

Suntory Holdings Limited

Summary of FY2024 Earnings

Presenter: Takeshi Niinami

President & Chief Executive Officer, Suntory Holdings Limited

I would like to express my sincere gratitude for your continued support of Suntory's activities.

To begin with, I would like to talk about Expo 2025 Osaka, Kansai, Japan which will be opening in April 13th, with less than two months to go. Suntory Group is participating as a Platinum Partner, the highest-level sponsor. This decision comes from our desire to support Osaka, the birthplace of Suntory, as well as our appreciation for the Expo's theme, "Designing Future Society for Our Lives." At a time when the world is becoming more divided, we find great significance in hosting this Expo in Japan and sharing its message of unity and harmony. We sincerely hope that people from across the country and around the world will visit the Expo.

Now, regarding the announcement of our full-year financial results for 2024, I would like to reflect on the past year and share our future initiatives. Mr. Miyanaga will then go over the results highlights.

① Overview of FY2024

2024 was a challenging year, as global cost increases and inflation persisted, leading to economic stagnation in many countries. As a result, market conditions and the competitive environment deteriorated across multiple regions and businesses.

However, even under such challenging conditions, Suntory Group leveraged its strengths as a global, multifaceted beverages company, and achieved record-high revenue and operating income for the full year. It has now been 10 years since we acquired Beam Inc. in 2014, marking the beginning of our full-scale globalization, and since I assumed the role of President. Compared to before that time, Suntory Group's revenue has more than doubled, while operating profit has grown 2.5 times.

② Beverages and Foods, and the Alcoholic Beverages businesses

In the "Beverages & Foods" business, we achieved growth in both revenue and profit, as was announced yesterday by Suntory Beverage & Food. Under the leadership of President Makiko Ono, we will achieve even greater growth this year.

Next, let's move on to the "Alcoholic Beverages" business. In April last year, on the 10th anniversary of our integration with Beam Inc., we changed the company name to "Suntory Global Spirits". This represents the culmination of our corporate integration efforts, and it serves as proof that Suntory Group successfully came together as one to overcome the immense challenge of such an integration.

Suntory's broad portfolio spanning both alcoholic beverages and soft drinks is rare, not just in Japan but globally, and is a unique strength of Suntory. Leveraging our deep expertise and high quality in both categories, we are aiming to become the No.1 leader and "gold medalist" in the globally promising growth market of the Ready-to-Drink (RTD) category.

Under this new objective, a partnership has already been established in Oceania between Suntory Global Spirits (for alcoholic beverages) and Suntory Beverage & Food (for soft drinks). This new structure will be fully launched in July.

Next, the domestic alcoholic beverages business. As a truly global company, we believe it is essential to establish ourselves as the absolute No.1 in Japan, which is our founding market. In 2024, we led the domestic alcoholic beverage industry in terms of sales. In the beer category, which benefited from the liquor tax revision, “Suntory Draft Beer” did well following its launch in 2023, and achieved significant growth.

As consumer values become more diverse, we will leverage our strength of having a broad product portfolio to revitalize the market and create new demand in alcoholic beverages. In particular, we will accelerate growth in the non-alcoholic beverages category, where we have newly established a dedicated department.

③Sustainability initiatives, and Investment in our people

As we face numerous environmental challenges such as climate change, water shortages and pollution, Suntory Group, as a global company, is prioritizing three key sustainability initiatives: water sustainability, climate action, and packaging and resource efficiency.

Among these challenges, water shortages are particularly critical, with projections indicating that by 2050, there could be as many as five billion people worldwide facing severe water scarcity. As a company sustained by the gifts of nature and water, Suntory has been sincerely engaging in water sustainability for over two decades, continuously expanding these efforts on a global scale. As a pioneer in water sustainability, we aim to take the lead globally in addressing this issue.

Throughout Suntory’s history, it has always been our “people” that has served as the driving force behind our growth. In the 2025 Labor-Management Negotiations, following wage increases in both 2023 and 2024, we are aiming for a third consecutive year of approximately 7% wage increases, including higher base pay. By continuously raising wages while enhancing productivity, we want to ensure that our employees stay engaged and motivated, even amid inflation and an uncertain business environment. We will continue to invest in our people going forward. Additionally, to promote diverse workstyles, we have been actively encouraging greater participation of men in childcare. As a result, the rate of male employees taking paternity leave reached 100% at the end of 2024.

④Outlook for 2025

Here is our earnings forecast for the current fiscal year. In 2025, Suntory Group will continue its offensive and take on challenges, united under the spirit of ONE SUNTORY, One Family, and achieve sales that surpass last year. Meanwhile, operating profit is expected to decline due to factors including the impact of last year’s business divestitures. Nevertheless, we will set ambitious goals, and all employees in the Group will come together to take the offensive to achieve them.

Suntory Group’s purpose is "To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature." Through our products, services, and all our activities, we strive to bring smiles to as many people as possible around the world. We will continue creating new values, in order to realize a society filled with the “brilliance of life”.

Lastly, as previously announced, Senior Vice President Nobuhiro Torii will take on the role of President following the Shareholders’ Meeting on March 25th. This will be the last time I present Suntory’s financial results.

February 14, 2025

I look forward to seeing President Nobuhiro develop his distinctive leadership style as he guides our 40,000 employees worldwide. As for myself, I will fully support him as Representative Director and Chairman of Suntory Holdings, while showing leadership in further advancing our global expansion, with a particular focus on overseas businesses. President Nobuhiro and I will work together to pursue our shared ambition of becoming the first Japanese company to emerge as a truly global leader in consumer goods, taking Suntory Group to new heights.

We sincerely appreciate your continued guidance and support. Thank you very much.

Presenter: Toru Miyanaga

Managing Executive Officer Division COO, Corporate Planning Division, Suntory Holdings Limited

Thank you for your continued support to the Suntory Group.

I will now go over the consolidated results for the fiscal year 2024.

① Overview of Results

As for Suntory Group's revenue,

Revenue including liquor tax was 3,417.9 billion yen, up 4.0% year-on-year.

Revenue excluding liquor tax was 3,079.7 billion yen, up 4.3% year-on-year.

Operating income was 328.9 billion yen, up 3.7% year-on-year.

The adjusted operating income, which represents profit from the business, and is calculated by excluding non-recurring items from operating income, was 317.2 billion yen, up 0.1% year-on-year.

Profit attributable to owners of the company was 176.2 billion yen, up 2.0% year-on-year.

We achieved record levels for both revenue and operating income.

② Business Trends

Next, I will explain by segment.

〈Beverages and Foods segment〉

Revenue was 1,688.7 billion yen, up 6.6% year-on-year.

Operating income was 184.6 billion yen, up 11.3% year-on-year.

As announced by Suntory Beverage & Food yesterday, *Suntory Tennensui* brand did well in Japan, and so did *Iyemon Tokucha*. Internationally, we succeeded in strengthening our marketing for core brands, as well as managing our costs, resulting in growth in both revenue and income.

〈Alcoholic Beverages Segment〉

Revenue including liquor tax was 1,392.9 billion yen, up 1.1% year-on-year.

Revenue excluding liquor tax was 1,055.7 billion yen, up 1.0% year-on-year.

Operating income was 180.7 billion yen, up 2.9% year-on-year.

The Spirits business saw a year-on-year increase in revenue, both including and excluding liquor tax. One of last year's highlights was *Yamazaki 12 Years Old* being awarded "Supreme Champion Spirit" - the highest honor given to only one product across all categories - at the prestigious global liquor competition "International Spirits Challenge 2024". Additionally, with the full enforcement of the Labeling Standards for Japanese Whisky in April, *Kakubin* was awarded Gold in the Japanese Whisky category. We take great pride in this recognition, as it reflects the long-standing efforts Suntory has dedicated to improving the quality of our whisky as well as our blending techniques.

Internationally, brands such as bourbon whiskey *Jim Beam*, Scotch whisky *Teacher's*, and Indian whisky *Oaksmith* performed well, along with our Japanese whisky brands *Yamazaki* and *Hibiki*, as

well as the Japanese craft gin *ROKU*. Furthermore, we actively expanded our global reach of RTD brand *-196* by widening its distribution areas in the U.S., Europe and Southeast Asia.

In Japan, the domestic sales volume of *Jim Beam* brand reached an all-time high in the whisky category. In the gin category, *SUI* brand, which underwent a renewed marketing campaign, was well received, resulting in a significant 16% year-on-year increase in sales volume. In RTD beverages, we launched the *-196 Sugar-Free* series and introduced new products such as *Matsurika Jasmine Chawari JJ Can*, actively working to create new demand.

Next, the Beer category. With the expansion of the beer category following the liquor tax revision, sales grew 3% year on year. *Suntory Draft Beer* saw a significant 57% year-on-year increase in sales volume, driven by consumers' appreciation of its great taste, and the successful launch of bottled and keg versions for the on-premise channel in March. We worked on creating new demand for *Kinmugi* brand, by introducing *Kinmugi Sour* in October - a product that delivers the "sour" taste using beer brewing techniques - available in limited quantities nationwide.

In the non-alcoholic beverage category, we expanded our lineup with the aim of fostering a culture where both drinkers and non-drinkers can enjoy together. Moreover, we actively promoted the appeal of non-alcoholic beverages to a wider audience, through initiatives such as the expansion of "Non-Aru Sakaba" and the hosting of various events.

〈Others segment〉

Revenue including liquor tax was 336.3 billion yen, up 4.1% year-on-year.

Revenue excluding liquor tax was 335.3 billion yen, up 4.1% year-on-year.

Operating income was 33.5 billion yen, down 1.8% year-on-year.

In the "Health Foods" business, brands such as *Locomore* and *VARON* did well.

③Outlook for 2025

Lastly, I would like to explain our annual forecast for 2025.

Our forecast is:

For revenue including liquor tax, 3,560 billion yen, up 4.2% year-on-year,

Revenue excluding liquor tax, 3,210 billion yen, up 4.2% year-on-year,

Operating income of 310 billion yen, down 5.8% year-on-year.

Adjusted operating income of 320 billion yen, up 0.9% year-on-year.

Profit attributable to owners of company of 135 billion yen, down 23.4% year-on-year.

These are our forecasts. This includes impacts such as from the disposal of businesses in 2024.

We will continue working together as a Group, aiming to achieve these high goals.

That concludes my presentation.

We look forward to your continued support to Suntory Group.