

Financial Results for Q2 Year Ending December 31, 2021

August 12, 2021
Suntory Beverage & Food Limited

Overview of First Half FY2021

Kazuhiro Saito, CEO

This is Kazuhiro Saito.

First of all, I would like to express our deepest sympathy to all those who have been affected by the COVID-19 infections and to all those concerned.

While vaccinations are progressing, the situation remains unpredictable as the number of infected people, especially with variant strains, is increasing in many countries.

I would like to take this opportunity to extend our sincere respect to all those who are making efforts to prevent the spread of the infection, and to those in the medical field engaged in the diagnosis and treatment of COVID-19 patients.

Today, I will report on our first half results and talk about our outlook in light of the post-COVID opportunities.

Please turn to page 3.

(JPY BN)

	FY2020 Jan-Jun	FY2021 Jan-Jun	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	552.5 BN	603.8 BN	+51.3	+37.9	+9.3%	+6.7%
Operating Income	35.7 BN	60.4 BN	+24.7	+23.3	+69.1%	+62.9%
Operating Income (Organic basis*1)	36.0 BN	60.6 BN	+24.6	+23.3	+68.5%	+62.4%
Net Income*2	20.9 BN	32.2 BN	+11.2	+10.4	+53.7%	+47.8%

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

*2 Profit for the year attributable to owners of the Company

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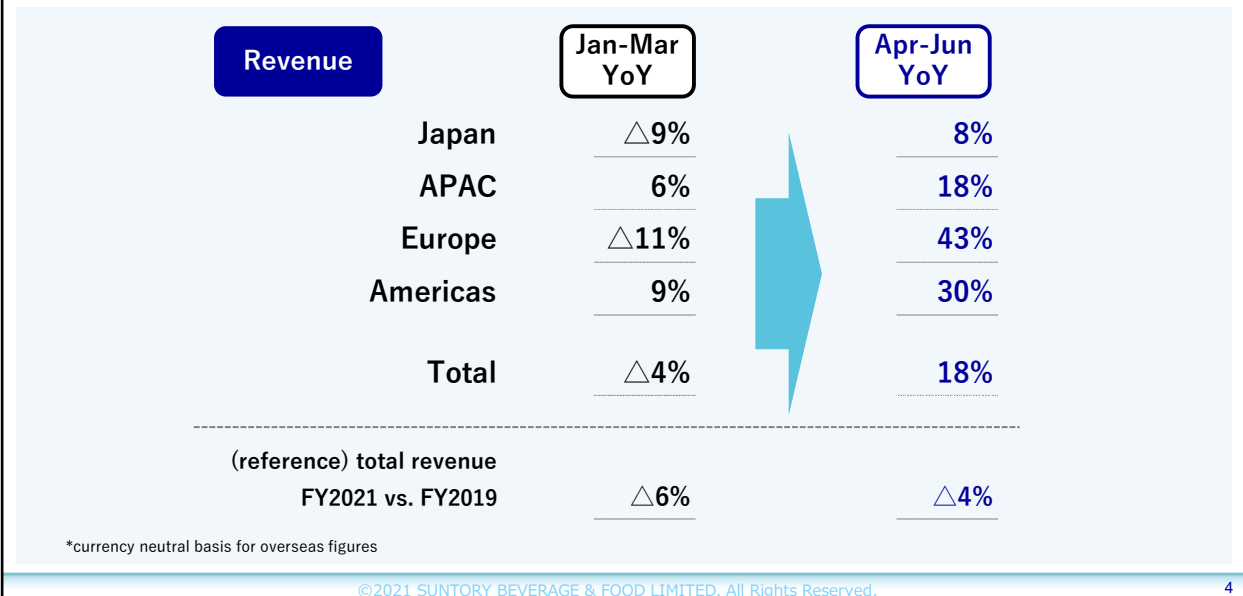
3

I will start with the results of the first half of FY2021.

Revenue was 603.8 billion yen, operating income including extraordinary factors was 60.4 billion yen, and profit attributable to owners of the Company was 32.2 billion yen. Revenue and profits increased significantly.

As we illustrated upon announcing the full year results of FY2020, our theme for FY2021 is "Agile Transformation" under which we have been offensive without hesitation in pursuit of rapid transformation to ensure growth. As a result, we were able to go beyond our expectations in the first half performance despite the continued severe market environment.

Please turn to page 4.



I will explain the details of our business in the first half on a currency neutral basis.

The spread of COVID-19 since the end of last year affected our business, especially in January and February, but since March, we have been on a strong recovery track, partly due to the easing of restrictions such as lockdowns and requests to refrain from business operations, mainly in Japan and Europe.

While the pace of recovery in each region varied, our intense focus on top-line growth in all regions, concentrated activities for core brands, and thorough cost management resulted in a significant year-on-year increase in revenue, 18% up in the second quarter and 7% up in the first half, narrowing the gap with FY2019.

We steadily gained shares in our key markets in the first half of the year, and reaffirmed our confidence in the direction of our strategy. We will continue to stay aggressive in the second half and beyond, with a focus on top-line growth.

Please turn to page 5.

- **Strength of core brands**
- **Convergence of digital and physical consumer experiences in purchasing**
- **Rising social demand and consumer awareness for sustainability**

Amid the COVID-19 pandemic, we have learned a great deal that will help us in the future. We will leverage the learning to seize the post-COVID opportunities to get ahead of the curve.





The "strength of core brands" is becoming even more pronounced.

Our core brands that have been long loved in each country and area demonstrated the strength more clearly. We see a trend of greater customer trust in top-of-mind brands.

Online and delivery services, that have seen a sharp rise in demand, continue to grow. On the other hand, there is growing awareness of safety and reassurance, and people are more likely to go to a store and check the ingredients label with their own eyes. The "convergence of digital and physical consumer experiences in purchasing" also needs to be seen as a new opportunity.

Sustainability as well is one of the major pillars of our management strategy that we need to step up and accelerate our efforts in this area. The Group's mottoes, "To create harmony with people and nature" and "Mizu To Ikiru", are at the core of our monozukuri, manufacturing. We will continue to emphasize these major factors to gain support from our customers.

Please turn to page 6.

	Japan	Vietnam	Oceania	France
	 <i>Iyemon</i>	 <i>TEA+</i>	 <i>V</i>	 <i>Schweppes</i>
YoY	111%	117%	119%	118%
Beverage market YoY	100%	103%	111%	107%

(Sources) Brand growth rate of the Company: on a shipping basis, Beverage market growth rate: internal estimation on a sales volume basis

* Cumulative total from January to June 2021 (from January to May for Vietnam)

* Japan on the basis of actual number of cases

* Oceania and France's rates indicate the off-premise market only

This slide shows the importance of our core brands.

The strong top-line growth in the first half, especially in the second quarter, was the result of continued focused investment in our core brands including *Iyemon* in Japan and *Schweppes* in Europe. We were also able to increase our share in each market, which once again confirmed that the "Core Brand Innovation" is among the most important pillars of our strategy.

Please turn to page 7.

CO2

- Switch to 100% renewable electricity in directly-owned manufacturing sites and R&D facilities in Japan, the Americas and Europe by 2022
- Introduction of internal carbon pricing



Suntory Tonnensui Kita Alps Shinano-no-Mori Plant
Realization of “zero CO2 emissions plant”
(started operation in May) (*1)

(*1) A plant which reduces CO2 emissions during its manufacturing processes to effectively zero by promoting energy conservation, introducing credits to offset fossil fuel-derived CO2 emissions, etc.
(*2) Europe comprises of France, the UK and Spain

Plastics

- Goal 2030 - Promote 100% sustainable plastic bottles

	2020 Actual	2022 Plan	2025 Plan	2030 Plan
Japan	26%	50%	100%	100%
Europe (*2)	17%	50%	100%	100%

Examples of sustainable bottles (*3)



(*3) *Suntory Tonnensui*: 30% plant-based materials used in some products
Iyemon, Craft Boss, GREEN DA · KA · RA, etc.: 100% recycled PET bottles used in some products
Yasashii Mugicha, Ribena, MayTea, and Lucozade Sport: 100% recycled PET bottles used in all products (from November 2021 for *Lucozade Sport*)

We will further accelerate our efforts in sustainability.

On the CO2 reduction part, we announced our target in July. We aim to achieve 100% renewable electricity in the group’s 63 directly-owned manufacturing sites and R&D facilities in Japan, the Americas, and Europe by 2022, as a step to achieve the “Environmental Targets toward 2030” revised in April. In addition, we will start to introduce internal carbon pricing this year, and plan to make a group-wide investment of 100 billion yen to promote decarbonization by 2030.

On the plastics part, we will accelerate our efforts in all regions to achieve 100% sustainability. In Japan, we are working to achieve our 2025 target of 50% by 2022, three years ahead of schedule. In Europe as well, we will promote 100% product sustainability with a 2025 target of 50%.

The entire group will continue to work together on sustainability management to address social challenges.

Please turn to page 8.

Key Strategic Pillars



Next, let me revisit our growth strategy.

We will continue to accelerate with “First Mover” and “Game Changer” as the pillars of our growth strategy.

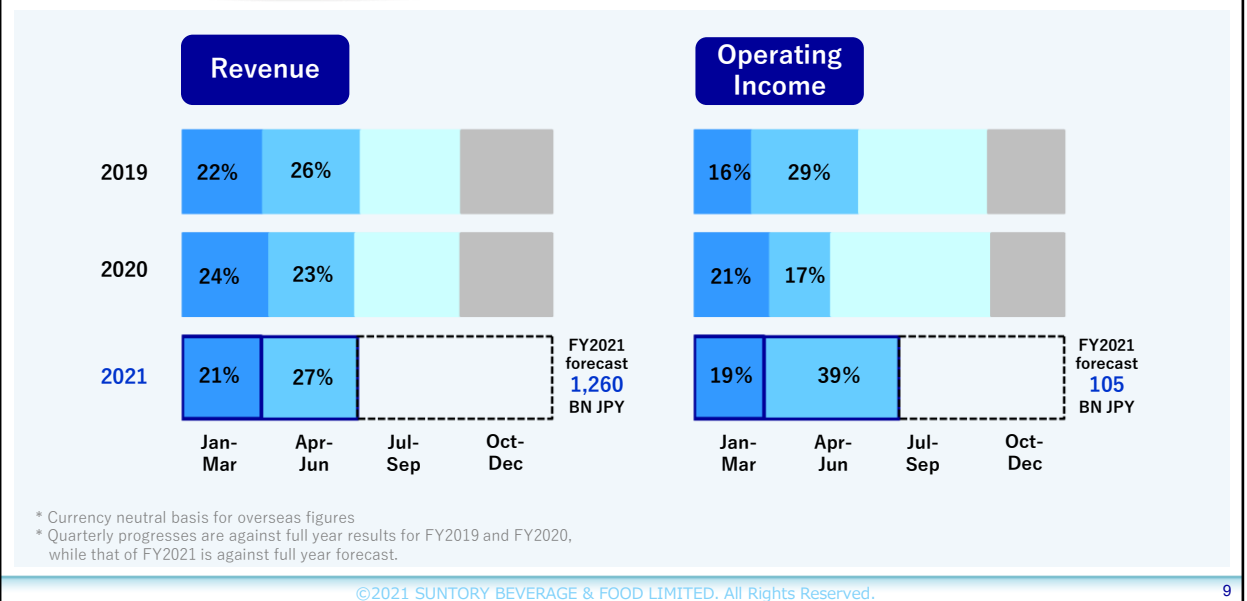
We also are actively searching for investment opportunities such as M&A in pursuit of inorganic growth.

As part of our efforts to support the growth of “Gemba”, we have been promoting cross regional mutual support through the Centers of Excellence and have started to relocate part of our headquarter functions to the newly established Asia-Pacific region from this fiscal year, concentrating more resources on the frontline. We are already starting to see positive outcomes from these initiatives.

On the structural transformation front, the vending machine business is speeding up in the two focus areas of maintaining and expanding sales and improving operational efficiency, while steadily making preparations for reorganization to start next fiscal year. Europe’s on-premise business is working on capturing new demand, improving the efficiency of sales routes, etc. in line with the plan, and these efforts are beginning to bear fruit.

Please turn to page 9.

Q2 YTD Progress against Full Year Forecast



Lastly, I would like to talk about our outlook for the second half of the year.

As for the progress against the full year forecast, both revenue and operating income moved faster than projected in the first quarter, and the momentum continued in the second quarter in all regions.

On the other hand, the current market environment is more volatile than initially expected, due to the resurgence of the variant cases observed worldwide, and the differences in vaccination progress in each area and country.

Under these circumstances, we will take an offensive stance in investment for top-line growth in order to sustain the recovery trend of the second quarter. In addition, we will respond quickly to changes in market conditions by flexibly combining "offensive" and "defensive" measures.

We will continue our effort to recover operating income on an organic basis to the FY2019 level this fiscal year, one year ahead of schedule, by focusing on top-line growth and well managing our business.

The interim dividend is 39 yen per share, same as last year.

That is all from me. Thank you.

Supplementary Explanation

Takayuki Sanno, CFO

This is Takayuki Sanno.

I will give a supplementary explanation.

Please turn to page 11.

Financial Results for Q2 YTD FY2021 by Segment

(JPY BN)

	Revenue	Change				Segment profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	298.0 BN	-0.7		-0.2%		17.6 BN	+6.5		+58.7%	
APAC	148.7	+21.1	+15.5	+16.5%	+11.6%	23.6	+7.0	+6.5	+42.1%	+37.9%
Organic						23.6	+7.0	+6.5	+42.0%	+37.8%
Europe	111.1	+23.4	+15.5	+26.7%	+16.2%	18.8	+8.3	+7.3	+78.8%	+63.5%
Organic						18.8	+8.3	+7.3	+78.4%	+63.2%
Americal	46.0	+7.4	+7.5	+19.2%	+19.6%	5.8	+2.9	+2.9	+97.8%	+98.5%
Reconciliation						-5.4	+0.0	+0.1		
Total	603.8	+51.3	+37.9	+9.3%	+6.7%	60.4	+24.7	+23.3	+69.1%	+62.9%
Organic						60.6	+24.6	+23.3	+68.5%	+62.4%

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11

This slide shows the performance by segment. From here on, the figures are on a currency neutral basis.

- Japan's revenue was almost the same as the previous year, despite the impact of the declaration and extension of a state of emergency. Each overseas segment posted a double-digit revenue growth.
- Segment profit increased substantially in all segments.

Please turn to page 12.

(JPY BN)

Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
298.0 BN	-0.2%	—	17.6 BN	+58.7%	—

- Beverage market sales volume is estimated at 100% YoY, while SBF Japan marked at 103% YoY, in terms of the actual number of cases.

The market remained flat YoY under the intermittent declarations of a state of emergency. We kept on expanding our market share, driven by core brands.

- Revenue recovered to offset the decline through March by boosting activities from April. While the impact from channel mix deterioration due to decline in the vending machine and convenience store channels continued, renewals of *Iyemon* and *Craft Boss* contributed to product mix improvement.

- Segment profit increased significantly as a result of revenue growth since April and continuous cost reduction.



(Reference) Sales volume (in syrup conversion): 100% YoY for the beverage market, 102% for the Company

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12

I will start with Japan.

Revenue was 298.0 billion yen. Segment profit was 17.6 billion yen.

- We estimate the sales volume for the overall beverage market was at 100% level of the previous year due to the COVID-19 impact through the first half of the year, including the extension of a state of emergency in the second quarter.
- We boosted activities for our core brands and actively introduced new products. Our sales volume stood at 103% level of the previous year, resulting in expansion of our market share.
- Revenue turned around significantly in the second quarter. Although the negative impact on channel mix continued due to the sales decline in the vending machine and convenience store channels, the renewed *Iyemon* and *Craft Boss* and the focus on small format products (500ml PET) contributed to a better product mix.
- As a result, segment profit grew 58.7% in the first half, driven by the significant increase in sales and improvement in the product mix since April, along with the supply chain measures and continued cost reduction.

Please turn to page 13.

(JPY BN)

Revenue			Segment Profit		
	%YoY	Currency Neutral		%YoY	Currency Neutral
148.7 BN	+16.5%	+11.6%	23.6 BN	+42.1%	+37.9%

	Revenue	%YoY	Currency Neutral	
Beverage (Vietnam)	45.7 BN	+17.0%	+15.0%	Market under impact from tightened restrictions since May. Kept momentum led by <i>TEA+</i> and <i>Sting</i> . Gained market share
Beverage (Thailand)	35.0 BN	+6.0%	+3.9%	<i>Pepsi</i> brand trended steadily amid continued intermittent restrictions. Gained market share
Health Supplement (*1)	16.0 BN	+11.2%	+9.0%	<i>BRAND'S Essence of Chicken</i> on recovery trend since March underpinned by continuous, boosted activities
Frucor Suntory	24.2 BN	+37.8%	+19.6%	Considerable growth in <i>V</i> driven by boosted activities and demand rise for energy drinks. Gained market share



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

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13

Next is Asia-Pacific.

Revenue was 148.7 billion yen. Segment profit was 23.6 billion yen.

- Asia was impacted by tighter regulations and restrictions due to the spread of the variant strains. The beverage business in Vietnam continued to lead the growth in the second quarter. The beverage business in Thailand and the health supplement business grew in revenue as well.
- Segment profit grew significantly due to revenue growth, improved mix, and thorough cost management.
- In Vietnam, *TEA+* and *Sting* led the way, further expanding our market share.
- The beverage business in Thailand performed well in *Pepsi* brand including the low-sugar products. *TEA+* trended well, too, resulting in continued market share expansion.
- In the health supplement business, we conducted concentrated activities for *BRAND'S Essence of Chicken*. As a result, the sales trend recovered significantly to post a cumulative revenue increase.
- Although Oceania is affected by lockdowns most recently, *V* grew considerably through enhanced marketing activities, leading the energy drink category market. Both revenue and segment profit increased significantly. Please turn to page 14.

(JPY BN)

	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral	
	111.1 BN	+26.7%	+16.2%	18.8 BN	+78.8%	+63.5%	
	Revenue	%YoY	Currency Neutral				
France (*1)	46.2 BN	+30.4%	+19.8%	Strong trend sustained in off-premise channel. On-premise on recovery with restriction easing. Double-digit growth in each <i>Orangina</i> , <i>Oasis</i> , and <i>Schweppes</i>			
UK (*2)	31.6 BN	+24.1%	+12.9%	Strengthened marketing activities following progress in restriction easing. Growth in both <i>Lucozade</i> and <i>Ribena</i>			
Spain (*3)	16.9 BN	+27.8%	+17.4%	On-premise channel recovered as well due to restriction easing. Double-digit growth in <i>Schweppes</i>			

(*1) France includes French data only from this fiscal year on

(*2) UK and Ireland

(*3) Spain and Portugal



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14

Now moving onto Europe.

Revenue was 111.1 billion yen. Segment profit was 18.8 billion yen.

- Since March, with the progress of vaccination, restrictions have been eased in many countries. With a tail wind of market recovery, sales trends greatly reversed for the better in our key countries.
- In addition to the increase in marginal profit associated with the substantial increase in sales, continued cost management as well contributed to the significant increases in revenue and segment profit.
- In France, the off-premise channel continued to perform well. The on-premise channel is on a recovery trend since June due to the lifting of restrictions on night outings, etc. *Orangina*, *Oasis*, and *Schweppes* each posted double-digit growth year-on-year.
- In the UK, both *Lucozade* and *Ribena* performed higher than the previous year. Especially, *Lucozade Sport* contributed to the revenue growth through a strong recovery with the resumption of outdoor activities.
- In Spain, the off-premise channel trended steadily. The on-premise channel also recovered with the progress in deregulation, and *Schweppes* posted a cumulative double-digit growth.

(JPY BN)

Revenue

%YoY Currency
Neutral

Segment Profit

%YoY Currency
Neutral

46.0 BN +19.2% +19.6%

5.8 BN +97.8% +98.5%

- Supermarkets and convenience stores continued to perform well due to progress in vaccination and lifting of restrictions on on- and off-premise channels. Off-premise has been on a rapid recovery since April.
- Segment profit increased significantly driven by robust revenue growth.



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15

Lastly, the Americas.

Revenue was 46.0 billion yen. Segment profit was 5.8 billion yen.

- Revenue increased due to a rapid recovery in the on-premise channel from the second quarter on top of the continued strong trend in the off-premise channel.
- Segment profit increased significantly driven by the revenue growth, channel mix improvement with the on-premise recovery, and continued cost reduction.

Please turn to page 16.

SUNTORY

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That is all for the second quarter results.

Restrictions have been tightened in Asia with the increase in the COVID-19 cases, and the declaration of a state of emergency has been extended in Japan. While restrictions in Europe and the Americas are being eased, there are other factors such as rising raw material prices that do not allow optimism. We will maintain our aggressive stance and continue responding to changes in an agile and flexible manner.

With this, I would like to conclude my presentation. Thank you.

Quarterly results for Q2 FY2021

(JPY BN)

	FY2020 Apr-Jun	FY2021 Apr-Jun	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	275.3 BN	334.0 BN	+58.8	+49.8	+21.3%	+17.5%
Operating Income	15.9 BN	40.6 BN	+24.7	+23.8	+155.8%	+141.6%
Operating Income (Organic basis*1)	15.9 BN	40.7 BN	+24.8	+23.8	+156.3%	+141.0%
Net Income*2	8.2 BN	21.5 BN	+13.3	+12.8	+162.2%	+146.7%

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

*2 Profit for the year attributable to owners of the Company

FY2021 Quarterly Revenue (IFRS)

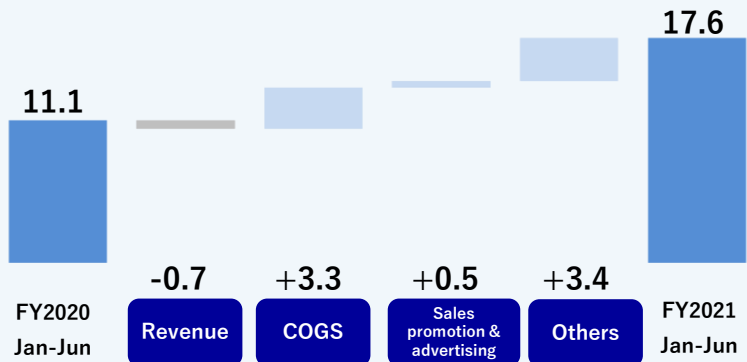
	(JPY BN)									
	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	134.2	-12.6		-8.6%		163.8	+11.9		+7.8%	
APAC	73.5	+6.0	+4.3	+8.9%	+6.2%	75.2	+15.1	+11.2	+25.1%	+17.5%
Europe	41.7	-2.3	-5.3	-5.3%	-11.3%	69.4	+25.8	+20.8	+59.1%	+42.8%
Americas	20.4	+1.4	+1.7	+7.4%	+9.0%	25.6	+6.0	+5.9	+30.7%	+29.7%
Total	269.8	-7.5	-11.9	-2.7%	-4.2%	334.0	+58.8	+49.8	+21.3%	+17.5%

FY2021 Quarterly Segment Profit (IFRS)

(JPY BN)

	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	4.0	-3.1		-44.0%		13.6	+9.6		+239.9%	
APAC	12.7	+3.5	+3.4	+38.5%	+36.0%	10.9	+3.5	+3.1	+46.6%	+40.2%
Organic		+3.5	+3.4	+38.4%	+35.9%		+3.5	+3.1	+46.6%	+40.1%
Europe	4.0	-0.8	-1.1	-16.2%	-21.6%	14.8	+9.1	+8.4	+157.9%	+131.7%
Organic		-0.9	-1.3	-18.8%	-24.1%		+9.2	+8.5	+163.4%	+136.5%
Americas	2.0	+0.5	+0.6	+36.3%	+38.4%	3.8	+2.3	+2.3	+162.1%	+159.8%
Reconciliation	-2.9	+0.3	+0.0			-2.5	+0.4	+0.2		
Total	19.8	+0.0	-0.5	-0.2%	-2.3%	40.6	+24.7	+23.8	+155.8%	+141.6%
Organic	19.9	-0.2	-0.5	-1.0%	-2.7%	40.7	+24.8	+23.8	+156.3%	+141.0%

(JPY BN)



Gross Profit
+2.6

• Sales volume change	+3.8
• Activities and product mix	-0.0
• FX and raw material market price	-1.2

Japan

(Million cases)	Q2 YTD FY2020		Q2 YTD FY2021	
	Actual	YoY	Actual	YoY
<i>Suntory Tennensui</i>	52.7	-1%	55.4	5%
<i>BOSS</i>	49.5	-8%	50.0	1%
<i>Iyemon</i>	25.1	1%	28.0	12%
<i>GREEN DA · KA · RA</i>	18.3	4%	18.5	1%
<i>Suntory Oolong Tea</i>	9.5	-18%	8.3	-13%
<i>PEPSI</i>	7.9	-20%	9.1	16%
FOSHU drinks and Foods with Function Claims	10.6	-6%	10.1	-4%
Total	198.8	-8%	203.5	2%

* 8oz equivalent for syrup products. On the basis of shipment volume

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

(Reference) YoY changes in sales volume on the basis of actual number of cases
Q2 YTD FY2020: -6%, Q2 YTD FY2021: +3%

Europe

(Million liters)	Q2 YTD FY2020		Q2 YTD FY2021	
	Actual	YoY	Actual	YoY
<i>Oasis</i> (France)	124	-11%	145	17%
<i>Shweppes</i> (France)	76	-3%	90	18%
<i>Orangina</i> (France)	74	-12%	88	19%
<i>Lucozade</i> (UK, Ireland)	181	-10%	192	6%
<i>Ribena</i> (UK, Ireland)	36	-17%	45	23%
<i>Shweppes</i> (Spain, Portugal)	44	-27%	51	16%

(JPY, average of period)

	FY2020 Jan-Jun	FY2021 Jan-Jun	FY2021 Forecast
U.S. dollar	108.2	107.9	106.0
Euro	119.3	129.9	127.0
Sterling	136.4	149.9	142.0
Singapore dollar	77.4	80.9	78.0
Thai baht	3.4	3.5	3.4
Vietnam dong	0.0046	0.0047	0.0046
New Zealand dollar	67.8	77.3	71.0
Australian dollar	71.2	83.2	78.0

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