English Translation

SUNTORY
SUNTORY BEVERAGE & FOOD

August 8, 2024

Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under IFRS) (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
Shares listed: Tokyo Stock Exchange
Securities code: 2587
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Scheduled date to file semi-annual securities report: August 9, 2024
Scheduled date to commence dividend payments: September 5, 2024
Preparation of supplementary material on financial results: Yes
Holding of 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 six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax for the period		Profit for the period	
Six months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
June 30, 2024	817,360	9.1	80,934	17.6	81,572	17.6	59,262	19.8
June 30, 2023	749,135	10.3	68,831	(14.4)	69,361	(13.5)	49,484	(14.8)

	Profit for the period attributable to owners of the Company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Six months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)
June 30, 2024	46,494	21.2	147,536	14.1	150.47	–
June 30, 2023	38,376	(21.3)	129,343	(0.1)	124.19	–

(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
As at	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
June 30, 2024	2,113,174	1,314,338	1,201,538	56.9
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
Six months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
June 30, 2024	46,560	(48,028)	(25,376)	155,128
June 30, 2023	43,576	(31,645)	(36,963)	183,844

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	–	55.00			
Fiscal year ending December 31, 2024 (Forecast)			–	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 June 30, 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 June 30, 2024	187 shares
As at December 31, 2023	148 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the year)

Six months ended June 30, 2024	308,999,836 shares
Six months ended June 30, 2023	308,999,879 shares

*** Semi-annual financial results reports are exempt from 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 Six 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 six months ended June 30, 2024, revenue for the Group as a whole increased as a result of our understanding of demand trends in key countries and thoroughly focused activities for core brands. Japan, Asia Pacific, and the Americas maintained the trend from the first quarter and posted revenue growth. In Europe, revenue decreased on a currency-neutral basis due to deteriorating business confidence and other factors.
The impact of cost increases due to high raw material prices and currency fluctuations remained within the expected range, while marketing expenses increased in key countries. However, operating income increased as a result of the revenue growth and strict cost management, which absorbed the increased cost impact.
For the first six months ended June 30, 2024, the Group's consolidated revenue was 817.4 billion yen, up 9.1% year on year and up 2.9% on a currency neutral basis. Consolidated operating income was 80.9 billion yen, up 17.6% year on year and up 7.8% on a currency neutral basis. Net profit attributable to owners of the Company was 46.5 billion yen, up 21.2% year on year and up 11.0% on a currency neutral basis.

Results by segment were as follows:

［Japan business]
The beverage market in the first six months of the year remained at the same level as last year (based on the Company's own estimates), despite the impact of price revisions.
Our sales volume was in line with the same period last year, driven by the continued strengthening of focused activities for core brands, new product launches, and increased marketing activities.
We continued to strengthen communication and marketing activities for *Suntory Tennensui* amid steady demand. In addition to the continued growth of the *Kiritto Fruit* series, the renewal of *Special Lemon Squash* in April and the strong launch of *FRUIT-SPARK Grapefruit & Lemon* in March contributed to the increase in sales volume. For *BOSS*, total sales volume of the brand was down from the same period last year. In the *Craft Boss* series, *Amakunai Italiano* was renewed in April, and *Black* and *Latte* were renewed in May in terms of packaging and contents. Sales volume of stay-on-tab (SOT) cans of *BOSS* was lower than the level of the same period last year, although the impact of the price revision in May 2023 has run its course. In the green tea category, amid increased marketing activities by competitors, we continued brand activities for *Iyemon*, focusing on its base product, which was renewed in March. *Iyemon Koi Aji* (food with functional claims) and *Tokucha*, renewed in February and April, respectively, continued to perform well.
Revenues increased due to the effect of price revisions and an improved product size mix.
Segment profit increased due to revenue growth from prioritized activities for brands and each channel, as well as strict cost management, which absorbed the impact of high raw material prices and currency fluctuations.

The Japan business reported revenue of 343.4 billion yen, up 4.6% year on year, and segment profit of 22.3 billion yen, up 30.9% year on year.

［Asia Pacific business]
In Asia Pacific, both revenue and segment profit increased due to a strong market recovery and our continued efforts to strengthen marketing activities, particularly in Thailand (beverage and health supplement businesses) and Vietnam (beverage business).
Revenue increased due to growth in sales volume in key businesses.
Segment profit increased due to the effect of higher revenue.
In the beverage business, Vietnam recorded revenue growth as the core brands *PEPSI* and *Aquafina* continued to perform well amid a gradual economic recovery trend. Thailand reported revenue growth driven by strong sales of *PEPSI* and *TEA+*, including low-sugar products. In Oceania, despite intensified competition in the energy drink category, sales volume increased year on year as a result of strengthened marketing activities for *V*, our core energy drink brand, leading to revenue growth.
In the health supplement business, the trend of *BRAND'S Essence of Chicken* recovered due to improved market conditions, including inbound demand, as well as renewed communication and enhanced marketing activities. Sales volume of *BRAND'S Bird's Nest* also increased significantly year on year, contributing to revenue growth.

The Asia Pacific business reported revenue of 202.3 billion yen, up 10.7% year on year, and up 3.2% on a currency neutral basis. Segment profit was 27.7 billion yen, up 23.1% year on year, and up 15.5% on a currency neutral basis.

［Europe business]
In Europe, revenue and segment profit decreased on a currency neutral basis due to intensified competition and unstable weather conditions in key countries, as well as supply chain challenges such as low production capacity utilization in the UK, despite the positive effects from price revisions and other factors in key countries.
In France, revenue decreased due to a slowdown in the market caused by prolonged inflation and other factors, although price revisions for core brands such as *Oasis* and *Orangina* partially contributed to revenue. In the UK, revenue decreased due to supply chain issues, although price revisions and other factors contributed to a certain level of revenue growth. In Spain, although price revisions were implemented mainly for the core brand *Schweppes* and aggressive promotional activities were conducted at the same time, revenue decreased slightly due to a slowdown in market conditions.

The Europe business reported revenue of 182.5 billion yen, up 11.0% year on year, and down 2.2% on a currency neutral basis. Segment profit was 27.7 billion yen, up 5.4% year on year, and down 7.7% on a currency neutral basis.

［Americas business]
In the Americas, we increased promotional activities in both the core carbonated beverage category and the non-carbonated beverage category as demand remained strong.
Revenue increased due in part to RGM activities, including price revisions.
Segment profit increased due to higher revenue, which offset the impact of rising raw material, logistics, and labor costs.

The Americas business reported revenue of 89.1 billion yen, up 20.7% year on year, and up 6.9% on a currency neutral basis. Segment profit was 11.0 billion yen, up 17.2% year on year, and up 3.8% on a currency neutral basis.

(2) Financial position

Total assets as at June 30, 2024 stood at ¥2,113.2 billion, an increase of ¥200.8 billion compared to December 31, 2023. The main factors were increases in trade and other receivables and intangible assets, in addition to the depreciation of key currencies against the yen compared to the end of the previous fiscal year.
Total liabilities stood at ¥798.8 billion, an increase of ¥71.4 billion compared to December 31, 2023. This was due in part to an increase in trade and other payables, in addition to the depreciation of key currencies against the yen compared to the end of the previous fiscal year.

Total equity stood at ¥1,314.3 billion, an increase of ¥129.3 billion compared to December 31, 2023, due in part to an increase in other components of equity because of the depreciation of key currencies against the yen compared to the end of the previous fiscal year.

(3) Analysis of cash flows

Cash and cash equivalents as at June 30, 2024 amounted to ¥155.1 billion, a decrease of ¥16.6 billion compared to December 31, 2023.

Net cash inflow from operating activities was ¥46.6 billion, an increase of ¥3.0 billion compared to the same period of the previous year. This was mainly the result of profit before tax for the period of ¥81.6 billion, depreciation and amortization of ¥37.1 billion, and an increase in trade and other payables of ¥17.2 billion, despite an increase in trade and other receivables of ¥47.6 billion and an increase in inventories of ¥13.6 billion.

Net cash outflow from investing activities was ¥48.0 billion, an increase of ¥16.4 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 ¥54.0 billion.

Net cash outflow from financing activities was ¥25.4 billion, a decrease of ¥11.6 billion compared to the same period of the previous year. This was mainly the result of expenditures for the redemption of bonds ¥15.0 billion, dividends paid to owners of the Company of ¥12.4 billion, and repayments of long-term borrowings of ¥5.9 billion, despite an increase in short-term borrowings and commercial paper of ¥19.4 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 Consolidated Financial Statements and Significant Notes Thereto (Unaudited)

(1) Condensed consolidated statement of financial position

	Millions of yen	
	As at December 31, 2023	As at June 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	171,755	155,128
Trade and other receivables	309,923	374,054
Other financial assets	1,664	2,855
Inventories	115,967	137,154
Other current assets	28,175	39,121
Subtotal	627,486	708,314
Assets held for sale	11,421	2,528
Total current assets	638,907	710,843
Non-current assets:		
Property, plant and equipment	416,600	463,100
Right-of-use assets	51,891	60,260
Goodwill	278,231	292,128
Intangible assets	495,339	545,808
Investments accounted for using the equity method	114	327
Other financial assets	14,482	14,568
Deferred tax assets	8,969	18,059
Other non-current assets	7,878	8,077
Total non-current assets	1,273,507	1,402,331
Total assets	1,912,415	2,113,174

	Millions of yen	
	As at December 31, 2023	As at June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	49,431	49,121
Trade and other payables	430,812	470,611
Other financial liabilities	22,982	26,250
Accrued income taxes	19,926	21,295
Provisions	1,403	986
Other current liabilities	6,100	9,874
Subtotal	530,656	578,139
Liabilities directly associated with assets held for sale	5,073	347
Total current liabilities	535,730	578,486
Non-current liabilities:		
Bonds and borrowings	25,000	25,587
Other financial liabilities	45,472	52,189
Post-employment benefit liabilities	14,323	15,452
Provisions	6,068	7,134
Deferred tax liabilities	93,954	112,332
Other non-current liabilities	6,838	7,652
Total non-current liabilities	191,657	220,349
Total liabilities	727,388	798,835
Equity		
Share capital	168,384	168,384
Share premium	182,229	182,520
Retained earnings	652,706	686,848
Treasury shares	(0)	(0)
Other components of equity	84,050	163,786
Total equity attributable to owners of the Company	1,087,370	1,201,538
Non-controlling interests	97,656	112,799
Total equity	1,185,027	1,314,338
Total liabilities and equity	1,912,415	2,113,174

(2) Condensed consolidated statement of profit or loss

Millions of yen

	Six months ended June 30, 2023	Six months ended June 30, 2024
Revenue	749,135	817,360
Cost of sales	(468,341)	(505,561)
Gross profit	280,794	311,799
Selling, general and administrative expenses	(211,582)	(230,823)
Gain on investments accounted for using the equity method	183	191
Other income	1,468	2,237
Other expenses	(2,033)	(2,471)
Operating income	68,831	80,934
Finance income	1,829	2,996
Finance costs	(1,300)	(2,358)
Profit before tax for the period	69,361	81,572
Income tax expense	(19,876)	(22,310)
Profit for the period	49,484	59,262
Attributable to:		
Owners of the Company	38,376	46,494
Non-controlling interests	11,108	12,767
Profit for the period	49,484	59,262
Earnings per share (Yen)	124.19	150.47

(3) Condensed consolidated statement of comprehensive income

	Millions of yen	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit for the period	49,484	59,262
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	183	(48)
Remeasurement of defined benefit plans	(56)	(130)
Total	126	(179)
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	79,330	87,436
Changes in the fair value of cash flow hedges	268	921
Changes in comprehensive income of investments accounted for using the equity method	132	94
Total	79,732	88,452
Other comprehensive income for the period, net of tax	79,858	88,273
Comprehensive income for the period	129,343	147,536
Attributable to:		
Owners of the Company	110,238	126,237
Non-controlling interests	19,105	21,298
Comprehensive income for the period	129,343	147,536

(4) Condensed consolidated statement of changes in equity

Six months ended June 30, 2023

	Millions of yen							
	Attributable to owners of the Company							
	Share capital	Share premium	Retained earnings	Treasury shares	Other compo-nents of equity	Total	Non-controlling interests	Total equity
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			38,376			38,376	11,108	49,484
Other comprehensive income					71,862	71,862	7,996	79,858
Total comprehensive income for the period	–	–	38,376	–	71,862	110,238	19,105	129,343
Dividends			(12,668)			(12,668)	(5,343)	(18,012)
Reclassification to retained earnings			283		(283)	–		–
Total transactions with owners of the Company	–	–	(12,385)	–	(283)	(12,668)	(5,343)	(18,012)
Balance at June 30, 2023	168,384	182,229	620,763	(0)	91,413	1,062,790	108,645	1,171,435

Six months ended June 30, 2024

	Millions of yen							
	Attributable to owners of the Company							
	Share capital	Share premium	Retained earnings	Treasury shares	Other compo-nents of equity	Total	Non-controlling interests	Total equity
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			46,494			46,494	12,767	59,262
Other comprehensive income					79,743	79,743	8,530	88,273
Total comprehensive income for the period	–	–	46,494	–	79,743	126,237	21,298	147,536
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(12,359)			(12,359)	(5,932)	(18,292)
Transactions with non-controlling interests		290	0			290	(222)	68
Reclassification to retained earnings			6		(6)	–		–
Total transactions with owners of the Company	–	290	(12,352)	(0)	(6)	(12,069)	(6,155)	(18,224)
Balance at June 30, 2024	168,384	182,520	686,848	(0)	163,786	1,201,538	112,799	1,314,338

(5) Condensed consolidated statement of cash flows

	Millions of yen	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before tax for the period	69,361	81,572
Depreciation and amortization	35,876	37,112
Impairment losses (reversal of impairment losses)	151	81
Interest and dividends income	(1,831)	(2,036)
Interest expense	914	2,247
Loss (gain) on investments accounted for using the equity method	(183)	(191)
Decrease (increase) in inventories	(20,938)	(13,608)
Decrease (increase) in trade and other receivables	(47,963)	(47,641)
Increase (decrease) in trade and other payables	40,967	17,163
Other	(15,235)	(6,081)
Subtotal	61,119	68,617
Interest and dividends received	1,294	2,060
Interest paid	(649)	(2,203)
Income tax paid	(18,188)	(21,913)
Net cash inflow (outflow) from operating activities	43,576	46,560
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(32,661)	(53,976)
Proceeds on sale of property, plant and equipment and intangible assets	126	1,420
Proceeds from sale of businesses	600	–
Proceeds from sale of subsidiaries	–	4,293
Other	288	234
Net cash inflow (outflow) from investing activities	(31,645)	(48,028)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	21,535	19,437
Repayments of long-term borrowings	(30,000)	(5,880)
Redemption of bonds	–	(15,000)
Payments of lease liabilities	(10,017)	(5,640)
Dividends paid to owners of the Company	(12,668)	(12,359)
Dividends paid to non-controlling interests	(5,812)	(5,932)
Other	0	(0)
Net cash inflow (outflow) from financing activities	(36,963)	(25,376)
Net increase (decrease) in cash and cash equivalents	(25,032)	(26,844)
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	8,246	9,119
Cash and cash equivalents included in assets held for sale	–	(203)
Cash and cash equivalents at the end of the period	183,844	155,128

(6) Notes to condensed consolidated financial statements

(Going concern)

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