

Summary of Consolidated Financial Results
for the First Three Months of the Year Ending December 31, 2024
<IFRS> (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
 Shares listed: Tokyo Stock Exchange
 Securities code: 2587
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Scheduled date to file quarterly securities report: May 14, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first three months of the year ending December 31, 2024
(from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax for the period		Profit for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Three months ended								
March 31, 2024	371,657	10.2	33,876	28.5	34,651	30.7	25,879	33.3
March 31, 2023	337,217	13.9	26,371	22.0	26,514	23.4	19,411	20.5

	Profit for the period attributable to owners of the Company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)
Three months ended						
March 31, 2024	20,253	38.9	62,070	68.1	65.55	–
March 31, 2023	14,586	18.1	36,931	(28.4)	47.21	–

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As at				
March 31, 2024	1,975,565	1,234,752	1,127,785	57.1
December 31, 2023	1,912,415	1,185,027	1,087,370	56.9

(3) Consolidated cash flows

	Net cash inflow (outflow) from operating activities	Net cash inflow (outflow) from investing activities	Net cash inflow (outflow) from financing activities	Cash and cash equivalents at the end of the period
Three months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2024	10,535	(20,918)	(11,389)	154,595
March 31, 2023	12,595	(14,198)	(17,574)	182,145

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended December 31, 2023	–	40.00	–	40.00	80.00
Fiscal year ending December 31, 2024	–				
Fiscal year ending December 31, 2024 (Forecast)		55.00	–	55.00	110.00

Note: Revisions to the forecast of dividends most recently announced: None

3. Consolidated earnings forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

	(Percentages indicate year-on-year changes)										
	Revenue		Operating income		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Company		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Fiscal year ending December 31, 2024	1,670,000	4.9	149,000	5.1	148,500	4.7	109,000	4.3	84,500	2.1	273.46

Note: Revisions to the earnings forecast most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- | | | |
|----|--|------|
| a. | Changes in accounting policies required by IFRS: | None |
| b. | Changes in accounting policies due to other reasons: | None |
| c. | Changes in accounting estimates: | None |
- (3) Number of issued shares (ordinary shares)
- | | | |
|----|--|--------------------|
| a. | Total number of issued shares at the end of the period (including treasury shares) | |
| | As at March 31, 2024 | 309,000,000 shares |
| | As at December 31, 2023 | 309,000,000 shares |
| b. | Number of treasury shares at the end of the period | |
| | As at March 31, 2024 | 148 shares |
| | As at December 31, 2023 | 148 shares |
| c. | Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| | Three months ended March 31, 2024 | 308,999,852 shares |
| | Three months ended March 31, 2023 | 308,999,879 shares |

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecast, and other special matters**

The earnings forecast contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

Attached Materials

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1. Qualitative Information Regarding Settlement of Accounts for the First Three Months

(1) Operating results

Suntory Beverage & Food Limited Group (the Group) has set the achievement of high-quality growth as its target in order to realize sustainable business growth and enhancement of corporate value as a truly global beverage enterprise. Under the medium-term plan formulated in the fiscal year under review, the Group has established the four important strategic themes of “brand strategy,” “business structural transformation,” “DEI (diversity, equity and inclusion)” and “sustainability,” and is actively developing business in line with these themes.

In the fiscal year under review, amid an external environment that is expected to remain challenging, the Group will conduct aggressive marketing activities centered around the core brands while enhancing revenue growth management (RGM) activities, aiming to achieve further revenue growth in all segments.

In the first quarter of the year ending December 31, 2024, the Group steadily tapped into demand in major countries and thoroughly concentrated its activities on core brands in all segments, resulting in revenue increases. In Japan, sales volume increased year on year, partly due to the impact of favorable weather, in addition to the contribution made by the effect of price revisions. In overseas markets, in addition to increased revenue in Asia Pacific with contribution from the recovery in the sales trend for beverages in Vietnam and health supplements in Thailand, Europe was on a par with the same period of the previous fiscal year due to the contribution made by the effect of price revisions, amid the reactive impact of the large increase in revenue caused by the mild winter in the same period of the previous fiscal year, while revenue also increased in the Americas with contribution from revenue growth management (RGM) activities.

Despite the impact of higher costs due to high raw material prices and exchange rate fluctuations, and higher marketing costs in major countries, the Group achieved an increase in overall operating income due to the rise in revenue and thorough cost management.

For the operating results of the first three months of the year ending December 31, 2024, the Group reported consolidated revenue of ¥371.7 billion, up 10.2% year on year and up 3.8% on a currency neutral basis. Consolidated operating income was ¥33.9 billion, up 28.5% year on year and up 16.1% on a currency neutral basis. Furthermore, profit for the period attributable to owners of the Company was ¥20.3 billion, up 38.9% year on year and up 24.7% on a currency neutral basis.

Results by segment are described below.

< Japan business >

Performance in the beverage market in the first quarter of the year ending December 31, 2024 was on a par with the same period of the previous fiscal year (based on the Company’s own estimation), partly due to the impact of favorable weather, while demand continued to decline due to price revisions.

The Company’s sales volume increased year on year due to continued strengthening of the approach of concentrating activities on core brands, the launch of new products and enhanced marketing activities, while being subject to the same impacts as the beverage market.

There was strong growth in the sales volume of *Suntory Tennensui* as a result of strengthening communications and marketing activities amid firm demand. In addition to the ongoing growth in the *Kiritto Fruit* series, *Special Lemon Squash* and *FRUIT-SPARK Grapefruit&Lemon*, which was launched in March, contributed to the incremental increase of sales volume. Sales volumes of *BOSS* was lower than the same period of the previous year, partly due to the ongoing impact of the price revisions for stay-on-tab (SOT) cans from May 2023. The sales trend for *Iyemon* improved due to the renewal activities for the standard product, while communication reforms and *Iyemon Koi Aji* (a food with functional claims) also made a contribution. Furthermore, the sales trend remained strong for *Tokucha* as well. The sales volumes of *GREEN DA•KA•RA* decreased year on year for the standard product and *Yasashii Mugicha* due to the unfavorable weather in March.

Revenue increased due to higher sales volumes due to favorable weather in January to February in addition to the contribution made by the effect of price revisions.

This increase in revenue and thorough cost management absorbed the impact of high raw material prices and exchange rate fluctuations, leading to a significant increase in segment profit.

The Japan business reported revenue of ¥153.3 billion, up 5.2% year on year, and segment profit of ¥7.8 billion, up 116.7% year on year.

< Asia Pacific business >

In the Asia Pacific region, the Group continued with its approach of concentrating its activities on core brands in the beverage and health supplement businesses. In addition to the recovery in the sales trend for the beverage in Vietnam and the health supplement businesses, partly due to the contribution from ongoing marketing activities, the beverage businesses in Thailand and Oceania remained strong.

Revenue increased due to growth in sales volumes in major businesses.

Segment profit increased due to the impact of higher revenue in addition to the reduced impact of higher costs such as raw material prices.

In the beverage business, in Vietnam, sales of core brands *PEPSI* and *Aquafina* were strong and sales volumes increased amid the moderate economic recovery. In Thailand, sales of *PEPSI* and *TEA+*, including low-sugar products, were strong and their sales volume increased. In Oceania, sales volume rose year on year as a result of strengthening marketing activities for the core brand energy drink *V*, amid challenging conditions in the energy drink category.

In the health supplement business, in addition to the recovery in the sales trend for *BRAND'S Essence of Chicken* due to communications reforms and strengthening marketing activities, amid the recovery in demand, the sales volumes of *BRAND'S Bird's Nest* increased substantially year on year due to the recovery in inbound demand.

The Asia Pacific business reported revenue of ¥99.7 billion, up 10.9% year on year and up 3.0% on a currency neutral basis. Segment profit was ¥13.6 billion, up 15.4% year on year and up 7.6% on a currency neutral basis.

< Europe business >

In Europe, sales volumes were slightly lower than the same period of the previous year in France, the UK and Spain, partly due to the deterioration in business confidence and the reactive impact of the increase in sales volume caused by the mild winter in the same period of the previous year. However, revenue was on a par with the same period of the previous year, with contribution from RGM activities, including price revisions.

Segment profit decreased, partly due to the increase in marketing expenses.

Looking at results by major countries, in France, sales volumes of *Oasis* and *Schweppes* increased due to the thorough concentration of activities on core brands amid the challenging competitive landscape and sluggish economy. In the UK, core brand *Lucozade* recorded a strong performance, despite the impact of strikes. In Spain, sales volumes were slightly lower than the same period of the previous year despite active promotional activities for the mainstay product *Schweppes*, amid the reactive impact of the increase in sales volume caused by mild winter in the same period of the previous year.

The Europe business reported revenue of ¥78.6 billion, up 14.6% year on year and up 0.2% on a currency neutral basis, and segment profit of ¥11.8 billion, up 12.7% year on year and down 2.3% on a currency neutral basis.

< Americas business >

In the Americas, amid continuation of strong demand, the enhancing of marketing activities in the core carbonated beverage category and the non-carbonated beverage category and sales channel expansion of *Gatorade* contributed to strong sales volume.

Revenue increased, receiving contributions from price revisions and other RGM activities.

This increase in revenue absorbed soaring raw material, distribution, and personnel costs, leading to an increase in segment profit.

The Americas business reported revenue of ¥40.1 billion, up 21.8% year on year and up 8.4% on a currency neutral basis, and segment profit of ¥4.3 billion, up 13.6% year on year and up 1.2% on a currency neutral basis.

(2) Financial position

Total assets as at March 31, 2024 stood at ¥1,975.6 billion, an increase of ¥63.2 billion compared to December 31, 2023. The main factors were increases in property, plant and equipment and intangible assets.

Total liabilities stood at ¥740.8 billion, an increase of ¥13.4 billion compared to December 31, 2023. This was due in part to increases in deferred tax liabilities and other financial liabilities.

Total equity stood at ¥1,234.8 billion, an increase of ¥49.7 billion compared to December 31, 2023, due in part to an increase in other components of equity.

(3) Analysis of cash flows

Cash and cash equivalents as at March 31, 2024 amounted to ¥154.6 billion, a decrease of ¥17.2 billion compared to December 31, 2023.

Net cash inflow from operating activities was ¥10.5 billion, a decrease of ¥2.1 billion compared to the same period of the previous year. This was mainly the result of an increase in inventories of ¥7.8 billion and a decrease in trade and other payables of ¥18.0 billion, despite profit before tax for the period of ¥34.7 billion and depreciation and amortization of ¥18.4 billion.

Net cash outflow from investing activities was ¥20.9 billion, an increase of ¥6.7 billion compared to the same period of the previous year. This was mainly the result of payments for property, plant and equipment and intangible assets of ¥23.3 billion.

Net cash outflow from financing activities was ¥11.4 billion, a decrease of ¥6.2 billion compared to the same period of the previous year. This was mainly the result of dividends paid of ¥12.4 billion and payments of lease liabilities of ¥3.1 billion.

(4) Consolidated earnings forecast and other forward-looking statements

The consolidated earnings forecast for the fiscal year ending December 31, 2024, is unchanged from that announced on February 15, 2024. On the assumption that a high level of uncertainty persists, the Group will work steadily toward achieving its earnings forecast by focusing on what needs to be done, particularly in terms of continuing with initiatives such as concentrating its activities on core brands in all segments and implementing thorough cost management inclusive of SCM activities.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto (Unaudited)

(1) Condensed quarterly consolidated statement of financial position

Millions of yen

	As at December 31, 2023	As at March 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	171,755	154,595
Trade and other receivables	309,923	317,889
Other financial assets	1,664	3,140
Inventories	115,967	126,668
Other current assets	28,175	34,083
Subtotal	<u>627,486</u>	<u>636,378</u>
Assets held for sale	11,421	3,295
Total current assets	638,907	639,674
Non-current assets:		
Property, plant and equipment	416,600	436,552
Right-of-use assets	51,891	59,083
Goodwill	278,231	283,223
Intangible assets	495,339	516,979
Investments accounted for using the equity method	114	507
Other financial assets	14,482	14,578
Deferred tax assets	8,969	16,661
Other non-current assets	7,878	8,305
Total non-current assets	<u>1,273,507</u>	<u>1,335,891</u>
Total assets	<u><u>1,912,415</u></u>	<u><u>1,975,565</u></u>

Millions of yen

	As at December 31, 2023	As at March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	49,431	54,159
Trade and other payables	430,812	424,220
Other financial liabilities	22,982	23,367
Accrued income taxes	19,926	15,931
Provisions	1,403	1,184
Other current liabilities	6,100	9,064
Subtotal	<u>530,656</u>	<u>527,927</u>
Liabilities directly associated with assets held for sale	5,073	—
Total current liabilities	535,730	527,927
Non-current liabilities:		
Bonds and borrowings	25,000	25,673
Other financial liabilities	45,472	52,892
Post-employment benefit liabilities	14,323	14,705
Provisions	6,068	6,898
Deferred tax liabilities	93,954	105,524
Other non-current liabilities	6,838	7,189
Total non-current liabilities	<u>191,657</u>	<u>212,885</u>
Total liabilities	727,388	740,812
Equity		
Share capital	168,384	168,384
Share premium	182,229	182,229
Retained earnings	652,706	660,607
Treasury shares	(0)	(0)
Other components of equity	84,050	116,564
Total equity attributable to owners of the Company	<u>1,087,370</u>	<u>1,127,785</u>
Non-controlling interests	97,656	106,967
Total equity	<u>1,185,027</u>	<u>1,234,752</u>
Total liabilities and equity	<u>1,912,415</u>	<u>1,975,565</u>

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Three months ended March 31, 2023	Three months ended March 31, 2024
Revenue	337,217	371,657
Cost of sales	<u>(212,967)</u>	<u>(232,465)</u>
Gross profit	124,249	139,191
Selling, general and administrative expenses	(97,960)	(106,000)
Gain on investments accounted for using the equity method	507	416
Other income	660	1,660
Other expenses	<u>(1,086)</u>	<u>(1,391)</u>
Operating income	26,371	33,876
Finance income	797	1,780
Finance costs	<u>(655)</u>	<u>(1,005)</u>
Profit before tax for the period	26,514	34,651
Income tax expense	<u>(7,102)</u>	<u>(8,772)</u>
Profit for the period	<u>19,411</u>	<u>25,879</u>
Attributable to:		
Owners of the Company	14,586	20,253
Non-controlling interests	<u>4,824</u>	<u>5,625</u>
Profit for the period	<u>19,411</u>	<u>25,879</u>
Earnings per share (Yen)	47.21	65.55

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit for the period	19,411	25,879
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	(88)	72
Remeasurement of defined benefit plans	(3)	(26)
Total	(92)	45
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	17,476	35,448
Changes in the fair value of cash flow hedges	104	626
Changes in comprehensive income of investments accounted for using the equity method	32	69
Total	17,613	36,145
Other comprehensive income for the period, net of tax	17,520	36,191
Comprehensive income for the period	36,931	62,070
Attributable to:		
Owners of the Company	30,592	52,774
Non-controlling interests	6,339	9,295
Comprehensive income for the period	36,931	62,070

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended March 31, 2023

	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, 2023	168,384	182,229	594,773	(0)	19,834	965,220	94,883	1,060,104
Profit for the period			14,586			14,586	4,824	19,411
Other comprehensive income					16,006	16,006	1,514	17,520
Total comprehensive income for the period	–	–	14,586	–	16,006	30,592	6,339	36,931
Dividends			(12,668)			(12,668)	15	(12,653)
Total transactions with owners of the Company	–	–	(12,668)	–	–	(12,668)	15	(12,653)
Balance at March 31, 2023	168,384	182,229	596,690	(0)	35,840	983,144	101,238	1,084,382

Three months ended March 31, 2024

	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, 2024	168,384	182,229	652,706	(0)	84,050	1,087,370	97,656	1,185,027
Profit for the period			20,253			20,253	5,625	25,879
Other comprehensive income					32,521	32,521	3,669	36,191
Total comprehensive income for the period	–	–	20,253	–	32,521	52,774	9,295	62,070
Dividends			(12,359)			(12,359)	(51)	(12,411)
Transactions with non-controlling interests						–	66	66
Reclassification to retained earnings			6		(6)	–		–
Total transactions with owners of the Company	–	–	(12,353)	–	(6)	(12,359)	15	(12,344)
Balance at March 31, 2024	168,384	182,229	660,607	(0)	116,564	1,127,785	106,967	1,234,752

(5) Condensed quarterly consolidated statement of cash flows

	Millions of yen	
	Three months ended March 31, 2023	Three months ended March 31, 2024
Cash flows from operating activities		
Profit before tax for the period	26,514	34,651
Depreciation and amortization	17,927	18,373
Impairment losses (reversal of impairment losses)	128	32
Interest and dividends income	(799)	(980)
Interest expense	325	979
Loss (gain) on investments accounted for using the equity method	(507)	(416)
Decrease (increase) in inventories	(15,252)	(7,750)
Decrease (increase) in trade and other receivables	7,559	1,037
Increase (decrease) in trade and other payables	(10,155)	(17,962)
Other	(3,171)	(4,962)
Subtotal	22,568	23,001
Interest and dividends received	397	833
Interest paid	(426)	(437)
Income tax paid	(9,943)	(12,862)
Net cash inflow (outflow) from operating activities	12,595	10,535
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(14,739)	(23,291)
Proceeds on sale of property, plant and equipment and intangible assets	99	1,323
Proceeds from sale of businesses	474	–
Proceeds from sale of subsidiaries	–	991
Other	(32)	57
Net cash inflow (outflow) from investing activities	(14,198)	(20,918)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(809)	4,206
Repayments of long-term borrowings	–	(35)
Payments of lease liabilities	(3,650)	(3,149)
Dividends paid to owners of the Company	(12,668)	(12,359)
Dividends paid to non-controlling interests	(446)	(51)
Net cash inflow (outflow) from financing activities	(17,574)	(11,389)
Net increase (decrease) in cash and cash equivalents	(19,177)	(21,771)
Cash and cash equivalents at the beginning of the period (Statement of financial position)	200,630	171,755
Reclassification of cash and cash equivalents included in assets held for sale	–	1,301
Cash and cash equivalents at the beginning of the period	200,630	173,057
Effects of exchange rate changes on cash and cash equivalents	692	3,310
Cash and cash equivalents at the end of the period	182,145	154,595

(6) Notes to condensed quarterly consolidated financial statements
(Going concern)

The condensed quarterly consolidated financial statements are prepared on going concern basis.