

Suntory Holdings Limited

Summary of FY2021 Earnings

Presenter: Takeshi Niinami

President & Chief Executive Officer, Suntory Holdings Limited

Thank you for your continued support to the Suntory Group.

Before I begin my presentation, I would like to extend my sincere condolences to those who have suffered infections from the still ongoing Covid-19 pandemic, as well as thank those in medical services, and everyone else who is working to support our lives.

Today, I will review the year 2021, and explain our mid-to-long term policy, followed by Mr. Otsuka, Director in charge of Corporate Planning & Administration Division, who will go over the financial results.

① Overview of FY2021

In 2021, the Covid-19 pandemic continued, and instability and uncertainty prevailed throughout the world, causing a significant impact on Suntory's business as well. Despite these circumstances, we were able to achieve growth in both revenue and profit, thanks to our well-balanced business portfolio in Japan and overseas, which is one of Suntory's strengths, and with a recovery in sales overseas driving the overall Group. Operating revenue recovered close to the pre-Covid level of FY2019.

Since the integration of Beam Suntory in 2014, Suntory has made significant progress in globalizing the business, and we have built a robust earnings platform internationally. It was thanks to the bold decision to make the acquisition back then that we have achieved these results, despite the extremely unstable situation with Covid-19. We will aim to grow our business in Asia including India and further strengthen our spirits business as a growth driver of Suntory Group in terms of both sales and profit.

② The Beer Business

Meanwhile, we acknowledge how the domestic beer business is facing an extremely tough situation, which has only been exacerbated by the prolonged Covid pandemic. Under these circumstances, Suntory launched the *Perfect Suntory Beer* to grow our fourth pillar, together with *The Premium Malt's*, *Kin-Mugi* and *ALL-FREE*. It has been received well by the market, under the concept of "real delicious taste of beer while containing zero Toshitsu", and has made a good start following the renewal launch last month, after having improved the taste even further, and with renewed communication. For Suntory Group, the beer business is our "Founder's dream" and represents the spirit of *Yatte Minahare*. We will do everything possible to win this fierce competition and achieve substantial growth, and have asked Executive Vice President Nobuhiro Torii, who is from the founding family, to take the lead in this initiative.

③Sustainability initiatives

Not a day goes by without hearing the word ‘sustainability’ in our day-to-day lives. Companies not making sufficient effort in the area of sustainability will no longer be chosen by customers. We are in an era in which ‘Social good’ is crucial. Under our founding principle of “Giving Back to Society”, Suntory has been returning the profit we generate to society, through the protection of the natural environment, art and cultural activities, as well as sports, thereby contributing to the creation of a rich lifestyle and culture.

As a global company, we will continue to focus on the three themes of “Water sustainability”, “Reducing greenhouse gas emissions” and “Plastic” as our top priorities. For water, there are projections that by 2050, we will be facing a serious situation with 4 billion people suffering from water shortages. As a company with a social promise of “*Mizu to Ikiru*”, we will contribute to building a sustainable society and leading the world in this area.

Lastly, I would like to talk about 2022. With the uncertainties of life with Covid expected to continue this year, everyone in the Suntory Group will come together as One Suntory, and take the offensive in working on various challenges. We are aiming for record revenue in 2022, while we expect operating income to be similar to that of 2021, because we will be actively making strategic investments for the future.

We look forward to your continued support.

Thank you for your attention.

Presenter: Noriaki Otsuka

Director in charge of Corporate Planning & Administration Division, Suntory Holdings Limited

This is Otsuka. Thank you for your continued support to the Suntory Group.

I will now go over the consolidated results for the fiscal year ended December 2021.

① Overview of Results

As for Suntory Group's performance in the fiscal year ended December 2021,

Revenue including excise taxes was 2.5592 trillion yen, up 8.1% year on year.

Revenue excluding excise taxes was 2.2857 trillion yen, up 8.4% year on year.

Operating income was 247.5 billion yen, up 14% year on year.

Profit attributable to owners of the Company was 114 billion yen, up 13.5% year on year.

Although the impact of COVID-19 on the market environment has been prolonged, a recovery in sales primarily in overseas markets drove the business of the Group as a whole, resulting in increases in both revenue and profit.

② Business Trends

I will now go over each segment.

<Beverages and Food segment>

Revenue was 1.2638 trillion yen, up 7.7% year on year.

Operating income was 139.9 billion yen, up 19.6% year on year.

As announced by Suntory Beverage & Food Ltd., sales volume grew, mainly driven by *Tennensui*, *BOSS* and *Iyemon*. Outside of Japan, sales exceeded the previous year's level mainly due to the strengthening of activities of core brands. As a result, both revenue and profit increased.

<Alcoholic Beverages Segment>

Revenue including excise taxes was 1.0576 trillion yen, up 8.3% year on year.

Revenue excluding excise taxes was 785.1 billion yen, up 9.3% year on year.

Operating income was 127.9 billion yen, down 2.2% year on year.

The spirits business revenue excluding excise taxes grew more than 10% year-on-year, on a local currency basis. Outside of Japan, off-premise demand was solid, while on-premise sales also recovered, and revenue grew in our main markets such as Europe and the U.S.

In Japan, revenue excluding excise taxes grew 6% from the same period of the previous year. Whisky saw growth in *Kakubin*, *Maker's Mark*, *Ao*, as well as various Highball cans. RTD sales volume increased significantly by 12% year on year due to favorable performance of *-196°C*, *Kodawari Sakaba no Lemon Sour*, and *Horoyoi*. Furthermore, the Non-arubanshaku lemon sour non-alcoholic beverage

launched in March was well received by many customers due to it providing real lemon sour taste while being alcohol free, and we revised up our annual sales projections.

In the beer business, the Company's sales volume declined 6% year on year. Although this fell below the previous year's level due to the impact of COVID-19 on the on-premise business in Japan, the categories of off-premise canned products, functional products, and non-alcoholic products, which capture changes in customer consumption behavior, grew. *The Premium Malt's* brand performed well due to *The Premium Malt's Kaoru Ale* cans being well received as a "Premium ale beer" that matches the palate of the Japanese people. *Perfect Suntory Beer* which launched in April was well received for its contents balancing straight-up "real delicious taste of beer while containing zero Toshitsu", creating new beer users and contributing to revitalizing the market. Furthermore, sales of *Kin-Mugi (Toshitsu 75% reduced)* and *KARADAWO-OMOU All-Free* non-alcoholic beer grew, backed by the tailwind of health-conscious customers during the COVID-19 pandemic.

<Others segment>

Revenue including excise taxes was 237.8 billion yen, up 9.2% year on year.

Revenue excluding excise taxes was 236.7 billion yen, up 9.2% year on year.

Operating income was 25.5 billion yen, up 77.1% year on year.

In the health food business, the *Sesamin* series and *Locomore* performed well due to customers becoming more health-conscious during the COVID-19 pandemic.

③Outlook for 2022

The forecast for the fiscal year ending December 31, 2022 is as follows:

Revenue including excise taxes of 2.778 trillion yen, up 8.5% year on year

Revenue excluding excise taxes of 2.48 trillion yen, up 8.5% year on year

Operating income of 248 billion yen, up 0.2% year on year

Profit attributable to owners of the Company of 115 billion yen, up 0.9% year on year

and we are expecting another year of revenue and profit growth.

Despite the unclear and uncertain outlook, the entire Group will work together to achieve further growth.

That concludes my presentation.

We look forward to your continued support.