of Shareholders (the “Meeting”) of Suntory Beverage & Food Limited (the “Company”) will be held as described below.

In the course of holding its Meeting, the Company will appropriately take action to prevent the spread of COVID-19 amid ongoing concerns regarding the pandemic. As a measure to prevent the spread of the virus, we kindly request that our shareholders refrain from attending the Meeting, if at all possible. Instead, we ask that you please exercise your voting rights via the Internet, etc. or by mail no later than 5:30 p.m. on Thursday, March 25, 2021 (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 and cooperation in that regard.

**Exercising voting rights by the Internet, etc.**

Please refer to page 6.

**Exercising voting rights by mail**

Please refer to page 7.

1. Date and Time: March 26, 2021 (Friday) at 10:00 a.m. (JST)
2. Place: Grand Prince Hotel New Takanawa “HITEN Main Banquet Hall”  
13-1, Takanawa 3-chome, Minato-ku, Tokyo  
**(Please note that the Meeting will be held at a different venue than that of last year’s event.)**

3. Purpose:
- Items to be reported:
1. Business Report and the Consolidated Financial Statements for the 12th business term (from January 1, 2020 to December 31, 2020), the audit reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
  2. The Financial Statements for the 12th business term (from January 1, 2020 to December 31, 2020)

Items to be resolved:

- Proposal 1: Appropriation of Surplus
- Proposal 2: Partial Amendments to the Articles of Incorporation
- Proposal 3: Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal 4: Election of Three (3) Directors Serving on the Audit and Supervisory Committee
- Proposal 5: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

Sincerely yours,

Kazuhiro Saito  
Representative Director, President & Chief  
Executive Officer

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

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- If revisions are made to the Reference Document for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Financial Statements, we will post the revised versions on the Company’s website: <https://www.suntory.com/softdrink/ir/stock/meeting.html>

Measures being taken to prevent the spread of COVID-19 at the Meeting

- We will check your temperature in the vicinity of the entrance to the Meeting venue. We also ask that you disinfect your hands with alcohol-based disinfectant.
- You are asked to wear a face mask at all times inside the Meeting venue.
- Shareholders who appear to be in poor health may be refused admission.
- There will be significantly less seating available for shareholders than normal due to the need for greater distancing between seats. You may be refused admission upon having arrived at the venue.
- The Company may opt to simplify explanations during the session in order to reduce the amount of time devoted to holding the Meeting.
- **The event will not feature an exhibition corner (drink samples, etc.). In addition, please note that no souvenirs will be provided to the shareholders.**

Staff members organizing the Meeting are to take their own temperatures and otherwise verify that they are in good physical health prior to the Meeting, and furthermore wear face masks during the event.

The Company may make changes to safeguards and other measures depending on future developments, and will successively post matters necessitating shareholder notification to its website as such developments arise.

We appreciate your understanding in this regard.

## Guide to Exercising Voting Rights

### **Exercising voting rights by the Internet, etc.**

Please access the Company's designated voting rights exercise website (<https://www.web54.net>) (available in Japanese only), input your "voting right exercise code" and "password" indicated on the enclosed voting form, and follow the instructions on the display to indicate "For" or "Against" with respect to each proposal. (Any fees to internet service providers and telecommunication carriers (such as access fees, etc.) for the usage of the voting rights exercise website shall be borne by the shareholders.)

Votes to be transmitted by: March 25, 2021 (Thursday) at 5:30 p.m.

#### **< Guidance for the usage of the voting rights exercise website >**

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"  
Click on "Next"
4. Follow the subsequent instructions on screen to register your approval or disapproval.

Voting rights exercise website  
(<https://www.web54.net>)  
You may use the QR Code (available in Japanese only) in order to access the online voting rights exercise website.  
("QR code" is a registered trademark of DENSO WAVE INCORPORATED.)

### **Inquiries regarding the operation of a PC, smartphone and mobile phone**

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 via the Internet, etc., or twice by using both your personal computer and mobile phone, 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.

### Exercising voting rights by mail

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

Votes to be received by: March 25, 2021 (Thursday) 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, 2 and 5

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

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

Proposals 3 and 4

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 attendance at the General Meeting of Shareholders

Please present the enclosed voting form to the reception desk.

Date and Time: March 26, 2021 (Friday) at 10:00 a.m. (Reception desk opens at 9:00 a.m.)

Place: Grand Prince Hotel New Takanawa “HITEN Main Banquet Hall”  
13-1, Takanawa 3-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. Also, if attending the Meeting in person, please bring this Notice of Convocation to save resources.

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 ¥39 per share of common stock of the Company in accordance with our dividend policy.

Accordingly, including the interim dividend of ¥39 already paid, the annual dividend for the current business term will be ¥78 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:  
¥39 per share of common stock of the Company  
Total cash dividends of ¥12,050,999,883
- (iii) Date on which the dividend of surplus will become effective:  
March 29, 2021

(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. 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.

Transition of annual dividend and payout ratio (consolidated)

Category	The Fiscal Year 2017	The Fiscal Year 2018	The Fiscal Year 2019	The Fiscal Year 2020
Annual dividend (yen)	75	78	78	78
Payout ratio (%)	29.7	30.1	35.0	46.2

**Proposal 2:** Partial Amendments to the Articles of Incorporation

1. Reason for proposal

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, pursuant to Article 459, paragraph (1) of the Companies Act of Japan, the Company intends to change Article 35 (Dividends from surplus) of the current Articles of Incorporation so that it is able to pay dividends from surplus and other such distributions per a resolution of the Board of Directors. At the same time, the Company intends to delete Article 36 (Interim dividends) of the current Articles of Incorporation to eliminate duplicate content.

2. Details of amendments

The details of the amendments are as follows.

(Underlined portions are amended.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 35 (Dividends from surplus)</p> <p>1. The record date for the year-end dividends shall be December 31 of each year.</p> <p>2. In addition to the preceding paragraph, the company may prescribe a record date and distribute dividends from surplus.</p>	<p>Article 35 (Dividends from surplus)</p> <p>1. <u>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, including dividends from surplus, except as otherwise provided for in laws and regulations.</u></p> <p>2. The record date for the year-end dividends shall be December 31 of each year.</p> <p>3. <u>The record date for the interim dividends shall be June 30 of each year.</u></p> <p>4. In addition to the preceding <u>two</u> paragraphs, the company may prescribe a record date and distribute dividends from surplus.</p>
<p><u>Article 36 (Interim dividends)</u></p> <p><u>The company may, by resolution of a meeting of the board of directors, distribute interim dividends, with June 30 of each year being the record date.</u></p>	<p>(Deleted)</p>
<p>Article <u>37</u> (Omitted)</p>	<p>Article <u>36</u> (Same as the present)</p>

**Proposal 3:** 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	Kazuhiro Saito	Representative Director, President & Chief Executive Officer Overall Group Management	13/13
2	Reelection	Josuke Kimura	Director, Senior Managing Executive Officer Chief Executive Officer, Japan Business Division Chief Operating Officer, Communication Division, Japan Business Division	13/13
3	New election	Shekhar Mundlay	Chief Executive Officer of Suntory Beverage & Food Asia Pacific	–
4	New election	Peter Harding	Chief Executive Officer of Suntory Beverage & Food Europe	–
5	New election	Kazutomo Aritake	Director, Executive Vice President of Suntory Holdings Limited	–
6	Reelection Outside Director Independent Officer	Yukari Inoue	Outside Director Managing Director of Kellogg Japan G.K.	12/13

Note: 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, and of Article 27 of the Company's Articles of Incorporation, there were four (4) 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  Kazuhiro Saito (October 31, 1956)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1979.</p> <p>Assumed the office of Deputy Division Chief Operating Officer, Beverage &amp; Food Division of such company in September 2005.</p> <p>Assumed the office of Managing Director of Suntory Beverage &amp; Food Limited in April 2009.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Executive Vice President of Suntory (China) Holding Co., Ltd. in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Chinese Beverage &amp; Food Division of such company in January 2011.</p> <p>Assumed the office of President of such company in April 2014.</p> <p>Assumed the office of Chief Operating Officer, Chinese Beer &amp; Huangjiu Division of such company in April 2014.</p> <p>Assumed the office of Managing Executive Officer of Suntory Beverage &amp; Food Limited in March 2015.</p> <p>In charge of Corporate Planning Division, Chief Operating Officer, Finance &amp; Accounting Division of such company in April 2015.</p> <p>Assumed the office of Full-time Advisor of such company in April 2016.</p> <p>Assumed the office of Chief Executive Officer of Suntory Beverage &amp; Food Asia Pte. Ltd. in April 2016.</p> <p>Has occupied the office of Representative Director, President &amp; Chief Executive Officer of Suntory Beverage &amp; Food Limited from March 2019 to date (incumbent).</p> <p>&lt;Responsibilities&gt; Overall Group Management</p> <p>&lt;Important Concurrent Positions&gt; Chairman of Suntory Beverage &amp; Food Asia Pacific Director of Suntory Beverage &amp; Food Asia Pte. Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Orangina Schweppes Holding B.V. Director of Pepsi Bottling Ventures LLC</p> <p>&lt;Reason for the Selection&gt; Mr. Saito has borne management responsibility of the Group in his role as Representative Director, President &amp; Chief Executive Officer of the Company. In consideration not only of his track record in directing the entire Group through his strong leadership but also of his extensive management experience overseas, his past accomplishments in the domestic beverage business (mainly in the marketing division), the corporate planning division and the finance and accounting division, as well as of his keen insight into all areas of management, we judge him well qualified for the role of Director.</p>	<p>2,000</p>

*[Translation]*

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> 13/13 <Term of Office as Director> Two years (as of the closing of the Meeting)	

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 2 Reelection  Josuke Kimura (January 23, 1961)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1983.</p> <p>Assumed the office of Senior General Manager, Marketing &amp; Development Division of Suntory Beverage &amp; Food 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, Marketing &amp; Development Division of such company in April 2010.</p> <p>Assumed the office of Senior General Manager, Brand Marketing Department of such company in May 2012.</p> <p>Assumed the office of Director of Suntory Foods Limited in March 2013.</p> <p>Assumed the office of Chief Operating Officer, Nationwide Chainstores Sales Division of such company in April 2013.</p> <p>Assumed the office of Senior Managing Director of such company in March 2014.</p> <p>Assumed the office of Full-time Advisor of Suntory Beverage &amp; Food Limited in April 2014.</p> <p>Assumed the office of Chief Operating Officer, Nationwide Chainstores Sales Division and in charge of Sales Development &amp; Marketing Promotion Division of Suntory Foods Limited in September 2015.</p> <p>Assumed the office of Managing Director of Suntory Beer Limited in March 2016.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2016.</p> <p>Assumed the office of Chief Operating Officer, Business Strategy Planning Division and Chief Operating Officer, Brand Marketing Division of Suntory Beer Limited in April 2016.</p> <p>Assumed the office of Managing Executive Officer of such company in April 2017.</p> <p>Assumed the office of Chief Operating Officer, Brand Marketing Division and Senior General Manager, Premium Beer Marketing Department of such company in April 2017.</p> <p>Assumed the office of Director, Managing Executive Officer of Suntory Beverage &amp; Food Limited in March 2018.</p> <p>Has occupied the office of Chief Executive Officer, Japan Business Division of such company from April 2018 to date (incumbent).</p> <p>Has occupied the office of Director, Senior Managing Executive Officer of such company from March 2019 to date (incumbent).</p> <p>Has occupied the office of Chief Operating Officer, Communication Division, Japan Business Division of such company from January 2020 to date (incumbent).</p> <p>&lt;Responsibilities&gt; Chief Executive Officer, Japan Business Division and Chief Operating Officer, Communication Division, Japan Business Division</p>	<p>1,000</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p>&lt;Important Concurrent Positions&gt; Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited Director of Japan Beverage Holdings Inc.</p> <p>&lt;Reason for the Selection&gt; In consideration of Mr. Kimura's track record in driving business forward with strong leadership as Chief Executive Officer of the Group's Japan business, his wide-ranging experience in the marketing division and the sales division, and his keen insight into all areas of management, we judge him well qualified for the role of Director.</p> <p>&lt;Board of Directors Meeting Attendance&gt; 13/13</p> <p>&lt;Term of Office as Director&gt; Three years (as of the closing of the Meeting)</p>	

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 3 New election</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 &amp; Food Asia Pte. Ltd. in January 2016.</p> <p>Assumed the office of Chief Executive Officer of such company in April 2019.</p> <p>Has occupied the office of Chief Executive Officer of Suntory Beverage &amp; Food Asia Pacific from January 2021 to date (incumbent).</p> <p>&lt;Important Concurrent Positions&gt;            Chief Executive Officer of Suntory Beverage &amp; Food Asia Pacific            Director of Suntory Beverage &amp; Food Asia Pte. Ltd.            Commissioner of PT SUNTORY GARUDA BEVERAGE            Director of Suntory PepsiCo Vietnam Beverage Co., Ltd.            Director of Suntory PepsiCo Beverage (Thailand) Co., Ltd.</p> <p>&lt;Reason for the Selection&gt;            In consideration of Mr. Mundlay's track record in driving business forward with strong leadership as Chief Executive Officer of the Group's Asia business, his abundant sales and business experience in the Asian region, and his keen insight into all areas of management, 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>–</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 4 New election</p> <p>Peter Harding (Peter John Harding) (April 24, 1964)</p>	<p>Assumed the office of General Manager, SVP Consumer Healthcare GB&amp;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>Has occupied the office of Chief Executive Officer of Suntory Beverage &amp; Food Europe from August 2018 to date (incumbent).</p> <p>&lt;Important Concurrent Positions&gt; Chief Executive Officer of Suntory Beverage &amp; Food Europe Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited</p> <p>&lt;Reason for the Selection&gt; In consideration of Mr. Harding's track record in driving business forward with strong leadership as Chief Executive Officer of the Group's Europe business, his wide-ranging experience notably in the marketing division in the European region, and his keen insight into all areas of management, 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>–</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 5 New election</p> <p>Kazutomo Aritake (October 14, 1957)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1980.</p> <p>Assumed the office of Senior General Manager, Legal Department and Senior General Manager, Compliance Department of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Director of Suntory Business Expert Limited (Present: Suntory MONOZUKURI Expert Limited) in March 2010.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2010.</p> <p>Assumed the office of Senior General Manager, Legal Department of such company and Chief Operating Officer, Customer Relation Division of Suntory Business Expert Limited in April 2010.</p> <p>Assumed the office of Chief Operating Officer, Human Resources Management Division of Suntory Holdings Limited in October 2011.</p> <p>Assumed the office of Managing Executive Officer of such company in April 2012.</p> <p>Assumed the office of Chief Operating Officer, Human Resources Management Division and in charge of Legal Department of such company in October 2014.</p> <p>Assumed the office of Chief Operating Officer, Human Resources Management Division and in charge of Legal Department and Risk Management of such company in April 2015.</p> <p>Assumed the office of Chief Operating Officer, Risk Management Division of such company in July 2015.</p> <p>Assumed the office of Senior Managing Director of such company in March 2017.</p> <p>Assumed the office of Chief Operating Officer, Human Resources Division of such company in April 2017.</p> <p>Assumed the office of Director, Senior Managing Executive Officer of such company in March 2018.</p> <p>Assumed the office of Group Risk Management of such company in April 2019.</p> <p>Has occupied the office of Director, Executive Vice President of such company from January 2020 to date (incumbent).</p> <p>Assumed the office of Group Risk Management and in charge of General Affairs/Secretarial Department of such company in January 2020.</p> <p>In charge of Group Governance and has occupied the office of Group Risk Management of such company from January 2021 to date (incumbent).</p>	<p>–</p>

*[Translation]*

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p>&lt;Important Concurrent Positions&gt; Director, Executive Vice President of Suntory Holdings Limited</p> <p>&lt;Reason for the Selection&gt; In consideration of Mr. Aritake's extensive track record in corporate management in the Suntory Group and of his keen insight derived from experience in leading divisions of legal/risk management and human resources divisions for many years, 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>	

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>Reelection Outside Director Independent Officer</p> <p>Yukari Inoue (April 4, 1962)</p>	<p>Joined Procter &amp; Gamble Far East, Inc. in April 1985.</p> <p>Assumed the office of Marketing Director of Procter &amp; Gamble North America in October 1995.</p> <p>Assumed the office of Marketing Director, Feminine Care of Procter &amp; Gamble Northeast Asia in October 1998.</p> <p>Assumed the office of General Manager, Feminine Care of such company in March 2000.</p> <p>Assumed the office of Managing Director of Jardine Wines and Spirits K.K. (Present: MHD Moët Hennessy Diageo K.K.) in March 2003.</p> <p>Assumed the office of Representative Director and President of Cadbury Japan Limited (Present: Mondelēz Japan Limited) in November 2005.</p> <p>Has occupied the office of Managing Director of Kellogg Japan G.K. from July 2013 to date (incumbent).</p> <p>Has occupied the office of Outside Director of Suntory Beverage &amp; Food Limited from March 2015 to date (incumbent).</p> <p>Has occupied the office of Outside Director of Toyota Tsusho Corporation from June 2020 to date (incumbent).</p> <p>&lt;Responsibilities&gt; -</p> <p>&lt;Important Concurrent Positions&gt; Managing Director of Kellogg Japan G.K. Outside Director of Toyota Tsusho Corporation</p> <p>&lt;Reason for the Selection&gt; Ms. Inoue has a plentiful track record in corporate management for many years and keen insight derived mainly from professional experience overseas. In consideration of this, and her record of appropriate advice and proposals on important management decisions of the Company in her role as an Outside Director to date, we judge her well qualified for the role of Director.</p> <p>&lt;Board of Directors Meeting Attendance&gt; 12/13</p> <p>&lt;Term of Office as Director&gt; Six years (as of the closing of the Meeting)</p>	<p>3,000</p>

- Notes:
1. There is no special interest between the Company and each candidate.
  2. The positions and responsibilities held at the parent company, etc. at present and in the last five years by Messrs. Kazuhiro Saito, Josuke Kimura and Kazutomo Aritake are as listed in the "Career Summary, Positions and Responsibilities and Important Concurrent Positions" column.
  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 included in the policy as insured persons. The Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. Accordingly, 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.

4. Ms. Yukari Inoue is a candidate for Outside Director.
5. The Company has concluded a limited liability agreement with Ms. Inoue, pursuant to Article 427, paragraph (1) of the Companies Act of Japan. Based on this agreement, Ms. Inoue'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 Ms. Inoue if she is reelected at the Meeting.
6. If Mr. Aritake assumes office as a Director, 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. Aritake's liability as a Director is limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan.
7. The Company designated Ms. Inoue as an Independent Officer and reported this designation to the Tokyo Stock Exchange. Ms. Inoue currently serves as Managing Director of Kellogg Japan G.K. However, the Group does not conduct any transactions with the aforesaid company.

**Proposal 4:** Election of Three (3) Directors Serving on the Audit and Supervisory Committee

At the close of the Meeting, the terms of office of Directors serving on the Audit and Supervisory Committee Mr. Harumichi Uchida and Ms. Mika Masuyama will expire and Mr. Kozo Chiji will resign. Accordingly, we request the election of three (3) Directors serving on the Audit and Supervisory Committee.

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

The candidates for Directors serving on the Audit and Supervisory Committee to be elected are as follows:

No.	Name		Current positions, etc. in the Company or other companies	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance
1	New election	Yuji Yamazaki	Director, Senior Managing Executive Officer	13/13	–
2	Reelection Outside Director Independent Officer	Harumichi Uchida	Outside Director serving on the Audit and Supervisory Committee Attorney (Partner) of TMI Associates	13/13	13/13
3	Reelection Outside Director Independent Officer	Mika Masuyama	Outside Director serving on the Audit and Supervisory Committee President and Representative Partner of Masuyama & Company LLC.	13/13	13/13

Note: 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, and of Article 27 of the Company's Articles of Incorporation, there were four (4) 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 New election  Yuji Yamazaki (July 17, 1957)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1980. Assumed the office of Senior General Manager, Group Strategy Planning Department of such company in March 2005. Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009. Assumed the office of Senior General Manager, Group Strategy Planning Department of such company in April 2009. Assumed the office of Managing Director of Suntory Beverage &amp; Food Limited in January 2011. Assumed the office of Senior General Manager, Corporate Planning Department of such company in January 2011. Assumed the office of Senior General Manager, Corporate Planning Department and Chief Operating Officer, Business Administration Division of such company in September 2011. Assumed the office of Senior Managing Director of such company in March 2012. Assumed the office of Chief Operating Officer, International Division of such company in April 2012. Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2012. Assumed the office of Vice Chief Operating Officer, Beverage &amp; Food Business Division and Senior General Manager, Brand Marketing Department of Suntory Beverage &amp; Food Limited in April 2013. Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2014. Assumed the office of Chief Operating Officer, Group Strategy Planning Division and in charge of Corporate Planning &amp; Administration Division of such company in April 2014. Assumed the office of Representative Director, President &amp; Chief Executive Officer of Suntory Wine International Limited in January 2015. Assumed the office of Director of Suntory Liquors Limited in January 2015. Assumed the office of Director of Suntory Beer, Wine &amp; Spirits Japan Limited in April 2017. Has occupied the office of Director, Senior Managing Executive Officer of Suntory Beverage &amp; Food Limited from March 2018 to date (incumbent). Assumed the office of Chief Operating Officer, Corporate Strategy &amp; Management Division of such company in April 2018. Assumed the office of Chief Operating Officer, Corporate Management Division of such company in April 2019. Assumed the office of Chief Operating Officer, Corporate Management Division and in charge of Sustainability/Public Relations of such company in January 2020.</p>	<p>2,200</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p>&lt;Important Concurrent Positions&gt; Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited</p> <p>&lt;Reason for the Selection&gt; Mr. Yamazaki has been in charge of the human resources and general affairs/legal affairs divisions, risk management and so on. In consideration of his track record in working to strengthen the corporate governance structure and extensive experience in leading divisions of corporate planning and international business as well as 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>&lt;Board of Directors Meeting Attendance&gt; 13/13</p>	

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 2 Reelection Outside Director Independent Officer  Harumichi Uchida (April 7, 1947)</p>	<p>Registered as Attorney in April 1973. Joined Mori Sogo Law Offices (Present: Mori Hamada &amp; Matsumoto) in April 1973. Registered as Attorney in New York State, USA in October 1980. Assumed the office of Professor of Keio University Law School in April 2004. Assumed the office of Lecturer of Keio University Law School in April 2007. Has occupied the office of Auditor of KEIDANREN (Japan Business Federation) from April 2012 to date (incumbent). Assumed the office of Outside Audit &amp; Supervisory Board Member of Suntory Beverage &amp; Food Limited in December 2012. Has occupied the office of Outside Director serving on the Audit and Supervisory Committee of such company from May 2015 to date (incumbent). Assumed the office of Attorney of Uchida Law Office in January 2018. Joined TMI Associates in April 2018 (incumbent). &lt;Important Concurrent Positions&gt; Attorney (Partner) of TMI Associates &lt;Reason for the Selection&gt; Mr. Uchida has abundant experience and keen insight as an attorney in Japan and overseas. In his role as a Director serving on the Audit and Supervisory Committee, he has used his specialist perspective to audit the execution of business at the Company. In consideration of this, and his record of appropriate advice and proposals on important management decisions of the Company, we judge him well qualified for the role of Outside Director serving on the Audit and Supervisory Committee. &lt;Board of Directors Meeting Attendance&gt; 13/13 &lt;Audit and Supervisory Committee Meeting Attendance&gt; 13/13 &lt;Term of Office as Director Serving on the Audit and Supervisory Committee&gt; Five years and eleven months (as of the closing of the Meeting)</p>	<p>—</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 3 Reelection Outside Director Independent Officer  Mika Masuyama (January 6, 1963)</p>	<p>Joined the Bank of Japan in April 1985.</p> <p>Assumed the office of International Marketing Director of Cap Gemini Sogeti in September 1991.</p> <p>Assumed the office of Senior Consultant of Gemini Consulting Japan in November 1992.</p> <p>Joined Egon Zehnder in June 1997.</p> <p>Assumed the office of Partner of such company in January 2004.</p> <p>Has occupied the office of President and Representative Partner of Masuyama &amp; Company LLC. from October 2016 to date (incumbent).</p> <p>Has occupied the office of Outside Director serving on the Audit and Supervisory Committee of Suntory Beverage &amp; Food Limited from March 2017 to date (incumbent).</p> <p>Assumed the office of Visiting Professor of Ritsumeikan University Graduate School of Management in April 2017.</p> <p>Has occupied the office of Outside Director of KOKUYO CO., LTD. from March 2019 to date (incumbent).</p> <p>Has occupied the office of External Director of Konoike Transport Co., Ltd. from June 2019 to date (incumbent).</p> <p>&lt;Important Concurrent Positions&gt; President and Representative Partner of Masuyama &amp; Company LLC. Outside Director of KOKUYO CO., LTD. External Director of Konoike Transport Co., Ltd.</p> <p>&lt;Reason for the Selection&gt; Ms. Masuyama has a wealth of consulting experience and keen insight in fields such as corporate governance, human resources and organizations, and M&amp;A as well as global business knowledge in the areas of management and economy. In her role as a Director serving on the Audit and Supervisory Committee, she has used her specialist perspective to audit the execution of business at the Company. In consideration of this, and her record of appropriate advice and proposals on important management decisions of the Company, we judge her well qualified for the role of Outside Director serving on the Audit and Supervisory Committee.</p> <p>&lt;Board of Directors Meeting Attendance&gt; 13/13</p> <p>&lt;Audit and Supervisory Committee Meeting Attendance&gt; 13/13</p> <p>&lt;Term of Office as Director Serving on the Audit and Supervisory Committee&gt; Four years (as of the closing of the Meeting)</p>	<p>—</p>

- Notes:
1. There is no special interest between the Company and each candidate.
  2. The positions and responsibilities held at the parent company, etc. at present and in the last five years by Mr. Yuji Yamazaki are as listed in the "Career Summary, Positions and Responsibilities and Important Concurrent Positions" column.
  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 Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. Accordingly, if a respective candidate assumes office as a Director serving on the Audit and Supervisory Committee, 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.

4. Mr. Harumichi Uchida and Ms. Mika Masuyama are candidates for Outside Directors.
5. Although Mr. Uchida 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> pertaining to him, we judge him well qualified to perform his duties as an Outside Director serving on the Audit and Supervisory Committee.
6. The Company has concluded limited liability agreements with Mr. Uchida and Ms. Masuyama pursuant to Article 427, paragraph (1) of the Companies Act of Japan. Based on these agreements, Mr. Uchida and Ms. Masuyama's liability as Directors is limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan. The Company plans to continue these agreements with Mr. Uchida and Ms. Masuyama if they are reelected at the Meeting.
7. If Mr. Yamazaki 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. Yamazaki's liability as a Director is limited to the minimum liability amount stipulated by Article 425, paragraph (1) of the Companies Act of Japan.
8. The Company designated Mr. Uchida and Ms. Masuyama as Independent Officers and reported this designation to the Tokyo Stock Exchange. Although there are transactions for legal services, etc. between the Group and TMI Associates, where Mr. Uchida is a partner, and between the Group and Mori Hamada & Matsumoto, where Mr. Uchida belonged up to the end of December 2017, in both cases 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 Mr. Uchida's independence. Additionally, Ms. Masuyama currently serves as a President and Representative Partner of Masuyama & Company LLC. However, the Group does not conduct any transactions with the aforesaid company.

**Proposal 5:** 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.                      Joined Hashidate Law Office in April 1985.                      Joined Wakita Law Office in November 1989.                      Has occupied the office of Attorney of Shimada, Seno &amp; Amitani Law Office (Present: SAH &amp; Co.) from March 1990 to date (incumbent).                      Has occupied the office of Outside Audit &amp; Supervisory Board Member of STANLEY ELECTRIC CO., LTD. from June 2006 to date (incumbent).                      Has occupied the office of Outside Audit &amp; Supervisory Board Member of HUB CO., LTD. from May 2013 to date (incumbent).                      Has occupied the office of Outside Director of SIGMAXYZ Inc. from June 2018 to date (incumbent).</p> <p>&lt;Important Concurrent Positions&gt;                      Attorney (Partner) of SAH &amp; Co.                      Outside Audit &amp; Supervisory Board Member of STANLEY ELECTRIC CO., LTD.                      Outside Audit &amp; Supervisory Board Member of HUB CO., LTD.                      Outside Director of SIGMAXYZ Inc.</p> <p>&lt;Reason for the Selection&gt;                      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 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 Company has assumed the costs of insurance premiums in full for all of the insured parties with respect to the insurance policy, which covers statutory compensation for damages, litigation expenses and other such outlays that an insured party may incur. Accordingly, 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> 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) Nomination of Candidates for Directors**

- Of its own volition, the Company has established a human resources committee (hereinafter in this section, the committee). The committee exercises its authority in a manner that places due consideration on concerns regarding shareholder conflict of interest in order to continuously ensure effectiveness of the management structure tasked with facilitating the Company's sustainable growth.
- At least half of the members of the committee must be Outside Directors. The committee currently consists of six members: the Director, Chairman of the Board, three Outside Directors, the Representative Director, President & Chief Executive Officer, and the Director in charge of the human resources division. In the event that Proposal 3 and Proposal 4 are approved and adopted at the Meeting, the Company plans to change this to four members, consisting of the Representative Director, President & Chief Executive Officer and three Audit and Supervisory Committee Members (including two Outside Directors).
- The committee deliberates on proposals for selection of candidates for Directors or dismissal of Directors and the levels and criteria of remuneration for Directors (excluding Audit and Supervisory Committee Members), and report to the Board of Directors about its appropriateness. In addition, the committee also deliberates on the status of formulating and administering succession planning with respect to candidates for the CEO and Outside Director, and report such matters to the Board of Directors. The committee also confirms whether the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with "the policy for determining the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members)" established by the Board of Directors. The Company strives to improve corporate value through its cooperation with the Suntory Group. This involves closely consulting with the parent company Suntory Holdings Limited regarding matters such as proposals for selection of candidates for Directors or dismissal of Directors, their remuneration levels and so forth. Meanwhile, through the committee's deliberations and reporting, the Company aims to ensure objectivity and independence from the parent company, and maximize returns for all shareholders.
- When deliberating proposals for selection of candidates for Directors or dismissal of Directors, the committee considers the following factors:
  - Qualification as a Director: whether the candidate appropriately exercises his or her duty of care and duty of loyalty when conducting business, and whether he or she has the qualities to contribute to the Company's sustainable profit growth and improve corporate value.
  - Qualification as an Executive Director: whether he or she is familiar with the Group businesses and possesses the ability to appropriately manage the Group business.
  - Qualification as an Outside Director: whether he or she possesses the ability to utilize insight and experience gained from various specialist fields to formulate the Company's corporate strategy and oversee the execution of business. Also, whether he or she possesses the ability to carry out functions of management oversight from the perspective of maximizing returns for all shareholders, in a manner whereby he or she maintains independence from the parent company Suntory Holdings Limited, in addition to maintaining independence from the management team of the Company.

- The Board of Directors nominates candidates to be selected or Directors to be dismissed based on the content of the report from the committee while also considering the experience, knowledge and performance evaluation of such candidates for Directors.

**(Reference) Standard for Independence of Outside Directors**

The Company believes that an Outside Director must be independent from the management team of the Company and the parent company Suntory Holdings Limited in order for him or her to fulfill the duties of an Outside Director. Accordingly, the Company views Outside Directors as lacking independence if they fall under one or more of the categories below.

- The relevant Outside Director is currently or has in the past (within the last ten years) been an executive officer of the Company, its subsidiaries, parent company or fellow subsidiaries, or a non-executive director of the parent company.
- A close relative (of first or second degree) of the relevant Outside Director is currently or has in the past (within the last ten years) been a key business executive of the Company, its subsidiaries, parent company or fellow subsidiaries, or a non-executive director of the parent company.
- A company where the relevant Outside Director currently serves as an executive officer has transactions with the Company, its subsidiaries, parent company or fellow subsidiaries and the monetary amount of such transactions was greater than 2% of consolidated revenue for any of the company where the relevant Outside Director serves, the Group or the Suntory Group in the past three business years.
- The relevant Outside Director has, as an expert or consultant in the field of law, accounting, or tax, received remuneration of over ¥10 million directly from the Company, its subsidiaries, parent company or fellow subsidiaries in the past three business years. This excludes remuneration as a Director of the Company and remuneration paid to the organization or business to which the relevant Outside Director belongs.
- A nonprofit organization of which the relevant Outside Director is an executive officer has received donations from the Company, its subsidiaries, parent company or fellow subsidiaries of over ¥10 million and this amount exceeded 2% of the relevant organization's total business income in the past three business years.

End

(Attached Documents)

Business Report (from January 1, 2020 to December 31, 2020)

1. Matters Concerning the Present Condition of the Group

(1) Progress and Achievement of Business

Category	Billions of yen		
	The 11th Fiscal Year 2019	The 12th Fiscal Year 2020	YoY change
Consolidated revenue	1,299.4	1,178.1	Down 9.3%
Consolidated operating income	113.9	96.2	Down 15.6%
Profit for the year attributable to owners of the Company	68.9	52.2	Down 24.2%

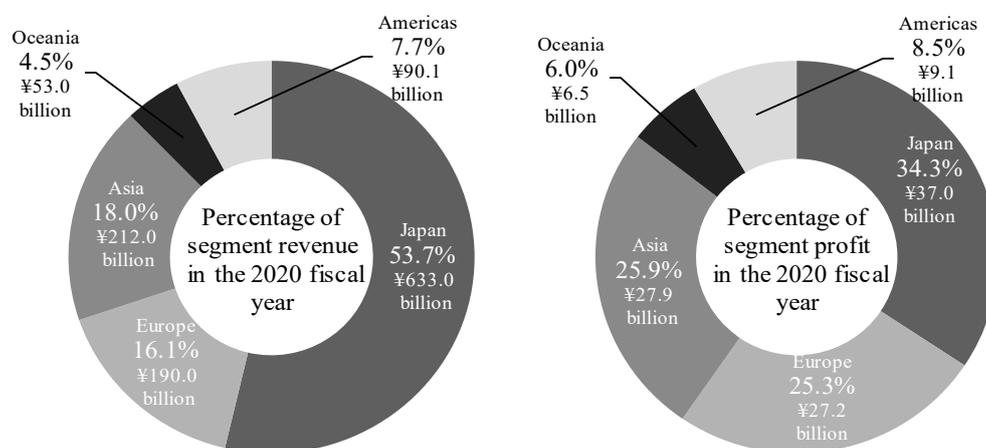
Suntory Beverage & Food Limited Group (the Group), based on the philosophy of enriching consumers' lives by proposing premium and unique products that match the tastes and needs of consumers, put effort into brand reinforcement and new demand creation, and worked to improve the quality of products. In addition, the Group worked to strengthen profitability in each area.

During 2020, the lockdowns and requests for voluntary business shutdowns issued by each major country in response to COVID-19 pandemic has greatly changed the flow of people traffic, and the effect on businesses of the Group both in Japan and overseas has been severe. With the reintroduction of voluntary shutdowns and other measures in some countries as the number of infections with COVID-19 is on the rise again, the situation is unstable, and we will therefore continue to monitor the situation closely.

For the fiscal year under review, the Group reported consolidated revenue of ¥1,178.1 billion, down 9.3% year on year. Consolidated operating income was ¥96.2 billion, down 15.6% year on year. Furthermore, profit for the year attributable to owners of the Company was ¥52.2 billion, down 24.2% year on year.

Results by segment are described below.

(Reference) Segment revenue and segment profit in the 2020 fiscal year



Billions of yen

Segment	Segment revenue	Segment profit
Japan business	633.0	37.0
Europe business	190.0	27.2
Asia business	212.0	27.9
Oceania business	53.0	6.5
Americas business	90.1	9.1
Reconciliations	—	(11.5)
Total	1,178.1	96.2

Segment Information

<b>Japan business</b>	
Segment revenue	¥633.0 billion (down 10.1% year on year)
Segment profit	¥37.0 billion (down 30.8% year on year)

The Group worked on strengthening core brands with a focus on water, coffee, and sugar-free tea categories, but sales volume dropped year on year, despite outperforming the overall beverage market, due to unfavorable weather and the continued effects of COVID-19. Sales volume for the *Suntory Tennensui* brand as a whole achieved results almost flat year on year, backed by a growing demand for large formats for stockpiling at home and strong performance of the renewed *Suntory Tennensui Sparkling* series. For the *BOSS* brand, despite an active rollout of marketing activities and our efforts to revitalize the market such as the new launch of *BOSS CAFE BASE* and *Craft BOSS LEMON TEA*, sales volume for the *BOSS* brand as a whole was lower year on year. In the sugar-free tea category, the *Iyemon* brand's renewal carried out in April has been well received by customers, and the overall sales volume of the brand greatly exceeded that of the previous year. In addition, for *Green DAKARA*, sales of *Green DAKARA Yasashii Mugicha* continued to remain strong, and the overall sales volume of the brand was almost flat year on year.

In terms of profit, we undertook initiatives to reduce the cost of ingredients, carried out cost-cutting 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 ¥633.0 billion, down 10.1% year on year, and segment profit of ¥37.0 billion, down 30.8% year on year.

<b>Europe business</b>	
Segment revenue	¥190.0 billion (down 14.6% year on year)
Segment profit	¥27.2 billion (down 17.5% year on year)

In France, sales volume for the core brands *Orangina* and *Oasis* posted a year-on-year decline due to the impact of COVID-19. While sales have shown signs of recovery during the summer partly due to the effect of favorable weather, the second lockdown that began in October had its effect. In the UK, the overall sales volume for the *Lucozade* brand decreased year on year, but the *Lucozade Energy* brand capturing stress-relief needs remained stable.

In Spain, sales volume for the core *Schwepes* brand was firm in the off-premise channel, but down year on year due to the impact of restrictions in the on-premise channel.

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

As a result, the Europe business reported revenue of ¥190.0 billion, down 14.6% year on year, and segment profit of ¥27.2 billion, down 17.5% year on year.

<b>Asia business</b>	
Segment revenue	¥212.0 billion (down 8.5% year on year)
Segment profit	¥27.9 billion (up 10.8% year on year)

In the beverage business, sales fell year on year due to COVID-19, however, concentrated activities on core brands in Vietnam and the introduction of new, low-sugar products in Thailand allowed us to outgrow the market.

The health supplement business was greatly affected by COVID-19, and while sales fell year on year, as a result of our continued activities to enhance our mainstay product *BRAND'S Essence of Chicken*, the sales trend is steadily getting back on track.

In terms of profit, lower cost of ingredients and efficient use of sales promotion and advertising costs made positive contributions.

As a result, the Asia business reported revenue of ¥212.0 billion, down 8.5% year on year. Segment profit was ¥27.9 billion, up 10.8% year on year.

<b>Oceania business</b>	
Segment revenue	¥53.0 billion (down 0.4% year on year)
Segment profit	¥6.5 billion (up 5.2% year on year)

Regarding the beverage business, energy drinks such as *V* sold strongly. Additionally, in the fresh coffee business, the Group worked on strengthening its core brands. Since April when the lockdown was lifted, sales trends in the on-premise channels and convenience stores, which had been particularly affected by COVID-19, have also recovered well.

As a result, the Oceania business reported revenue of ¥53.0 billion, down 0.4% year on year, and segment profit of ¥6.5 billion, up 5.2% year on year.

<b>Americas business</b>	
Segment revenue	¥90.1 billion (up 2.7% year on year)
Segment profit	¥9.1 billion (up 10.4% year on year)

In addition to further strengthening sales of the core carbonated beverage brand 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 due to growth in demand for home consumption products.

As a result, the Americas business reported revenue of ¥90.1 billion, up 2.7% year on year, and segment profit of ¥9.1 billion, up 10.4% year on year.

## (2) Issues to Address

We promise and declare to society that we make our living with water, which we call *Mizu to Ikiru*. We embrace nature, enrich our society and encourage our people to take on new challenges.

In addition, in the light of recent changes in the business environment, such as shifts in social conditions and rising health-focus among consumer needs, we have set our vision to “Enrich our drinking-experiences to be more natural, healthy, convenient, and fulfilling, by leading the next drinks revolution.”

Our medium-term strategy and medium-term plan are as follows.

### **Medium-term strategy**

Establish a unique position moving one step ahead of consumer trends, in the global beverages industry

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.”

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.

#### **< Growth strategy >**

##### **First mover - Organic growth**

- Double down on core brands through innovation
- Innovate future categories

##### **Game Changer – Inorganic growth**

- Go beyond RTD (Ready to Drink)
- Expand into new markets
- Accelerate M&A investment

##### **Enablers**

- Accelerate Centers of Excellence and DX
- Establish Asia-Pacific region to unlock growth

#### **< Structural transformation >**

- Vending machine business transformation in Japan
- On-premise business transformation in Europe

In addition to the above, the Group will contribute to the local communities through the promotion of sustainability initiatives.

### **Medium-term plan (2021-2023)**

The targets through 2023 based on the medium-term strategy are as follows:

#### **Organic growth**

(Base year: 2020, on a currency neutral basis)

Revenue                      Mid single-digit Compound Annual Growth Rate (CAGR) growth

Operating income            Above 10% Compound Annual Growth Rate (CAGR) growth

Operating margin            10% or above by 2023

Target to surpass 2019 Revenue and Operating Income level in 2022

#### **Growth investment**

Focus on growth investment (including M&A)

- Maximum net D/E ratio of 1x (approx. ¥700 billion)
- Allocate ¥200-300 billion for investment

We see 2021 as an opportunity to capture changes in consumer preferences and buying patterns caused by COVID-19 and will promote growth strategies and structural reform in each of our reporting segments, aiming for sales and profit growth.

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 in 2021, comprise “Japan business,” “Asia Pacific business,” “Europe business,” and “Americas business.”

< Japan business >

Designating our business strategies of “vending machine business model reform,” “accelerating growth in core brands,” and “supply chain structural reform” as the key priorities, we aim to grow sales and profit. The Group will continue marketing activities this year around *Suntory Tennensui*, *BOSS*, *Iyemon* and *Tokucha*. With the *Suntory Tennensui* brand, the Group will continue to appeal to consumers using its unique “clear & tasty” brand value. In the *BOSS* brand, in addition to activities aimed at existing core users of canned coffee, the Group will strengthen initiatives for *Craft BOSS*. To accelerate growth of our *Iyemon* brand after renewal, we are promoting activities to create new demand. To get customers more accustomed to drinking *Tokucha*, we are further enhancing our marketing activities.

Moreover, on top of the activities that we have been engaged in over many years as a member of the Suntory Group, such as initiatives to contribute to the environment and society, we will put effort into activities in order to leave a sustainable earth environment for the next generation, such as by reinforcing effective use of used PET bottles.

< Asia Pacific business >

In Vietnam, the Group will continue with its sales activities while striving to accelerate growth of core brands such as the energy drink *Sting* and the RTD tea *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. Regarding the health supplement business, the Group will bolster marketing activities for mainstay product *BRAND'S Essence of Chicken*. In Oceania, the Group will continue to focus on the energy drink *V*, a core brand.

< Europe business >

Across Europe, in addition to working to revitalize the *Schweppes* brand, the Group will tackle structural reform such as strengthening sales and supply chain management. In France, the Group will strengthen marketing activities for core brands *Orangina* and *Oasis*, and strive for growth in sales and profit. In the UK, the Group will further strengthen sales with a focus on *Lucozade*. In Spain, we are promoting structural reform of our commercial business.

< Americas business >

The Group will enhance the core carbonated beverage category, while also working to further expand the growing non-carbonated beverage category. We will also promote sales innovation and accelerate growth.

We appreciate and value your ongoing cooperation and support.

## **(Reference) Sustainability Initiatives**

The Suntory Group is promoting sustainability management globally with the aim of realizing our mission “To Create Harmony with People and Nature” as stated in our corporate philosophy.

### Environmental Vision toward 2050 and Environmental Targets toward 2030

The Suntory Group revised the Environmental Vision toward 2050 to continue to sincerely face, with more effort than ever before, the various challenges affecting the world and to realize a sustainable society. As part of these efforts, we aim to achieve net zero greenhouse gas emissions by 2050.

The Company was awarded the position as a CDP A-list Company both for “Water Security” and “Climate Change” in 2020.

### Environmental Vision toward 2050

The Suntory Group has formulated the vision below toward 2050 for the purpose of passing down a sustainable global environment to the next generation around the pillars of water sustainability and climate change measures as a company in harmony with nature.

#### 1. Water Sustainability

- Reduce water consumption at our plants worldwide\*
- Preserve water resources and the ecosystem to cultivate more water than is used by our plants worldwide
- Realize sustainable water use at primary raw material farms
- Share the Sustainable Water Philosophy broadly in communities where we are expanding our primary businesses

#### 2. Climate Change Measures

- Aim for net zero greenhouse gas emissions across the whole value chain by 2050  
Continue to promote energy conservation, proactively implement renewable energy solutions, utilize next-generation infrastructure options and work together with stakeholders across the value chain in order to contribute to realizing a decarbonized society

\* Reduction per unit production based on the business fields in 2015

### Environmental Targets toward 2030

The Suntory Group has set the following Environmental Targets toward 2030 to achieve the Environmental Vision toward 2050.

#### 1. Water

- Reduce water use at our plants 15% globally by using the latest water conservation technologies<sup>\*1</sup>
- Conduct water resource cultivation activities in areas with high water stress at more than half of our plants
- Pursue sustainable water use in cooperation with suppliers for main raw materials with a high water load

- Expand water enlightenment programs and initiatives to provide safe water to more than 1 million people
2. CO<sub>2</sub>
- Reduce CO<sub>2</sub> emissions 25% at our bases globally through efforts such as the adoption of that latest energy-saving technologies and the use of renewable energy\*<sup>2</sup>
  - Reduce CO<sub>2</sub> emissions 20% in the value chain outside our bases\*<sup>2</sup>

\*1 Reduction per unit production based on the business fields in 2015

\*2 Total reduction based on the business fields in 2015

### **Plastic Policy**

**The Suntory Group has formulated the Plastic Policy to provide strong leadership for transforming our current society into a recycling-oriented and zero carbon society, aiming toward the realization of a sustainable society.**

#### **Plastic Policy**

Expressing gratitude toward the Blessings of Nature that are the source of Suntory's products, the Suntory Group will provide strong leadership for transforming into a recycling-oriented and zero carbon society to bring about a world where diverse animal and plant life shines and resonates. With its diversity in usage and convenience, plastic has made our lives easier.

The plastic containers and packaging we use serve a useful function, but to prevent them from having a negative impact on the global environment, we will promote problem-solving efforts together with various stakeholders. Each employee of Suntory will work on taking responsible action to solve problems and take the initiative in bringing about a sustainable society.

**1. Recycle & Renewable:**

- (1) Aim to switch all the PET bottles used globally for Suntory products to be made of recycled or plant-based material by 2030, achieving zero use of virgin petroleum-based materials.
- (2) Actively work and collaborate with government agencies, industry, environmental non-governmental and non-profit organizations for the measures necessary to develop an efficient recycling system based on the situation of each country where we do business.

**2. Reduce & Replacement:**

Reduce the amount of plastic used by changing the design of containers and packaging and look for the introduction of alternative containers that do not negatively impact the environment in order to effectively utilize resources.

**3. Innovation:**

Actively invest in innovation for materials and processes that improve the recycling rate and minimize environmental impact.

**4. New Behavior:**

Promote activities that drive change in consumer behavior. Each Suntory employee will work to change their lifestyle, promote sorting and collection, and actively participate in social contribution activities such as cleaning up rivers and beaches.

Environmentally friendly initiatives at the Suntory Kita Alps Shinano-no-Mori Water Plant

- It will become the Company's first "zero CO<sub>2</sub> emissions plant<sup>\*1</sup>" due to factors including the adoption of renewable energy power generation facilities and boilers using biomass fuel, as well as electric power procurement derived from renewable energy.
- The Company aims to rank as an industry leader in terms of the volume of water it uses in manufacturing one kiloliter of product (volume of water used per production unit). To such ends, the Company designs its manufacturing processes so that production uses as little water as possible and also adopts a sophisticated water cascade recycling process that entails the using cascades of water<sup>\*2</sup>.

\*1 Denotes plant that will achieve near-zero CO<sub>2</sub> emissions during the manufacturing process due to promoting energy savings, adoption of renewable energy, use of carbon credits that offset CO<sub>2</sub> emissions from fossil fuels, etc.

\*2 Water used in the manufacturing process is classified into four grades, including coolant water, cleaning water, etc., based on quality. This technology allows plants to recycle water to be used in subsequent processes, for example, using the highest grade water in the most demanding process, and recycling it for use in a process with less stringent requirements.

## (3) Status of Assets and Profit and Loss

Category	The 9th Fiscal Year 2017	The 10th Fiscal Year 2018	The 11th Fiscal Year 2019	The 12th Fiscal Year 2020 (fiscal year under review)
Revenue (Millions of yen)	1,234,008	1,294,256	1,299,385	1,178,137
Operating Income (Millions of yen)	117,955	113,557	113,948	96,177
Profit for the Year Attributable to Owners of the Company (Millions of yen)	78,112	80,024	68,888	52,212
Basic Earnings per Share (Yen)	252.79	258.98	222.94	168.97
Total Equity (Millions of yen)	746,201	798,877	837,565	859,556
Equity Attributable to Owners of the Company per Share (Yen)	2,234.43	2,313.34	2,448.44	2,529.95
Total Assets (Millions of yen)	1,522,029	1,539,416	1,567,299	1,574,251

## (4) Summary of Principal Businesses (as of December 31, 2020)

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, etc.

## 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

Name	Paid-in Capital	Ratio of Voting Rights (%)	Principal Business Purpose
Suntory Beverage Solution Limited	(Million) ¥1,000	100.0	Sale of non-alcoholic beverages
Suntory Beverage Service Limited	(Million) ¥100	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
Orangina Schweppes Holding B.V.	(Thousand) €18	100.0	Manufacture and sale of non-alcoholic beverages
Lucozade Ribena Suntory Limited	(Million) £675	100.0	Manufacture and sale of non-alcoholic beverages
Suntory Beverage & Food Asia Pte. Ltd.	(Thousand) S\$1,407,261	100.0	Strategic planning and group supervision for beverage and food businesses in South East Asia and other regions
BRAND'S SUNTORY INTERNATIONAL 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) THB16,085,250	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	A\$2	100.0	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 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, 2020)

1) The Company

Head Office:	1-1, Kyobashi 3-chome, Chuo-ku, Tokyo
Research Institute:	New Products Development Center (Kawasaki-shi, Kanagawa)

Note: The registered address of the head office has been changed to “1-1, Shibaura 3-chome, Minato-ku, Tokyo” as of December 1, 2020.

2) Subsidiaries

Name of Segment	Name	Major Business Sites	
Japan	Suntory Foods Limited	Head Office	Chuo-ku, Tokyo
		Office	Metropolitan Marketing Office (Chuo-ku, Tokyo), etc.
	Suntory Beverage Solution Limited	Head Office	Chuo-ku, Tokyo
		Office	Metropolitan Marketing Office (Chuo-ku, Tokyo), etc.
	Suntory Beverage Service Limited	Head Office	Shinjuku-ku, Tokyo
		Office	Metropolitan Area Sales Division (Shinjuku-ku, Tokyo), etc.
	Japan Beverage Holdings Inc.	Head Office	Shinjuku-ku, Tokyo
		Office	Tokyo branch (Shinjuku-ku, Tokyo), etc.
	Suntory Products Limited	Head Office	Chuo-ku, Tokyo
		Plant	Haruna Plant (Shibukawa-shi, Gunma), etc.
Europe	Orangina Schweppes Holding B.V.	Head Office	Amsterdam, the Netherlands
	Lucozade Ribena Suntory Limited	Head Office	London, U.K.

Name of Segment	Name	Major Business Sites	
Asia	Suntory Beverage & Food Asia Pte. Ltd.	Head Office	Singapore
	BRAND'S SUNTORY INTERNATIONAL 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
Oceania	FRUCOR SUNTORY NEW ZEALAND LIMITED	Head Office	Auckland, New Zealand
	FRUCOR SUNTORY AUSTRALIA PTY. LIMITED	Head Office	New South Wales, Australia
Americas	Pepsi Bottling Ventures LLC	Head Office	North Carolina, U.S.A.

Note: The registered head office addresses of Suntory Foods Limited, Suntory Beverage Solution Limited, and Suntory Products Limited have been changed to “1-1, Shibaura 3-chome, Minato-ku, Tokyo” as of December 1, 2020.

(7) Status of Employees (as of December 31, 2020)

Name of Segment	Number of Employees		Increase (Decrease) from Previous Fiscal Year	
Japan	9,730	[927]	(79)	[(114)]
Europe	3,334	[82]	(109)	[1]
Asia	7,223	[259]	(8)	[(172)]
Oceania	1,251	[206]	51	[(13)]
Americas	2,432	[42]	32	[(29)]
Company-wide (common)	132	[-]	2	[-]
Total	24,102	[1,516]	(111)	[(327)]

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, 2020)

Name of Lender	Amount of Loan (Millions of yen)
The Norinchukin Bank	44,914
MUFG Bank, Ltd.	21,936
Sumitomo Mitsui Banking Corporation	11,347
The Bank of Kyoto, Ltd.	10,899
Shinkin Central Bank	10,000

(9) Status of Fund Procurement

No items to report.

(10) Status of Capital Investment

Capital investment in the fiscal year under review was ¥68.8 billion. A breakdown of capital investment by segment is as follows.

Name of Segment	Capital Investment (Millions of yen)
Japan	44,067
Europe	6,233
Asia	10,142
Oceania	3,067
Americas	5,260
Total	68,772

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 the Kita Alps Shinano-no-Mori Water Plant of Suntory Products Limited

(11) Status of Significant Business Realignment

No items to report.

2. Matters Concerning Shares (as of December 31, 2020)

- (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: 42,030

(increased by 1,957 from the previous fiscal year)

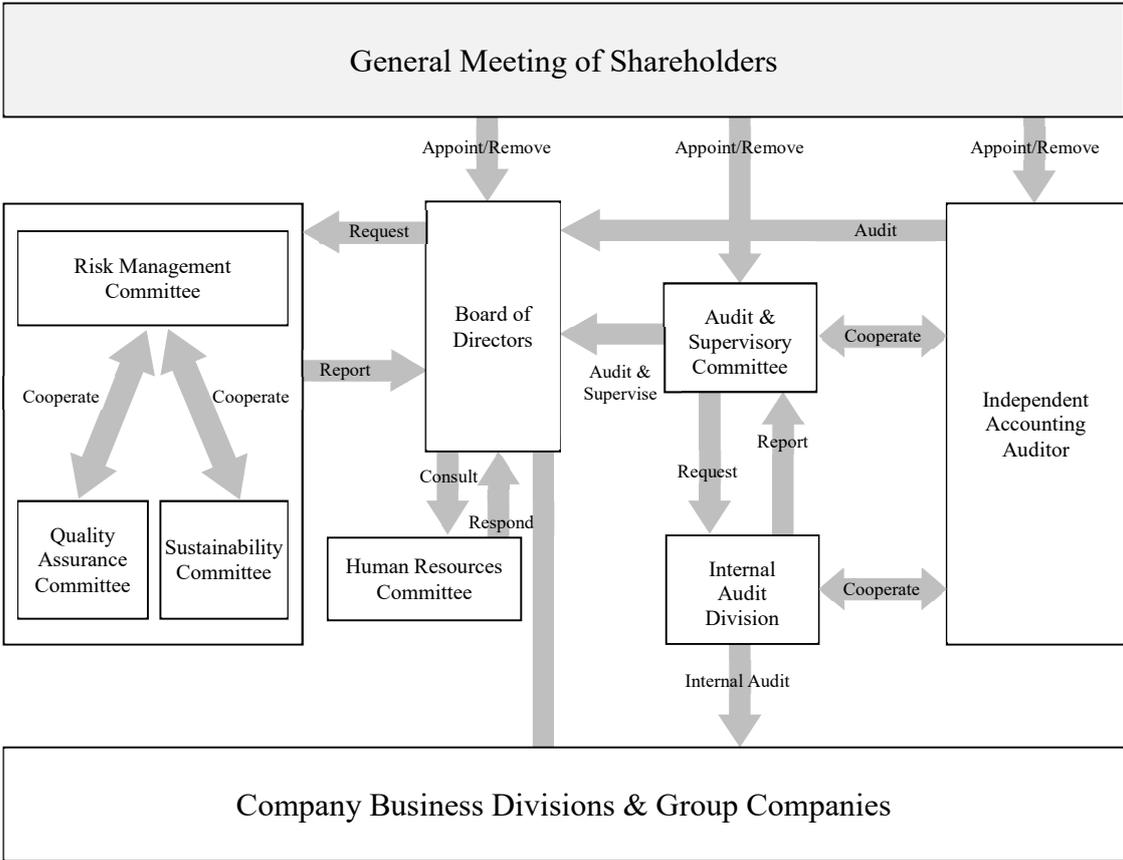
(4) Major Shareholders (Top 10 shareholders):

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)	12,356	3.9
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	9,910	3.2
Custody Bank of Japan, Ltd. (Trust Account)	7,058	2.2
STATE STREET BANK WEST CLIENT – TREATY 505234	3,561	1.1
Custody Bank of Japan, Ltd. (Trust Account 7)	3,389	1.0
JPMorgan Securities Japan Co., Ltd.	2,997	0.9
SMBC Nikko Securities Inc.	2,969	0.9
JP MORGAN CHASE BANK 385167	2,761	0.8
STATE STREET BANK AND TRUST COMPANY 505103	2,193	0.7

Note: Ratio of Shareholding is calculated after deducting treasury shares (3 shares).

**(Reference) Corporate Governance Structure**

The corporate governance structure of the Company is as follows. The Company will continue to strive to enhance corporate governance.



- Overview of Important Committees and Main Results of Activities

Human Resources Committee
<Roles> The Committee deliberates on proposals for selection of candidates for Directors or dismissal of Directors and the levels and criteria of remuneration for Directors (excluding Audit and Supervisory Committee Members), and report to the Board of Directors about its appropriateness. In addition, the Committee also deliberates on the status of formulating and administering succession planning with respect to candidates for the CEO and Outside Director, and report such matters to the Board of Directors.
<Main results of activities> During the 2020 fiscal year, the Committee deliberated matters such as proposals for selection of candidates for Directors and levels and criteria of remuneration for Directors.

Risk Management Committee
<Roles> The Committee identifies the risks, designs countermeasures for these risks, and verifies the progress of responding to these risks.
<Main results of activities> During the 2020 fiscal year, as COVID-19 spread globally, the committee continued monitoring the situation regarding employee infections, work-style systems, and the status of business execution and conducted activities to keep the impact of COVID-19 on business to a minimum.

Quality Assurance Committee
<Roles> The Committee identifies issues in terms of assurance, works to develop countermeasures, and confirms the progress of responding to such quality assurance issues.
<Main results of activities> During the 2020 fiscal year, the Committee discussed matters such as resolution and prevention of quality issues in Japan and overseas.

Sustainability Committee
<Roles> The Committee formulates and promotes strategies that contribute to sustainable development of society and business.
<Main results of activities> During the 2020 fiscal year, the Committee discussed matters such as sustainability with respect to PET bottles, reducing CO <sub>2</sub> , and water resource cultivation.

3. Status of Directors

(1) Names, etc. of Directors (as of December 31, 2020)

Position	Name	Responsibilities and Important Concurrent Positions
Director, Chairman of the Board	Saburo Kogo	Overall Group Management
Representative Director, President & Chief Executive Officer	Kazuhiro Saito	Overall Group Management Director of Orangina Schweppes Holding B.V. Director of Suntory Beverage & Food Asia Pte. Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Pepsi Bottling Ventures LLC
Director, Senior Managing Executive Officer	Yuji Yamazaki	Chief Operating Officer, Corporate Management Division In charge of Sustainability/Public Relations Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited
Director, Senior Managing Executive Officer	Josuke Kimura	Chief Executive Officer, Japan Business Division Chief Operating Officer, Communication Division, Japan Business Division Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited Director of Japan Beverage Holdings Inc.
Director	Nobuhiro Torii	Representative Director, Executive Vice President & Chief Operating 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	Kozo Chiji	Audit & Supervisory Board Member of Suntory Foods Limited Audit & Supervisory Board Member of Suntory Beverage Solution Limited Audit & Supervisory Board Member of Suntory Products Limited
Audit and Supervisory Committee Member	Harumichi Uchida	Attorney (Partner) of TMI Associates

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.

Notes:

- Ms. Yukari Inoue, Mr. Harumichi Uchida and Ms. Mika Masuyama are Outside Directors.
- The Company designated Outside Directors Ms. Inoue, Mr. Uchida and Ms. Masuyama as Independent Officers and reported this designation to the Tokyo Stock Exchange.
- The Company has concluded limited liability agreements with Mr. Nobuhiro Torii, Ms. Inoue, Mr. Kozo Chiji, Mr. Uchida and Ms. Masuyama 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.
- Mr. Chiji has experience of involvement in the management of Suntory Group companies, primarily as Managing Executive Officer and Chief Operating Officer, finance and accounting division of Suntory Holdings Limited, and has considerable knowledge in the areas of finance and accounting.
- 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
Yuji Yamazaki	Chief Operating Officer, Corporate Management Division In charge of Sustainability/Public Relations	–	January 1, 2021

- To strengthen the auditing and supervising function of the Audit and Supervisory Committee, the Company has appointed Mr. Chiji 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.

(2) Policy on determining remuneration, etc. for the Company's Directors

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). Regarding the remuneration, etc. for Executive Directors who are foreign nationals, the remuneration as an officer of the overseas subsidiary that the Executive Director is in charge of will be paid by that overseas subsidiary. 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	236	5	148	384
(Outside Director)	(1)	(12)	(-)	(-)	(12)
Director (Audit and Supervisory Committee Member)	3	62	1	21	83
(Outside Director)	(2)	(30)	(-)	(-)	(30)
Total	10	298	6	169	467
(Outside Director)	(3)	(42)	(-)	(-)	(42)

Notes:

1. Performance-based compensation is an amount to be paid.
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.
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.

(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)	Harumichi Uchida	Attorney (Partner) of TMI Associates
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.

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
Outside Director	Yukari Inoue	12/13	—	She voiced statements based on her experience and knowledge as a corporate executive.
Outside Director (Audit and Supervisory Committee Member)	Harumichi Uchida	13/13	13/13	He voiced statements from his technical perspective as an attorney.
Outside Director (Audit and Supervisory Committee Member)	Mika Masuyama	13/13	13/13	She voiced statements based on her experience and knowledge relating to corporate governance, human resource development and other areas.

Note: 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, and of Article 27 of the Company's Articles of Incorporation, there were four (4) written resolutions where it was deemed that a resolution of the Board of Directors had been made.

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	150
Total amount of money and other financial benefits payable to Accounting Auditor by the Company and its subsidiaries	195

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 Orangina Schweppes Holding B.V., 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.

[Translation]

**Consolidated Statement of Financial Position (IFRSs)**

(As at December 31, 2020)

(Unit: Millions of yen)

Assets		Liabilities and Equity	
Accounts	Amount	Accounts	Amount
Current assets	467,198	Current liabilities	446,526
Cash and cash equivalents	167,480	Bonds and borrowings	83,401
Trade and other receivables	196,242	Trade and other payables	308,381
Other financial assets	717	Other financial liabilities	33,542
Inventories	79,260	Accrued income taxes	14,628
Other current assets	23,496	Provisions	1,586
		Other current liabilities	4,986
Non-current assets	1,107,052	Non-current liabilities	268,168
Property, plant and equipment	360,358	Bonds and borrowings	120,292
Right-of-use assets	50,772	Other financial liabilities	52,867
Goodwill	250,448	Post-employment benefit liabilities	15,073
Intangible assets	405,175	Provisions	2,287
Investments accounted for using the equity method	895	Deferred tax liabilities	71,695
Other financial assets	14,513	Other non-current liabilities	5,952
Deferred tax assets	15,465		
Other non-current assets	9,423	Total liabilities	714,694
		Equity attributable to owners of the Company	781,755
		Share capital	168,384
		Share premium	182,414
		Retained earnings	492,451
		Treasury shares	(0)
		Other components of equity	(61,495)
		Non-controlling interests	77,801
		Total equity	859,556
Total assets	1,574,251	Total liabilities and equity	1,574,251

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

[Translation]

**Consolidated Statement of Profit or Loss**  
(For the year ended December 31, 2020)

(Unit: Millions of yen)

Accounts	Amount
Revenue	1,178,137
Cost of sales	(694,282)
Gross profit	483,855
Selling, general and administrative expenses	(382,331)
Gain on investments accounted for using the equity method	(85)
Other income	3,341
Other expenses	(8,603)
Operating income	96,177
Finance income	861
Finance costs	(2,871)
Profit before tax	94,168
Income tax expense	(29,873)
Profit for the year	64,294
Attributable to:	
Owners of the Company	52,212
Non-controlling interests	12,082
Profit for the year	64,294

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

**Balance Sheet (Japanese GAAP)**

(As at December 31, 2020)

(Unit: Millions of yen)

Assets		Liabilities	
Accounts	Amount	Accounts	Amount
Current assets	267,536	Current liabilities	242,676
Cash and deposits	100,194	Accounts payable–trade	55,264
Accounts receivable–trade	73,019	Electronically recorded obligations–operating	9,827
Merchandise and finished goods	205	Short-term borrowings	2,750
Work in process	726	Current portion of long-term debt	26,809
Raw materials and supplies	8,434	Commercial papers	40,000
Advance payments–trade	111	Current portion of bonds payable	15,000
Prepaid expenses	774	Accounts payable–other	13,977
Short-term loans receivable	68,231	Accrued expenses	13,554
Accounts receivable–other	10,525	Accrued income taxes	2,861
Other	5,312	Deposits received	56,305
Noncurrent assets	713,946	Provision for bonuses	1,796
Property, plant, and equipment	30,785	Asset retirement obligations	348
Buildings	316	Other	4,180
Machinery and equipment	2,923	Long-term liabilities	124,592
Tools, furniture and fixtures	781	Bonds payable	30,000
Land	26,013	Long-term debt	91,798
Construction in progress	725	Liability for employee retirement benefits	2,781
Other	25	Other	13
Intangible fixed assets	1,298	Total liabilities	367,269
Computer software	768	Shareholders' equity	614,347
Goodwill	492	Common stock	168,384
Other	38	Capital surplus	213,425
Investments and other assets	681,862	Legal capital surplus	145,884
Stocks of subsidiaries and affiliates	606,840	Other capital surplus	67,541
Long-term loans receivable from subsidiaries and affiliates	68,933	Retained earnings	232,537
Guarantee deposits	1,007	Other retained earnings	232,537
Long-term prepaid expenses	113	Reserve for advanced depreciation of noncurrent assets	966
Prepaid pension cost	3,771	Reserve for special depreciation	433
Deferred tax assets	1,126	General reserve	34,982
Other	71	Retained earnings brought forward	196,153
Deferred assets	66	Treasury shares	(0)
Bond issuance expenses	66	Valuation and translation adjustments	(67)
		Unrealized gain on available-for-sale securities	35
		Deferred gain on derivatives under hedge accounting	(102)
		Total equity	614,279
Total assets	981,549	Total liabilities and equity	981,549

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

**Statement of Income**  
(For the year ended December 31, 2020)

(Unit: Millions of yen)

Accounts	Amount	
Net sales		347,552
Cost of sales		247,417
Gross profit		100,134
Selling, general and administrative expenses		74,509
Operating income		25,625
Non-operating income		
Interest income	940	
Dividend income	10,585	
Other	720	12,245
Non-operating expenses		
Interest expense	899	
Interest on bonds	115	
Other	129	1,144
Ordinary income		36,726
Extraordinary income		
Gain on sales of noncurrent assets	0	
Insurance income	297	297
Extraordinary loss		
Restructuring cost	301	
Loss on liquidation of subsidiaries and associates	48	
Other	18	368
Income before income taxes		36,655
Income taxes—current	6,698	
Income taxes—deferred	79	6,777
Net income		29,878

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

Audit Report by Accounting Auditor Pertaining to Consolidated Financial Statements

**INDEPENDENT AUDITOR'S REPORT (TRANSLATION)**

February 8, 2021

To: Board of Directors  
Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC  
Osaka office

Designated Engagement Partner,  
Certified Public Accountant:

Keiko Hishimoto

Designated Engagement Partner,  
Certified Public Accountant:

Ayato Hirano

*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, 2020, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from January 1, 2020 to December 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance for the year then ended.

*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.

*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 pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of 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 pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of 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 pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of 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, related safeguards.

*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.

[End]

Audit Report by Accounting Auditor Pertaining to Financial Statements

**INDEPENDENT AUDITOR’S REPORT (TRANSLATION)**

February 8, 2021

To: Board of Directors

Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC  
Osaka office

Designated Engagement Partner,  
Certified Public Accountant:

Keiko Hishimoto

Designated Engagement Partner,  
Certified Public Accountant:

Ayato Hirano

*Opinion*

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Suntory Beverage & Food Limited (the “Company”), namely, the nonconsolidated balance sheet as of December 31, 2020, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 12th fiscal year from January 1, 2020 to December 31, 2020, and the related notes and the accompanying supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, 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 Nonconsolidated 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.

*Responsibilities of Management and the Audit and Supervisory Committee for the Nonconsolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the nonconsolidated 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 nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated 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 Nonconsolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 judgement. 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 nonconsolidated 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 nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated 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, related safeguards.

*[Translation]*

*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.

[End]

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 12th business term which commenced on January 1, 2020 and ended on December 31, 2020. 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) 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 Regulation on Accounting of Companies) has been established pursuant to the “Quality Control Standards Concerning Audits” (Business Accounting Council, October 28, 2005), etc. was received from the Accounting Auditor, and requests seeking 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 Financial Statements (the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and Notes to 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.

### (2) Result of audit of the Financial Statements and the Supplementary Schedules thereto

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the

Independent 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 Independent Auditor, are reasonable.

February 9, 2021

Audit and Supervisory Committee of  
Suntory Beverage & Food Limited

Full-time Audit and Supervisory Committee Member

Kozo Chiji (seal)

Audit and Supervisory Committee Member

Harumichi Uchida (seal)

Audit and Supervisory Committee Member

Mika Masuyama (seal)

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

# Items Disclosed on Internet Concerning Notice of Convocation of the 12th Ordinary General Meeting of Shareholders

## **Business Report**

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

## **Consolidated Financial Statements**

Consolidated Statement of Changes in Equity  
Notes to Consolidated Financial Statements

## **Financial Statements**

Statement of Changes in Equity  
Notes to Financial Statements

## Suntory Beverage & Food Limited

Pursuant to the provisions of relevant laws and regulations and Article 16 of the Company's Articles of Incorporation, the items listed above are provided to shareholders on the website of Suntory Beverage & Food Limited.

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

## Business Report

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

The Board of Directors of the Company has resolved as follows with regard to its basic policy on construction of a system (internal control system) to ensure the appropriateness of the business.

- (1) System for Ensuring That the Execution of Duties by Directors, Executive Officers and Employees of the Company, as Well as by Directors, Executive Officers, Others with Equivalent Duties (“Officers”) and Employees of the Company’s Subsidiaries Conforms with Laws and Regulations and the Articles of Incorporation
  - (a) Premised on shared aspirations embodied by the corporate philosophy of “To Create Harmony with People and Nature,” the Company and its subsidiaries (the “Group”) shall stand committed to respecting the rules of civil society and placing utmost importance on the organization and corporate culture that prioritize compliance on the basis of the Group’s awareness of itself as a global corporate citizen. Accordingly, each and every one of the Directors, Executive Officers, employees and others of the Group shall make decisions for the organization and carry out business activities in line with social ethics, commensurate with the Group’s position as a corporate citizen.
  - (b) In order to implement the corporate philosophy mentioned above, all Directors, Executive Officers, employees and others of the Group shall maintain the standard of business conduct that involve complying with laws and regulations and social ethics based on the Code of Business Ethics of the Suntory Group. The Directors and Executive Officers shall take the initiative in complying with laws and regulations, the Articles of Incorporation, 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 Directors, Executive Officers, employees and others of the Group conforms with laws and regulations and the Articles of Incorporation, the Risk Management Committee shall promote compliance activities of the entire Group and shall deliberate important issues related to the promotion of compliance. In addition, the division in charge of compliance shall regularly carry out education and training programs, while establishing and promoting compliance systems of the entire Group.
  - (d) The Risk Management Committee shall report details of its deliberations and activities to the Board of Directors and the Audit and Supervisory Committee, as necessary.
  - (e) If a Director or Executive Officer discovers a compliance-related problem of the Group, it shall be promptly reported to the Risk Management Committee. In addition, compliance hotlines shall be established within and outside the Company to allow employees and others of the Group to directly report compliance-related problems. Upon working to obtain information, the Risk Management Committee that received the report 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.

- (f) As necessary, Directors shall be dispatched to the Company's subsidiaries to appropriately execute business, make decisions and perform supervision. In addition, the Company's relevant departments shall, as necessary, provide advice, guidance and support to its subsidiaries.
  - (g) Audit and Supervisory Board Members shall be dispatched to the Company's subsidiaries as necessary to perform audits.
  - (h) 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.
  - (i) Internal control systems shall be established and maintained to ensure the appropriateness of financial reporting of the Group.
  - (j) Directors and Executive Officers shall establish and promote a system put in place in the Group to sever any relations with anti-social forces and clearly reject improper demands from them.
- (2) System for the Preservation and Management of Information Concerning the Execution of Duties of the Company's Directors
- (a) Directors and Executive Officers 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, documents and other materials related to important decision-making (including electronic or magnetic records, the same applies hereinafter), as well as other important information related to the execution of duties by Directors.
  - (b) The documents and other materials mentioned above shall be kept in a condition such that allows for Directors to view them as necessary.
  - (c) The Risk Management Committee shall establish and promote an information security governance system that does not only protect and preserve information, including personal information, but also facilitates to increase corporate value by use of information.
- (3) Regulations and Other Systems for Managing Risk of Losses of the Company and Its Subsidiaries
- (a) The Group's basic policies on risk management shall be determined by the Board of Directors.
  - (b) Each Executive Director and Executive Officer shall hold responsibility for addressing risks inherent in business execution. Moreover, material risks shall be analyzed and evaluated, and improvement plans shall be discussed and determined by the Board of Directors.
  - (c) As for material risks related to Group management, the Risk Management Committee and the Quality Assurance Committee shall comprehensively and collectively manage respective risks incidental to the execution of business

throughout the entire Group, and quality risks thereof. In addition, regulations and guidelines pertaining to management of such risks shall be established, and training activities thereof shall be implemented, as necessary.

- (d) As for newly emerging material risks related to Group management, the Board of Directors shall promptly select those Executive Directors or Executive Officers who will hold responsibility for addressing such risks and determine a course of action to address such risks.

(4) System for Ensuring that Directors of the Company and Officers of the Company's Subsidiaries Execute Their Duties Efficiently

- (a) The basic policies on management of the Group shall be determined by the Board of Directors.
- (b) The Company shall determine Company-wide goals shared by the Directors, Executive Officers, employees and others of the Group, and Directors 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) Directors in charge shall confirm progress made in achieving goals and report the specific measures to achieve the goals at Board of Directors meetings.
- (d) Each Director shall be in charge of his/her execution of business operations appropriately and shall 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 of the Company's Subsidiaries

- (a) The status of the Company's subsidiary business execution shall be regularly reported to the Board of Directors.
- (b) Executive Directors and Executive Officers in charge of a Company's subsidiary shall request reports on the status of business execution from such subsidiary, as needed.
- (c) Under the Responsibility and Authority Rules, certain matters concerning management of the Company's subsidiaries must be consulted with and reported to the Company's relevant departments, or otherwise must receive approval from the Company's Board of Directors.
- (d) The internal audit division shall, as necessary, report the results of the Company's subsidiary internal audits to the Audit and Supervisory Committee and the Representative Director, President & Chief Executive Officer.

(6) Other Systems to Ensure the Appropriateness of Business of the Group Consisting of the Company, Its Parent Company and Its Subsidiaries

With respect to transactions within the Group, including the parent company, internal procedures shall be established pertaining to matters such as performing transactions and determining transaction terms and conditions, and steps shall be taken to ensure the objectivity and rationality of such transactions. In particular, care shall be taken to ensure independence from

the parent company with respect to transactions with the parent company.

- (7) Matters Regarding Directors and Employees Who Assist in the Duties of the Audit and Supervisory Committee of the Company, Matters Regarding the Independence of Such Directors 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 Directors 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 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, employees of the internal audit division shall comply with the instructions and orders from the Audit and Supervisory Committee exclusively.
  
- (8) System for the Company's Directors (Excluding Directors Serving on the Audit and Supervisory Committee), Executive Officers and Employees, as Well as Directors, Executive Officers, Audit and Supervisory Board Members, Others with Equivalent Duties and Employees of the Company's Subsidiaries or Other Persons Who Receive Reports from Such Persons to Report to the Company's Audit and Supervisory Committee and Other Systems Related to Reporting to the Audit and Supervisory Committee
  - (a) The Representative Director and Executive Directors shall report to the Board of Directors on their execution of business as needed.
  - (b) If the Audit and Supervisory Committee requests a report on business operations, or otherwise conducts an investigation of a business or property, the Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Group shall respond to the request or investigation promptly and accurately.
  - (c) Upon discovery of any incident that could cause the Group substantial damage, such as acts in violation of laws and regulations, the Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Company shall immediately report the matter to the Audit and Supervisory Committee.
  - (d) The internal audit division and the Risk Management Committee shall regularly report internal audit results and the status of other activities in the Group to the Audit and Supervisory Committee.
  - (e) 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

The Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Group may directly report to the Audit and Supervisory Committee, and any adverse treatment based on the fact that such a report has been made by the person is prohibited under the internal regulations, etc.

- (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, 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 shall endeavor to ensure communication and information exchange with the Audit and Supervisory Board Members (or persons with equivalent duties) of the Company's subsidiaries and the internal audit division.
  - (d) The Audit and Supervisory Committee shall regularly provide opportunities for the exchange of opinions with the Representative Director, President & Chief Executive Officer, and the Accounting Auditor.

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 meetings where they actively discussed management challenges and the execution of business including the medium-term plan, corporate governance, and promotion of sustainability management.
- 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 risks facing the Group, formulated measures for addressing such risks, and checked on progress made with respect to taking action in that regard. In particular, as COVID-19 spreads globally, the committee continued monitoring the situation regarding employee infections, work-style systems, and the status of business execution and conducted activities to keep the impact of COVID-19 on business to a minimum.
- With respect to quality risks, the Quality Assurance Committee regularly held meetings where they identified issues involving matters of quality control pertaining to the Group, formulated measures for addressing such issues, checked on progress made with respect to taking action in that regard, and reported its activities to the Board of Directors.
- 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 related divisions have taken responsibility for investigating the situation and, if necessary, taking corrective action and drawing up measures to prevent recurrence, as instructed by the Risk Management Committee (or by the Audit and Supervisory Committee when reports or requests for advice are directed to it). Moreover, internal rules have been established to forbid others from subjecting a person making such a report to adverse treatment. The Group's whistleblowing system "Internal Group Hotline" was registered under the "Whistleblowing Compliance Management System" (registration based on self-assessment of compliance with certain whistleblowing system standards) in May 2020.
- 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 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 obtain reports on business execution provided 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.

- The Audit and Supervisory Committee has been conducting audits in cooperation with the internal audit divisions under the leadership of the full-time Audit and Supervisory Committee Member. Pursuant with the audit plan, the Audit and Supervisory Committee carried out audits on the effectiveness of corporate governance, risk management, and the internal control systems, from position of understanding of activities on site, and provided opinions based on the audit results directly to the management team of each area, thereby contributing to improving management quality.
- The Group Audit Committee, whose membership consists of Audit and Supervisory Committee Members, officers in charge of the corporate strategy division, and officers in charge of the administration division, was held regularly. The Committee received reports on the status of improvement of matters on which Audit and Supervisory Committee provided opinions from the management team of each area and conducted monitoring to ensure that each business reflected the results of the internal audit in efforts to improve the quality of management.

(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 reports on the audit results to the Audit and Supervisory Committee, and Directors and Executive Officers including the Representative Director, President & Chief Executive Officer.

(6) Transactions between the parent company, etc.

- Transactions between the Suntory Group including the Company's parent, Suntory Holdings Limited (excluding the transactions within the Group) are, in accordance with internal regulations, examined beforehand by the departments conducting the transactions, and as necessary by the Company's legal affairs division and accounting division to confirm the necessity of transactions, and the appropriateness of their terms and conditions, and decision-making process, taking into consideration the perspective of

independence from Suntory Holdings Limited. Furthermore, the decisions regarding transactions above a certain amount and transactions (Important Transactions) related to business resources that act as the source of our corporate value, such as our brands, human resources, key assets and information, are taken after sufficient deliberation by the Board of Directors including several Independent Outside Directors in respect to the necessity and appropriateness of said transactions.

- In addition to deliberation beforehand, as necessary the legal affairs division, accounting division, and internal audit division conduct a post-transaction check on details of the transaction and whether it was based on the contents of the deliberation. Also, the Audit and Supervisory Committee conducts an audit. For Important Transactions, the status of the transaction is reported to the Board of Directors after the transaction is conducted, and the Board of Directors confirms the results of the transaction. At the Board of Directors held in 2020, in regard to Important Transactions, the Board of Directors confirmed the deliberations beforehand and the results of the transactions. In addition, the Board of Directors deliberated Important Transactions scheduled to be conducted in fiscal 2021 and approved those that were deemed necessary and appropriate.

Consolidated Financial Statements (IFRSs)

**Consolidated Statement of Changes in Equity**

(For the year ended December 31, 2020)

(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, 2020	168,384	182,349	464,705	(0)	(58,870)	756,568	80,997	837,565
Profit for the year			52,212			52,212	12,082	64,294
Other comprehensive income					(2,988)	(2,988)	(3,871)	(6,860)
Total comprehensive income for the year	–	–	52,212	–	(2,988)	49,223	8,210	57,434
Dividends			(24,101)			(24,101)	(11,338)	(35,440)
Transactions with non-controlling interests		65				65	(68)	(2)
Reclassification to retained earnings			(364)		364	–		–
Total transactions with owners of the Company	–	65	(24,466)	–	364	(24,036)	(11,406)	(35,442)
Balance at December 31, 2020	168,384	182,414	492,451	(0)	(61,495)	781,755	77,801	859,556

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  
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 Regulation on Accounting of Companies. 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 is 93. The major such companies are Suntory Foods Limited, Suntory Beverage Solution Limited, Suntory Products Limited, Suntory Beverage Service Limited, Japan Beverage Holdings Inc., Orangina Schweppes Holding B.V., Lucozade Ribena Suntory Limited, Suntory Beverage & Food Asia Pte. Ltd., BRAND’S SUNTORY INTERNATIONAL CO., LTD., FRUCOR SUNTORY NEW ZEALAND LIMITED and Pepsi Bottling Ventures LLC.
3. Application of equity method  
The number of associates accounted for using the equity method is 8.
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 the Company and its subsidiaries together with the Group’s attributable share of the results of associates and joint ventures. There were no joint ventures as at the end of the fiscal year under review.  
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 over the financial and operating policy of the associate, but does not have 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. Income and expense items are in principle translated into Japanese yen at the weighted-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 financial assets 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 fair value through other comprehensive income (FVTOCI) and financial assets measured at amortized cost. The classification is determined at the time of initial recognition.

All financial assets, excluding financial assets classified as measured at FVTPL, are measured at their fair value plus 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.

###### (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. On the other hand, 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. The carrying amount of financial assets, net of any cumulative impairment losses, presented in the consolidated financial statements represents the maximum exposure to credit risks of the Group's financial assets, without considering value of associated collaterals obtained.

###### (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. If the Group continues to control the transferred assets, the Group continues to recognize the asset and related liabilities to the extent of its continuing involvement.

##### 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.

###### (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 foreign 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 a forecast hedge transaction or firm commitment is not 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: 5–50 years
- Machinery and vehicles: 2–20 years
- Tools, fixtures and equipment: 2–15 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: 10-20 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 from the commencement date to the earlier of the end of the useful lives or the end of 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 cash-generating unit (or group of units), and then, to the other assets of the unit (or group of units) pro rata on the basis of the carrying amount of each asset in the unit (or group of units). 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 for each year. Net defined benefit liability (asset) is determined as the present value of defined benefit obligation less the fair value of plan assets (if any). 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 sale of soft drinks and foods. With regard to the sale of these goods, customers usually obtain control of the goods and the Group's performance obligation is satisfied at the time when the goods are delivered; therefore, the Group recognizes revenue at the time of delivery of goods. Revenue has been measured at the amount 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 from consideration promised under the contracts with customers. Interest income and expense is recognized 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 is 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 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 it is probable that the Group is able to control the timing of the reversal of the temporary difference, and 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 at 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.

(15) Earnings per share

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.

## ADDITIONAL INFORMATION

With regard to the impact of the spread of COVID-19, while the situation differs by region, our business has been following a recovery trend since June 2020 and the Company assumes that our business will gradually recover in the future. Based on that assumption, the Company is making accounting estimates and decisions, for matters such as impairment losses on property, plant and equipment, intangible assets, and goodwill and the recoverability of deferred tax assets. However, there are many uncertainties regarding the impact of COVID-19, and actual results may differ from these estimates in the future.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 1. Provisions netted off against assets

Trade and other receivables	¥1,250 million
Other financial assets	¥34 million

### 2. Accumulated depreciation of property, plant and equipment (including accumulated impairment losses) ¥465,661 million

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### 1. Total number of issued shares as at December 31, 2020: 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 27, 2020	Ordinary shares	¥12,050 million	¥39.00	December 31, 2019	March 30, 2020
At Meeting of the Board of Directors held on August 5, 2020	Ordinary shares	¥12,050 million	¥39.00	June 30, 2020	September 2, 2020

### 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 26, 2021	Ordinary shares	¥12,050 million	¥39.00	December 31, 2020	March 29, 2021

## 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. We perform 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, because the Group conducts transactions only with highly credible financial institutions, the impact on credit risks is immaterial.

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 foreign 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 calculated 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.

(Millions of yen)

	Carrying amounts	Fair value
Bonds	44,931	45,446
Borrowings	118,761	119,823
Commercial papers	40,000	40,000

(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.

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., foreign 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 foreign 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 or 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).

**PER SHARE INFORMATION**

1. Equity attributable to owners of the Company per share      ¥2,529.95

2. Earnings per share      ¥168.97

There was no diluted share issued.

**SIGNIFICANT SUBSEQUENT EVENTS**

No items to report.

(\* All amounts have been rounded down to the nearest million yen.

Financial Statements (Japanese GAAP)

**Statement of Changes in Equity**  
(For the year ended December 31, 2020)

(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 noncurrent assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at January 1, 2020	168,384	145,884	67,541	213,425	966	542	34,982	190,268	226,761
Changes of items in the year									
Cash dividends								(24,101)	(24,101)
Net income								29,878	29,878
Reversal of reserve for advanced depreciation of noncurrent assets					(0)			0	–
Reversal of reserve for special depreciation						(108)		108	–
Net changes of items other than shareholders' equity									
Net changes in the year	–	–	–	–	(0)	(108)	–	5,884	5,776
Balance at December 31, 2020	168,384	145,884	67,541	213,425	966	433	34,982	196,153	232,537

	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, 2020	(0)	608,570	36	37	74	608,645
Changes of items in the year						
Cash dividends		(24,101)				(24,101)
Net income		29,878				29,878
Reversal of reserve for advanced depreciation of noncurrent assets		–				–
Reversal of reserve for special depreciation		–				–
Net changes of items other than shareholders' equity			(0)	(140)	(141)	(141)
Net changes in the year	–	5,776	(0)	(140)	(141)	5,634
Balance at December 31, 2020	(0)	614,347	35	(102)	(67)	614,279

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

## Notes to Financial Statements

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Stocks of subsidiaries and affiliates: Stated at cost determined by the moving-average method.

Available-for-sale securities:

Securities with readily determinable fair value:  
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.)

Securities without readily determinable fair value:  
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 balance sheet is determined according to write-downs based on the decreased profitability of assets.)
2. Depreciation and amortization of noncurrent 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
  - (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, 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. Other significant matters forming the basis of preparing 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 for consumption taxes

Consumption taxes are excluded from the revenue and expense accounts that are subject to such taxes.
  - (4) 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 for these items in the consolidated financial statements.

## ADDITIONAL INFORMATION

With regard to the impact of the spread of COVID-19, our business has been following a recovery trend since June 2020 and the Company assumes that our business will gradually recover in the future. Based on that assumption, the Company is making accounting estimates and decisions, for matters such as impairment losses on property, plant and equipment and the recoverability of deferred tax assets. However, there are many uncertainties regarding the impact of COVID-19, and actual results may differ from these estimates in the future.

## CHANGES IN PRESENTATION

(Balance sheet)

“Software,” which was included in “Other” under “Intangible fixed assets” in the previous fiscal year, is reported as a separate item because it has become material in terms of amount. In addition, “Software” in the previous fiscal year was ¥318 million.

(Statement of income)

“Interest on bonds,” which was included in “Other” under “Non-operating expenses” in the previous fiscal year, is reported as a separate item because it has become material in terms of amount. In addition, “Interest on bonds” in the previous fiscal year was ¥146 million.

## BALANCE SHEET

1. Accumulated depreciation of property, plant, and equipment ¥11,407 million

2. Guarantee obligation

The Company extends guarantee for obligations for associate companies (companies such as parent company, subsidiaries and affiliates; hereinafter the same) as shown below.

Suntory PepsiCo Beverage (Thailand) Co., Ltd.	¥64 million
Other	¥10 million
Total	¥75 million

3. Monetary receivables and payables from/to associate companies (except for those presented separately)

Short-term monetary receivables	¥148,571 million
Short-term monetary payables	¥65,914 million
Long-term monetary payables	¥3 million

## STATEMENT OF INCOME

Transactions with associate companies

Volume of operating transactions	
Net sales	¥341,597 million
Cost of sales	¥46,401 million
Selling, general and administrative expenses	¥22,496 million
Volume of non-operating transactions	
Non-operating income	¥12,120 million
Non-operating expenses	¥25 million

## STATEMENT OF CHANGES IN EQUITY

Number of treasury shares as at December 31, 2020:

Ordinary shares	3 shares
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## TAX EFFECT ACCOUNTING

1. Significant components of deferred tax assets

Temporary differences for investments in subsidiaries	¥4,738 million
Accounts payable—other	¥632 million
Liability for employee retirement benefits	¥851 million
Provision for bonuses	¥517 million
Accrued enterprise tax	¥289 million
Other	¥623 million
Subtotal	¥7,652 million
Valuation allowance	¥(4,738) million
Total deferred tax assets	¥2,913 million

2. Significant components of deferred tax liabilities

Prepaid pension cost	¥(1,154) million
Reserve for advanced depreciation of noncurrent assets	¥(426) million
Reserve for special depreciation	¥(191) million
Other	¥(15) million
Total deferred tax liabilities	¥(1,787) million
Net deferred tax assets	¥1,126 million

**PER SHARE INFORMATION**

1. Equity per share	¥1,987.96
2. Net income per share	¥96.69

**RELATED PARTY TRANSACTIONS**

Attribute	Name of company	Percentage of voting rights owned or owning	Relationship	Content of transaction	Transaction amount (Millions of yen) (Note 1)	Account title	Balance as at December 31, 2020 (Millions of yen) (Note 1)
Parent company's subsidiary	Suntory MONOZUKURI Expert Limited	None	-Contract work of indirect operations	Advance payment for raw materials, etc. (Note 2)	-	Accounts payable-trade	53,380
Subsidiary	Suntory Foods Limited	Directly owning 100%	-Sales of products of the Company -Money lending and borrowing -Interlocking of officers	Sales of products of the Company (Note 3)	351,332	Accounts receivable-trade	72,426
				Money lending and borrowing (Note 4)	22,991	Deposits received	22,991
				Proceeds from interest (Note 4)	6	-	-
				Dividend income (Note 5)	4,350	-	-
Subsidiary	Suntory Products Limited	Directly owning 100%	-Outsourcing of manufacturing operations -Money lending and borrowing -Interlocking of officers	Payment of processing fee (Note 3)	45,024	Accounts payable-other	3,717
				Money lending and borrowing (Note 4)	14,946	Short-term loans receivable	14,946
				Proceeds from interest (Note 4)	44	-	-
Subsidiary	Orangina Schweppes Holding B.V.	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Capital reduction with compensation (Note 6)	10,514	-	-
				Money lending and borrowing (Note 4)	50,063	Short-term loans receivable	18,284
						Long-term loans receivable from subsidiaries and affiliates	31,779
				Proceeds from interest (Note 4)	140	Other current assets	36
Subsidiary	Lucozade Ribena Suntory Limited	Directly owning 100%	-Money lending and borrowing	Money lending and borrowing (Note 4)	41,885	Short-term loans receivable	8,525
						Long-term loans receivable from subsidiaries and affiliates	33,360
				Proceeds from interest (Note 4)	572	Other current assets	65
Subsidiary	Suntory Beverage & Food Asia Pte. Ltd.	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Money lending and borrowing (Note 4)	15,244	Deposits received	15,244
				Proceeds from interest (Note 4)	0	Other current assets	0

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

Notes:

1. Consumption taxes are not included in the transaction amounts. Consumption taxes are included in the balance as at December 31, 2020 other than money lending and borrowing.
2. This advance payment was implemented by Suntory MONOZUKURI Expert Limited to external business partners, etc. As the transactions were not direct transactions with a fellow subsidiary, the disclosure of transaction amount is omitted.
3. Price and other terms and conditions of transactions are decided upon negotiations with each of counterparties considering the actual market prices.
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 balance as at December 31, 2020.
5. Dividends are decided upon mutual consultation between the two parties based on the amount obtained by deducting necessary investment and other amounts from the net income of the subsidiary.
6. Capital reduction with compensation represents capital reduction made by the subsidiary.

#### **SUBSEQUENT EVENTS**

No items to report.

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