

Suntory Holdings Limited and Its Subsidiaries

Consolidated Financial Statements for the
Year Ended December 31, 2024, and
Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Suntory Holdings Limited:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Suntory Holdings Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of goodwill and intangible assets with indefinite useful lives	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Group's consolidated financial statements as of December 31, 2024, included goodwill of ¥1,147,490 million and intangible assets with indefinite useful lives of ¥1,742,763 million. These accounted for 18.1% and 27.5% of the total assets, respectively, and mainly attributed to Alcoholic beverages segment and Beverages and foods segment.</p> <p>As described in Note 15, goodwill and intangible assets with indefinite useful lives are primarily related to Beam Inc. (currently, Suntory Global Spirits Inc.), which was acquired in 2014. The goodwill of ¥849,441 million was allocated to the spirits business. Trademarks, such as Jim Beam and Maker's Mark, of ¥1,268,828 million in total were classified as intangible assets with indefinite useful lives. These trademarks represent brands with long history and are expected to be used continuously in the future. Thus, the Group concluded that there was no foreseeable limit on the period during which the Group is expected to consume the future economic benefits and determined to classify them as intangible assets with indefinite useful lives.</p> <p>These goodwill and intangible assets with indefinite useful lives are required to be tested for impairment at least once a year, and the Group compares the carrying amount of an asset or a cash-generating unit to the recoverable amount.</p> <p>The Group calculates the recoverable amount of the cash-generating unit including goodwill at present value of estimated future cash flows considering its business plan authorized by management and uncertainties in the periods beyond the term of the business plan. Also, the Group calculates the recoverable amount of trademarks at present value of estimated future cash flows considering each of the brands' business plan authorized by management and uncertainties in the periods beyond the term of the business plan.</p> <p>Estimated future cash flows are calculated considering assumptions based on external information, such as the growth rate of spirits market and the effect of cost increase including raw materials, as well as estimates of the effect of each brand's strategy, growth rates, and others. These are significantly affected by management's judgment. Also, the selection of input data, such as the discount rate, is based on management's judgment, which has a significant impact on the recoverable amount.</p>	<p>For the key audit matter, we performed the following audit procedures, among others, by instructing and supervising the component auditors of the consolidated subsidiaries:</p> <p>(1) Evaluation of internal controls</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of internal controls over the impairment test of goodwill and intangible assets with indefinite useful lives, including internal controls over the selection of the significant assumptions for the forecasts of future cash flows, discount rate, and others. • We tested the design and operating effectiveness of internal controls over internal review and approval process for the calculation result of the recoverable amount. <p>(2) Evaluation of the reasonableness of management's estimate related to the recoverable amount</p> <ul style="list-style-type: none"> • By comparing the business plan developed in the past with the actual results, we considered whether there was any change in the business plan and whether all events to consider in developing the business plan were completely reflected and evaluated the precision of management's estimate of the business plan. • We determined whether the assumptions of the growth rate of spirits market and the effect of cost increase including raw materials were consistent with the external market information. • We discussed the strategy of primary brands with management. Also, we assessed whether the growth rates selected by management were reasonable by comparing it to the external information, such as the GDP growth rate, the inflation rate and the growth rate of industry. • With the assistance of our valuation specialists, we evaluated the appropriateness of the valuation methodology and significant assumptions, such as the discount rate, used for the calculation of the recoverable amount.

As management's judgments and significant accounting estimates with uncertainties are involved in the impairment test for goodwill and intangible assets with indefinite useful lives, we determined the valuation of goodwill and intangible assets with indefinite useful lives as a key audit matter.	<ul style="list-style-type: none"> • We performed sensitivity analyses to assess how the recoverable amount is affected by uncertainties inherent in assumptions for the growth rates, the discount rate, and others.
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Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended December 31, 2024, which were charged by us and our network firms to Suntory Holdings Limited and its subsidiaries were ¥1,864 million and ¥835 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
March 24, 2025

Consolidated statement of financial position
Suntory Holdings Limited and its subsidiaries
As at December 31, 2024

(Millions of yen)

	Notes	December 31, 2023	December 31, 2024
Assets			
Current assets:			
Cash and cash equivalents	8	318,623	254,772
Trade and other receivables	9,36	599,357	637,351
Other financial assets	10,36	44,663	15,431
Inventories	11	691,503	762,313
Other current assets	12	69,086	66,309
Sub-total		1,723,234	1,736,179
Assets held for sale	13	165,930	1,842
Total current assets		1,889,165	1,738,022
Non-current assets:			
Property, plant and equipment	14	922,804	1,042,397
Right-of-use assets	23	119,280	127,567
Goodwill	15	1,040,674	1,147,490
Intangible assets	15	1,729,688	1,901,007
Investments accounted for using the equity method	16	67,416	82,193
Other financial assets	10,36	189,145	194,679
Deferred tax assets	17	37,924	48,362
Other non-current assets	12	46,674	49,798
Total non-current assets		4,153,608	4,593,498
Total assets		6,042,774	6,331,520

Consolidated statement of financial position
Suntory Holdings Limited and its subsidiaries
As at December 31, 2024 (continued)

(Millions of yen)

	Notes	December 31, 2023	December 31, 2024
Liabilities and equity			
Liabilities			
Current liabilities:			
Bonds and borrowings	18,36	446,639	150,890
Trade and other payables	19	770,244	801,295
Other financial liabilities	20,36	92,485	89,779
Accrued income taxes		45,153	32,853
Provisions	21	7,138	9,833
Other current liabilities	22	106,338	106,373
Sub-total		1,467,999	1,191,025
Liabilities directly associated with assets held for sale	13	24,816	-
Total current liabilities		1,492,816	1,191,025
Non-current liabilities:			
Bonds and borrowings	18,36	901,161	924,735
Other financial liabilities	20,36	138,765	149,498
Post-employment benefit liabilities	24	40,370	42,889
Provisions	21	12,129	14,222
Deferred tax liabilities	17	378,769	423,134
Other non-current liabilities	22	20,424	18,000
Total non-current liabilities		1,491,620	1,572,480
Total liabilities		2,984,437	2,763,506
Equity			
Share capital	25	70,000	70,000
Share premium	25	127,741	129,571
Retained earnings	25	1,816,187	1,982,144
Treasury shares	25	(938)	(938)
Other components of equity	25	501,063	785,282
Total equity attributable to owners of the Company		2,514,053	2,966,059
Non-controlling interests		544,283	601,954
Total equity		3,058,337	3,568,014
Total liabilities and equity		6,042,774	6,331,520

Consolidated statement of profit or loss
Suntory Holdings Limited and its subsidiaries
For the year ended December 31, 2024

(Millions of yen)

	Notes	Year ended December 31, 2023	Year ended December 31, 2024
Revenue (including liquor tax)	6,27	3,285,110	3,417,949
Less: liquor tax		(333,015)	(338,223)
Revenue (excluding liquor tax)	6,27	2,952,095	3,079,726
Cost of sales		(1,633,777)	(1,695,029)
Gross profit		1,318,318	1,384,696
Selling, general and administrative expenses	29	(1,018,694)	(1,080,814)
Share of the profit and loss on investments accounted for using the equity method	16	18,697	16,033
Other income	28	10,307	32,246
Other expenses	30	(11,430)	(23,219)
Operating income	6	317,198	328,942
Finance income	31	6,783	7,644
Finance costs	31	(26,555)	(26,593)
Profit before income taxes		297,426	309,993
Income tax expenses	17	(69,305)	(71,697)
Profit for the year		228,120	238,296
Attributable to:			
Owners of the Company		172,707	176,158
Non-controlling interests		55,413	62,137
Profit for the year		228,120	238,296
 Earnings per share (Yen)	 33	 251.85	 256.88

Consolidated statement of comprehensive income
Suntory Holdings Limited and its subsidiaries
For the year ended December 31, 2024

(Millions of yen)

	Notes	Year ended December 31, 2023	Year ended December 31, 2024
Profit for the year		228,120	238,296
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in the fair value of financial assets	32	9,044	1,245
Remeasurement of defined benefit plans	32	(2,879)	436
Changes in comprehensive income of investments accounted for using the equity method	16,32	13	2
Total		6,178	1,684
<i>Items that may be reclassified to profit or loss:</i>			
Translation adjustments of foreign operations	32	239,483	299,049
Changes in the fair value of cash flow hedges	32	1,299	2,839
Changes in comprehensive income of investments accounted for using the equity method	16,32	4,564	5,401
Total		245,347	307,290
Other comprehensive income for the year, net of tax		251,525	308,974
Comprehensive income for the year		479,646	547,270
Attributable to:			
Owners of the Company		391,407	459,090
Non-controlling interests		88,239	88,180
Comprehensive income for the year		479,646	547,270

Consolidated statement of changes in equity
Suntory Holdings Limited and its subsidiaries
For the year ended December 31, 2024

(Millions of yen)

	Notes	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		70,000	127,741	1,652,296	(938)	282,461	2,131,561	491,270	2,622,832
Profit for the year				172,707			172,707	55,413	228,120
Other comprehensive income						218,699	218,699	32,826	251,525
Total comprehensive income for the year		—	—	172,707	—	218,699	391,407	88,239	479,646
Dividends	26			(8,914)			(8,914)	(35,227)	(44,141)
Transactions with non-controlling interests			(0)				(0)	(0)	(0)
Transfer from other components of equity to retained earnings				97		(97)	—		—
Total transactions with owners of the Company		—	(0)	(8,817)	—	(97)	(8,914)	(35,227)	(44,141)
Balance at December 31, 2023		70,000	127,741	1,816,187	(938)	501,063	2,514,053	544,283	3,058,337
Profit for the year				176,158			176,158	62,137	238,296
Other comprehensive income						282,931	282,931	26,042	308,974
Total comprehensive income for the year		—	—	176,158	—	282,931	459,090	88,180	547,270
Dividends	26			(8,914)			(8,914)	(31,709)	(40,624)
Transactions with non-controlling interests			1,829				1,829	1,201	3,030
Transfer from other components of equity to retained earnings				(1,286)		1,286	—		—
Total transactions with owners of the Company		—	1,829	(10,201)	—	1,286	(7,085)	(30,508)	(37,593)
Balance at December 31, 2024		70,000	129,571	1,982,144	(938)	785,282	2,966,059	601,954	3,568,014

Consolidated statement of cash flows
Suntory Holdings Limited and its subsidiaries
For the year ended December 31, 2024

(Millions of yen)

	Notes	Year ended December 31, 2023	Year ended December 31, 2024
Cash flows from operating activities			
Profit before income taxes		297,426	309,993
Depreciation and amortization		140,116	146,628
Impairment losses (reversal of impairment losses)		861	4,589
Interest and dividend income		(6,755)	(6,693)
Interest expense		20,981	24,373
Gain on investments accounted for using the equity method		(18,697)	(16,033)
Gain on sales of shares of subsidiaries		(4,838)	(24,999)
Increase in inventories		(65,078)	(30,722)
Increase in trade and other receivables		(52,188)	(18,099)
Increase (decrease) in trade and other payables		48,564	(4,352)
Other		(9,322)	(12,300)
Sub-total		351,069	372,383
Interest and dividends received		19,766	13,513
Interest paid		(17,547)	(26,908)
Income taxes paid		(83,286)	(81,294)
Net cash inflow from operating activities		270,002	277,695
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(176,042)	(195,005)
Proceeds from sales of property, plant and equipment and intangible assets		6,706	12,187
Payments for acquisition of investment securities		(1,809)	(1,499)
Payments for acquisition of shares in subsidiaries involving changes in the scope of consolidation	7	(2,879)	(23,639)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	7	4,626	188,433
Purchase of shares of subsidiaries and associates		(3,799)	(1,050)
Proceeds from sale of shares of subsidiaries and associates		686	—
Other		1,934	523
Net cash outflow from investing activities		(170,576)	(20,049)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings and commercial papers	35	9,780	(5,466)
Proceeds from long-term borrowings and bonds	35	251,999	255,935
Repayment of long-term borrowings and bonds	35	(276,597)	(500,676)
Payments of finance lease liabilities	35	(34,519)	(32,290)
Dividends paid to owners of the Company	26	(8,914)	(8,914)
Dividends paid to non-controlling interests		(35,302)	(31,784)
Payments for acquisition of interests in subsidiaries from non-controlling interests		—	(2,218)
Net cash outflow from financing activities		(93,554)	(325,418)
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	8	301,938	318,623
(Amounts stated in the consolidated statement of financial position)			
Reversal of cash and cash equivalents included in assets held for sale at the beginning of the year	13	1,958	1,391
Cash and cash equivalents at the beginning of the year		303,896	320,015
Effects of exchange rate changes on cash and cash equivalents		10,247	2,530
Cash and cash equivalents included in assets held for sale	13	(1,391)	—
Cash and cash equivalents at the end of the year	8	318,623	254,772

Notes to Consolidated Financial Statements

1. Reporting entity

Suntory Holdings Limited ("the Company") is a corporation, which has been established based on Japanese Corporate law and is domiciled in Japan. The addresses of its registered office and principal place of business are disclosed on the Company's website (URL <https://www.suntory.com>). The Company's consolidated financial statements, whose closing date is December 31, are composed of the Company and its subsidiaries ("the Group") and its associates. The parent company of the Company is Kotobuki Realty Co., Ltd. The Group is engaged in manufacturing and marketing alcoholic and non-alcoholic beverages, and other business. The Company is a holding company, which is responsible for establishing and promoting the group management strategy and providing administrative service to subsidiaries. The principal activities of the Group are described in "Note 6. Segment information."

2. Basis of preparation

(1) Compliance with accounting standards

The Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRSs"). The Group's consolidated financial statements were authorized for issuance by Takeshi Niinami, Representative Director, President & Chief Executive Officer, and Masato Arishiro, Managing Executive Officer, on March 24, 2025.

(2) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. Amounts presented in the consolidated financial statements are rounded down to the nearest million yen.

3. Material accounting policy information

(1) Basis of consolidation

[1] Subsidiary

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group's subsidiaries are included in the scope of consolidation, which begins when it obtains control over a subsidiary and ceases when it loses control of the subsidiary. All intragroup receivable and payable balances, intragroup transaction balances, and unrecognized gains and losses arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements. Disposal of the Group's ownership interests in a subsidiary that does not result in the Group losing control over the subsidiary are accounted for as an equity transaction. Any difference between the amount of an adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributed to owners of the Company. Non-controlling interests of the consolidated subsidiaries are identified separately from ownership interests attributable to the Group. Comprehensive income of subsidiaries is attributed to owners of the Company and non-controlling interests, even when comprehensive income attributed to non-controlling interests results in a negative balance.

[2] Associate

An associate is an entity over which the Company has significant influence, which is the power to participate in the financial and operating policy of the associate, but does not have control or joint control of those policies. Investments in an associate are initially recognized at cost upon the acquisition and are subsequently accounted for using the equity method. Investments in an associate include goodwill recognized upon the acquisition, net of accumulated impairment losses.

[3] Joint venture

A joint venture is an entity jointly controlled by two or more parties including the Group under the contractually agreed sharing of control of an arrangement over economic activities of the joint venture, which exists only when decisions for strategic financial and operating decisions related to relevant activities require unanimous consent of the parties sharing control. A joint venture of the Group is accounted for using the equity method.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The acquisition cost is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities assumed, and the equity financial instruments issued by the Company in exchange for control of the acquiree. Excess of the acquisition cost over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill. Conversely, any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the acquisition cost is immediately recognized as profit or loss. Transaction costs that are directly attributable to a business combination, such as agent, legal, and due diligence fees are expensed as incurred. The Company accounts for the acquisition of additional non-controlling interests as an equity transaction, and accordingly, it does not recognize goodwill attributable to such transactions. Identifiable assets acquired and the liabilities assumed are recognized at their fair value as at the acquisition date, except for the following:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements; and
- Assets or disposal groups that are classified as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations."

(3) Foreign currencies

[1] Transactions denominated in foreign currencies

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). In preparing the separate financial statements of each entity, transactions denominated in currencies other than the entity's functional currency are translated into its functional currency using the exchange rate that approximates the exchange rate prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at the reporting date. Any exchange differences arising from translation or settlement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. However, exchange differences arising from financial instruments designated as hedging instruments against a net investment in a foreign operation, translation or settlement of financial assets measured at fair value through other comprehensive income, and cash flow hedges are recognized in other comprehensive income.

[2] Financial statements of foreign operations

Assets and liabilities of the Group's foreign operations are translated into Japanese yen using exchange rates prevailing at the reporting date. Income and expense items are translated into Japanese yen at the average exchange rates for the reporting period unless any significant change occurs. Any exchange differences arising from translation of the financial statements of the Group's foreign operations are recognized in other comprehensive income. Any exchange differences arising from translation of foreign operations disposed of by the Group are recognized in profit or loss for the reporting period in which that foreign operation is disposed of.

(4) Financial instruments

[1] Financial assets

(i) Initial recognition and measurement

Financial assets are classified into the following specific categories; financial assets measured at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") and financial assets measured at amortized cost. The classification is determined at the initial recognition. All financial assets, excluding financial assets classified as measured at FVTPL, are measured at their fair value plus transaction costs. Financial assets are classified as measured at amortized cost if both of the following conditions are met:

- The financial assets are held within a business model whose objective is to hold the asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value. For financial assets measured at fair value other than equity instruments held for trading that should be measured at FVTPL, each equity instrument is designated as measured at FVTPL or FVTOCI. Such designation is continuously applied.

(ii) Subsequent measurement

After initial recognition, financial assets measured at amortized cost are measured at amortized cost, using the effective interest method. Financial assets measured at fair value are remeasured at fair value at the end of each reporting period. Any gain or loss on financial assets measured at fair value is recognized in profit or loss. However, changes in the fair value of equity instruments designated as measured at FVTOCI are recognized in other comprehensive income. The cumulative gain or loss recognized in other comprehensive income is reclassified to retained earnings when financial assets are disposed of, or a significant deterioration in fair value is recognized. Dividends from such financial assets are recognized as part of finance income in profit or loss for the year.

(iii) Impairment

For financial assets measured at amortized cost, the Group recognizes a loss allowance against expected credit losses on such financial assets. At each reporting date, financial assets are assessed whether there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk on financial assets has not increased significantly since initial recognition, a loss allowance is measured at an amount equal to 12-month of expected credit losses. In contrast, if the credit risk on financial assets has increased significantly since initial recognition, a loss allowance is measured at an amount equal to the lifetime expected credit losses. However, a loss allowance for trade and other receivables is always measured at an amount equal to the lifetime expected credit losses. Expected credit losses on financial assets are assessed based on objective evidence which reflects changes in credit information, and past due information of receivables. Impairment loss is recognized in profit or loss for the amount of expected credit losses needed to adjust the loss allowance at the reporting date to the required amount. If any event resulting in a decrease of impairment losses occurs after the recognition of impairment losses, a reversal of impairment is recognized through profit or loss.

(iv) Derecognition

The Group derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party. If the Group continues to control the transferred assets, the Group continues to recognize the asset and related liabilities to the extent of its continuing involvement.

[2] Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified into either subsequently measured at amortized cost or at FVTPL. The classifications are determined at initial recognition. Financial liabilities measured at FVTPL are initially measured at fair value. Financial liabilities measured at amortized cost are initially measured at fair value less any directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities measured at FVTPL include those held for trading purposes and those designated as measured at FVTPL upon initial recognition. Financial liabilities measured at FVTPL are measured at fair value after initial recognition, with subsequent changes recognized in profit or loss for the reporting period. After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. A gain or loss on financial liabilities no longer amortized using the effective interest method and derecognized is recognized as part of finance costs in profit or loss for the reporting period.

(iii) Derecognition

Financial liabilities are derecognized when they are extinguished, i.e., when the obligations specified in the contract are discharged, cancelled, or expired.

[3] Presentation of financial assets and liabilities

Financial assets and liabilities are presented at their net amount in the consolidated statement of financial position only when the Group has a legally enforceable right to offset the financial asset and liability balances and it intends either to settle on a net basis or to realize financial assets and settle financial liabilities simultaneously.

[4] Derivatives and hedge accounting

The Group utilizes derivatives, such as foreign exchange contracts and interest rate swap contracts to hedge foreign exchange and interest rate risks, respectively. Derivatives are initially measured at fair value upon execution of a contract and are subsequently remeasured at fair value.

At the inception of a hedging relationship, an entity formally designates and documents the hedging relationship to which it applies hedge accounting and its risk management objective and strategy for undertaking the hedge. That documentation includes identification of a specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will test the effectiveness of changes in fair value of the hedging instrument in offsetting the exposure to fair value or cash flow changes of the hedged item attributable to the hedged risks. These hedges are presumed to be highly effective in offsetting fair value or cash flow changes. Further, continuing assessments are made as to whether the hedges are highly effective over all of the reporting periods of such designation.

If the hedging relationship does not meet the hedge effectiveness requirements in terms of hedge ratios due to a change in an economic relationship between the hedged item and the hedging instrument, despite the risk management objective remaining unchanged, the hedge ratio will be adjusted to meet the hedge effectiveness requirement. If the hedging relationship no longer meets the hedge effectiveness requirement despite the hedge ratio adjustment, hedge accounting is discontinued for the portion of the hedge relationship that no longer meets the requirement. The hedges that meet the hedge accounting criteria are classified and are accounted for under IFRS 9, "Financial Instruments" (as revised in July 2014; "IFRS 9") as follows.

(i) Fair value hedges

Changes in the fair value of the hedging instrument are recognized in profit or loss. However, changes in fair value of a hedged item that is an equity instrument designated as measured at FVTOCI are recognized in other comprehensive income. For changes in fair value of the hedged item attributable to the risk being hedged, such changes are adjusted with the carrying amount of the hedged item and are recognized in profit or loss. However, changes in fair value of a hedged item that is an equity instrument with an election to present such changes in other comprehensive income are recognized in other comprehensive income.

(ii) Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The portion of the gain or loss on the hedging instrument that is hedge ineffectiveness is immediately recognized in profit or loss.

The amount of the hedging instrument recognized in other comprehensive income is reclassified to profit or loss at the point a hedged future transaction affects profit or loss. If the hedged item gives rise to the recognition of a non-financial asset or liability, the amount recognized in other comprehensive income is removed to adjust the original carrying amount of the non-financial asset or liability.

If a forecasted hedge transaction or firm commitment is no longer expected to arise, the cumulative gains and losses previously recognized in equity through other comprehensive income are reclassified to profit or loss. If hedged future cash flows are still expected to arise, the cumulative gains and losses previously recognized in equity through other comprehensive income remain in equity until such future cash flows arise.

(iii) Hedges of a net investment in a foreign operation

Hedge of net investments in foreign operations are accounted for similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The portion of the gain or loss on the hedging instrument that is hedge ineffectiveness is recognized in profit or loss. At the disposal of the foreign operation, cumulative gains and losses previously recognized in equity through other comprehensive income are transferred to profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks that can be withdrawn at any time, and short-term investments, which are readily convertible to a known amount of cash and are not exposed to significant risk related to changes in value.

(6) Inventories

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale. The cost of inventories is principally determined using a weighted-average basis, comprising all costs of purchase and conversion and other costs incurred in bringing the inventories to their present location and condition.

(7) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment comprises any costs directly attributable to the acquisition of the item, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs that should be capitalized.

Depreciation charges on an item of property, plant and equipment, other than land and construction in progress, are recognized on a straight-line basis over its estimated useful life. The range of estimated useful lives by major asset item is as follows:

Buildings:	2 to 50 years
Machinery and equipment:	2 to 25 years

The estimated useful lives, residual values, and depreciation methods are reviewed at each reporting date. A change in such accounting estimate is accounted for prospectively.

(8) Goodwill and intangible assets

[1] Goodwill

Goodwill is stated at cost less accumulated impairment losses. The method for measurement at initial recognition of goodwill is described in "Note 3. Material accounting policy information (2) Business combinations." Goodwill is not amortized, but is tested for impairment annually, and whenever there is an indication that the cash-generating unit may be impaired. The method for impairment of goodwill is described in "Note 3. Material accounting policy information (10) Impairment of non-financial assets."

[2] Intangible assets

Measurement of intangible assets is made by applying the cost model. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets acquired separately are measured inclusive of directly attributable costs of acquiring the asset. The method for measurement at recognition of intangible assets acquired in a business combination is described in "Note 3. Material accounting policy information (2) Business combinations." Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives of the major intangible assets with finite useful lives are as follows:

- Trademarks: 5 to 30 years

The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period. A change in such accounting estimates is accounted for prospectively. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment each reporting period and as necessary. The method for impairment of intangible assets with indefinite useful lives is described in "Note 3. Material accounting policy information (10) Impairment of non-financial assets."

(9) Lease

At the commencement date of a lease, the right-of-use assets are measured at cost and the lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. If ownership of the underlying asset is transferred to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of a purchase option, the right-of-use assets are depreciated on a straight-line basis over their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful lives or the end of the lease terms. Lease payments are allocated between finance costs and repayment of the principal portion of the lease liabilities, using the effective interest rate method, and finance costs are recognized in the consolidated statement of profit or loss.

The lease term is determined after adjustment for periods covered by an extension and termination option that the Group is reasonably certain to exercise in the non-cancellable period under the lease contract. In the measurement of the present value, the interest rate implicit in the lease or the incremental borrowing rate is used.

For short-term leases for which the lease term ends within 12 months and leases in which the underlying asset is of low value, total

lease payments are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

(10) Impairment of non-financial assets

The carrying amount of a non-financial asset of the Company, exclusive of inventories and deferred tax assets, is assessed at each reporting date to test whether there is any indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Further, the recoverable amount is estimated annually at the same time every year for goodwill and intangible assets with indefinite useful lives and intangible assets that are not yet available for use.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In determining the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the asset. Non-financial assets not tested for impairment on an individual basis are grouped into the smallest cash-generating unit that generates cash inflows from the continuing use of the asset, which are largely independent of those from other assets or asset groups. In performing impairment testing on goodwill, an entity groups cash-generating units to which goodwill is allocated to enable performing impairment testing in a manner that reflects the smallest unit to which it relates. Goodwill acquired in a business combination, from the acquisition date, is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Corporate assets of the Group do not generate independent cash inflows. If there is any indication that a corporate asset may be impaired, the recoverable amount of the cash-generating unit to which the corporate asset belongs is determined. Impairment loss is recognized in profit or loss when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. An impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Impairment losses recognized for goodwill are not reversed subsequently. Impairment losses recognized for other assets are assessed at each reporting date whether there is any indication that they may no longer exist or may have decreased. If there is a change in the estimates used to determine the recoverable amount of an asset, an entity reviews the recoverable amount of the asset and reverses an impairment loss for the asset. An impairment loss is reversed to the extent that it does not exceed the carrying amount that would have been determined, net of any amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

(11) Post-employment benefit plans

The Company and certain consolidated subsidiaries have the following post-employment benefit plans for its employees: defined benefit and defined contribution plans. The present value of defined benefit obligations, related current service cost, and, where applicable, past service cost are determined using the projected unit credit method. The discount rate is determined by reference to market yields at each reporting date on high-quality corporate bonds corresponding to a discount period that is defined based on the period to the date of expected future benefit payment for each year. The net defined benefit liability (asset) is determined as the present value of the defined benefit obligation less the fair value of plan assets (adjusting for any effect of limiting a net defined benefit asset to the asset ceiling and of giving rise to a liability by a minimum funding requirement, if necessary). Remeasurements of the net defined benefit liability (asset) are recognized collectively in other comprehensive income for the period in which they are incurred.

Past service cost is recognized as an expense for the period it is incurred. Expenses related to defined contribution benefits are recognized when related services are rendered.

(12) Provisions

A provision is recognized only when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A provision is measured at the present value of estimated future cash outflows discounted using a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance costs.

(13) Revenue

[1] Sale of goods

The Group is engaged in the sale of alcohol and non-alcohol beverages and foods. As customers usually obtain control of the goods and the Group's performance obligation is satisfied at the time when the goods are delivered, the Group recognizes revenue at the amount of consideration promised under the contracts with customers after deduction of trade discounts, rebates, taxes collected on behalf of third parties, such as consumption taxes or value added tax, sales incentives, and returned goods.

[2] Interest income

Interest income is recognized using the effective interest method.

(14) Government grants

The Group measures and recognizes grant revenue at its fair value when there is reasonable assurance that an entity will comply with the conditions attached to them and will receive the grants. The grants received to compensate costs incurred are recognized as revenue in the period in which such costs are incurred. The grants related to the acquisition of an asset are deducted from the carrying amount of the asset.

(15) Income taxes

Income taxes are comprised of current and deferred taxes. Current and deferred taxes are recognized through profit or loss, except for those that arise from a business combination or are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities. The amount of current tax is determined based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in each tax jurisdiction where the Group owns the business activities and earns taxable profit (or loss). Deferred tax is recognized for the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their value for tax purposes as at the reporting date, as well as the carryforward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising on initial recognition of an asset or liability arising in a transaction other than business combinations and transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, and affects neither accounting profit nor taxable profit;
- Deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, to the extent it is probable that the temporary difference will not reverse in the foreseeable future;
- Taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, to the extent it is probable that the Group is able to control the timing of the reversal of the temporary difference, and the temporary difference will not reverse in the foreseeable future.

A deferred tax liability is principally recognized for all taxable temporary differences and a deferred tax asset is recognized for all deductible temporary differences to the extent it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed each period and is adjusted to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are also reviewed each period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to be applied in the period when the asset is realized or the liability is settled, based on statutory tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are netted when the entity has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax balances relate to the same taxation authority.

An asset or liability is recognized for uncertain tax positions at the estimated amount expected to arise from the uncertain tax position if it is probable that the position will result in a payment (or redemption) of taxes.

The Company and its wholly owned subsidiaries in Japan have adopted the group tax sharing system.

In accordance with International Accounting Standards (“IAS”) 12 (Revised), since the current fiscal year, the Group has adopted a temporary exception to the recognition and information disclosure requirements about deferred tax assets and liabilities related to the International Tax Reform - Pillar Two Model Rules. The application of IAS 12 (Revised) has no significant impact on the Group's consolidated financial statements.

(16) Earnings per share

Basic earnings per share is calculated by the profit or loss attributable to ordinary shareholders of the parent for the period divided by the weighted-average number of ordinary shares issued, adjusted for treasury shares during the period.

(17) Non-current assets held for sale

The Group classifies a non-current asset or asset group that will be recovered principally through a sales transaction rather than through continuing use as held for sale if the asset or disposal group sale is highly probable within one year, it is available for immediate sale in its present condition, and the appropriate level of management of the Group is committed to a plan to sell the asset or disposal group.

The non-current asset held for sale is not depreciated or amortized, and is measured at the lower of its carrying amount and the fair value less costs to sell.

(18) Treasury shares

Treasury shares are measured at cost and are deducted from equity. Gains and losses arising from buy-back, sale, or retirement of treasury shares by the Company are not recognized. Any difference between the carrying amount of treasury shares and the consideration received for disposal of such treasury shares are recognized in other capital premium.

4. Critical accounting estimates and judgements

During the process of preparation of the consolidated financial statements in accordance with IFRSs, management is required to make judgements, estimates, and assumptions. These judgements, estimates, and assumptions may affect the application of the Group's accounting policies and amount of assets, liabilities, revenue, and expenses. However, actual results could differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The effects of a change in accounting estimates are recognized prospectively from the period in which the estimate is revised.

The following are the judgements and estimates that management has made and that have significant effect on the amounts in the consolidated financial statements:

- Estimates used for impairment of properties, plant and equipment, intangibles, and goodwill ("Note 3. Material accounting policy information (10) Impairment of non-financial assets," "Note 14. Property, plant and equipment," "Note 15. Goodwill and intangible assets")
- Measurement of post-employment obligations ("Note 3. Material accounting policy information (11) Post-employment benefit plans," "Note 24. Post-employment benefit plans")
- Judgements and estimates made for the recognition and measurement of provisions ("Note 3. Material accounting policy information (12) Provisions," "Note 21. Provisions")
- Judgements made for assessing the recoverability of deferred tax assets ("Note 3. Material accounting policy information (15) Income taxes," "Note 17. Income taxes")
- Judgements made in determining whether the Group controls another entity ("Note 3. Material accounting policy information (1) Basis of consolidation," "Note 16. Investments accounted for using the equity method")
- Fair value measurement of financial instruments ("Note 3. Material accounting policy information (4) Financial instruments," "Note 36. Financial instruments (4) Fair value of financial instruments")
- Estimates used for residual value and useful life of property, plant and equipment and intangible assets ("Note 3. Material accounting policy information (7) Property, plant and equipment, (8) Goodwill and intangible assets," "Note 14. Property, plant and equipment," "Note 15. Goodwill and intangible assets")
- Measurement of the fair value of assets acquired and the liabilities assumed in a business combination ("Note 3. Material accounting policy information (2) Business combinations" "Note 7. Acquisition and sale of businesses and purchase of non-controlling interests").

5. New accounting standards and interpretations not yet adopted

The following new accounting standard was issued as of the date of approval of the consolidated financial statements but has not yet been applied by the Group.

IFRS Accounting Standards		Date of mandatory application (from the fiscal year beginning on or after)	Reporting periods of application by the Group (The reporting period ending)	Description of new and revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	December 31, 2027	Replacement of the current accounting standard for Presentation and Disclosure in Financial Statements, IAS 1

The Group is currently evaluating the potential impact from the application of the standard above on the consolidated financial.

6. Segment information

(1) Overview of reportable segments

The reportable segments are components of the Group for which separate financial information is available and which are regularly reviewed by management to make decisions about the allocation of resources and to assess segment performance.

The Group applies a holding company structure, and operating companies have been established based on their products or services. The management of each operating company focuses on the type of products and services delivered or provided when establishing its own strategies for domestic and international operations. Therefore, the Group identified "Beverages and foods," and "Alcoholic beverages," and "others" as reportable segments based on the types of products and services delivered or provided. The classification of the Group's primary products and services have been defined as below.

Beverages and foods — non-alcoholic beverages, healthy drinks, and others

Alcoholic beverages — spirits, beer, wine, and other alcoholic beverages

Others — healthy foods, ice cream, restaurants, flowers, operations in China, and other operations

(2) Description of reportable segments and allocations of revenues, expenses, and profit or loss

The accounting policies of the reportable segments are the same as the Group's accounting policies described in "Note 3. Material accounting policy information." The intersegment transactions are considered on an arm's length basis.

(3) Profit or loss for each reportable segment

Profit or loss for each reportable segment of the Group was as follows:

Year ended December 31, 2023

(Millions of yen)

	Reportable segments			Segment total	Reconciliations (Note 2)	Consolidated (Note 1)
	Beverages and foods	Alcoholic beverages	Others			
Revenue (including liquor tax)	1,584,267	1,377,680	323,163	3,285,110	-	3,285,110
Revenue (excluding liquor tax)						
External customers	1,584,267	1,045,739	322,089	2,952,095	-	2,952,095
Intersegment	5,660	4,434	15,679	25,774	(25,774)	-
Total revenue	1,589,927	1,050,174	337,768	2,977,870	(25,774)	2,952,095
Segment profit	165,856	175,605	34,068	375,529	(58,330)	317,198
Finance income						6,783
Finance costs						(26,555)
Profit before income taxes						297,426
Others:						
Depreciation and amortization	(72,966)	(44,962)	(15,395)	(133,324)	(6,792)	(140,116)
Share of the profit and loss on investments accounted for using the equity method	(27)	16,128	2,629	18,730	(32)	18,697
Capital expenditure	98,539	87,519	20,540	206,600	7,556	214,156

(Note 1) Segment profit agrees with operating income presented in the consolidated statement of profit or loss.

(Note 2) "Reconciliations" to segment profit or loss represent overhead costs incurred by the Company to manage the Group's operations and are not allocated to the reportable segments.

Year ended December 31, 2024

(Millions of yen)

	Reportable segments			Segment total	Reconciliations (Note 2)	Consolidated (Note 1)
	Beverages and foods	Alcoholic beverages	Others			
Revenue (including liquor tax)	1,688,729	1,392,924	336,295	3,417,949	-	3,417,949
Revenue (excluding liquor tax)						
External customers	1,688,729	1,055,743	335,253	3,079,726	-	3,079,726
Intersegment	8,036	6,876	21,551	36,463	(36,463)	-
Total revenue	1,696,765	1,062,620	356,804	3,116,189	(36,463)	3,079,726
Segment profit	184,599	180,696	33,470	398,766	(69,824)	328,942
Finance income						7,644
Finance costs						(26,593)
Profit before income taxes						309,993
Others:						
Depreciation and amortization	(76,955)	(45,304)	(17,529)	(139,790)	(6,838)	(146,628)
Share of the profit and loss on investments accounted for using the equity method	139	13,421	2,614	16,174	(141)	16,033
Capital expenditure	128,288	78,082	22,721	229,092	2,899	231,992

(Note 1) Segment profit agrees with operating income presented in the consolidated statement of profit or loss.

(Note 2) "Reconciliations" to segment profit or loss represent overhead costs incurred by the Company to manage the Group's operations and are not allocated to the reportable segments.

(4) Information about products and services

Please refer to (1) overview of reportable segments.

(5) Information about geographical areas

Geographical areas other than Japan are comprised of the following countries.

Americas	United States of America and others
Europe	France, UK, Spain, and others
Asia and Oceania	Vietnam, Thailand, Australia, and others

Revenue (including liquor tax) from external customers was as follows:

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Year ended December 31, 2023	1,653,088	591,551	465,295	575,176	3,285,110
Year ended December 31, 2024	1,707,813	599,219	493,522	617,393	3,417,949

Revenue (including liquor tax) is allocated into countries or areas based on the customer's domicile for the analysis above.

Revenue (excluding liquor tax) from external customers was as follows:

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Year ended December 31, 2023	1,429,721	521,925	439,809	560,639	2,952,095
Year ended December 31, 2024	1,479,663	531,614	466,784	601,662	3,079,726

Revenue (excluding liquor tax) is allocated into countries or areas based on the customer's domicile for the analysis above.

Non-current assets were as follows:

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
December 31, 2023	617,457	2,189,704	787,451	217,834	3,812,447
December 31, 2024	645,671	2,434,329	848,855	289,606	4,218,463

Non-current assets (property, plant and equipment, right-of-use assets, intangible assets, and goodwill) are allocated based on their domicile for the above analysis.

(6) Information about major customers

There has been no single external customer revenue (excluding liquor tax) which represented 10% or more to the Group's revenue.

7. Acquisition and sale of businesses and purchase of non-controlling interests

Year ended December 31, 2023

There was no material transaction to disclose for the year ended December 31, 2023

Year ended December 31, 2024

(Acquisition of Shares in a Supplement and Skincare Business in Thailand)

Our subsidiary, Suntory Wellness Ltd., in other business has acquired shares in the NBD Healthcare Co., Ltd., a company incorporated in Thailand from Lakeshore Capital Group and the company's founder, effective on March 1, 2024. This acquisition aims to strengthen our business foundation in Southeast Asia. Following the acquisition, our voting rights ratio is 100%, and the total amount of consideration paid is 22,928 million yen (158 million USD) in cash.

The breakdown of acquired assets and assumed liabilities as of the business combination date is as follows:

	Fair Value
	Millions of yen
Assets	
Cash and cash equivalents	620
Trade and other receivables	1,151
Inventories	1,622
Other current assets	121
Total current assets	3,514
Property, plant, and equipment	3,366
Intangible assets	11,044
Other non-current assets	441
Total non-current assets	14,852
Total assets	18,366
Liabilities	
Trade and other payables	1,250
Other current liabilities	732
Total current liabilities	1,982
Total non-current liabilities	2,674
Total liabilities	4,656
Total identifiable net assets	13,710

A provisional accounting treatment was applied to the acquired assets and assumed liabilities until the interim consolidated accounting period, but the allocation of the acquisition price has been completed in this fiscal year. The main changes are an increase of 848 million yen in property, plant, and equipment, an increase of 11,032 million yen in intangible assets, an increase of 2,376 million yen in non-current liabilities, and a decrease of 9,504 million yen in goodwill.

The goodwill arising from this transaction is 9,499 million yen, generated from expected excess profitability due to future business expansion.

The non-controlling interest amount is 305 million yen, measured based on the fair value of the identifiable net assets of the acquired company.

Cash Flow Analysis Related to Share Acquisition

	Amount
	Millions of yen
Cash and cash equivalents paid	22,928
Cash and cash equivalents held by the acquired company	(620)
Expenditure due to acquisition of subsidiary	22,308

The transaction was translated using the exchange rate at the transaction date.

The acquisition-related costs for this business combination, amounting to 728 million yen, are recorded under "Other expenses." Of this, 586 million yen was accounted for in the current consolidated fiscal year, and 142 million yen was recorded in the prior fiscal year. Revenue (including liquor taxes) of the acquired company, recognized in the consolidated statement of profit or loss after the acquisition date, amounted to 6,355 million yen, and profit for this year was 662 million yen.

Assuming the business combination had occurred at the beginning of the fiscal year, the Group's consolidated revenue (including liquor taxes) for the fiscal year would have been 3,419,143 million yen, and the profit for this year would have been 238,446 million yen. However, these figures do not represent the actual performance of the business and are unaudited.

(Transfer of Cognac Manufacturing and Sales Business)

Our subsidiary, Suntory Global Spirits Inc., completed the transfer of all shares of the subsidiary engaged in the cognac manufacturing and sales business to Davide Campari-Milano N.V. on April 30, 2024.

The cash amount of consideration received for this share transfer was 184,821 million yen (1.18 billion USD), and a gain on sale of 24,928 million yen, after deducting related expenses, was recorded under "Other income" for the year ended December 31, 2024.

The assets and liabilities at the time control was lost over the company, which ceased to be a subsidiary due to the share transfer, are as follows:

Assets and Liabilities at the Time of Loss of Control	Amount
	Millions of yen
Assets	
Current assets	81,008
Non-current assets	92,390
Total assets	173,398
Liabilities	
Current liabilities	6,962
Non-current liabilities	11,325
Total liabilities	18,287
 Cash flow analysis of sale of shares	 Amount
	Millions of yen
Amount of consideration received by cash	184,821
Cash and cash equivalents at time of loss of control	(1,080)
Proceeds from sale of subsidiaries	183,740

The transaction was translated using the exchange rate at the transaction date.

8. Cash and cash equivalents

The balance of cash and cash equivalents in the consolidated statements of financial position as at the end of the previous year and the current year are consistent with the amounts of cash and cash equivalents in the consolidated statements of cash flows.

9. Trade and other receivables

Trade and other receivables were as follows:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Trade receivables	555,675	589,158
Other	45,851	50,363
Loss allowance	(2,168)	(2,169)
Total	599,357	637,351

10. Other financial assets

(1) Other financial assets

Other financial assets were as follows:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Financial assets at amortized cost		
Guarantee deposits	18,353	18,525
Other	10,532	10,445
Loss allowance	(207)	(248)
Financial assets designated as hedging instruments		
Derivative assets	35,350	5,996
Financial assets at FVTPL		
Derivative assets	518	894
Other	10,517	13,413
Financial assets carried at FVTOCI		
Equity instruments (shares)	158,705	161,052
Other	37	31
Total	233,808	210,111
Current assets	44,663	15,431
Non-current assets	189,145	194,679
Total	233,808	210,111

Equity instruments (shares) are held for the purpose of maintaining or strengthening business relations with customers. Such investments are designated as financial assets measured at FVTOCI.

(2) Fair values of major financial assets

Fair values of major equity instruments (shares) designated as financial assets measured at FVTOCI were as follows:

(Millions of yen)

Type	December 31, 2023	December 31, 2024
Listed shares	63,695	72,454
Unlisted shares	95,010	88,598

Fair values of major equity instruments (shares) were as follows:

(Millions of yen)

Shares	December 31, 2023	December 31, 2024
Palace Hotel Co., Ltd.	9,048	14,910
Hankyu Hanshin Holdings, Inc.	3,567	3,271
TOHO Co., Ltd.	2,434	3,141
Mitsubishi UFJ Financial Group, Inc.	1,969	3,000
Toyo Seikan Group Holdings, Ltd.	2,815	2,962
Sumitomo Mitsui Financial Group, Inc.	1,565	2,568
Konoike Transport Co., Ltd.	1,365	2,163
Wacoal Holdings Corp.	809	1,305
Tokyo Kaikan Co., Ltd.	1,139	1,205

Please see "Note 36. Financial instruments (4) Fair value of financial instruments" for the fair value measurement methods for unlisted shares and unobservable inputs for measurement.

(3) Financial assets measured at fair value through other comprehensive income derecognized during the year

Certain items designated as financial assets measured at fair value through other comprehensive income have been disposed of during the year as part of the Group's capital strategy. Fair value and cumulative gains recognized in other comprehensive income in other components of equity at the time of disposal were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Fair value	848	336
Cumulative gains	124	179

The cumulative gains or losses recognized in other comprehensive income in other components of equity are reclassified to retained earnings when the associated financial asset is sold, or a significant deterioration in fair value is recognized. The cumulative gains or losses (net of tax) reclassified to retained earnings during the years ended December 31, 2023 and 2024 are ¥97 million losses and ¥1,286 million profits, respectively.

11. Inventories

Inventories were as follows:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Merchandise and finished goods	590,467	659,968
Work in progress	23,796	26,159
Raw materials	65,160	62,120
Consumables	12,079	14,065
Total	691,503	762,313

Merchandise and finished goods included ¥483,620 million (¥419,753 million as at December 31, 2023) of whiskey and other spirit products, which are expected to be utilized or sold after more than 12 months.

Inventories recognized as an expense, write-downs of inventories to net realizable value, and the reversal of such write-downs during the years ended December 31, 2023 and 2024 were as follows:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Inventories recognized as an expense	1,398,452	1,456,767
Write-down of inventories to net realizable value	1,568	2,606

12. Other assets

Other assets were as follows:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Prepaid expenses	28,918	31,465
Consumption taxes receivable	16,659	14,963
Others	70,183	69,678
Total	115,761	116,108
Current assets	69,086	66,309
Non-current assets	46,674	49,798
Total	115,761	116,108

13. Assets held for sale

Assets held for sale and liabilities directly associated with assets held for sale were as follows:

		(Millions of yen)
	December 31, 2023	December 31, 2024
Assets held for sale		
Inventories	68,754	-
Property, plant and equipment	14,394	1,842
Goodwill	41,142	-
Intangible assets	34,627	-
Other	7,013	-
Total	165,930	1,842
Liabilities directly associated with assets held for sale		
Trade and other payables	10,491	-
Deferred tax liabilities	10,088	-
Other	4,237	-
Total	24,816	-

There was no material assets held for sale as at December 31, 2024.

The assets and liabilities classified as held for sale at the end of the prior fiscal year consisted of the following two items.

In the Beverages and foods segment, the assets and liabilities classified as held for sale are mainly due to the signing of share purchase agreements to transfer shares of subsidiaries and associates which operate non-alcoholic beverages in Indonesia.

The sales of the shares of subsidiaries were completed on March 31, 2024, and that of an associate was completed on June 25, 2024, to PT Garudafood Putra Putri Jaya Tbk.

In the alcoholic beverages segment, the assets and liabilities classified as held for sale are due to the signing of an exclusive agreement for the transfer of shares of subsidiaries and associates which manufacture and sale cognac. The transfer was completed on April 30, 2024.

14. Property, plant and equipment

(1) Movement

Property, plant and equipment were as follows:

Carrying amount

(Millions of yen)

	Land, buildings and structures	Machinery and equipment	Assets under construction	Other	Total
Balance at January 1, 2023	349,526	423,488	42,944	9,654	825,613
Additions	12,259	51,715	100,940	1,618	166,533
Acquisition through business combination	106	10	-	-	117
Depreciation	(18,728)	(68,088)	-	(2,617)	(89,434)
Impairment losses	(321)	(657)	(4)	(18)	(1,001)
Reversal of impairment losses	-	86	-	53	139
Disposals	(552)	(7,226)	(108)	(399)	(8,287)
Reclassifications to assets held for sale	(7,409)	(4,679)	(2,304)	-	(14,394)
Reclassifications	17,531	41,122	(61,366)	2,711	(1)
Exchange differences	14,764	22,829	4,065	797	42,457
Other	(871)	1,039	976	(82)	1,061
Balance at December 31, 2023	366,303	459,640	85,141	11,719	922,804
Additions	8,355	47,689	123,663	480	180,188
Acquisition through business combination	3,130	647	-	-	3,778
Depreciation	(20,692)	(67,586)	-	(2,780)	(91,060)
Impairment losses	(580)	(453)	(91)	-	(1,125)
Reversal of impairment losses	0	3	12	0	17
Disposals	(850)	(8,906)	(674)	(212)	(10,643)
Reclassifications	51,222	85,248	(141,768)	4,476	(821)
Exchange differences	17,709	23,944	4,875	895	47,424
Other	(112)	(8,394)	691	(349)	(8,164)
Balance at December 31, 2024	424,485	531,832	71,849	14,230	1,042,397

Depreciation costs are included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Cost

(Millions of yen)

	Land, buildings and structures	Machinery and equipment	Assets under construction	Other	Total
January 1, 2023	629,858	1,176,760	43,016	29,657	1,879,293
December 31, 2023	663,185	1,252,180	85,188	33,895	2,034,450
December 31, 2024	749,294	1,400,951	71,955	38,572	2,260,773

Accumulated depreciation and impairment losses

(Millions of yen)

	Land, buildings and structures	Machinery and equipment	Assets under construction	Other	Total
January 1, 2023	280,331	753,272	72	20,003	1,053,679
December 31, 2023	296,881	792,540	47	22,176	1,111,645
December 31, 2024	324,808	869,118	106	24,342	1,218,376

(2) Impairment

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are included in other expenses in the consolidated statement of profit or loss.

Impairment losses by reportable segment of the Group are as follows:

		(Millions of yen)	
		December 31, 2023	December 31, 2024
Beverages and foods		(692)	(514)
Alcoholic beverages		(11)	(28)
Others		(297)	(582)
Total		(1,001)	(1,125)

Impairment losses recognized for the years ended December 31, 2023 and 2024 represent the amounts the Group reduced the carrying amount of assets to their recoverable amounts primarily due to the decision to dispose those assets. The recoverable amount is primarily calculated as fair value less costs of disposal. Fair value less costs of disposal is based on disposal prices or nil if it is unable to be disposed of. The fair value hierarchy is Level 3.

15. Goodwill and intangible assets

Goodwill and intangible assets were as follows:

Carrying amount

(Millions of yen)

	Goodwill	Intangible assets		
		Trademarks	Other	Total
Balance at January 1, 2023	1,015,862	1,492,682	135,549	1,628,232
Additions	-	1	14,716	14,718
Amortization	-	(8,334)	(11,982)	(20,316)
Impairment loss	-	-	(0)	(0)
Disposals	-	-	(440)	(440)
Reclassified as assets held for sale	(41,142)	(34,553)	(73)	(34,627)
Exchange differences	65,335	134,189	7,480	141,670
Other	618	(0)	453	452
Balance at December 31, 2023	1,040,674	1,583,985	145,702	1,729,688
Additions	-	-	16,746	16,746
Acquisition through business combination	11,001	3,305	7,865	11,171
Amortization	-	(9,021)	(13,988)	(23,010)
Impairment loss	-	-	(71)	(71)
Disposals	-	-	(135)	(135)
Exchange differences	95,814	153,745	11,610	165,356
Other	-	-	1,262	1,262
Balance at December 31, 2024	1,147,490	1,732,014	168,993	1,901,007

Amortization costs are included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss. Expenditures for research and development activities recognized as expenses were ¥29,778 million and ¥32,667 million during the years ended December 31, 2023 and 2024, respectively, which were included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss. There were no significant internally generated intangible assets recorded at each year end.

Cost

(Millions of yen)

	Goodwill	Intangible assets		
		Trademarks	Other	Total
January 1, 2023	1,226,462	1,600,233	248,601	1,848,834
December 31, 2023	1,266,318	1,708,646	256,556	1,965,203
December 31, 2024	1,378,577	1,870,642	294,837	2,165,479

Accumulated amortization and impairment losses

(Millions of yen)

	Goodwill	Intangible assets		
		Trademarks	Other	Total
January 1, 2023	210,599	107,551	113,051	220,602
December 31, 2023	225,644	124,661	110,853	235,515
December 31, 2024	231,087	138,627	125,844	264,472

The breakdown of goodwill was as follow:

	(Millions of yen)	
Reportable segments	December 31, 2023	December 31, 2024
Beverages and foods	278,231	285,225
(Details)		
Japan business	130,680	130,680
Orangina Schweppes Group	104,902	110,110
Alcoholic beverages	761,640	850,943
(Details)		
Spirits business	761,640	849,441
Other	802	11,322
Total	1,040,674	1,147,490

Goodwill for the "Beverages and foods" segment mainly consists of that recognized through the acquisition of Orangina Schweppes Holding B.V. and Japan Beverage Holdings Inc. Goodwill for the "Alcoholic beverages" segment mainly consists of that recognized through the acquisition of Beam Inc. (currently Suntory Global Spirits Inc.).

The recoverable amount is calculated as the discounted future cash flows estimated based on the business plans for one to three years which have been approved by management and uncertainties in the periods beyond the term of the business plan and discount rates determined with reference to the pre-tax weighted-average cost of capital ("WACC") of the cash-generating units or cash-generating groups. The pre-tax weighted-average cost of capital ("WACC") used is as follows:

Beverages and foods segment

Japan Business: 6.3% (5.9% for the year ended December 31, 2023)

Orangina Schweppes Group: 8.3% (9.3% for the year ended December 31, 2023)

Alcoholic beverages segment

Spirits Business: 8.1% (7.5% for the year ended December 31, 2023)

The future cash flows are calculated considering assumptions based on external information, such as the growth rate of market and effect of cost increases including raw materials, as well as estimates of the effect of each brand's strategy, the growth rate, and others. The growth rate used are as follows:

Beverages and foods segment

Japan Business: 0.7% (1.5% for the year ended December 31, 2023)

Orangina Schweppes Group: 2.2% (2.1% for the year ended December 31, 2023)

Alcoholic beverages segment

Spirits Business: 3.0% (3.0% for the year ended December 31, 2023)

The recoverable amount of the cash-generating units or groups of cash-generating units sufficiently exceeds the carrying amount for the current year. The Group assessed that the recoverable amount would continue to exceed the carrying amount even if the discount and growth rates fluctuate at a reasonably assumable level.

The breakdown of intangible assets with indefinite useful lives was as follows:

(Millions of yen)

Reportable segments	December 31, 2023	December 31, 2024
Beverages and foods	437,629	473,935
(Details)		
(Trademarks) Lucozade and Ribena	186,317	205,229
(Trademarks) Schweppes	94,334	99,017
Alcoholic beverages	1,148,993	1,268,828
(Details)		
(Trademarks) Jim Beam	375,041	418,275
(Trademarks) Maker's Mark	370,956	413,719
Other	-	-
Total	1,586,622	1,742,763

Intangible assets with indefinite useful lives for the "Beverages and foods" segment mainly consist of those recognized through the acquisition of Lucozade Ribena Suntory Limited and Orangina Schweppes Holding B.V. Intangible assets with indefinite useful lives for the "Alcoholic beverages" segment mainly consist of those recognized through the acquisition of Beam Inc. (currently Suntory Global Spirits Inc.).

It has been deemed appropriate to treat those assets as having indefinite lives for as long as the business is a going concern. Thus, they are not amortized.

The recoverable amount is calculated as the discounted future cash flows which are estimated based on the business plans for one to three years, which have been approved by management and uncertainties in the periods beyond the term of the business plan and discount rates determined with reference to the pre-tax ("WACC") of the cash-generating units or cash-generating groups. The pre-tax weighted average cost of capital ("WACC") used is as follows:

Beverages and foods segment

Lucozade and Ribena: 8.3% (9.1% for the year ended December 31, 2023)

Schweppes: 7.5% (8.7% for the year ended December 31, 2023)

Alcoholic beverages segment

Jim Beam: 8.1% (7.5% for the year ended December 31, 2023)

Maker's Mark: 8.1% (7.5% for the year ended December 31, 2023)

The future cash flows are calculated considering assumptions based on external information, such as the growth rate of market and effect of cost increases including raw materials, as well as estimates of the effect of each brand's strategy, the growth rate, and others. The growth rate used are as follows:

Beverages and foods segment

Lucozade and Ribena: 2.3% (2.3% for the year ended December 31, 2023)

Schweppes: 1.8% (1.8% for the year ended December 31, 2023)

Alcoholic beverages segment

Jim Beam: 3.0% (3.0% for the year ended December 31, 2023)

Maker's Mark: 3.0% (3.0% for the year ended December 31, 2023)

The recoverable amount of intangible assets with indefinite useful lives sufficiently exceeds the carrying amount of all of the cash-generating units or cash-generating groups for the current year. The Group assesses that the recoverable amount would exceed the carrying amount even though the discount rate and the growth rate may fluctuate at a reasonably assumable level.

Impairments tests are performed on a regular basis. No significant impairment loss for goodwill and intangible assets were recognized during the year ended December 31, 2023, and impairment losses of ¥71 million for goodwill and intangible assets were recognized during the year ended December 31, 2024 in Beverages and foods segment,

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are included in other expenses in the consolidated statement of profit and loss.

Due to the Group's decision to dispose of certain goodwill and intangible assets, impairment losses were recognized for the years

ended December 31, 2023 and 2024, reflecting the reduction of carrying amounts of assets to their recoverable amounts. The recoverable amounts are primarily calculated as fair value less costs of disposal. Fair value less costs of disposal is based on disposal prices or nil if disposal is not possible. These assets are classified as Level 3 in the fair value hierarchy.

16. Investments accounted for using the equity method

Total investments (as a result of the Group applying equity method) in associates and joint ventures were as follows. There were no individually material associates and joint ventures.

		(Millions of yen)	
		December 31, 2023	December 31, 2024
Carrying amount			
Associates		50,718	64,374
Joint ventures		16,697	17,818
Total		67,416	82,193

Comprehensive income for the year from associates and joint ventures accounted for using the equity method were as follows:

		(Millions of yen)	
		December 31, 2023	December 31, 2024
Profit for the year			
Associates		15,616	12,902
Joint ventures		3,080	3,130
Total		18,697	16,033
Other comprehensive income			
Associates		3,221	4,716
Joint ventures		1,357	687
Total		4,578	5,403
Comprehensive income for the year			
Associates		18,837	17,618
Joint ventures		4,437	3,817
Total		23,275	21,436

17. Income taxes

(1) Deferred tax assets and deferred tax liabilities

Balances and movements of deferred tax assets and deferred tax liabilities by nature were as follows:

Year ended December 31, 2023

	(Millions of yen)				
	January 1, 2023	Recognized in profit or loss	Recognized in OCI	Other (Note)	December 31, 2023
Deferred tax assets					
Tax loss carryforwards	19,377	8,302	-	2,329	30,009
Post-employment benefit liabilities	10,014	(192)	685	986	11,494
Inventories	6,803	538	-	92	7,434
Accrued expenses	17,526	2,202	-	388	20,117
Translation differences on foreign operations	17,305	-	231	-	17,537
Lease liabilities	25,395	(1,117)	-	581	24,859
Other	41,110	3,037	(928)	297	43,517
Total	137,533	12,770	(10)	4,676	154,970
Deferred tax liabilities					
Intangible assets	(356,030)	(314)	-	(21,935)	(378,280)
Temporary differences associated with investments in subsidiaries	(10,706)	(86)	-	(722)	(11,515)
Property, plant and equipment	(30,772)	(184)	-	(446)	(31,402)
Changes in the fair value of financial assets	(15,114)	-	(4,251)	-	(19,366)
Right-of-use assets	(24,213)	993	-	(458)	(23,678)
Other	(29,671)	(1,546)	861	(1,213)	(31,571)
Total	(466,510)	(1,138)	(3,390)	(24,777)	(495,815)

(Note) "Other" in the schedule above primarily comprise foreign exchange movement and reclassifications to assets held for sale and liabilities directly associated with assets held for sale.

Year ended December 31, 2024

(Millions of yen)

	January 1, 2024	Recognized in profit or loss	Recognized in OCI	Other (Note)	December 31, 2024
Deferred tax assets					
Tax loss carryforwards	30,009	5,810	-	891	36,711
Post-employment benefit liabilities	11,494	455	288	461	12,699
Inventories	7,434	(671)	-	42	6,804
Accrued expenses	20,117	4,383	-	731	25,232
Translation differences on foreign operations	17,537	-	230	-	17,767
Lease liabilities	24,859	3,946	-	157	28,963
Other	43,517	(6,098)	(574)	2,520	39,364
Total	154,970	7,825	(55)	4,804	167,544
Deferred tax liabilities					
Intangible assets	(378,280)	11,149	-	(37,386)	(404,517)
Temporary differences associated with investments in subsidiaries	(11,515)	(784)	-	(1,350)	(13,650)
Property, plant and equipment	(31,402)	938	-	(1,925)	(32,389)
Changes in the fair value of financial assets	(19,366)	-	(2,834)	52	(22,148)
Right-of-use assets	(23,678)	(3,314)	-	(78)	(27,071)
Other	(31,571)	(8,739)	(1,497)	(728)	(42,537)
Total	(495,815)	(750)	(4,332)	(41,417)	(542,315)

(Note) "Other" in the schedule above primarily comprise foreign exchange movement.

Unused tax losses, unused tax credits and deductible temporary differences for which no deferred tax asset is recognized were as follows. The amounts below are presented on their tax base.

(Millions of yen)

	December 31, 2023	December 31, 2024
Tax loss carryforwards	18,384	23,762
Unused tax credits	10,122	10,832
Deductible temporary differences	66,733	72,996
Total	95,240	107,591

Expiration schedule of tax loss carryforwards for which no deferred tax asset is recognized were as follows:

(Millions of yen)

Unused tax losses (tax basis)	December 31, 2023	December 31, 2024
Expires within 1 year	313	4,074
Expires between 1 and 2 years	3,373	173
Expires between 2 and 3 years	318	531
Expires between 3 and 4 years	655	920
Expire after 4 years	13,723	18,061
Total	18,384	23,762

Expiration schedule of deferred tax credits carryforwards for which no deferred tax asset is recognized were as follows:

(Millions of yen)

Deferred tax credits	December 31, 2023	December 31, 2024
Expires within 1 year	21	4,494
Expires between 1 and 2 years	3,913	4,754
Expires between 2 and 3 years	4,270	157
Expires between 3 and 4 years	249	34
Expire after 4 years	1,667	1,392
Total	10,122	10,832

Taxable temporary differences (tax basis) associated with investments in subsidiaries for which deferred tax liabilities are not recognized as at December 31, 2023 and 2024 were ¥188,908 million and ¥293,518 million, respectively. Deferred tax liabilities were not recognized since the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

(2) Income tax expenses

Income tax expenses were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Current tax expense	80,937	78,771
Deferred tax expense	(11,632)	(7,074)
Total	69,305	71,697

The effective statutory tax rate and the average effective tax rate were reconciled as follows:

	December 31, 2023	December 31, 2024
	(%)	(%)
Effective statutory tax rate	30.6	30.6
Tax effect on accumulated earnings	0.2	1.2
Accumulated earnings taxes	1.7	2.9
Return of capital from subsidiaries	(0.2)	(9.0)
Differences in overseas tax rates	(4.7)	(2.6)
Share of the profit and loss on investments accounted for using the equity method	(1.9)	(1.6)
Other	(2.4)	1.6
Average effective tax rate	23.3	23.1

Income tax, inhabitant tax and business tax are the main components of income tax expenses imposed on the Group, and the effective statutory tax rate based on those taxes was 30.6% for the year ended December 31, 2024 (30.6% for the year ended December 31, 2023). Foreign subsidiaries are subject to income tax expenses in the tax jurisdiction in which they are located.

(Change in presentation)

"Tax effect on accumulated earnings", "Accumulated earnings taxes" and "Return of capital from subsidiaries" which were included in "Other" for the year ended December 31, 2023, have become quantitatively significant. Therefore, those account balances were separately presented for the year ended December 31, 2024. In order to reflect this change in presentation, Notes to the consolidated financial statements for the year ended December 31, 2023, were reclassified.

As a result of this change in presentation, "Other" of (0.7) % in the consolidated financial statements for the year ended December 31, 2023 were reclassified to and presented as "Tax effect on accumulated earnings" by 0.2%, "Accumulated earnings taxes" by 1.7%, "Return of capital from subsidiaries" by (0.2) % and "Other" by (2.4)%.

18. Bonds and borrowings

(1) Bonds and borrowings

Bonds and borrowings were as follows:

	December 31, 2023	December 31, 2024	Average interest rate	Maturity date
	(Millions of yen)		(%)	
Short-term borrowings	40,965	39,953	5.39	—
Current portion of long-term borrowings	299,867	90,947	0.32	—
Current portion of bonds	105,806	19,990	0.18	—
Long-term borrowings	586,511	573,665	0.57	2026 - 2084
Bonds	314,649	351,069	2.46	2026 - 2083
Total	1,347,800	1,075,625		
Current liabilities	446,639	150,890		
Non-current liabilities	901,161	924,735		
Total	1,347,800	1,075,625		

Bonds and borrowings are classified as financial liabilities measured at amortized cost.

The average interest rate is calculated as the weighted-average interest rate as at the end of the reporting period.

(Note 2) The summary of the terms of bonds was as follows:

Issuer	Type	Issue date	December 31, 2023	December 31, 2024	Interest rate	Collateral	Maturity date
Suntory Holdings Limited	Publicly offered corporate bonds	June 2, 2016 - November 24, 2023	(Millions of yen) 174,505	(Millions of yen) 174,614 (19,990)	(%) 0.18 ~ 0.80	None	June 5, 2025 - May 24, 2033
Suntory Holdings Limited	U.S. dollar bonds	October 16, 2019	70,822 [500,000 thousand U.S. dollars] (70,822)	-	2.25	None	October 15, 2024
Suntory Holdings Limited	U.S. dollar bonds	June 11, 2024	-	78,438 [500,000 thousand U.S. dollars]	5.12	None	June 10, 2029
Suntory Holdings Limited	Interest deferrable and early redeemable subordinated bonds	August 2, 2019	27,977	-	0.39	None	August 2, 2079
Suntory Holdings Limited	Interest deferrable and early redeemable subordinated bonds	December 28, 2021	41,835	41,887	0.50	None	December 26, 2081
Suntory Holdings Limited	Interest deferrable and early redeemable subordinated bonds	March 22, 2023	19,487	19,512	1.17	None	March 22, 2083
Suntory Beverage & Food Limited	Publicly offered corporate bonds	June 26, 2014 - July 8, 2021	34,983 (34,983)	- -	0.00 ~ 0.70	None	June 26, 2024 - July 8, 2024
Suntory Global Spirits Inc.	Publicly offered corporate U.S. dollar bonds	June 30, 1998 - January 15, 2006	50,843 [358,483 thousand U.S. dollars]	56,401 [356,567 thousand U.S. dollars]	5.88 ~ 6.63	None	July 15, 2028 - January 15, 2036
Other corporate bonds	-	-	-	204	-	None	-
Total	-	-	420,456 (105,806)	371,059 (19,990)	-	-	-

Amounts enclosed in () in the table above represent current portion of long-term bonds.

(2) Assets pledged as collateral

Assets pledged as collateral for corporate bonds and loans are as follows.

(Millions of yen)

	December 31, 2023	December 31, 2024
Property, plant and equipment	-	2,376

Corresponding liabilities are as follows.

(Millions of yen)

	December 31, 2023	December 31, 2024
Bonds and borrowings	-	94

Assets pledged as collateral for loans, etc., of the Company's investees from financial institutions were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Other financial assets	320	320

19. Trade and other payables

Trade and other payables were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Trade payables	302,315	318,245
Accrued expenses	467,928	483,049
Total	770,244	801,295

20. Other financial liabilities

Other financial liabilities were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Financial liabilities measured at amortized cost		
Lease liabilities	119,933	131,067
Deposits received	97,836	98,403
Other	6,139	4,057
Financial liabilities designated as hedging instruments		
Derivative liabilities	5,729	5,200
Financial liabilities measured at FVTPL		
Derivative liabilities	1,611	547
Total	231,250	239,277
Current liabilities	92,485	89,779
Non-current liabilities	138,765	149,498
Total	231,250	239,277

21. Provisions

Changes of provisions were as follows:

	(Millions of yen)		
	Asset retirement obligations	Other	Total
Balance at January 1, 2023	8,175	12,729	20,905
Additional provisions recognized	275	2,999	3,274
Interest expense	36	-	36
Utilized during the period	(233)	(3,017)	(3,251)
Reversed during the period	(36)	(2,844)	(2,881)
Other	155	1,028	1,184
Balance at December 31, 2023	8,373	10,894	19,268
Additional provisions recognized	735	15,043	15,779
Interest expense	30	-	30
Utilized during the period	(84)	(9,228)	(9,312)
Reversed during the period	(28)	(3,524)	(3,553)
Other	936	908	1,844
Balance at December 31, 2024	9,961	14,093	24,055

Asset retirement obligations are provided for the obligation to restore a site to its original condition. Asset retirement obligations are measured as the estimated cost to be incurred in the future period based on historical experiences. These costs are generally expected to be disbursed after more than one year; however, such disbursement is affected by the execution of the Group's business plan in the future.

Other includes the provision primarily related to business integration and rationalization measures in overseas businesses.

Disbursement of such expense will be affected by the execution of the Group's business plan in the future.

Provisions are included in the consolidated statement of financial position in the following accounts:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Current liabilities	7,138	9,833
Non-current liabilities	12,129	14,222
Total	19,268	24,055

22. Other liabilities

Other liabilities were as follows:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Accrued liquor tax	61,847	66,348
Consumption taxes payable	23,940	21,964
Other	40,974	36,061
Total	126,762	124,374
Current liabilities	106,338	106,373
Non-current liabilities	20,424	18,000
Total	126,762	124,374

23. Leases

(As a lessee)

The Group leases land, buildings, vending machines, vehicles, and other assets as a lessee.

Profit or loss of leases is as follows.

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Depreciation of right-of-use assets		
Land, buildings and structures	25,129	26,161
Machinery and equipment	2,136	1,934
Others	3,163	3,899
Total	30,429	31,995
Variable lease payments not included in measurement of lease liabilities	2,657	2,036
Others (Note)	23,513	25,041

(Note) “Others” includes lease payments for short-term leases and leases of low-value assets.

Please refer to “Note 31. Finance income and costs” as for finance costs of lease liabilities.

Depreciation of right-of-use assets are included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

Carrying amount of right-of-use assets are as follows.

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Land, buildings and structures	107,303	114,224
Machinery and equipment	5,561	5,260
Others	6,415	8,082
Total	119,280	127,567

The amount of increase in right-of-use assets for the year ended December 31, 2024 is ¥35,109 million (¥33,011 million for the fiscal year ended December 31, 2023).

The total amount of lease cash outflow for the year ended December 31, 2024 is ¥76,602 million (¥62,248 million for the fiscal year ended December 31, 2023).

Please refer to “Note 36. Financial instruments (2) Risk management for financial instruments [2] Liquidity risk management” as for the maturity analysis of lease liabilities.

Some of the lease payments of real estate in which the Group is variable based on revenue amounts at stores in the contracts.

The rate variable based on revenue amounts differs at each store within certain range.

Some of the property leases (Mainly sales operations and warehouses) in which the Group is a lessee contain an extension option and a termination option. An extension option enables the Group to extend the lease term unless either of a lessor or the Group makes an objection. A termination option enables the Group to terminate a lease agreement by informing a lessor of the termination prior to the expiration date. These terms and conditions differ by lease agreement.

(As a lessor)

The Group leases buildings and other assets as a lessor.

The Group receives security deposits to collect certainly the assets restoration costs from lessee.

Maturity analysis of operating lease payments is as follows.

	Total	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	(Millions of yen) More than 5 years
December 31, 2023	2,626	555	418	398	380	183	690
December 31, 2024	3,633	626	605	485	464	255	1,196

24. Post-employment benefit plans

(1) Defined benefit plans

The Company and some of its subsidiaries established post-employment benefit plans, such as a defined benefit corporate pension plan and a lump-sum employment benefit plan. Certain subsidiaries also provide defined contribution pension plans. These plans are exposed to a variety of risks, such as general investment risk, interest rate risk, and inflation risk.

The defined benefit plans are administered by a separate fund that is legally isolated from the Group. The board of the pension fund and pension property management trust institutions are obliged by law to act in the interest of the members in the scheme and to manage the plan assets in accordance with designated management policies.

In April 2023, Suntory Beverage Solution Limited, a subsidiary of the Company, transferred part of the defined benefit corporate pension plans to the defined contribution pension plans due to the integration of defined benefit plans. As a result of the amendment of the plan, defined benefit liabilities and plan assets were decreased by ¥2,935 million and ¥3,147 million, respectively, in the year ended December 31, 2023, and the difference was recognized for the year as loss on the plan amendment. Loss on the plan amendment recognized in the consolidated statement of profit or loss for the year ended December 31, 2023, was ¥212 million, which was included in selling, general, and administrative expenses.

[1] Reconciliation of defined benefit obligations and plan assets

The liability recorded in the consolidated statement of financial position and with defined benefit obligations and plan assets were reconciled as follows:

	December 31, 2023	December 31, 2024
Present value of funded defined benefit obligations	157,028	151,590
Fair value of plan assets	(166,328)	(170,383)
	(9,299)	(18,793)
Present value of unfunded defined benefit obligation	35,881	36,260
Effect of asset ceiling	11,058	23,569
Net defined benefit liability	37,640	41,036
Balance in consolidated statement of financial position		
Post-employment benefit liabilities	40,370	42,889
Post-employment benefit assets	(2,729)	(1,852)
Net of liabilities and assets	37,640	41,036

[2] Reconciliation of the present value of the defined benefit obligations

Changes in the present value of the defined benefit obligations were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Balance at beginning of the year	191,048	192,910
Current service cost	7,358	6,531
Interest expense	4,561	4,897
Remeasurements:		
Actuarial gains and losses arising from changes in demographic assumptions	(198)	317
Actuarial gains and losses arising from changes in financial assumptions	(534)	(12,312)
Past service cost	33	641
Benefits paid	(9,923)	(10,619)
Plan amendment	(2,935)	-
Exchange differences	4,701	4,888
Other	(1,200)	598
Balance at end of the year	192,910	187,851

Remeasurements include adjustments due to actual results.

The weighted-average duration of the defined benefit obligation as at December 31, 2023 and 2024 was 13.8 years and 13.2 years, respectively.

[3] Reconciliation of the fair value of the plan assets

Changes in the fair value of plan assets were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Balance at beginning of the year	165,827	166,328
Interest income	4,008	4,020
Remeasurements:		
Return on plan assets (other than interest income)	2,221	1,003
Employer contributions	2,660	4,102
Employee contributions	1	-
Benefits paid	(8,135)	(8,041)
Plan amendment	(3,147)	-
Exchange differences	2,925	3,338
Other	(33)	(367)
Balance at end of the year	166,328	170,383

The contribution by the Group to defined benefit plans is expected to be ¥4,310 million in the next fiscal year.

[4] Breakdown of major items in plan assets

Fair value of plan assets was as follows:

(Millions of yen)

	December 31, 2023			December 31, 2024		
	Quoted market price	Unquoted market price	Total	Quoted market price	Unquoted market price	Total
Cash and cash equivalents	2,527	-	2,527	2,553	-	2,553
Equity instruments	-	24,814	24,814	-	28,809	28,809
Domestic	-	5,910	5,910	-	6,923	6,923
Overseas	-	18,903	18,903	-	21,886	21,886
Debt instruments	111	53,893	54,005	108	55,436	55,544
Domestic	-	8,456	8,456	-	10,447	10,447
Overseas	111	45,436	45,548	108	44,989	45,097
Life insurance-General accounts	-	21,672	21,672	-	21,819	21,819
Other	-	63,309	63,309	-	61,655	61,655
Total	2,638	163,689	166,328	2,661	167,722	170,383

Plan assets invested in joint investment trusts in trust banks are deemed plan assets that do not have a quoted market price in an active market. Life insurance-General accounts represent the pension assets managed by the general accounts of life insurance companies, which usually guarantee principal amounts and interest.

The Group's plan asset management policy aims to maintain sustainable earnings over the medium to long term in order to secure payment for future defined benefit liabilities, as prescribed by corporate rules. Assets are managed to maintain a predetermined return rate and asset composition, accepting a certain level of tolerable risk which is reviewed every year. Asset compositions are determined by category of investment assets. Investments in assets, which have a higher degree of correlation with fluctuations in the value of the defined benefit obligation, are considered when reviewing the asset compositions. The policy allows to adjust the weight of risk assets as a temporary solution by following corporate rules when unexpected situations occur in the market environment.

[5] Asset ceiling

Asset ceiling was as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Balance at beginning of the year	4,141	11,058
Remeasurement		
Changes in effect of asset ceiling	6,916	12,510
Balance at end of the year	11,058	23,569

[6] Significant actuarial assumptions

Significant actuarial assumptions were as follows:

	December 31, 2023	December 31, 2024
Discount rate	0.6%~9.3%	1.0%~10.9%

The sensitivity analysis below illustrates the impact on defined benefit obligations when key actuarial assumptions change. This analysis holds all other assumptions constant; however, in practice, changes in some other assumptions may affect this analysis.

(Millions of yen)

	Change in the rate	December 31, 2023	December 31, 2024
Discount rate	Increase by 0.5%	(11,568)	(10,085)
	Decrease by 0.5%	10,984	10,711

[7] Defined benefit cost

Defined benefit costs were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Current service cost	7,358	6,531
Interest expense	4,561	4,897
Interest income	(4,008)	(4,020)
Past service cost	33	641
Loss on plan amendment	212	-
Total	8,156	8,048

The Group's contribution to the plans for the years ended December 31, 2023 and 2024 were ¥22,968 million and ¥24,583 million, respectively, and those are not included in the defined benefit costs analyzed above.

(2) Employee benefit expenses

Employee benefit expenses for the years ended December 31, 2023 and 2024 were ¥453,592 million and ¥486,302 million, respectively. Employee benefits are primarily composed of salaries, bonuses, legal welfare costs, welfare expenses, and post-employment costs. They are included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

25. Equity and other components of equity

(1) Share capital

The number of shares authorized and shares issued were as follows:

	Shares authorized	Shares issued
	(Shares)	(Shares)
Balance at January 1, 2023	1,305,600,000	687,136,196
Increase (decrease)	-	-
Balance at December 31, 2023	1,305,600,000	687,136,196
Increase (decrease)	-	-
Balance at December 31, 2024	1,305,600,000	687,136,196

The Company only issues ordinary shares, and the issued shares are fully paid in.

(2) Share premium

Share premium is the remaining of the proceeds from issuance of equity instruments less the amount recognized as share capital. The Companies Act of Japan (the "Act") requires the Company to recognize one-half or more of the proceeds from issuing as share capital and the remaining amount as capital reserve, which is comprised of share premium. Equity transactions designated by IFRS 10, "Consolidated Financial Statements," as to charge to equity are recorded in share premium as well.

(3) Retained earnings

Retained earnings are the accumulated amount of profit attributable to owners of the Company up to the reporting period less dividends paid. The Group also reclassifies the cumulative gains or losses associated with equity financial instruments designated as measured at FVTOCI to retained earnings from other comprehensive income when equity instruments are derecognized or when there is a significant decline in fair value.

Under the Act, if the Company pays dividends of surplus, it shall record an amount equivalent to one-tenth of the amount of the deduction from surplus as a capital reserve or legal retained earnings reserve. This requirement continues until the balance of these reserves reaches one-fourth of the share capital. The legal retained earnings reserve can be utilized to make up for the loss carried forward and can be reversed without limitation by a resolution at the shareholders' meeting.

(4) Treasury shares

The number of treasury shares were as follows:

	Number of shares	Amounts
	(Shares)	(Millions of yen)
Balance at January 1, 2023	1,380,000	938
Increase (decrease)	-	-
Balance at December 31, 2023	1,380,000	938
Increase (decrease)	-	-
Balance at December 31, 2024	1,380,000	938

(5) Other components of equity

Other components of equity were as follows:

(Millions of yen)

	Other components of equity				
	Translation adjustments of foreign operations	Changes in the fair value of cash flow hedges	Changes in the fair value of financial assets	Remeasurement of defined benefit plans	Total
Balance at January 1, 2023	249,561	(2,550)	37,300	(1,850)	282,461
Other comprehensive income	210,899	1,134	9,052	(2,386)	218,699
Total comprehensive income for the period	210,899	1,134	9,052	(2,386)	218,699
Transfer from other components of equity to retained earnings	-	-	(29)	(68)	(97)
Total transactions with owners of the parent	-	-	(29)	(68)	(97)
Balance at December 31, 2023	460,461	(1,416)	46,323	(4,304)	501,063
Other comprehensive income	279,159	2,350	1,002	419	282,931
Total comprehensive income for the period	279,159	2,350	1,002	419	282,931
Transfer from other components of equity to retained earnings	-	-	1,286	-	1,286
Total transactions with owners of the parent	-	-	1,286	-	1,286
Balance at December 31, 2024	739,620	934	48,612	(3,885)	785,282

26. Dividends

Dividends paid were as follows:

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Year ended December 31, 2023				
Annual General Meeting of Shareholders held on March 23, 2023	8,914	13	December 31, 2022	March 24, 2023
Year ended December 31, 2024				
Annual General Meeting of Shareholders held on March 26, 2024	8,914	13	December 31, 2023	March 27, 2024

Dividends that will be effective in the following year of the record date were as follows:

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Year ended December 31, 2023				
Annual General Meeting of Shareholders held on March 26, 2024	8,914	13	December 31, 2023	March 27, 2024
Year ended December 31, 2024				
Annual General Meeting of Shareholders held on March 25, 2025	9,600	14	December 31, 2024	March 26, 2025

27. Revenue

Relation between disaggregated revenue and segment revenue

The subsidiaries of the Group in each region carry out its operation in conformity with the nature of local markets and consumers in the reportable segments, "Beverages and foods," "Alcoholic beverages," and "Other." Revenue of each reportable segment is disaggregated into the geographical areas, "Japan," "Americas," "Europe," and "Asia and Oceania," based on customer locations.

(1) Revenue including liquor tax from external customers

Year ended December 31, 2023

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Beverages and foods	702,481	172,871	339,274	369,639	1,584,267
Alcoholic beverages	718,954	412,005	126,020	120,699	1,377,680
Others	231,652	6,674	—	84,836	323,163
	1,653,088	591,551	465,295	575,176	3,285,110

Year ended December 31, 2024

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Beverages and foods	725,070	194,819	368,081	400,757	1,688,729
Alcoholic beverages	745,071	397,330	125,441	125,080	1,392,924
Others	237,671	7,069	—	91,555	336,295
	1,707,813	599,219	493,522	617,393	3,417,949

(2) Revenue excluding liquor tax from external customersYear ended December 31, 2023

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Beverages and foods	702,481	172,871	339,274	369,639	1,584,267
Alcoholic beverages	496,028	342,379	100,534	106,796	1,045,739
Others	231,211	6,674	—	84,203	322,089
	1,429,721	521,925	439,809	560,639	2,952,095

Year ended December 31, 2024

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Beverages and foods	725,070	194,819	368,081	400,757	1,688,729
Alcoholic beverages	517,390	329,726	98,703	109,923	1,055,743
Others	237,202	7,069	—	90,981	335,253
	1,479,663	531,614	466,784	601,662	3,079,726

The receivables incurred from contracts with customers are trade receivables included in trade and other receivables. There were no significant contract assets or liabilities. The liabilities incurred from contracts with customers, such as sales incentives, which the Group expects to pay in relation to the sales transactions recorded for the reporting period, are recognized as refund liabilities and included in trade and other payables.

The Group adopted the practical expedient of not disclosing its remaining performance obligations, as performance obligations are parts of contracts that have original expected durations of one year or less. In addition, there is no material consideration which is not included in the transaction prices based on the contracts with customers. Promised considerations include no significant financing component as the Group receives considerations within one year after the delivery of goods to the customers.

There has been no significant cost incurred to obtain or fulfil a contract with a customer during the years ended December 31, 2023 and 2024. The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less, as allowed as practical expedients.

28. Other income

Other income was as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Gain on sale of investments in subsidiaries and associates	4,838	24,999
Other	5,469	7,247
Total	10,307	32,246

29. Selling, general and administrative expenses

Selling, general and administrative expenses were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Advertising and sales promotion expenses	440,827	469,080
Employee benefits expenses	337,584	352,238
Depreciation and amortization	62,249	65,645
Other	178,032	193,850
Total	1,018,694	1,080,814

30. Other expenses

Other expenses were as follows:

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Loss on disposal of property, plant and equipment and intangible assets	3,815	3,420
Impairment losses	1,001	4,606
Restructuring charges	2,180	9,153
Other	4,433	6,038
Total	11,430	23,219

Restructuring charges were expenses mainly for professional advisory fees related to restructuring activities of business integration, reorganization and relocation carried out by subsidiaries.

Impairment losses for the year ended December 31, 2023 are related to property, plant and equipment. Impairment losses for the year ended December 31, 2024 are primarily related to right-of-use assets and investment property.

31. Finance income and costs

Finance income and costs were as follows:

	(Millions of yen)	
Finance income	December 31, 2023	December 31, 2024
Interest received		
From financial assets measured at amortized cost	4,969	4,683
Fair value gains		
From financial assets measured at FVTPL	26	940
Dividends received		
From financial assets measured at FVTOCI		
From financial liabilities derecognized during the year	4	2
From financial assets held at the end of the year	1,781	2,009
Other	2	8
Total	6,783	7,644

	(Millions of yen)	
Finance costs	December 31, 2023	December 31, 2024
Interest paid		
From financial liabilities measured at amortized cost	20,981	24,373
Fair value losses		
From financial assets and liabilities measured at FVTPL	914	62
Other	4,660	2,157
Total	26,555	26,593

Financial costs of lease liabilities were ¥1,557 million and ¥2,183 million for the years ended December 31, 2023 and 2024, respectively, are included in the interest paid from financial liabilities measured at amortized cost in the table above.

32. Other comprehensive income

Year ended December 31, 2023

(Millions of yen)

	Amount arising during the year	Reclassification	Before tax	Tax effects	Net of tax
Items that will not be reclassified to profit or loss:					
Changes in the fair value of financial assets and liabilities	13,096	-	13,096	(4,052)	9,044
Remeasurement of defined benefit plans	(3,961)	-	(3,961)	1,081	(2,879)
Changes in comprehensive income of investments accounted for using the equity method	13	-	13	-	13
Total	9,149	-	9,149	(2,970)	6,178
Items that may be reclassified to profit or loss:					
Translation adjustments of foreign operations	239,251	-	239,251	231	239,483
Changes in the fair value of cash flow hedges	9,918	(7,957)	1,961	(661)	1,299
Changes in comprehensive income of investments accounted for using the equity method	4,564	-	4,564	-	4,564
Total	253,734	(7,957)	245,777	(429)	245,347
Grand total	262,883	(7,957)	254,926	(3,400)	251,525

Year ended December 31, 2024

(Millions of yen)

	Amount arising during the year	Reclassification	Before tax	Tax effects	Net of tax
Items that will not be reclassified to profit or loss:					
Changes in the fair value of financial assets and liabilities	4,152	-	4,152	(2,906)	1,245
Remeasurement of defined benefit plans	487	-	487	(51)	436
Changes in comprehensive income of investments accounted for using the equity method	2	-	2	-	2
Total	4,642	-	4,642	(2,957)	1,684
Items that may be reclassified to profit or loss:					
Translation adjustments of foreign operations	305,019	(6,200)	298,819	230	299,049
Changes in the fair value of cash flow hedges	36,675	(32,175)	4,499	(1,660)	2,839
Changes in comprehensive income of investments accounted for using the equity method	5,401	-	5,401	-	5,401
Total	347,096	(38,375)	308,720	(1,430)	307,290
Grand total	351,738	(38,375)	313,362	(4,388)	308,974

33. Earnings per share

Earnings per share were calculated as follows. There were no dilutive shares.

	December 31, 2023	December 31, 2024
Profit for the year attributable to owners of the Company (Millions of yen)	172,707	176,158
Profit for the year not attributable to ordinary shareholders of the Company (Millions of yen)	-	-
Profit used in the calculation of basic earnings per share from continuing operations (Millions of yen)	172,707	176,158
Weighted-average number of ordinary shares (share)	685,756,196	685,756,196
Earnings per share (Yen)	251.85	256.88

34. Non-cash transactions

Please refer to “Note 23. Leases”.

35. Liabilities for financing activities

Liabilities for financing activities were as follows:

(Millions of yen)

	Balance at January 1, 2023	Cash flows	Non-cash movements				Other changes	Balance at December 31, 2023
			Foreign exchange adjustments	Fair value movement	Amortized cost movement	New finance leases etc.		
Bonds and borrowings	1,349,725	(9,193)	4,946	-	618	-	1,704	1,347,800
Derivatives	(26,598)	(5,622)	-	(6,548)	-	-	5,707	(33,062)
Lease liabilities	118,696	(34,519)	2,177	-	-	33,579	-	119,933

(Note 1) Cash flows from financing activities associated to bonds and borrowings and derivatives presented above reconciles with the net amount of increase in short-term borrowings and commercial papers, proceeds from long-term borrowings and bonds and repayment of long-term borrowings and bonds presented in the consolidated statement of cash flows.

(Note 2) "Other changes" presented above includes interest paid and received and reclassifications to liabilities directly associated with assets held for sale etc.

(Note 3) Derivatives are held for the purpose of hedging risks associated with bonds and borrowings.

(Millions of yen)

	Balance at January 1, 2024	Cash flows	Non-cash movements				Other changes	Balance at December 31, 2024
			Foreign exchange adjustments	Fair value movement	Amortized cost movement	New finance leases etc.		
Bonds and borrowings	1,347,800	(287,206)	15,193	-	(161)	-	-	1,075,625
Derivatives	(33,062)	36,997	-	(8,538)	-	-	4,603	-
Lease liabilities	119,933	(32,290)	1,808	-	-	41,616	-	131,067

(Note 1) Cash flows from financing activities associated to bonds and borrowings and derivatives presented above reconciles with the net amount of increase in short-term borrowings and commercial papers, proceeds from long-term borrowings and bonds and repayment of long-term borrowings and bonds presented in the consolidated statement of cash flows.

(Note 2) "Other changes" presented above includes interest paid etc.

(Note 3) Derivatives are held for the purpose of hedging risks associated with bonds and borrowings.

36. Financial instruments

(1) Capital management

The Group manages its capital with the goal of maintaining strong financial positions to achieve its sustainable growth. The key index the Company uses for its capital management is the net debt-to-equity ratio, paying particular attention to internal and external environment.

The net debt-to-equity ratio is determined as net debt (adjusted for hybrid bonds and subordinated loans) divided by total equity (adjusted for hybrid bonds and subordinated loans). The net debt (adjusted for hybrid bonds and subordinated loans) is determined as the balance of bonds and borrowings, adjusted the net valuation gain (loss) arising from derivative transactions under hedge accounting, extracted the cash and cash equivalents, and added lease liabilities and equity credit for hybrid bonds and subordinated loans. Total equity (adjusted for hybrid bonds and subordinated loans) is determined considering equity credit for hybrid bonds and subordinated loans.

The computation of the net debt-to-equity ratio for the Group is shown below.

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Interest-bearing liabilities	1,347,800	1,075,625
Net valuation loss arising from derivative transactions	(34,868)	-
Interest-bearing liabilities (adjusted)	1,312,932	1,075,625
Cash and cash equivalents	(318,623)	(254,772)
Lease liabilities	119,933	131,067
Adjustment for equity credit for hybrid bonds and subordinated loans	(199,000)	(170,000)
Interest-bearing liabilities (adjusted for hybrid bonds and subordinated loans)	915,241	781,920
Total equity	3,058,337	3,568,014
Adjustment for equity credit for hybrid bonds and subordinated loans	199,000	170,000
Total equity (adjusted for hybrid bonds and subordinated loans)	3,257,337	3,738,014
Net debt-to-equity ratio	0.28	0.21

Adjustment for equity credit for hybrid bonds and subordinated loans is the amount of hybrid bonds and subordinated loans multiplied by equity credit recognized by Japan Credit Rating Agency, Moody's Japan and S&P Global Ratings Japan. There has been no significant restriction on the Group's capital imposed by regulation authorities.

(2) Risk management for financial instruments

The Group is exposed to financial risks, e.g., risks of changes in credit, liquidity, foreign exchange rates, interest rates, and market prices in the course of its business activities. The Group performs risk management activities to mitigate such financial risks. The Group utilizes derivative transactions to avoid foreign exchange or interest rate fluctuation risks, and has a policy in place not to engage in speculative transactions.

[1] Credit risk management

Credit risk is the risk that a counterparty to financial assets held by the Group is unable to fulfil its contractual obligations, resulting in a financial loss for the Group. The Group is also exposed to credit risks from financial institutions. Financial institutions are counterparties with whom the Group enters into derivative transactions to hedge foreign exchange and interest rate fluctuation risks and with whom it deposits surplus capital. However, since the Group controls the impact from credit risks of such financial institutions by entering into transactions only with highly credible financial institutions, the impact on credit risks is immaterial. The Group sets credit lines for each business counterparty based on internal guidelines for credit management by business and country or region, focusing on management of overdue debtors and outstanding balances. The Group's receivables are due from many business counterparties which reside in a wide range of countries and regions. The Group does not have any excessively concentrated credit risk for a single counterparty or the group to which such a counterparty belongs.

A loss allowance is determined by classifying receivables based on credit risk characteristics. A loss allowance for trade receivables is always measured at an amount equal to the lifetime expected credit losses. A loss allowance for receivables other than trade receivables is principally measured at an amount equal to 12-month expected credit losses. However, if other receivables become overdue, a loss allowance for such receivables is recognized at an amount equal to the lifetime expected credit losses on the basis that the credit risk on such receivables has increased significantly since initial recognition. All receivables other than trade receivables, for which a loss allowance is measured at 12-month expected credit losses, are measured collectively. The amount of expected credit losses is calculated as follows.

Trade receivables

Trade receivables are classified by credit risk characteristics of customers based on the simplified approach. The lifetime expected credit losses for trade receivables are determined by multiplying their carrying amount by an allowance percentage that is based on historical credit loss experience determined for each classification adjusted for projected future economic conditions and other factors.

Receivables other than trade receivables

Unless the credit risk assessed on other receivables has not increased significantly since initial recognition, the 12-month expected credit losses for other receivables are determined based on the principle approach by multiplying carrying amount by an allowance percentage that is based on historical credit loss experience adjusted for projected future economic conditions and other factors.

For an asset or credit-impaired financial asset that is assessed to have significantly increased its credit risks since initial recognition, the lifetime expected credit losses for such an asset are determined as the difference between its carrying amount and the present value of its estimated future cash flows discounted using its original effective interest rate.

The carrying amounts of trade and other receivables subject to establishing loss allowances were as follows:

(Millions of yen)

Carrying amount	Financial assets measured at 12-month expected credit losses	Financial assets measured at lifetime expected credit losses	Financial assets applying the simplified approach
Balance at January 1, 2023	69,139	34	491,720
Balance at December 31, 2023	74,686	45	555,675
Balance at December 31, 2024	79,266	59	589,158

Financial assets measured at an amount equal to the lifetime expected credit losses are principally credit-impaired financial assets.

Credit risk rating

The credit risk ratings of financial assets measured at an amount equal to the lifetime expected credit losses are relatively low compared with those of financial assets measured at an amount equal to the 12-month expected credit losses. The credit risk ratings for financial assets to which the simplified approach is applied are equivalent to credit risk ratings of financial assets principally measured at an amount equal to 12-month expected credit losses. The credit risk ratings of financial assets classified in the same categories are relatively similar.

The collectability of trade and other receivables is determined based on the credit status of each business counterparty, and a loss allowance is recognized as needed. The following table shows increases (decreases) in loss allowances:

Loss allowance	(Millions of yen)		
	Allowance measured at 12-month expected credit losses	Allowance measured at lifetime expected credit losses	Allowance for financial assets applying the simplified approach
Balance at January 1, 2023	224	34	2,146
Increased (decreased) due to financial assets incurred or collected	(48)	57	243
Write off	-	(47)	(208)
Exchange differences	(13)	-	(13)
Balance at December 31, 2023	162	45	2,168
Increased (decreased) due to financial assets incurred or collected	23	9	134
Write off	-	4	(163)
Exchange differences	3	-	30
Balance at December 31, 2024	189	59	2,169

Effect of significant changes in the carrying amount of financial instruments in total during the period

There was no significant change in the carrying amount of financial instruments in total during the prior and current years that may affect changes in loss allowances.

Maximum exposures related to credit risks

The carrying amount of financial assets, net of loss allowance, presented in the consolidated financial statements represents the maximum exposure to credit risks of the Group's financial assets, without considering the valuation of collaterals obtained.

[2] Liquidity risk management

Liquidity risk is the risk that an entity is unable to make a payment by its due date in performing its repayment obligations for financial liabilities that become due.

The Group diversifies its means of financing to prevent or mitigate its liquidity risks, considering the market environment and balancing short-term and long-term financing, such as utilizing indirect financing through bank borrowings and direct financing through issuance of bonds and commercial papers. Temporary excess funds are invested in highly secure financial assets, such as short-term deposits.

The Group develops its financing plans based on its annual business plan and manages its liquidity risks by continuous monitoring of the actual performance of financing against the plan. Further, these credit lines are secured and are available at any time with credible financial institutions. Liquidity on hand, including these credit lines and interest-bearing liabilities, are periodically reviewed and reported to the Board of Directors of the Company.

The balances of financial liabilities (including derivative financial instruments) by payment due date were as follows.

Net receivables or payables from derivative transactions are presented at their net amount (negative amounts represent net receivables).

As at December 31, 2023

			(Millions of yen)					
	Carrying amount	Contractual amount	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative financial liabilities								
Trade and other payables	770,244	770,244	770,244	-	-	-	-	-
Borrowings	927,344	941,686	349,028	92,532	45,511	52,868	661	401,084
Bonds	420,456	452,964	111,993	24,306	24,266	46,969	64,038	181,389
Lease liabilities	119,933	127,592	31,232	23,923	16,817	13,100	9,940	32,578
Derivative financial liabilities								
Currency derivatives	(12,126)	(10,835)	(12,821)	1,612	373	-	-	-
Interest rate swaps	(16,203)	(17,100)	(17,471)	106	106	105	52	-
Commodity derivatives	(199)	(199)	(199)	-	-	-	-	-
Total	2,209,449	2,264,353	1,232,005	142,480	87,075	113,044	74,693	615,052

As at December 31, 2024

			(Millions of yen)					
	Carrying amount	Contractual amount	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative financial liabilities								
Trade and other payables	801,295	801,295	801,295	-	-	-	-	-
Borrowings	704,566	721,621	135,331	47,089	54,436	2,239	59,450	423,073
Bonds	371,059	413,608	31,455	28,382	51,022	68,093	82,868	151,785
Lease liabilities	131,067	142,614	31,058	25,067	18,788	15,702	12,367	39,630
Derivative financial liabilities								
Currency derivatives	(1,134)	1,015	909	105	-	-	-	-
Interest rate swaps	293	919	215	223	223	169	87	-
Commodity derivatives	(302)	(302)	(302)	-	-	-	-	-
Total	2,006,846	2,080,772	999,962	100,868	124,471	86,205	154,774	614,490

[3] Foreign currency risk management

The Group engages in business activities globally and is exposed to risks of changes in foreign exchange rates related to business activities contracted in foreign currencies, such as the purchase of raw materials and packing materials, trading transactions including import and export of goods, financing and investments.

The Group avoids or mitigates risks of changes in foreign exchange markets for cash flows denominated in non-functional currencies by utilizing foreign exchange contracts, currency options, and other instruments after considering netting effects of assets denominated in foreign currencies with liabilities or unrecognized firm commitments, as well as future forecasted transactions that can be determined reasonably. Accordingly, the Group assessed exposures to risks of changes in foreign exchange rates as insignificant and immaterial to the Group.

[4] Interest rate risk management

Floating rate borrowings are exposed to risks of changes in future cash flows, while fixed rate borrowings are exposed to risks of changes in their fair values. The Group is exposed to the risk of changes in the risk-free rate (i.e., SOFR). The exposure arises from non-derivative financial instruments (i.e., borrowings). To mitigate future interest rate risk, fix interest expenses and reduce changes in fair value, the Group uses interest-rate swaps, interest-rate currency swaps, and interest rate options (interest-rate caps and swaptions) as hedging instruments.

The exposures to interest rate risk of the Group were as follows:

The following amount excludes the amount of interest-rate risks being hedged by derivative transactions.

(Millions of yen)

	December 31, 2023	December 31, 2024
Floating rate bonds and borrowings	-	26

Interest rate sensitivity analysis

The Group's sensitivity to a one percent increase or decrease in interest rate against profit before tax presented in the consolidated statement of profit or loss for each reporting period is as follows. This analysis, however, is based on the assumption that all other variable factors (e.g., balances, foreign exchange rates) remain the same.

(Millions of yen)

	December 31, 2023	December 31, 2024
Profit before income taxes	-	0

[5] Management of market price fluctuation risks

The Group uses commodity swap transactions in order to mitigate fluctuation risks of raw material prices.

The Group is exposed to risks of changes in market prices arising on equity financial instruments (i.e., investment in shares). For investment securities, the Group manages such risks by periodically monitoring market quotes and financial conditions of issuers (i.e., business counterparties).

Market price fluctuation risks as at the reporting date are not considered material.

(3) Hedge accounting

Please refer to "Note 36. Financial instruments (2) Risk management for financial instruments" for the Group's risk management policy over hedge accounting, determined for each class of risk exposure. Foreign currency exchange risks are managed by focusing on controlling risk exposures according to foreign currency risk management policies and hedge policies. Exposure to interest rate risk is managed considering financial market trends, asset-liability composition, interest rate fluctuation risks, and other factors. Some of the Group's cash flow hedges were affected by the interest rate benchmark reform, but the base rate of all the impacted hedge items and hedge instruments have been shifted to the risk-free rate. The hedge documentation has been amended accordingly.

The effect of hedge accounting on the consolidated statements of financial position and comprehensive income

[1] Cash flow hedges

Details of hedging instruments designated as cash flow hedges

December 31, 2023

	Contractual amounts	Receivable/ payable after one year	(Millions of yen)	
			Carrying amount	
			Assets	Liabilities
Foreign exchange risks				
Foreign exchange contracts				
Long position				
Yen and U.S. dollar	34,028	722	629	405
Short position				
Yen and U.S. dollar	16,997	-	915	10
Currency swap contracts				
Payment in U.S. dollar (hedged currency)	53,555	-	15,574	-
Receipt in yen				
Payment in yen	42,549	-	37	1,969
Receipt in U.S. dollar (hedged currency)				
Payment in yen	21,681	21,681	-	1,048
Receipt in British pound sterling (hedged currency)				
Payment in yen	18,854	-	12	626
Receipt in euro (hedged currency)				
Payment in yen	4,847	4,847	-	174
Receipt in Australian dollar (hedged currency)				
Interest rate risks				
Interest rate swap transactions				
Receiving on a floating interest and paying on a fixed interest	214,419	52,400	116	1,081
Interest rate currency swap transactions				
Receiving on a floating interest and paying on a fixed interest	57,661	-	17,488	-
Payment in U.S. dollar (hedged currency)				
Receipt in yen				
Receiving on a floating interest and paying on a fixed interest	36,592	-	-	306
Payment in yen				
Receipt in U.S. dollar (hedged currency)				

The carrying amounts of derivatives are presented in other financial assets, or other financial liabilities in the consolidated statement of financial position. The carrying amounts for receivable/payable after one year are classified under non-current assets or non-current liabilities.

December 31, 2024

(Millions of yen)

	Contractual amounts	Receivable/ payable after one year	Carrying amount	
			Assets	Liabilities
Foreign exchange risks				
Foreign exchange contracts				
Long position				
Yen and U.S. dollar	44,639	3,392	3,770	-
Short position				
Yen and U.S. dollar	17,893	-	-	1,084
Currency swap contracts				
Payment in yen	24,992	-	-	211
Receipt in U.S. dollar (hedged currency)				
Payment in yen	23,882	-	-	3,077
Receipt in British pound sterling (hedged currency)				
Payment in yen	16,492	-	262	-
Receipt in euro (hedged currency)				
Payment in yen	7,822	-	38	202
Receipt in Chinese yuan (hedged currency)				
Payment in yen	4,925	4,925	-	309
Receipt in Australian dollar (hedged currency)				
Interest rate risks				
Interest rate swap transactions				
Receiving on a floating interest and paying on a fixed interest	71,400	71,400	53	347

The carrying amounts of derivatives are presented in other financial assets, or other financial liabilities in the consolidated statement of financial position. The carrying amounts for receivable/payable after one year are classified under non-current assets or non-current liabilities.

Increases (decreases) in net valuation gains (losses) on hedging instruments designated as cash flow hedges

(Millions of yen)

	Effective portion of changes in fair value of cash flow hedges			
	Foreign exchange risks	Interest rate risks	Market price fluctuation risks	Total
Balance at January 1, 2023	(1,235)	(408)	(542)	(2,186)
Other comprehensive income				
Incurred for the period (Note 1)	740	8,214	964	9,919
Reclassified (Note 2)	520	(8,477)	-	(7,957)
Tax effects	(458)	91	(294)	(661)
Balance at December 31, 2023	(432)	(579)	126	(885)
Other comprehensive income				
Incurred for the period (Note 1)	19,853	16,878	(56)	36,675
Reclassified (Note 2)	(15,765)	(16,410)	-	(32,175)
Tax effects	(1,566)	(112)	19	(1,660)
Balance at December 31, 2024	2,088	(224)	89	1,953

(Note 1) Changes in the value of hedged items used as a basis for recognizing the ineffective hedge portion approximate the changes in the fair value of the hedging instruments.

(Note 2) "Reclassified" in the schedule above represents the amounts reclassified to profit or loss when the hedged items affected net profit or loss, which are recognized as finance income or costs in the consolidated statement of profit or loss. The amount of the ineffective hedge portions was immaterial.

[2] Hedges on a net investment in a foreign operation
Details of hedging instruments designated as hedges on a net investment in a foreign operation
December 31, 2023

(Millions of yen)

	Contractual amount	Receivable/ payable after one year	Carrying amount	
			Assets	Liabilities
Borrowings denominated in U.S. dollars	USD 120 mil.	-	-	17,019

These carrying amounts are included in bonds payable and borrowings, other financial assets, or other financial liabilities in the consolidated statement of financial position. The carrying amount for receivable/payable after one year is classified under non-current liabilities.

December 31, 2024

(Millions of yen)

	Contractual amount	Receivable/ payable after one year	Carrying amount	
			Assets	Liabilities
Borrowings denominated in U.S. dollars	-	-	-	-

Valuation gains (losses) arising on hedging instruments designated as a net investment in a foreign operation

(Millions of yen)

	Exchange differences on foreign operations
Balance at January 1, 2023 (Note 2)	52,181
Other comprehensive income	
Incurred during the period (Note 1)	(759)
Tax effects	231
Balance at December 31, 2023 (Note 2)	51,654
Other comprehensive income	
Incurred during the period (Note 1)	(829)
Tax effects	230
Balance at December 31, 2024 (Note 2)	51,054

(Note 1) Changes in the value of hedged items used as a basis for recognizing the ineffective hedge portion approximates the changes in the fair value of the hedging instruments.

(Note 2) The amount of translation adjustments of foreign operations included ¥19,154 million of exchange losses as at December 31, 2024 from hedging instruments with discontinued hedging relationships (¥16,073 million of exchange losses as at December 31, 2023).

[3] Fair value hedges

There were no fair value hedges as at December 31, 2023 and December 31, 2024.

(4) Fair value of financial instruments**[1] Classification by the fair value hierarchy level**

For financial instruments measured at fair value, their fair values are classified into Level 1 through 3 based on the observability of inputs used for their measurement and materiality.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Fair value determined using observable prices other than Level 1 for the asset or liability directly or indirectly

Level 3: Fair value determined using the valuation technique including unobservable inputs for the asset or liability

Transfers between levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer.

[2] Financial instruments measured at fair value

The fair value measurement methods for major financial instruments are as follows:

(i) Derivative assets and liabilities

The fair values of derivative instruments — e.g., foreign exchange contracts, currency options, interest rate swaps, interest rate currency swaps, interest rate options, etc. — are determined based on their prices presented by financial institutions that are counterparties of the Group. Specifically, for example, the fair value of a foreign exchange contract is measured at fair value based on quoted prices of forward foreign exchange markets, etc. The fair value of an interest rate swap is measured at fair value as the present value of future cash flows, discounted using an interest rate swap rate as at the reporting date over a period to its maturity.

(ii) Equity instruments

The fair values of listed shares are measured at the quoted prices available at the reporting date. Unlisted shares are measured at fair value using the following valuation techniques: the discounted cash flow method, the comparative multiple valuation method and the adjusted net asset method. (The adjusted net asset method is a method to determine corporate values based on net assets of a stock issuing company, adjusted as necessary with market-value valuation for certain assets and liabilities.) The major unobservable input used for measurement of the fair value of unlisted shares is EBITDA multiples in the comparative multiple valuation, which was from 9 to 16 for the year ended December 31, 2023 and from 10 to 13 for the year ended December 31, 2024. The illiquidity discount rate employed was 15%. The Company does not expect any significant change in the fair value of equity instruments to arise if one or more of the unobservable inputs changes to reflect reasonably possible alternative assumptions.

The fair value hierarchy of financial instruments measured at fair value at each reporting date was as follows:

As at December 31, 2023

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets designated as hedging instruments				
Derivative assets	-	35,350	-	35,350
Financial assets measured at FVTPL				
Derivative assets	-	518	-	518
Other	3,763	1,525	5,228	10,517
Financial assets measured at FVTOCI				
Equity instruments	63,695	-	95,010	158,705
Other	-	-	37	37
Liabilities:				
Financial liabilities designated as hedging instruments				
Derivative liabilities	-	5,729	-	5,729
Financial liabilities measured at FVTPL				
Derivative liabilities	-	1,611	-	1,611

As at December 31, 2024

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets designated as hedging instruments				
Derivative assets	-	5,996	-	5,996
Financial assets measured at FVTPL				
Derivative assets	-	894	-	894
Other	4,379	1,513	7,520	13,413
Financial assets measured at FVTOCI				
Equity instruments	72,454	-	88,598	161,052
Other	-	-	31	31
Liabilities:				
Financial liabilities designated as hedging instruments				
Derivative liabilities	-	5,200	-	5,200
Financial liabilities measured at FVTPL				
Derivative liabilities	-	547	-	547

[3] Changes in financial instruments classified as Level 3 during the period

Changes in financial instruments classified as Level 3 during the period were as follows:

Year ended December 31, 2023

	(Millions of yen)	
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI
Balance at January 1, 2023	5,049	89,940
Total gains and losses	(789)	5,654
Profit or loss (Note 1)	(789)	-
Other comprehensive income (Note 2)	-	5,654
Purchased	954	-
Sold	(6)	(547)
Other	20	-
Balance at December 31, 2023	5,228	95,047

Year ended December 31, 2024

	(Millions of yen)	
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI
Balance at January 1, 2024	5,228	95,047
Total gains and losses	1,193	(5,460)
Profit or loss (Note 1)	1,193	-
Other comprehensive income (Note 2)	-	(5,460)
Purchased	1,088	99
Sold	-	(57)
Transfer from Level 3 (Note 3)	-	(1,000)
Other	10	-
Balance at December 31, 2024	7,520	88,629

(Note 1) Gains and losses included in profit or loss relate to financial assets measured at FVTPL at the reporting date, which are included in finance income or finance costs in the consolidated statement of profit or loss.

(Note 2) Gains and losses included in other comprehensive income relate to financial assets measured at FVTOCI at the reporting date, which are included in financial assets measured at FVTOCI in the consolidated statement of comprehensive income.

(Note-3) Initial public offering by an investee caused the transfer from Level 3

Financial instruments classified as Level 3 are measured at fair value based on related internal policies. In performing the fair value measurement, the Group applies the valuation techniques and the inputs that best reflect the nature, characteristics, and risks of financial instruments subject to fair value measurement. The result of fair value measurements is reviewed by supervising managers.

[4] Financial instruments measured at amortized cost

The fair value measurement methods for major financial instruments measured at amortized cost are described below. Financial instruments whose carrying amounts reasonably approximate fair value and those that are immaterial are excluded from the table below.

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair values due to their short-term maturities.

(ii) Bonds and borrowings

Fair values of bonds and borrowings are determined as the present value of the obligations, discounted by credit risk adjusted interest rates over periods to their maturity. The following table shows the carrying amounts and the fair value hierarchy of major financial instruments measured at amortized cost at each reporting date.

The carrying amounts and the fair value hierarchy of financial instruments measured at amortized cost at each reporting date were as follows:

Year ended December 31, 2023

					(Millions of yen)
	Carrying amount	Level 1	Level 2	Level 3	Total
Liabilities:					
Financial liabilities measured at amortized cost					
Bonds	420,456	-	421,080	-	421,080
Borrowings	927,344	-	928,510	-	928,510

Year ended December 31, 2024

					(Millions of yen)
	Carrying amount	Level 1	Level 2	Level 3	Total
Liabilities:					
Financial liabilities measured at amortized cost					
Bonds	371,059	-	374,435	-	374,435
Borrowings	704,566	-	702,761	-	702,761

37. Principal subsidiaries

(1) Composition of the Group

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
		December 31, 2023	December 31, 2024
Suntory Beverage & Food Limited	Japan	59.4	59.4
Suntory Foods Co., Ltd.	Japan	100.0	100.0
Suntory Beverage Solution Ltd.	Japan	100.0	100.0
Japan Beverage Holdings Inc.	Japan	82.7	93.2
Suntory Products Ltd.	Japan	100.0	100.0
Suntory Beverage & Food Asia Pte. Ltd.	Singapore	100.0	100.0
Suntory Beverage & Food International (Thailand) Co., Ltd.	Thailand	100.0	100.0
PT Suntory Garuda Beverage	Indonesia	75.0	-
Suntory PepsiCo Vietnam Beverage Co., Ltd.	Vietnam	100.0	100.0
Suntory PepsiCo Beverage (Thailand) Co., Ltd.	Thailand	51.0	51.0
SUNTORY BEVERAGE & FOOD NEW ZEALAND LIMITED (Note 1)	New Zealand	100.0	100.0
SUNTORY BEVERAGE & FOOD AUSTRALIA PTY LTD (Note 2)	Australia	100.0	100.0
Orangina Schweppes Holding B.V.	Netherland	100.0	100.0
Lucozade Ribena Suntory Limited	United Kingdom	100.0	100.0
Pepsi Bottling Ventures LLC	United States	65.0	65.0
Suntory Global Spirits Inc. (Note 3)	United States	100.0	100.0
Suntory Spirits Ltd.	Japan	100.0	100.0
Suntory Wellness Ltd.	Japan	100.0	100.0
DYNAC CORPORATION (Note 4)	Japan	100.0	100.0
Suntory Flowers Ltd.	Japan	100.0	100.0
Suntory (China) Holding Co., LTD.	China	100.0	100.0
Suntory Business System Ltd.	Japan	100.0	100.0
Suntory System Technology Ltd.	Japan	100.0	100.0
Suntory Global Innovation Center Ltd.	Japan	100.0	100.0

(Note 1) FRUCOR SUNTORY NEW ZEALAND LIMITED changed its company name to SUNTORY BEVERAGE & FOOD NEW ZEALAND LIMITED on July 1, 2024.

(Note 2) FRUCOR SUNTORY AUSTRALIA PTY. LIMITED changed its company name to SUNTORY BEVERAGE & FOOD AUSTRALIA PTY. LTD on July 1, 2024.

(Note 3) Beam Suntory Inc. changed its company name to Suntory Global Spirits Inc. on April 30, 2024.

(Note 4) As of January 1, 2024, through a merger in which DYNAC HOLDINGS CORPORATION served as the surviving corporation, and DYNAC CORPORATION and DYNAC Partners Corporation each served as the absorbed corporations that ceased to exist, the company inherited the businesses of both companies. Following the merger, the Company changed its trade name to DYNAC CORPORATION.

(2) Summarized consolidated financial information in respect of each of the Group's subsidiaries that has material non-controlling interests

Summarized consolidated financial information in respect of each of the Group's subsidiaries that has material non-controlling interests was as follows:

The following summarized consolidated financial information represents amounts before eliminating inter-company transactions.

Suntory Beverage & Food Limited and its consolidated group companies.

[1] General information

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Proportion of ownership interests held by non-controlling interests (%)	40.5	40.5
Accumulated non-controlling interests	538,237	595,790

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Profit allocated to non-controlling interests of the subsidiary	55,262	62,016
Dividends paid to non-controlling interests of the subsidiary	35,242	31,608

[2] Summarized consolidated financial information

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Current assets	638,907	660,541
Non-current assets	1,273,507	1,397,490
Current liabilities	535,730	544,176
Non-current liabilities	191,657	198,578
Equity	1,185,027	1,315,278

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Revenue	1,591,722	1,696,765
Profit for the year	104,480	117,629
Comprehensive income for the year	174,847	181,443

	(Millions of yen)	
	December 31, 2023	December 31, 2024
Cash flows generated by operating activities	158,292	193,730
Cash flows used in investing activities	(77,798)	(101,297)
Cash flows used in financing activities	(115,404)	(112,036)
Net increase (decrease) in cash and cash equivalents	(34,910)	(19,603)

38. Related-party transactions

(1) Related-party transactions

The Group has no material transactions and balances with related parties.

(2) Remuneration for principal executives

(Millions of yen)

	December 31, 2023	December 31, 2024
Basic remuneration and bonus	1,827	2,026

39. Commitments

Commitments related to expenditures in the subsequent periods were as follows:

(Millions of yen)

	December 31, 2023	December 31, 2024
Acquisition of property, plant and equipment	77,692	62,843
Acquisition of intangible assets	5,947	9,849
Total	83,639	72,693

In addition to the commitment represented above, the Group entered into contracts related to the use of some facilities of a future plant. The lease periods of these contracts will not begin until the following fiscal year, and therefore, no right-of-use asset or lease liability was recorded as at December 31, 2024. The estimated total payments for this lease contract amount to ¥57,215 million.

40. Subsequent event

There were no subsequent events.