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Notice of Convocation of the 13th Ordinary General Meeting of Shareholders

Suntory Beverage & Food Limited

Inspiring the brilliance of life

[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]

Always start from consumers

Pursue to create new taste, well-being and joy

Aim to be the most locally beloved company

To: Our Shareholders

Achieving strong growth through "Full Value-chain Excellencies" and "True Gemba-Centricity"

It has been almost two years since the coronavirus has spread around the world. In 2021, the countries were hit hard by the pandemic.

Despite that, we have been aggressive and proactively implemented various transformations that enabled us to exceed our pre-COVID profit levels one year earlier than initially planned.

Recently, as vaccinations have progressed, demand has begun to recover worldwide. Meanwhile, the costs of raw materials, transportation, and labor, etc. have been rising.

Although this challenging environment is expected to continue, in 2022, we will strengthen our "Full Value-chain" (all processes from raw materials to the delivery of products to customers) to seize the opportunity of growing demand and overcome cost increases. To achieve this, we will not hesitate to implement an "agile transformation" of our organization and systems.

At the same time, consumers' purchasing behavior and preference have been changing at an ever-faster pace. It is increasingly important that all of us, including myself, make the effort to visit the markets of various countries in order to gain inspiration by directly seeing and experiencing the moment of purchase and the moment of consumption. With "True Gemba-Centricity", we do not overlook the little changes and will continue to deliver the products and services that our consumers need, ahead of the market.

We will also continue to invest in growth for the future. We will make bold investments as necessary to create new value, test new business models, invest in high value-added businesses, and review our business portfolio.

Moreover, Suntory Group as a whole will also focus on sustainability-related activities, which have become increasingly important. As a whole, the Group will work together to set ambitious goals for the efficient recycling of plastics, the reduction of CO₂ emissions, and the conservation and utilization of water resources.

With gratitude, 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

March 3, 2022

To: Our Shareholders

Notice of Convocation of the 13th Ordinary General Meeting of Shareholders

Dear Shareholder:

You are hereby notified that the 13th 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. You may exercise your voting rights via the Internet, etc. or by mail. We kindly request that you exercise your voting rights no later than 5:30 p.m. on Thursday, March 24, 2022 (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.

Exercising voting rights by attendance at the General Meeting of Shareholders

Please refer to page 7.

1. Date and Time: March 25, 2022 (Friday) at 10:00 a.m. (JST)
2. Place: Main Hall, Suntory Hall
13-1, Akasaka 1-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 13th business term (from January 1, 2021 to December 31, 2021), the audit reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. The Financial Statements for the 13th business term (from January 1, 2021 to December 31, 2021)

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 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.
- Admission may be restricted for preventing the spread of COVID-19.
- The Company may opt to simplify explanations during the session in order to reduce the amount of time devoted to holding the Meeting.
- **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.

Guide to Exercising Voting Rights

Exercising voting rights by the Internet, etc.

Votes to be transmitted by: March 24, 2022 (Thursday) at 5:30 p.m.

(i) By scanning QR code® (Smart Voting)

You can exercise your voting rights without entering your voting right exercise code and password.

1. Scan the QR code indicated at the lower right of the voting form.
2. Follow the subsequent input instructions on screen to register your approval or disapproval.

("QR code" is a registered trademark of DENSO WAVE INCORPORATED.)

Please note that exercising voting rights by using "Smart Vote" method is available only once.

If you need to change your votes after exercising your voting rights, please exercise your voting rights again in accordance with (ii) below.

If you rescan the QR code, you will be taken to the voting rights exercise website described in (ii) below.

(ii) By entering your voting right exercise code and password

Voting rights exercise website (<https://www.web54.net>)

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"
Enter the new password that you will actually use
Click "Register"

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

* Any fees to internet service providers and telecommunication carriers (such as access fees, etc.) shall be borne by the shareholders.

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, 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 24, 2022 (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 4

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

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

Proposal 3

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 25, 2022 (Friday) at 10:00 a.m. (Reception desk opens at 9:15 a.m.)

Place: Main Hall, Suntory Hall
13-1, Akasaka 1-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 ¥12,050,998,791
- (iii) Date on which the dividend of surplus will become effective:
March 28, 2022

(Reference)

Dividend Policy of the Company					
<p>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.</p> <p>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.</p>					
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	The Fiscal Year 2021
Annual dividend (yen)	75	78	78	78	78
Payout ratio (%)	29.7	30.1	35.0	46.2	35.1

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for proposal

Since the revised provisions provided for in a proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 16, Paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 16, Paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provision for Disclosure via Internet and deemed delivery of reference documents for general meeting of shareholders, etc. (Article 16 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned new establishment and deletion, a supplementary provision regarding the effective date, etc. will be established.

2. Details of amendments

The details of the amendments are as follows.

(Underlined portions are amended.)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 16 (Disclosure via Internet and deemed delivery of reference documents for general meeting of shareholders, etc.)</u></p> <p><u>The company may, when convening a general meeting of shareholders, deem to have provided shareholders with information with respect to matters that shall be stated or presented in the reference documents for general meeting of shareholders, business reports, financial statements and consolidated financial statements by disclosing those by way of using the Internet pursuant to the applicable Ordinance of the Ministry of Justice.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 16 (Measures for providing information in electronic format, etc.)</u></p> <p><u>1. When the company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the company may exclude all or</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">SUPPLEMENTARY PROVISION</p> <p>(Transitional measures concerning exemption from liability of audit and supervisory board members)</p> <p>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the company may, by resolution of the board of directors, exempt audit and supervisory board members (including former audit and supervisory board members) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations regarding conduct carried out before the partial changes to the articles of incorporation resolved at the 6th ordinary general meeting of the shareholders take effect.</p> <p style="text-align: center;">(Newly established)</p>	<p><u>some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p style="text-align: center;">SUPPLEMENTARY PROVISION</p> <p><u>Article 1</u> (Transitional measures concerning exemption from liability of audit and supervisory board members)</p> <p>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the company may, by resolution of the board of directors, exempt audit and supervisory board members (including former audit and supervisory board members) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations regarding conduct carried out before the partial changes to the articles of incorporation resolved at the 6th ordinary general meeting of the shareholders take effect.</p> <p><u>Article 2</u> (Effective date of amendment to <u>Article 16 of the Articles of Incorporation</u>)</p> <ol style="list-style-type: none"> <u>1. The deletion of Article 16 (Disclosure via Internet and deemed delivery of reference documents for general meeting of shareholders, etc.) of the current Articles of Incorporation and the new establishment of proposed revision of Article 16 (Measures for providing information in electronic format, etc.) shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u> <u>2. Notwithstanding the provision of the preceding paragraph, Article 16 of the current Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u> <u>3. This article shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

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	12/12
2	Reelection	Josuke Kimura	Director, Executive Vice President Chief Executive Officer of SBF Japan	12/12
3	Reelection	Shekhar Mundlay	Director, Executive Vice President Chief Executive Officer of SBF International	9/9
4	Reelection	Peter Harding	Director Chief Executive Officer of SBF Europe	9/9
5	Reelection	Kazutomo Aritake	Director Director, Executive Vice President of Suntory Holdings Limited	9/9
6	Reelection Outside Director Independent Officer	Yukari Inoue	Outside Director Managing Director of Kellogg Japan G.K.	12/12

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 five (5) 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 & Food Division of such company in September 2005.</p> <p>Assumed the office of Managing Director of Suntory Beverage & 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 & 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 & Huangjiu Division of such company in April 2014.</p> <p>Assumed the office of Managing Executive Officer of Suntory Beverage & Food Limited in March 2015.</p> <p>In charge of Corporate Planning Division, Chief Operating Officer, Finance & 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 & Food Asia Pte. Ltd. in April 2016.</p> <p>Has occupied the office of Representative Director, President & Chief Executive Officer of Suntory Beverage & Food Limited from March 2019 to date (incumbent).</p> <p><Responsibilities> Overall Group Management</p> <p><Important Concurrent Positions> Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Chairman of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Pepsi Bottling Ventures LLC</p> <p><Reason for the Selection> Mr. Saito has borne management responsibility of the Group in his role as Representative Director, President & 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><Board of Directors Meeting Attendance> 12/12</p> <p><Term of Office as Director> Three years (as of the closing of the Meeting)</p>	<p>2,000</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 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 & Development Division of Suntory Beverage & 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 & 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 & Food Limited in April 2014.</p> <p>Assumed the office of Chief Operating Officer, Nationwide Chainstores Sales Division and in charge of Sales Development & 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 & Food Limited in March 2018.</p> <p>Assumed the office of Chief Executive Officer, Japan Business Division of such company in April 2018.</p> <p>Assumed the office of Director, Senior Managing Executive Officer of such company in March 2019.</p> <p>Assumed the office of Chief Operating Officer, Communication Division, Japan Business Division of such company in January 2020.</p> <p>Has occupied the office of Director, Executive Vice President of such company from January 2022 to date (incumbent).</p> <p>Has occupied the office of Chief Executive Officer, SBF Japan of such company from January 2022 to date (incumbent).</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><Responsibilities> Chief Executive Officer of SBF Japan</p> <p><Important Concurrent Positions> Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited</p> <p><Reason for the Selection> 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><Board of Directors Meeting Attendance> 12/12</p> <p><Term of Office as Director> Four 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 Reelection</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 & Food Asia Pte. Ltd. in January 2016.</p> <p>Assumed the office of Chief Executive Officer of such company in April 2019.</p> <p>Assumed the office of Chief Executive Officer of Suntory Beverage & Food Asia Pacific in January 2021.</p> <p>Assumed the office of Director of Suntory Beverage & Food Limited in March 2021.</p> <p>Has occupied the office of Director, Executive Vice President of such company from January 2022 to date (incumbent).</p> <p>Has occupied the office of Chief Executive Officer, SBF International of such company from January 2022 to date (incumbent).</p> <p><Responsibilities> Chief Executive Officer of SBF International</p> <p><Important Concurrent Positions> Chairman of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & 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. Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC</p> <p><Reason for the Selection> In consideration of Mr. Mundlay's track record in driving business forward with strong leadership as Chief Executive Officer of the Group's international 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.</p> <p><Board of Directors Meeting Attendance> 9/9 * This is his attendance at Board of Directors meetings since assuming his post on March 26, 2021.</p> <p><Term of Office as Director> One year (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 4 Reelection</p> <p>Peter Harding (Peter John Harding) (April 24, 1964)</p>	<p>Assumed the office of General Manager, SVP Consumer Healthcare GB&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 & Food Europe from August 2018 to date (incumbent).</p> <p>Has occupied the office of Director of Suntory Beverage & Food Limited from March 2021 to date (incumbent).</p> <p>Has occupied the office of Chief Executive Officer, SBF Europe of such company from January 2022 to date (incumbent).</p> <p><Responsibilities> Chief Executive Officer of SBF Europe</p> <p><Important Concurrent Positions> Chief Executive Officer of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited</p> <p><Reason for the Selection> 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.</p> <p><Board of Directors Meeting Attendance> 9/9 * This is his attendance at Board of Directors meetings since assuming his post on March 26, 2021.</p> <p><Term of Office as Director> One year (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 5 Reelection 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 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>Responsible for 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>Responsible for 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 responsible for Group Risk Management of such company in January 2021.</p> <p>Has occupied the office of Director of Suntory Beverage & Food Limited from March 2021 to date (incumbent).</p> <p>In charge of Group Governance, responsible for Group Risk Management, and in charge of CSR Department of Suntory Holdings Limited in September 2021.</p> <p>In charge of Group Governance, responsible for Group Risk Management, has occupied the office of Chief Operating Officer, Risk Management Division, and in charge of CSR Department and Group</p>	<p>500</p>

Name (Date of Birth)	Career Summary, Positions and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	Auditing Department of such company from January 2022 to date (incumbent).	
	<p><Responsibilities> -</p> <p><Important Concurrent Positions> Director, Executive Vice President of Suntory Holdings Limited</p> <p><Reason for the Selection> 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 legal/risk management divisions and human resources divisions for many years, we judge him well qualified for the role of Director.</p> <p><Board of Directors Meeting Attendance> 9/9 * This is his attendance at Board of Directors meetings since assuming his post on March 26, 2021.</p> <p><Term of Office as Director> One year (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 6 Reelection Outside Director Independent Officer Yukari Inoue (April 4, 1962)</p>	<p>Joined Procter & Gamble Far East, Inc. in April 1985.</p> <p>Assumed the office of Marketing Director of Procter & Gamble North America in October 1995.</p> <p>Assumed the office of Marketing Director, Feminine Care of Procter & 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: Mondelez 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 & 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><Responsibilities> -</p> <p><Important Concurrent Positions> Managing Director of Kellogg Japan G.K. Outside Director of Toyota Tsusho Corporation</p> <p><Reason for the Selection and Expected Role> 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. We expect that she will continue to utilize her experience and insight as a corporate executive, give strategic advice and demonstrate supervisory functions at the Board of Directors, and fulfill her role as a member of the Human Resources Committee and the Special Committee from an independent and objective standpoint.</p> <p><Board of Directors Meeting Attendance> 12/12</p> <p><Term of Office as Director> Seven 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 ten 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 overview of the details of this insurance policy are presented in the Business Report (page 49 of this notice of convocation). 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 limited liability agreements with Mr. Aritake and Ms. Inoue, pursuant to Article 427, paragraph (1) of the Companies Act of Japan. Based on these agreements, Mr. Aritake and Ms. Inoue'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. Aritake and Ms. Inoue if they are reelected at the Meeting.
6. 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. Although there are food-related transactions between the Group and Cadbury Japan Limited (Present: Mondelēz Japan Limited), where Ms. Inoue belonged up to the end of June 2013, 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 Ms. Inoue's independence.

(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.

Proposal 4: 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:

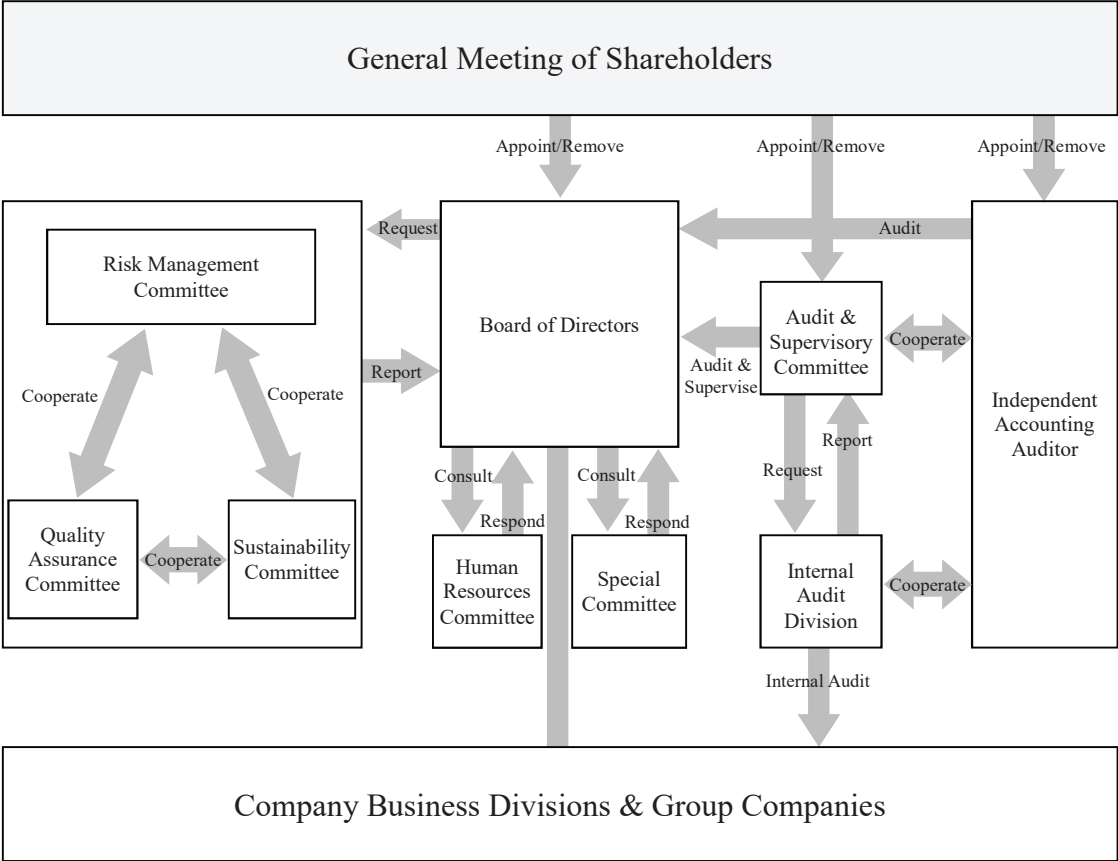
Name (Date of Birth)	Career Summary and Important Concurrent Positions	Number of Company's Shares Held (shares)
Mitsuhiro Amitani (June 2, 1956)	<p>Registered as Attorney in April 1985. Joined Hashidate Law Office in April 1985. Joined Wakita Law Office in November 1989. Has occupied the office of Attorney of Shimada, Seno & Amitani Law Office (Present: SAH & Co.) from March 1990 to date (incumbent). Has occupied the office of Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD. from June 2006 to date (incumbent). Has occupied the office of Outside Audit & 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><Important Concurrent Positions> Attorney (Partner) of SAH & Co. Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD. Outside Audit & Supervisory Board Member of HUB CO., LTD. Outside Director of SIGMAXYZ Inc.</p> <p><Reason for the Selection and Expected Role> 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 that comes from an independent and objective standpoint 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 overview of the details of this insurance policy are presented in the Business Report (page 49 of this notice of convocation). 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 and Expected Role> 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) Corporate Governance Structure

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



• Main Roles of Important Committees

Human Resources Committee
The Committee deliberates and makes a report to the Board of Directors on the following matters. The Committee also confirms whether the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy established by the Board of Directors. (i) Proposals for selection of candidates for Directors to be submitted to a General Meeting of Shareholders and necessity of dismissal of Directors (ii) Status of formulating and administering succession planning with respect to the CEO and Outside Directors (iii) Levels of remuneration for Directors (excluding Audit and Supervisory Committee Members) and criteria, referred to in determining the remuneration.

Special Committee
To ensure fairness, transparency and objectivity regarding transactions, activities, etc. with the Suntory Group, the Committee verifies the necessity and reasonableness, the appropriateness of the terms and conditions, etc., and the fairness of the following transactions, activities, etc., and reports to the Board of Directors. (i) Transactions equal to or exceeding a certain amount with the Suntory Group (ii) Transactions, activities, etc. related to the business resources forming the source of Company's corporate value, such as brands, human resources, key assets and information

Risk Management Committee
The Committee takes on the role of promoting the risk management activities of the entire Group. The Committee identifies the Group's risks, designs countermeasures for these risks, and verifies the progress of responding to these risks.

Quality Assurance Committee
The Committee is in charge of promoting quality assurance activities for the entire Group. The Committee identifies issues pertaining to the Group in terms of quality assurance, works to develop countermeasures, and confirms the progress of responding to such quality assurance issues.

Sustainability Committee
The Committee is responsible for promoting sustainability management of the entire Group, and formulates and promotes strategies that contribute to sustainable development of society and business.

(Reference) Skillset Matrix of the Board of Directors

As of January 1, 2022

Name/ Date of birth	Position(s)	Gender	Nationality	Area of expertise	Term of office*
Kazuhiro Saito October 31, 1956	Representative Director, President & Chief Executive Officer Chairperson of the Human Resources Committee	Male	Japan	Company management International experience Marketing Finance and accounting	Three years
Josuke Kimura January 23, 1961	Director, Executive Vice President Chief Executive Officer of SBF Japan	Male	Japan	Company management Marketing Sales	Four years
Shekhar Mundlay May 1, 1962	Director, Executive Vice President Chief Executive Officer of SBF International	Male	India	Company management International experience Sales	One year
Peter Harding April 24, 1964	Director Chief Executive Officer of SBF Europe	Male	U.K.	Company management International experience Marketing	One year
Kazutomo Aritake October 14, 1957	Director	Male	Japan	Company management International experience Sustainability Corporate governance/Risk management Human resource development	One year
Yukari Inoue April 4, 1962	Outside Director (Independent Officer) Human Resources Committee Member Special Committee Member	Female	Japan	Company management International experience Marketing	Seven years
Yuji Yamazaki July 17, 1957	Full-time Audit and Supervisory Committee Member Human Resources Committee Member	Male	Japan	Company management International experience Finance and accounting Sustainability Corporate governance/Risk management Human resource development	One year

Name/ Date of birth	Position(s)	Gender	Nationality	Area of expertise	Term of office*
Harumichi Uchida April 7, 1947	Outside Director (Independent Officer) Audit and Supervisory Committee Member Human Resources Committee Member Chairperson of the Special Committee	Male	Japan	International experience Corporate governance/Risk management	Six years and 11 months
Mika Masuyama January 6, 1963	Outside Director (Independent Officer) Audit and Supervisory Committee Member Human Resources Committee Member Special Committee Member	Female	Japan	International experience Corporate governance/Risk management Human resource development	Five years

* As of the closing of the Meeting

End

(Attached Documents)

Business Report (from January 1, 2021 to December 31, 2021)

1. Matters Concerning the Present Condition of the Group

(1) Progress and Achievement of Business

Category	Billions of yen		
	The 12th Fiscal Year 2020	The 13th Fiscal Year 2021	YoY change
Consolidated revenue	1,178.1	1,268.9	Up 7.7%
Consolidated operating income	96.2	118.6	Up 23.3%
Profit for the year attributable to owners of the Company	52.2	68.7	Up 31.5%

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.

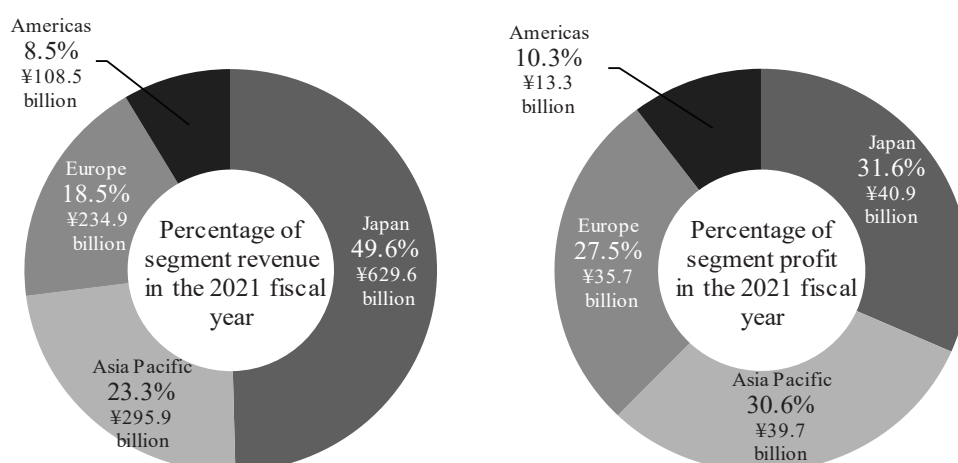
In 2021, the Group continued to expand its market share in key countries as a result of promoting its growth strategy enlisting ongoing efforts to concentrate on our core brands while coming up against effects of the novel coronavirus disease (COVID-19). Profit greatly exceeded that of the previous fiscal year as the Group persisted in carrying out cost reduction activities and improving efficiency in the use of sales promotion and advertising costs amid a scenario of cost increases associated with inflation in commodities and global supply chain disruptions becoming more apparent since the third quarter of the year ended December 31, 2021. With respect to operating income, whereas the Group had been seeking to achieve a return to 2019 levels during the fiscal year ending December 31, 2022, the Group achieved that objective one year ahead of plan.

For the fiscal year under review, the Group reported consolidated revenue of ¥1,268.9 billion, up 7.7% year on year. Consolidated operating income was ¥118.6 billion, up 23.3% year on year. Furthermore, profit for the year attributable to owners of the Company was ¥68.7 billion, up 31.5% year on year.

Results by segment are described below.

The Company implemented changes to its organization on January 1, 2021, to achieve dramatic growth in key markets in the Asia and Oceania regions. As a result of this restructuring, the reportable segments, which until now comprised “Japan business,” “Europe business,” “Asia business,” “Oceania business,” and “Americas business,” effective in 2021, comprise “Japan business,” “Asia Pacific business,” “Europe business,” and “Americas business.” To present comparisons with the previous corresponding periods, previous fiscal year figures have been reclassified into the reportable segments subsequent to the organizational changes and also reclassified enlisting the methods for calculating profit and loss of reportable segments subsequent to the changes.

(Reference) Segment revenue and segment profit in the 2021 fiscal year



Billions of yen

Segment	Segment revenue	Segment profit
Japan business	629.6	40.9
Asia Pacific business	295.9	39.7
Europe business	234.9	35.7
Americas business	108.5	13.3
Reconciliations	—	(11.2)
Total	1,268.9	118.6

Segment Information

Japan business	
Segment revenue	¥629.6 billion (down 0.5% year on year)
Segment profit	¥40.9 billion (up 10.7% year on year)

Results in the overall beverage market were only slightly higher than in the previous fiscal year (presumably by the Company) due to restrictions imposed on human activity as a result of the government's intermittent announcements and extensions of state of emergency declarations and also due to effects of unfavorable weather prevailing since mid-August. Nevertheless, the Company achieved an increase in sales volume relative to the previous fiscal year due to contributions of initiatives to strengthen its core brands with a focus on the water, coffee, and sugar-free tea categories, sales of new products and marketing activities, leading the Company to increase market share.

The *Suntory Tennensui* brand achieved record-high sales volume with sales volume of the brand overall having increased relative to the previous fiscal year. Sales of the *Suntory Tennensui Sparkling* series increased substantially as sales of *THE STRONG*, which was newly released in June, remained solid. For the *BOSS* brand, the overall sales volume of the brand increased year on year. The increase in sales volume was substantially bolstered by *Matcha Latte*, which was newly released in August, in addition to growth with respect to both the *Craft BOSS* series, which was renewed in March, and the tea series. In the sugar-free tea category, the *Iyemon* brand achieved record-high sales volume with the brand's overall sales volume having greatly exceeded that of the previous fiscal year. The increase in the brand's sales volume contributed to strong performance of *Iyemon Koi Aji*, which was newly released in February, and *Iyemon Kyoto Blend*, which was newly released in April.

In terms of profit, such results encountered adverse effects of inflation in commodities prevailing since the third quarter of the year ended December 31, 2021, in addition to an ongoing impact from changes in the channel mix. Nevertheless, profits were substantially bolstered by factors that include improvements in the product mix realized through growth of small-size (500 ml PET, etc.) products, vending machine business transformation, cost reduction activities, and ongoing initiatives to improve efficiency in the use of promotion and advertising costs.

As a result, the Japan business reported revenue of ¥629.6 billion, down 0.5% year on year, and segment profit of ¥40.9 billion, up 10.7% year on year.

Asia Pacific business	
Segment revenue	¥295.9 billion (up 11.7% year on year)
Segment profit	¥39.7 billion (up 15.7% year on year)

In Asia, the Company was adversely affected by lockdowns in Vietnam and by tightened restrictions in Thailand, particularly since the third quarter of the year ended December 31, 2021. Nevertheless, in the beverage business the Company has increased its share of the beverage markets of Vietnam and Thailand due to its efforts to concentrate on core brands. By brand, increases especially in sales from the energy drink *Sting* and the tea beverage *TEA+* were achieved in Vietnam, and sales of *Pepsi*, including low-sugar products were strong in Thailand. In the health supplement business, sales volume of *BRAND'S Essence of Chicken* increased year on year as a result of having focused on strengthening marketing activities. In Oceania, results continued on a powerful recovery trend. The energy drink *V*, a core brand, led the market in the energy category as a result of a substantial increase due to a strengthening of marketing activities, and its market share is growing.

In terms of profit, the increase in sales, improvement in the product mix along with cost reduction activities all made contributions.

As a result, the Asia Pacific business reported revenue of ¥295.9 billion, up 11.7% year on year. Segment profit was ¥39.7 billion, up 15.7% year on year.

Europe business	
Segment revenue	¥234.9 billion (up 23.6% year on year)
Segment profit	¥35.7 billion (up 31.2% year on year)

In Europe, results continued on a recovery trend but were affected by unfavorable weather in northern Europe during the third quarter of the year ended December 31, 2021.

In France, the Company gained market share amid an increase in sales volume relative to the previous fiscal year with respect to the core brands *Orangina*, *Oasis* and *Schweppes* amid recovery in the on-premise market prevailing since the second quarter of the year ended December 31, 2021, due to easing of restrictions cancellation of night-time restrictions on movement, in addition to favorable performance in the off-premise market. In the UK, the Company's sales volume increased significantly year on year amid ongoing market recovery. In addition to a significant year-on-year increase in sales volume for the core brands *Lucozade* and *Ribena*, strong growth was achieved for *Lucozade Sport* due to the resumption of sports events and outdoor activities. In Spain, sales of *Schweppes*, a core brand, increased significantly year on year owing to robust sales in the off-premise market along with the steady recovery for the on-premise market as well, following the easing of restrictions.

In terms of profit, an increase of sales, efficient use of sales promotion and advertising costs together with cost reduction activities made positive contributions.

As a result, the Europe business reported revenue of ¥234.9 billion, up 23.6% year on year, and segment profit of ¥35.7 billion, up 31.2% year on year.

Americas business	
Segment revenue	¥108.5 billion (up 20.3% year on year)
Segment profit	¥13.3 billion (up 46.5% year on year)

In Americas, in addition to further strengthening sales of the core carbonated beverage products, the Company also focused on the growing noncarbonated beverage category, which included water and RTD coffee. As a result, the Company's business maintained its market share, and sales rose significantly year on year.

In terms of profit, an increase in sales together with cost reduction activities made positive contributions.

As a result, the Americas business reported revenue of ¥108.5 billion, up 20.3% year on year, and segment profit of ¥13.3 billion, up 46.5% 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 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 as follows.

Always start from consumers

Pursue to create new taste, well-being and joy

Aim to be the most locally beloved company

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
(Established in January 2021)

< 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

(In 2021, achieved operating income level greater than that of 2019)

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

In 2022, we aim to achieve revenue growth in each of our reportable segments by further promoting core brand innovation as we steadily tap into recovering demand in our key national markets. We will seek to maximize revenue and rigorously manage costs in order to address effects of inflation in commodities. Underpinned by our mission “To Create Harmony with People and Nature,” our sustainability initiatives will involve redoubling our efforts related to water and greenhouse gases with our sights set on achieving our “Environmental Targets toward 2030,” and also more robustly engaging in the initiatives listed in the Suntory Group Plastic Policy.

The Company has established SBF International upon having restructured its overseas organization as of January 1, 2022, with the aims of increasing momentum with respect to achieving rapid transformation of its overseas operations and taking an integrated approach to management. This does not entail changes to the reportable segments.

< Japan business >

Designating our business strategies of “vending machine business transformation,” “accelerating growth in core brands,” and “supply chain structural reform” as the key priorities, we aim to grow sales and profit. With respect to marketing activities, this year the Group will further strengthen initiatives involving *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, and will also enhance initiatives involving *THE STRONG* product line of the *Suntory Tennensui Sparkling* series. With the *BOSS* brand, which celebrates its 30th anniversary this year, the Group will promote initiatives aimed at existing core users of canned coffee while also further enhancing initiatives involving the *Craft BOSS* lineup, which underwent renewal last year, enlisting a two-pronged approach marketing the line as a coffee series and a tea series of products. To achieve growth for a third consecutive year with respect to our *Iyemon* brand, the Group will redouble efforts involving the *Iyemon Kyoto Blend* and *Iyemon Koi Aji* product lines. The Group will strive to get customers more accustomed to drinking *Tokucha* by further enhancing our marketing activities and conveying the appeal of *Tokucha* in terms of its unique functions.

< Asia Pacific business >

In the Asia Pacific region, the Group aims to achieve revenue growth by persisting with its approach of core brand innovation tapping into market recovery. In Vietnam, the Group will continue to strengthen 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 for core brands *Orangina* and *Oasis*, and strive for growth in sales and profit. In the UK, the Group seeks to increase market share in the energy drink category market by concentrating investment on the *Lucozade Energy* brand. In Spain, the Group will further promote structural reform of its on-premise business while redoubling efforts involving *Schweppes* in the off-premise and on-premise markets.

< Americas business >

The Group will accelerate growth by enhancing the core carbonated beverage category, further expanding the growing non-carbonated beverage category, and further strengthening pricing policies and the supply chain.

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 established the Environmental Vision toward 2050 and Environmental Targets toward 2030 to provide a clearer direction for its sustainable management practices. In 2021, we revised our targets for reducing greenhouse gas emissions and achieving those related to water set forth in our Environmental Targets toward 2030 as we engage in greater efforts to address global issues and work toward the realization of a sustainable society.

- * The Company was awarded the position as a CDP A-list Company for “Water Security” in 2021.
- * Suntory Holdings Limited was awarded the position as a CDP A-list Company for “Climate Change” in 2021.

Environmental Vision toward 2050

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

1. Water

[Reduction of water used in direct operation]

Reduce the water intensity of production at our owned plants^{*1} by 35%^{*2} globally. In addition, assess water-related issues particularly in regions subject to high levels of water stress, and accordingly explore options for achieving necessary reductions in absolute volume of water consumption.

[Water resource cultivation]

Replenish more than 100% of water consumed in at least 50% of our plants^{*1} globally, particularly all those in highly water stressed areas, through water resource cultivation activities.

[Sustainable water use in raw ingredients]

Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients^{*3} in highly water stressed areas.

[Water education and access to safe water]

Expand water education programs and initiatives to provide safe water access for more than 1 million people.

2. Greenhouse Gas (GHG)

- Reduce GHG emissions from our direct operations by 50%^{*4}
- Reduce GHG emissions across our entire value chain by 30%^{*4}

*1 Owned plants that manufacture finished products and excludes plants for packaging and ingredients

*2 Reduction of water intensity of production based on 2015 baseline year

*3 Coffee, barley, grapes

*4 Based on emissions in 2019.

Sustainability Initiatives

Climate Change

■ SBT Initiative Certification

We endorse and are a signatory to the “Business Ambition for 1.5°C” campaign seeking to limit temperature rise caused by global warming to 1.5°C, sponsored by the UN Global Compact, Science Based Targets (SBT) initiative, and the We Mean Business coalition.

Our targets for reducing greenhouse gas emissions set under our Environmental Targets toward 2030 have gained “1.5°C target” certification from the SBT Initiative.

The 1.5°C target is a science-based target for helping to keep the average increase in temperatures worldwide to no more than 1.5°C above levels prior to the Industrial Revolution.

■ Disclosures Based on Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

The Suntory Group has declared its approval of Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in May 2019. The TCFD was established by the Financial Stability Board (FSB).

In addition, we established the Suntory Group’s 7 Sustainability Themes in July 2019 as future initiatives with the reduction of Green House Gas(GHG) emissions serving as an important theme among them.

We disclose details on water supply risk and stable procurement of raw materials as of January 2022, and will seek more extensive disclosure going forward.

PET Bottles

We have been actively promoting bottle-to-bottle horizontal recycling and developing practical applications in that regard, which has involved advancing technological innovation over many years. For instance, we developed the world’s first F-to-P direct recycling technology for achieving lower CO₂ emissions than conventional recycling technologies, upon having been the first to introduce the polyethylene terephthalate (PET) bottle made with 100% recyclable materials in Japan’s soft drink industry.

We established the Suntory Group Plastic Policy in June 2019 and aim for 100% sustainability involving PET bottles **by using only recycled or plant-derived materials for all PET bottles used globally by 2030 and achieving zero use of virgin petroleum-based materials.**

Sustainability Initiatives

Respect for Human Rights

The Suntory Group believes respect for human rights of stakeholders is critical and reflects that notion in its sustainability vision, amid a scenario of increasingly global business practices and mounting concern in society regarding initiatives of companies to protect human rights. We have established the Suntory Group Human Rights Policy to promote activities that place consideration on human rights, and have been further strengthening our existing initiatives by engaging with employees and suppliers and local communities. In June 2019 we joined Sedex, a non-profit organization offering the world's largest supplier ethical information sharing platform. Since that time we have been urging our suppliers to also become Sedex members and share information through Sedex, including their replies to the SAQ*.

* SAQ: Self-Assessment Questionnaire

Diversity Initiatives

One ethical principle described in the Suntory Group Code of Business Ethics is to accept the existence of diverse values when carrying out business activities.

Moreover, aiming to realize not only a workplace where anyone can work enthusiastically with a liberated spirit to be themselves, while having self-awareness and pride as an employee of Suntory, but also an organization that considers the individual qualities and diversity among fellow employees as a strength to utilize, the Suntory Group has established the "DEI Vision Statement" and "Strategic Pillars" and is promoting Diversity, Equity & Inclusion across the entire Suntory Group.

Based on this notion, the Company will continue to engage in various initiatives enlisting "diversity management" as its basic policy on human resources.

Health and Productivity Management Initiatives

The Company was selected as a 2021 Certified Health & Productivity Management Outstanding Organization in the Large Enterprise Category (White 500). Recognizing that serving as a company where employees are able to work actively equipped with good physical and mental health is the source of our competitive edge, we embarked on health and productivity management initiatives in 2016 and have been working to promote physical and mental health achieved on an independent and continuous basis.

In addition, we have developed and released the SUNTORY+ free app that helps users establish healthy routines as a new health and productivity management support service for companies. Used in conjunction with workplace vending machines, the SUNTORY+ app enables people to stick with healthy routines in a manner linked with healthy beverages. The app has accordingly been well received by the many employers who have adopted the service, both within and beyond the Group.

(3) Status of Assets and Profit and Loss

Category	The 10th Fiscal Year 2018	The 11th Fiscal Year 2019	The 12th Fiscal Year 2020	The 13th Fiscal Year 2021 (fiscal year under review)
Revenue (Millions of yen)	1,294,256	1,299,385	1,178,137	1,268,917
Operating Income (Millions of yen)	113,557	113,948	96,177	118,568
Profit for the Year Attributable to Owners of the Company (Millions of yen)	80,024	68,888	52,212	68,676
Basic Earnings per Share (Yen)	258.98	222.94	168.97	222.25
Total Equity (Millions of yen)	798,877	837,565	859,556	943,952
Equity Attributable to Owners of the Company per Share (Yen)	2,313.34	2,448.44	2,529.95	2,785.09
Total Assets (Millions of yen)	1,539,416	1,567,299	1,574,251	1,676,926

(4) Summary of Principal Businesses (as of December 31, 2021)

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
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
Suntory Beverage & Food Asia Pte. Ltd.	(Thousand) S\$1,127,848	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
Orangina Schweppes Holding B.V.	(Thousand) €18	100.0	Manufacture and sale of non-alcoholic beverages
Lucozade Ribena Suntory Limited	(Million) £636	100.0	Manufacture and 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. As of January 1, 2022, the Company has established Suntory Beverage Solution Limited (formerly Japan Beverage Inc.), upon having integrated operator of the Group's vending machine-related business Suntory Beverage Solution Limited, Suntory Beverage Service Limited, and Japan Beverage Inc.
3. 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, 2021)

1) The Company

Head Office:	1-1, Shibaura 3-chome, Minato-ku, Tokyo
Research Institute:	Product Development Center (Kawasaki-shi, Kanagawa)

2) Subsidiaries

Name of Segment	Name	Major Business Sites	
Japan	Suntory Foods Limited	Head Office	Minato-ku, Tokyo
		Office	Metropolitan Marketing Office (Minato-ku, Tokyo), etc.
	Suntory Beverage Solution Limited	Head Office	Minato-ku, Tokyo
		Office	Metropolitan Marketing Office (Minato-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	Minato-ku, Tokyo
		Plant	Haruna Plant (Shibukawa-shi, Gunma), etc.

Name of Segment	Name	Major Business Sites	
Asia Pacific	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
	FRUCOR SUNTORY NEW ZEALAND LIMITED	Head Office	Auckland, New Zealand
	FRUCOR SUNTORY AUSTRALIA PTY. LIMITED	Head Office	New South Wales, Australia
Europe	Orangina Schweppes Holding B.V.	Head Office	Amsterdam, the Netherlands
	Lucozade Ribena Suntory Limited	Head Office	London, U.K.
Americas	Pepsi Bottling Ventures LLC	Head Office	North Carolina, U.S.A.

(7) Status of Employees (as of December 31, 2021)

Name of Segment	Number of Employees		Increase (Decrease) from Previous Fiscal Year	
Japan	9,369	[748]	(361)	[(179)]
Asia Pacific	8,475	[441]	1	[(24)]
Europe	3,328	[119]	(6)	[37]
Americas	2,568	[50]	136	[8]
Company-wide (common)	126	[-]	(6)	[-]
Total	23,866	[1,358]	(236)	[(158)]

Notes:

1. 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.
2. 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, 2021)

Name of Lender	Amount of Loan (Millions of yen)
The Norinchukin Bank	40,064
Sumitomo Mitsui Banking Corporation	14,314
The Hongkong and Shanghai Banking Corporation Limited	13,016
The Bank of Kyoto, Ltd.	11,064
MUFG Bank, Ltd.	10,000
Shinkin Central Bank	10,000

(9) Status of Fund Procurement

The Company issued straight bonds in the fiscal year under review, as follows, to cover redemptions of bonds and pay back borrowings from financial institutions.

Issue	Date of issue	Total amount of issue (Millions of yen)	Redemption date
Fifth Series of Unsecured Straight Corporate Bonds	July 8, 2021	20,000	July 8, 2024

(10) Status of Capital Investment

Capital investment in the fiscal year under review was ¥77.1 billion. A breakdown of capital investment by segment is as follows.

Name of Segment	Capital Investment (Millions of yen)
Japan	45,048
Asia Pacific	14,639
Europe	10,917
Americas	6,539
Total	77,146

1) Major Plant and Equipment Completed 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

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
Europe	Construction of logistics warehouse adjacent to Donnery Plant of Orangina Suntory France Production S.a.s

(11) Status of Significant Business Realignment

As of January 1, 2022, the Company has established Suntory Beverage Solution Limited (formerly Japan Beverage Inc.), upon having integrated operator of the Group's vending machine-related business Suntory Beverage Solution Limited, Suntory Beverage Service Limited, and Japan Beverage Inc. The Company has accordingly carried out a company split whereby the real estate, equipment, shares, etc. held by the Company's subsidiary Suntory Beverage Service Limited have been succeeded to the Company.

2. Matters Concerning Shares (as of December 31, 2021)

- (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: 39,417 (decreased by 2,613 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)	21,246	6.8
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	6,930	2.2
Custody Bank of Japan, Ltd. (Trust Account)	6,617	2.1
JPMorgan Securities Japan Co., Ltd.	4,659	1.5
SMBC Nikko Securities Inc.	3,599	1.1
STATE STREET BANK WEST CLIENT – TREATY 505234	3,380	1.0
Mizuho Securities Co., Ltd.	1,933	0.6
JAPAN SECURITIES FINANCE CO., LTD.	1,817	0.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,793	0.5

Note: Ratio of Shareholding is calculated after deducting treasury shares (31 shares).

3. Status of Directors

(1) Names, etc. of Directors (as of December 31, 2021)

Position	Name	Responsibilities and Important Concurrent Positions
Representative Director, President & Chief Executive Officer	Kazuhiro Saito	Overall Group Management Chairman of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & 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
Director, Senior Managing Executive Officer	Josuke Kimura	Chief Executive Officer, 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	Shekhar Mundlay	Chief Executive Officer of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & 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.
Director	Peter Harding	Chief Executive Officer of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited
Director	Kazutomo Aritake	Director, Executive Vice President 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	Yuji Yamazaki	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

Position	Name	Responsibilities and Important Concurrent Positions
Audit and Supervisory Committee Member	Harumichi Uchida	Attorney (Partner) of TMI Associates
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. Kazutomo Aritake, Ms. Inoue, Mr. Yuji Yamazaki, 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. Yamazaki has extensive experience in leading the corporate planning division, and he possesses a considerable amount of expertise related to finance and accounting.
- Changes in Directors' responsibilities during the fiscal year under review are as follows.

Name/ Date of Change	Responsibilities before Change	Responsibilities after Change
Josuke Kimura April 1, 2021	Chief Executive Officer, Japan Business Division Chief Operating Officer, Communication Division, Japan Business Division	Chief Executive Officer, Japan Business Division

- Changes in Directors' positions and responsibilities after the end of the fiscal year under review are as follows.

Name/ Date of Change	Positions and Responsibilities before Change	Positions and Responsibilities after Change
Josuke Kimura January 1, 2022	Director, Senior Managing Executive Officer Chief Executive Officer, Japan Business Division	Director, Executive Vice President Chief Executive Officer, SBF Japan
Shekhar Mundlay January 1, 2022	Director Chief Executive Officer, Suntory Beverage & Food Asia Pacific	Director, Executive Vice President Chief Executive Officer, SBF International

7. Changes in Directors' important concurrent positions after the end of the fiscal year under review are as follows.

Name/ Date of Change	Important Concurrent Positions before Change	Important Concurrent Positions after Change
Kazuhiro Saito January 1, 2022	Chairman of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & 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	Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Chairman of Suntory Beverage & Food Europe Director of Orangina Schweppes Holding B.V. Director of Pepsi Bottling Ventures LLC
Josuke Kimura January 1, 2022	Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited Director of Japan Beverage Holdings Inc.	Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited
Shekhar Mundlay January 1, 2022	Chief Executive Officer of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & 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.	Chairman of Suntory Beverage & Food Asia Pacific Director of Suntory Beverage & 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. Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Pepsi Bottling Ventures LLC
Yuji Yamazaki January 1, 2022	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 & Supervisory Board Member of Suntory Foods Limited Audit & Supervisory Board Member of Suntory Products Limited

8. As of January 1, 2022, the Company has established Suntory Beverage Solution Limited (formerly Japan Beverage Inc.), upon having integrated operator of the Group's vending machine-related business Suntory Beverage Solution Limited, Suntory Beverage Service Limited, and Japan Beverage Inc. Suntory Beverage Solution Limited described under "Important Concurrent Positions after Change" refers to Suntory Beverage Solution Limited (formerly Japan Beverage Inc.) subsequent to the integration.

9. Resignations of officers during the fiscal year under review are as follows.

Position	Name	Date of Resignation
Director (Audit and Supervisory Committee Member)	Kozo Chiji	March 26, 2021

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

11. 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. The insured parties do not assume costs of the insurance premiums such that the insured parties under the insurance policy include the Company's Directors, Senior Managing Executive Officers, and Managing Executive Officers, as well as Directors of some of the Company's domestic subsidiaries. This insurance policy covers an insured party's losses and such costs as related litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured party as an officer or a person at a certain position of the Company. However, to ensure that the proper performance of duties of an insured party is not impaired, the insurance policy does not provide coverage for losses and costs incurred by an insured party who has committed a criminal act or an otherwise intentionally illegal act.

(Reference) Names, etc. of Senior Managing Executive Officer and Managing Executive Officer (as of January 1, 2022)

Position	Name	Responsibilities
Senior Managing Executive Officer	Hachiro Naiki	Representative Director, President & Chief Executive Officer of Suntory Foods Limited
Senior Managing Executive Officer	Yoshihito Suda	R&D and Production, Chief Operating Officer, MONOZUKURI Division
Managing Executive Officer	Takashi Nakamura	Representative Director, President & Chief Executive Officer of Suntory Products Limited
Managing Executive Officer	Shozo Nishimoto	Chief Operating Officer, Production & Supply Chain Management Division, SBF Japan
Managing Executive Officer	Shinichiro Yanai	Chief Operating Officer, Brand Development Division, SBF Japan
Managing Executive Officer	Takayuki Sanno	Chief Executive Officer, SBF Asia Pacific
Managing Executive Officer	Akira Haraguchi	Chief Operating Officer, Corporate Management Division
Managing Executive Officer	Kazushi Ishikawa	Chief Operating Officer, Corporate Planning Division
Managing Executive Officer	Tsuyoshi Oikawa	Representative Director, President & Chief Executive Officer of Suntory Beverage Solution Limited
Managing Executive Officer	Haruhisa Inada	Senior General Manager, Global Auditing Department and Corporate Auditor, SBF Asia Pacific
Managing Executive Officer	Susumu Takemoto	Senior General Manager, Development & Design Department, SBF Japan
Managing Executive Officer	Akiyo Sato	Deputy Chief Operating Officer, Brand Development Division, SBF Japan

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

The Company has decided on the following policy on determining remuneration, etc. for the Company's Directors at the meeting of its Board of Directors held on February 9, 2021.

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	163	4	116	279
(Outside Director)	(1)	(12)	(-)	(-)	(12)
Director (Audit and Supervisory Committee Member)	4	66	2	31	98
(Outside Director)	(2)	(30)	(-)	(-)	(30)
Total	11	230	6	147	377
(Outside Director)	(3)	(42)	(-)	(-)	(42)

Notes:

1. Performance-based compensation is an amount to be paid. Note that the Company has not disclosed the targets and actual results of consolidated operating income (excluding one-time income and expenses), which is a major indicator for the performance-based compensation, but the forecast and actual results for consolidated operating income, which form the basis of those amounts, are ¥117,000 million and ¥118,568 million, respectively.
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. The number of Directors (excluding Audit and Supervisory Committee Members) at the conclusion of said Ordinary General Meeting of Shareholders was eight (including one Outside Director).

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. The number of Directors serving on the Audit and Supervisory Committee at the conclusion of said Ordinary General Meeting of Shareholders was three (including two Outside Directors).
4. This does not include remuneration, etc. for the two Executive Directors who are foreign nationals because remuneration for officers of overseas subsidiaries of which they are in charge is paid by such overseas subsidiaries.
5. The Board of Directors has delegated decisions on amounts of remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members) to Representative Director, President & Chief Executive Officer Kazuhiro Saito. The Company delegated such decisions to him upon having deemed it appropriate for the Representative Director, President & Chief Executive Officer to make decisions on details of remuneration, etc. for individuals in view of factors such as performance of the Group overall. As a measure to ensure that such authority is exercised appropriately, 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, which entails the committee confirming whether or not details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy.

(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 and Duties Carried out in Relation to Roles an Outside Director is Expected to Perform
Outside Director	Yukari Inoue	12/12	—	She has been providing strategic advice and supervision in the Board of Directors through commentary drawing on her experience and knowledge as a corporate executive. In addition, she has been serving as a member of the Human Resources Committee and the Special Committee, enlisting her independent and objective standpoint.

Classification	Name	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance	Status of Statements and Duties Carried out in Relation to Roles an Outside Director is Expected to Perform
Outside Director (Audit and Supervisory Committee Member)	Harumichi Uchida	12/12	13/13	In addition to providing advice and supervision in the Board of Directors, he has also been conducting effective and sophisticated audits within the Audit and Supervisory Committee particularly through commentary drawing on his experience and knowledge as an attorney. In addition, he has been serving as a member of the Human Resources Committee and as the chair of the Special Committee, enlisting his independent and objective standpoint.
Outside Director (Audit and Supervisory Committee Member)	Mika Masuyama	12/12	13/13	She has been providing advice and supervision in the Board of Directors as well as audits and supervision in the Audit and Supervisory Committee through commentary drawing on her experience and knowledge relating to corporate governance, human resource development and other areas. In addition, she has been serving as a member of the Human Resources Committee and the Special Committee, enlisting her independent and objective standpoint.

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 five (5) 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	203

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 Suntory Beverage & Food Asia Pte. Ltd., 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

The Company commissions the Accounting Auditor to perform services related to preparation of comfort letters and advisory services related to compliance with Japan's Corporate Governance Code.

(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.

5. Policy on Determining Dividends of Surplus, Etc.

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.

The Company maintains a basic policy of paying dividends of surplus twice annually in the form of an interim dividend and a year-end dividend.

The record date for interim dividends has been stipulated in the Articles of Incorporation as June 30 of each year.

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, the Company has put in place a system that makes it possible to seek resolution on dividends and other such distributions either at a General Meeting of Shareholders or at a meeting of the Board of Directors, upon having stipulated in its Articles of Incorporation wording such that, “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.”

Consolidated Financial Statements (IFRSs)

Consolidated Statement of Financial Position

(As at December 31, 2021)

(Unit: Millions of yen)

Assets		Liabilities and Equity	
Accounts	Amount	Accounts	Amount
Current assets	530,253	Current liabilities	463,565
Cash and cash equivalents	176,655	Bonds and borrowings	55,789
Trade and other receivables	240,584	Trade and other payables	354,595
Other financial assets	1,252	Other financial liabilities	30,877
Inventories	87,807	Accrued income taxes	14,757
Other current assets	23,953	Provisions	2,016
		Other current liabilities	5,529
Non-current assets	1,146,673	Non-current liabilities	269,409
Property, plant and equipment	372,337	Bonds and borrowings	109,558
Right-of-use assets	52,260	Other financial liabilities	54,241
Goodwill	255,599	Post-employment benefit liabilities	14,697
Intangible assets	430,086	Provisions	4,312
Investments accounted for using the equity method	1,005	Deferred tax liabilities	81,403
Other financial assets	13,847	Other non-current liabilities	5,196
Deferred tax assets	14,173		
Other non-current assets	7,362		
		Total liabilities	732,974
		Equity attributable to owners of the Company	860,593
		Share capital	168,384
		Share premium	182,423
		Retained earnings	536,996
		Treasury shares	(0)
		Other components of equity	(27,210)
		Non-controlling interests	83,358
		Total equity	943,952
Total assets	1,676,926	Total liabilities and equity	1,676,926

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

Consolidated Statement of Profit or Loss

(For the year ended December 31, 2021)

(Unit: Millions of yen)

Accounts	Amount
Revenue	1,268,917
Cost of sales	(745,735)
Gross profit	523,181
Selling, general and administrative expenses	(397,707)
Gain on investments accounted for using the equity method	70
Other income	2,887
Other expenses	(9,863)
Operating income	118,568
Finance income	508
Finance costs	(2,024)
Profit before tax	117,052
Income tax expense	(34,023)
Profit for the year	83,029
Attributable to:	
Owners of the Company	68,676
Non-controlling interests	14,353
Profit for the year	83,029

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

Non-consolidated Statement of Income
(For the year ended December 31, 2021)

(Unit: Millions of yen)

Accounts	Amount	
Net sales		355,767
Cost of sales		253,001
Gross profit		102,765
Selling, general and administrative expenses		76,870
Operating income		25,895
Non-operating income		
Interest income	913	
Dividend income	11,850	
Other	598	13,362
Non-operating expenses		
Interest expense	785	
Interest on bonds	115	
Other	228	1,128
Ordinary income		38,129
Extraordinary income		
Insurance income	69	69
Extraordinary loss		
Impairment loss	152	
Restructuring cost	546	
Other	106	805
Income before income taxes		37,393
Income taxes—current	5,710	
Income taxes—deferred	105	5,816
Net income		31,576

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 10, 2022

To the Board of Directors of
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, 2021, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from January 1, 2021 to December 31, 2021, 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, 2021, 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.

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.

[Translation]

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]

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 10, 2022

To the Board of Directors of
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, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 13th fiscal year from January 1, 2021 to December 31, 2021, and the related notes and the accompanying supplemental 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, 2021, 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 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.

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 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 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.

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. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

[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 13th business term which commenced on January 1, 2021 and ended on December 31, 2021. 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 Regulations on Corporate Accounting) 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 14, 2022

Audit and Supervisory Committee of
Suntory Beverage & Food Limited

Full-time Audit and Supervisory Committee
Member

Yuji Yamazaki (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 13th 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

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Equity
Notes to Non-consolidated 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 12 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. Continuing from 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.
- With respect to quality risks, the Quality Assurance Committee regularly held meetings where they identified quality risks pertaining to the Group, promoted the prevention of quality issues and their recurrence, and also monitored activities for reducing quality risks and the results of those activities.
- Risks related to the sustainability were also deliberated at the Sustainability Committee.
- The details of the activities of the Risk Management Committee, the Quality Assurance Committee and the Sustainability Committee have been reported at the Board of Directors meetings.
- 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).
- 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 and officers in charge of the corporate strategy 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 provides regular reports on the action plan and its progress to the Board of Directors, and provides reports directly to the Directors on the results of the internal audit and engages in cooperation with the Directors.

(6) Transactions between the parent company, etc.

- The Company has established the Special Committee as a system to safeguard the interests of general shareholders.
- To ensure fairness, transparency and objectivity regarding transactions, activities, etc. with the Suntory Group, the Special Committee verifies the necessity and reasonableness, the appropriateness of the terms and conditions, etc., and the fairness of transactions equal to or exceeding a certain amount with the Suntory Group, including Suntory Holdings Limited, and transactions, activities, etc. related to the business resources forming the source of Company's corporate value, such as brands, human resources, key assets and information (hereinafter collectively referred to as "Important Transactions, Activities, etc."), and reports to the Board of Directors.

The members of the Special Committee must be persons who have independence from the Suntory Group to ensure the committee's independence and objectivity, and currently it is composed of three Independent Outside Directors.

- Transactions, activities, etc. with the Suntory Group are, in accordance with internal regulations, examined beforehand by the departments conducting the transactions, activities, etc. and by the Company's legal affairs division and finance & accounting division to confirm the necessity and reasonableness of transactions, activities, etc., the appropriateness of their terms and conditions, etc., and the fairness, taking into consideration the perspective of independence from Suntory Holdings Limited. Furthermore, the Board of Directors makes a decision on Important Transactions, Activities, etc. after sufficient deliberation has been made on the necessity and reasonableness of the Important Transactions, Activities, etc., the appropriateness of their terms and conditions, etc., and the fairness through the process of the prior deliberation and report by the Special Committee.
- In addition to deliberation beforehand, in accordance with internal regulations, the legal affairs division, finance & accounting division, and internal audit division conduct a post-transaction check on details of the transactions, activities, etc. and whether the transactions and activities, etc. were conducted based on the contents of the deliberation. Also, the Audit and Supervisory Committee conducts an audit. For Important Transactions, Activities, etc., the status is reported to the Special Committee and the Board of Directors after they are conducted, and they confirm the results of the transactions, activities, etc.
- At the Board of Directors held in 2021, in regard to Important Transactions, Activities, etc., the Board of Directors confirmed the deliberations conducted before such transactions and the results of the transactions, activities, etc. In addition, the Board of Directors deliberated Important Transactions,

Activities, etc. scheduled to be conducted in fiscal 2022 and approved those that were deemed necessary and reasonable, appropriate terms and conditions, etc., and fair.

Consolidated Financial Statements (IFRSs)

Consolidated Statement of Changes in Equity

(For the year ended December 31, 2021)

(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, 2021	168,384	182,414	492,451	(0)	(61,495)	781,755	77,801	859,556
Profit for the year			68,676			68,676	14,353	83,029
Other comprehensive income					34,256	34,256	5,353	39,609
Total comprehensive income for the year	–	–	68,676	–	34,256	102,932	19,706	122,638
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(24,101)			(24,101)	(14,165)	(38,267)
Transactions with non-controlling interests		8				8	16	24
Reclassification to retained earnings			(28)		28	–		–
Total transactions with owners of the Company	–	8	(24,130)	(0)	28	(24,093)	(14,149)	(38,243)
Balance at December 31, 2021	168,384	182,423	536,996	(0)	(27,210)	860,593	83,358	943,952

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 Regulations on Corporate Accounting. 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 was 81. 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 was 7.
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 entity, 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. In principle, income and expense items of the Group’s foreign operations are translated into Japanese yen at the 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. In contrast, 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 unit, and then, to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset in the cash-generating unit.

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. 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 are 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 using 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 if it is probable that the position will result in a payment (or redemption) of taxes.

(15) Earnings per share

Basic 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.

CHANGES IN PRESENTATION

(Notes to significant accounting estimates)

As the Company has applied Article 102-3-2, paragraph (1) of the Regulations on Corporate Accounting from the current fiscal year in accordance with the revision of the said regulation based on the promulgation of the Ministerial Order

Partially Amending the Regulations on Corporate Accounting (Ministry of Justice Order No.45, 2020), the Company has newly provided notes to “significant accounting estimates.”

SIGNIFICANT ACCOUNTING ESTIMATES

Valuation of goodwill and intangible assets with indefinite useful lives

(1) Amounts recorded in the consolidated financial statements at the end of the fiscal year under review

Goodwill	¥255,599 million
Intangible assets with indefinite useful lives	¥369,190 million

(2) Information on details of significant accounting estimates relating to the identified items

The Company estimates recoverable amounts for impairment testing on goodwill and intangible assets with indefinite useful lives. For details, please refer to “Basis of Preparing Consolidated Financial Statements, (9) Impairment of non-financial assets.”

The recoverable amount is calculated using the value in use, which is calculated by discounting the estimated amount of cash flows based on the business plan approved by management to the present value using the pretax weighted average cost of capital for the cash-generating units or groups of cash-generating units.

The business plan used for impairment testing is formulated based on not only the expectations of recovery from the economic downturn caused by COVID-19 and the growth rate of the beverage market in each country having an impact on future revenue and operating income, but also estimates of the effects of the respective sales and promotion strategies for each brand, and for each sales channel, such as off-premises and on-premises channels. Moreover, the growth rate is determined by taking into consideration the long-term average growth rate in the markets or countries to which these cash-generating units and groups of cash-generating units belong. If they differ from the actual results, it may impact the business performance and other indicators.

ADDITIONAL INFORMATION

With regard to the impact of the COVID-19 pandemic, while the situation differs by region, our business has been following a recovery trend and the Company assumes that our business will gradually recover in the future. Based on that assumption, the Company is making accounting estimates and judgments, 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	¥1,133 million
Other financial assets	¥23 million

2. Accumulated depreciation of property, plant and equipment (including accumulated impairment losses) ¥500,032 million

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Total number of issued shares as at December 31, 2021: 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 26, 2021	Ordinary shares	¥12,050 million	¥39.00	December 31, 2020	March 29, 2021
At Meeting of the Board of Directors held on August 12, 2021	Ordinary shares	¥12,050 million	¥39.00	June 30, 2021	September 9, 2021

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 25, 2022	Ordinary shares	¥12,050 million	¥39.00	December 31, 2021	March 28, 2022

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. The Group performs 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.

(Unit: Millions of yen)

	Carrying amounts	Fair value
Bonds	49,901	50,276
Borrowings	115,446	116,151

(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 ¥2,785.09

2. Basic earnings per share ¥222.25

There was no diluted share issued.

SIGNIFICANT SUBSEQUENT EVENTS

On February 9, 2022, the Company agreed to transfer all shares of Suntory Coffee Australia Ltd., which operates a fresh coffee business mainly in Oceania, to UCC ANZ MANAGEMENT PTY LTD, a subsidiary of UCC Holdings Co., Ltd. for approximately ¥18.5 billion as part of the continuous and comprehensive portfolio review.

The transfer is scheduled to be completed in the first half of the fiscal year ending December 31, 2022 after performing all the necessary procedures.

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

Non-consolidated Financial Statements (Japanese GAAP)

Non-consolidated Statement of Changes in Equity

(For the year ended December 31, 2021)

(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, 2021	168,384	145,884	67,541	213,425	966	433	34,982	196,153	232,537
Changes of items in the year									
Cash dividends								(24,101)	(24,101)
Net income								31,576	31,576
Purchase of treasury shares									
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)	-	7,583	7,474
Balance at December 31, 2021	168,384	145,884	67,541	213,425	966	325	34,982	203,737	240,012

	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, 2021	(0)	614,347	35	(102)	(67)	614,279
Changes of items in the year						
Cash dividends		(24,101)				(24,101)
Net income		31,576				31,576
Purchase of treasury shares	(0)	(0)				(0)
Reversal of reserve for advanced depreciation of noncurrent assets		-				-
Reversal of reserve for special depreciation		-				-
Net changes of items other than shareholders' equity			(5)	268	263	263
Net changes in the year	(0)	7,474	(5)	268	263	7,737
Balance at December 31, 2021	(0)	621,821	30	165	195	622,017

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

Notes to Non-consolidated Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Shares 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 non-consolidated 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 non-consolidated 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 method for these items in the consolidated financial statements.

CHANGES IN PRESENTATION

(Application of the Accounting Standard for Disclosure of Accounting Estimates)

The Company has applied the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) starting from the non-consolidated financial statements at the end of the fiscal year under review and provides notes

regarding significant accounting estimates in the non-consolidated financial statements.

SIGNIFICANT ACCOUNTING ESTIMATES

- Valuation of shares of subsidiaries and affiliates whose fair value is deemed extremely difficult to determine
 - Amount recorded in the non-consolidated financial statements at the end of the fiscal year under review
Shares of subsidiaries and affiliates whose fair value is deemed extremely difficult to determine: ¥568,637 million.
The major shares of subsidiaries and affiliates are shares of Japan Beverage Holdings Inc., Orangina Schweppes Holdings B.V. and Lucozade Ribena Suntory Limited, and the carrying amount recorded in the non-consolidated balance sheet for these shares is ¥398,665 million.
 - Information on details of significant accounting estimates relating to the identified items
In valuing shares of subsidiaries and affiliates, the Company has a policy to recognize impairment losses when the substantial value of shares has declined significantly due to deterioration in the financial position of the company concerned, unless recoverability is substantiated by sufficient evidence.

For shares acquired reflecting their excess earning power, the Company considers whether the excess earning power is impaired or not by comparing the business plan at the time of stock acquisition, which was used for the basis of calculating the acquisition price, with the actual results up to the fiscal year under review as well as the future business plan prepared during the fiscal year under review.

The business plan includes the estimate of the recovery from the economic downturn caused by the impact of COVID-19 as well as the estimate of cost reduction effects by optimizing operations, and therefore the actual results in 2022 onwards may differ from the business plan. If this is the case, it may impact the business performance and other indicators.

- Recoverability of loans receivable from subsidiaries and affiliates
 - Amounts recorded in the non-consolidated financial statements at the end of the fiscal year under review

Short-term loans receivable:	¥81,229 million (Note)
Long-term loans receivable from subsidiaries and affiliates:	¥57,998 million (Note)
Allowance for doubtful accounts related to short-term loans receivable:	¥269 million

Note: Please refer to “Related Party Transactions” for major components.
 - Information on details of significant accounting estimates relating to the identified items

For the valuation of loans receivable from subsidiaries and affiliates, the Company considers the recoverability of each loan receivable based on the debtor’s business plan and repayment plan. In cases where there is a possibility that part of the loans cannot be repaid according to the specified conditions even when considering past operating results and the feasibility of the future business plan, the Company records an allowance for a doubtful account for the expected non-collectible amount.

The debtor’s business plan is subject to risks and other factors arising from changes in the business environment, and therefore, the actual results in 2022 onwards may differ from the business plan. If this is the case, it may impact the business performance and other indicators.

ADDITIONAL INFORMATION

With regard to the impact of the COVID-19 pandemic, the Company’s business and subsidiaries’ business have been following a recovery trend and the Company assumes that its and its affiliates’ businesses will gradually recover in the future. Based on that assumption, the Company is making accounting estimates and judgments for matters such as valuation of shares of subsidiaries and affiliates, recoverability of short-term and long-term loans receivable from subsidiaries and affiliates, 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.

NON-CONSOLIDATED BALANCE SHEET

- Accumulated depreciation of property, plant, and equipment ¥11,077 million
- 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.	¥61 million
Other	¥14 million
<hr/>	<hr/>
Total	¥76 million
- Monetary receivables and payables from/to associate companies (except for those presented separately)

Short-term monetary receivables	¥160,372 million
Short-term monetary payables	¥51,071 million
Long-term monetary payables	¥3 million

NON-CONSOLIDATED STATEMENT OF INCOME

Transactions with associate companies

Volume of operating transactions	
Net sales	¥349,241 million
Cost of sales	¥48,350 million
Selling, general and administrative expenses	¥24,431 million
Volume of non-operating transactions	
Non-operating income	¥13,254 million
Non-operating expenses	¥4 million

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Number of treasury shares as at December 31, 2021:

Ordinary shares	31 shares
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TAX EFFECT ACCOUNTING

1. Major components of deferred tax assets	
Temporary differences for investments in subsidiaries	¥7,972 million
Accounts payable–other	¥459 million
Liability for employee retirement benefits	¥1,050 million
Provision for bonuses	¥758 million
Accrued enterprise tax	¥224 million
Other	¥246 million
Subtotal	¥10,711 million
Valuation allowance	¥(7,972) million
Total deferred tax assets	¥2,738 million
2. Major components of deferred tax liabilities	
Prepaid pension cost	¥(1,177) million
Reserve for advanced depreciation of noncurrent assets	¥(426) million
Reserve for special depreciation	¥(143) million
Other	¥(87) million
Total deferred tax liabilities	¥(1,833) million
Net deferred tax assets	¥904 million

PER SHARE INFORMATION

1. Equity per share	¥2,013.00
2. Net income per share	¥102.19

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, 2021 (Millions of yen) (Note 1)
Parent company's subsidiary	Suntory MONOZUKURI Expert Limited (Present: Suntory Holdings Limited)	None	-Contract work of indirect operations	Advance payment for raw materials (Note 2)	–	Accounts payable–trade	56,726
Subsidiary	Suntory Foods Limited	Directly owning 100%	-Sales of products of the Company -Interlocking of officers	Sales of products of the Company (Note 3)	363,044	Accounts receivable–trade	74,674
Subsidiary	Suntory Beverage Service Limited	Indirectly owning 100%	-Money lending and borrowing	Money lending and borrowing (Note 4)	9,707	Short-term loans receivable	9,707
				Proceeds from interest (Note 4)	11	–	–
Subsidiary	Suntory Products Limited	Directly owning 100%	-Outsourcing of manufacturing operations -Money lending and borrowing -Interlocking of officers	Payment of processing fee (Note 3)	47,044	Accounts payable–other	4,063
				Money lending and borrowing (Note 4)	31,054	Short-term loans receivable	31,054
				Proceeds from interest (Note 4)	78	–	–
Subsidiary	Orangina Schweppes Holding B.V.	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Money lending and borrowing (Note 4)	32,110	Short-term loans receivable	12,129
						Long-term loans receivable from subsidiaries and affiliates	19,981
				Proceeds from interest (Note 4)	134	Other current assets	38
Subsidiary	Lucozade Ribena Suntory Limited	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Money lending and borrowing (Note 4)	42,674	Short-term loans receivable	4,657
						Long-term loans receivable from subsidiaries and affiliates	38,017
				Proceeds from interest (Note 4)	510	Other current assets	38
				Money lending and borrowing (Note 4)	12,631	Deposits received	12,631
				Interest paid (Note 4)	0	Other current liabilities	0
Subsidiary	Suntory Beverage & Food Asia Pte. Ltd.	Directly owning 100%	-Interlocking of officers	Capital reduction with compensation (Note 5)	22,589	–	–
Subsidiary	Suntory International Corp.	Directly owning 100%	-Proceeds from dividends	Dividend income (Note 6)	4,561	–	–

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

Notes:

- Consumption taxes are not included in the transaction amounts. Consumption taxes are included in the balance as at December 31, 2021 other than money lending and borrowing.
- This advance payment was implemented by Suntory MONOZUKURI Expert Limited (present: Suntory Holdings Limited) to external business partners, etc. As the transactions were not direct transactions with the fellow subsidiary, the disclosure of transaction amount is omitted.
- Price and other terms and conditions of transactions are decided upon negotiations with each of counterparties considering the actual market prices.
- 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, 2021.
- Capital reduction with compensation represents capital reduction made by the subsidiary.
- 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.

SIGNIFICANT SUBSEQUENT EVENTS

(Absorption-type company split transaction under common control)

At the Board of Directors meeting held on October 15, 2021, the Company resolved to conduct an absorption-type company split in which the Company's subsidiary Suntory Beverage Service Limited is the splitting company and the Company is the successor company, and the company succession was completed on January 1, 2022. Overview of the absorption-type company split is as follows:

1. Overview of transaction
 - (1) Name of surviving entity
Suntory Beverage & Food Limited
 - (2) Name of absorbed entity
Suntory Beverage Service Limited
 - (3) Details of business subject to transaction
Real estate management business, equipment management business, etc.
 - (4) Legal form of the business combination
Absorption-type company split in which Suntory Beverage Service Limited is the splitting company and Suntory Beverage & Food Limited is the successor company.
 - (5) Name of entity after the business combination
Unchanged.
 - (6) Overview of transaction including purpose of the transaction
The transaction was conducted to further promote management efficiency.
2. Overview of accounting treatment adopted
This absorption-type company split was accounted for as a transaction under common control pursuant to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; January 16, 2019).

(Transfer of shares of subsidiary)

This note is omitted as the same information is provided in "Notes to Consolidated Financial Statements, Significant Subsequent Events."

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