

Suntory Beer Limited Business Strategy for 2021

Suntory Beer Limited conducts business based on its company vision of Brewing the Ultimate Beer Tradition. In 2020 we continued to work diligently to create new demand in the beer category by accelerating promotions for “Kamiawa” (Creamy Foam) in *The Premium Malt’s* brand, driving further expansion of *Shiki no Kinmugi*, and implementing a renewal of the *All-Free* brand in response to demand from consumers looking for something refreshing. The beer business being a symbol of Suntory’s DNA, the Yatte Minahare spirit, we will continue to challenge ourselves in creating new values in 2021 by earnestly pursuing high-quality craftsmanship and the best taste.

- Review of 2020

While the overall beer market in Japan^{*1} is expected to have shrunk by around 9% from the previous year, our beer sales volume declined by 9% year on year, selling 64.75 million cases^{*2}. Excluding non-alcoholic beer-taste beverages, our beer sales volume was 56.75 million cases (down 11% year on year).

The sales volume of *The Premium Malt’s* brand was 12.6 million cases (down 27% year on year). In addition to simultaneously renewing *The Premium Malt’s* and *The Premium Malt’s Kaoru Ale* in pursuit of improving taste and foam quality, we continued promotions for “Kamiawa” that focuses on foam, which is the unique value proposition of our beer. Assisted by the tailwind of the liquor tax revision that came into effect in October, sales volume for canned *The Premium Malt’s* brand rose by 6% year on year, in which *The Premium Malt’s Kaoru Ale* particularly performed strong, posting a year-on-year increase of 23%.

In the *Kin-Mugi* brand, we rolled out three new products for “*Shiki no Kin-Mugi*”: *Kin-Mugi*, *Kin-Mugi 75% Less Carbohydrate*^{*3}, and *Kin-Mugi Gold Lager*. Although the brand was affected by higher taxes following the liquor tax revision, consumers rated our products highly for their suitability for drinking with meals, and sales volume of the

total canned *Kin-Mugi* brand increased to 36.67 million cases (same level as previous year), recording the highest sales volume since its launch.

Sales volume for the *All-Free* brand was 7.93 million cases (up 8% year on year). With health consciousness on the rise, *KARADA-WO-OMOU All-Free*, a product focused on function claims for visceral fat, recorded a strong performance, and sales volume grew to 2.53 million cases, exceeding the annual sales estimate.

*1 Including non-alcoholic beer-taste beverages

*2 Converted to large bottles (1 case = 633ml × 20 bottles)

*3 Compared to *Kin-Mugi*

- Strategy for 2021

The overall beer market in Japan and the beer market excluding non-alcoholic beer-taste beverages are both expected to shrink about 3% from the previous year.

We will work to create new drinking demand and revitalize the overall beer market by increasing the value of our key brands *The Premium Malt's*, *Kin-Mugi* and *All-Free* as well as by delivering new value. Our target for the year is a total of 65.2 million cases (up 1% year on year), and 57.1 million cases excluding non-alcoholic beer-taste beverages (up 1% year on year).

▼ *The Premium Malt's* brand

We will aim to sell 12.35 million cases (down 2% year on year) of *The Premium Malt's* brand products, and 5.85 million cases (up 1% year on year) for canned products excluding gifts. While continuing to roll out promotions that capture changes in our customers, we will seek to become embedded more deeply in their lives by positioning *The Premium Malt's* as a little bit of luxury in everyday life. In addition, with a glass of drink at restaurants becoming an increasingly precious occasion, we will leverage "Kamiawa" that focuses on foam, which is the unique value proposition of our beer, and concentrate our efforts on creating inspirational taste experiences that stay in the memory.

▼ *Kin-Mugi* brand

We will aim to sell 37.64 million cases (same level as previous year) of *Kin-Mugi* brand products. We will continue to roll out "*Shiki no Kin-Mugi*", which changes the taste in accordance with the season of the year, and renew packaging and strengthen communications throughout the year in order to enhance the appeal of

their affinity with seasonal ingredients and dishes. We will propose *Kin-Mugi 75% Less Carbohydrate* as an option for those who would like to drink but are concerned about their health, and strengthen its appeal by leveraging its unique value as a product that offers a balance of good taste and function. In addition, because “food in a happy household” is one of the *Kin-Mugi* brand concepts, in response to demand for satisfying beer as well as satisfying food, we will launch *Kin-Mugi The Lager*, characterized by its “rewarding flavor and pleasant aftertaste”.

Launch of Three *Kin-Mugi* “Haru no Aji” Products Seasonal Limited Edition (Refer to News Release No.13823)

New Television Commercial for *Kin-Mugi 75% Less Carbohydrate* (Refer to News Release No. 13824)

Launch of *Kin-Mugi The Lager* (Refer to News Release No.13822)

▼ *All-Free* brand

We aim to sell 8.1 million cases (up 2% year on year) of *All-Free* brand products. *All-Free* does not aim to be a “substitute to when beer can’t be consumed”, but is instead positioned as a light and refreshing non-alcoholic beer-taste beverage, and the contents and packaging has been renewed with this objective. The functional claims of being “ABV 0.00%”, “zero-calorie^{*4}”, “zero -sugar^{*5}” and “zero-purine^{*6}” will be unchanged, but we will further enhance the solid throat-feel and crisp aftertaste that characterize *All-Free*. In order to give people an opportunity to come into contact with the *KARADA-WO-OMOU All-Free* product with functional claims, which has been rated highly by consumers, we will launch multiple promotions, focused on times at which there is a greater consciousness of health issues.

*4 Based on the Nutrition Labeling Standards, less than 5 kcal of calories per 100 mL is considered zero-calorie.

*5 Based on the Nutrition Labeling Standards, less than 0.5 g of sugar per 100 mL is considered zero-sugar.

*6 Based on the Nutrition Labeling Standards, less than 0.5 mg of purine per 100 mL is considered zero-purine.

About Suntory Group

As a global leader in both the alcoholic and non-alcoholic beverages industry, Suntory Group offers a uniquely diverse portfolio of products from premium spirits, beer and wine to brewed teas, bottled water, carbonated soft drinks, ready-to-drink coffee and

energy drinks, along with health and wellness products. Suntory is home to award-winning Japanese whiskies *Yamazaki*, *Hibiki* and *Hakushu* as well as iconic American spirits *Jim Beam* and *Maker's Mark*. Suntory also fascinates the taste buds in Japan and the Asian market with its *Premium Malt's* beer. Its brand collection also includes non-alcoholic favorites *Orangina*, *Lucozade*, *Ribena*, *BOSS* coffee, *Iyemon* green tea, and *Suntory Tennensui* water.

Founded as a family-owned business in 1899 in Osaka, Japan, Suntory Group has grown into a global company operating throughout the Americas, Europe, Africa, Asia and Oceania with an annual revenue (excluding excise taxes) of \$21.0 billion in 2019. Suntory is driven by Yatte Minahare - the spirit of bold ambition - and its 40,210 employees worldwide draw upon its unique blend of Japanese artisanship and global tastes to explore new product categories and markets.

As a company that delivers blessings of water and nature to its customers, Suntory is committed to its mission to create harmony with people and nature. Always aspiring to grow for good, Suntory is devoted to giving back to society through protecting water resources, nurturing its communities and fostering the arts.

Learn more about Suntory Group, its brands, and its commitment to social responsibility at www.suntory.com, on [Facebook](#), [Twitter](#), [Instagram](#), [LinkedIn](#), and [YouTube](#).