

Suntory Wine International Limited Business Strategy for 2022

While the overall Japanese wine market in 2021 is estimated to have fallen below previous-year levels, Suntory Wine International Limited's sales^{*1} exceeded that of 2020. This was driven by strong sales of Japanese Casual Wine such as our *Sankaboshizai Mutenka* series, and our *Suntory Wine Sour 350 mL can*, which went on sale in February as part of our efforts to create new demand, and a significant increase in sales of our Italian organic wine *Tavernello Organico*.

In 2022, we will propose a variety of new, customer-oriented products in line with changes in the market and consumer needs in recent years. Specifically, we will utilize the Suntory Tomi no Oka Winery as a communication source on Japanese wine, propose new ways of drinking wine to make it more accessible, and respond to our customers' wide-ranging needs using our strengths in *Monozukuri*. In addition to initiatives for existing customers who regularly drink our wine, we will also reinforce efforts to attract new customers to Suntory wine.

*1: Includes sales volume from Iwanohara Vineyard Co., Ltd. and Fwines Co., Ltd.

●Review of 2021

▼Japan Wine

Sales volume^{*2} of Japan Wine increased 4% over the previous year. In particular, there was significant growth in sales of our *Tomi no Oka Winery* and *Japan Premium* series thanks to their highly acclaimed flavors, a result of our thorough quality management processes.

*2: Includes sales volume from Iwanohara Vineyard Co., Ltd.

▼Japanese Casual Wine

Sales volume of our Japanese Casual Wine grew 2% over the previous year. Total sales of the *Sankaboshizai Mutenka* series was level of the previous year, with 2.38 million cases^{*3} sold, and the brand maintained its position as the highest selling wine in Japan^{*4}. The new 30%-less-Toshitsu^{*5} version of

our *Sankaboshizai Mutenka no Oishii Wine*, which we released in August in line with rising awareness of the importance of health, has been favorably received by our customers as a way to enjoy delicious wine while lowering sugar intake. Our *Suntory Wine Sour 350 mL can*, which launched in February, has been well received for its refreshing flavor that pairs well with a variety of meals, and as a new, casual way to enjoy wine mixed with soda water. Due to its popularity, we revised our full-year sales target upward to 350,000 cases*⁶ in March, approximately a month and a half following the product's launch, which we also achieved.

*3: 12 x 720 ml bottles in each case

*4: *According to Intage SRI. Sales volume of wine in the Japanese market from January 2021 to December 2021(The total of all Japanese SM/ CVS/ liquor DS/ home centers/ drugstores/ liquor stores/ commercial liquor stores)

*5: Carbohydrates without dietary fiber

*6: 24 x 350 ml cans in each case

▼ Imported wines

Total sales volume of imported wines decreased over the previous year due to the COVID-19 pandemic, with prolonged stay-at-home requests severely impacting the on-premise market. On the other hand, organic wines performed well, with sales of our Italian organic wine *Tavernello Organico* increasing significantly predominantly for home consumption.

● Strategy for 2022

The wine market is changing as a result of the lifestyle changes in recent years. Rising numbers of younger consumers are choosing to drink wine, and sales of expensive wines are increasing with more people wanting to enhance the time they spend at home and, with fewer opportunities to dine out, try new wines at home. In line with these changes, we are communicating the charms of wine to various customer segments. Further, in addition to initiatives for existing customers who regularly drink our wine, we are reinforcing efforts to attract new customers to Suntory wine products.

▼ Japan Wine

With a growing market and increasing number of wineries, the environment surrounding our Japan Wine products is drastically changing. Wine is one of Suntory Group's founding businesses, and so with a desire to stand at the peak of the Japanese wine industry, we will continue to engage in environmentally and socially sustainable winemaking. In addition, we will work to develop and nurture winery-led brands, increase and strengthen our customer touchpoints through online and other mediums. In 2022, we will

focus on communicating the charms of our Japan Wine via the Suntory Tomi no Oka Winery, through real touchpoints such as factory tours, and online touchpoints such as ecommerce.

We will also maximize the synergy between our wineries in Japan and Europe. To do so, we will share and exchange winemaking expertise with our Château Lagrange^{*7} winery in Bordeaux, and aim to create wine that is even higher in quality.

*7: The Château Lagrange winery is a prestigious St. Julien château in the Medoc region of Bordeaux, France. In 1983, Suntory became the first non-European company to participate in management of the winery, making proactive capital investments to improve the estate—replanting vineyards, renewing winemaking facilities, repairing the symbolic estate building and gardens, and more. Suntory also reviewed the cultivation and fermentation processes, building and strengthening a system for improved quality. Today, the winery continues to create wines of outstanding quality based on its unique winemaking philosophy: Maximizing the benefits of the terroir through harmony between people and nature.

▼Creating new demand

By reinforcing our lineup of small canned wines, we will offer products that are appealing and accessible for new customers. We will also use our strengths in manufacturing to create new demand, and develop high-quality, delicious products with the unique appeals of wine.

Following on from the success of the *Suntory Wine Sour 350 mL can* that went on sale in February of last year, in February of this year we will launch the new *Suntory Wine Café* brand. At the same time, we will launch two new products: *Suntory Wine Café Wine Soda (Red)* and *Suntory Wine Café Wine Soda (White)*. While continuing the concept that wine can be casually enjoyed with soda water, we will discard the term *Sour* and communicate the appeals of *Wine Soda*.

In the non-alcoholic beverage market, which continues to see growth alongside customers' diversifying needs, in March we will launch our new non-alcoholic canned wine-flavor drink *Non-Alcoholic Wine Holiday*. Combining the strengths in manufacturing we have built up through our Japanese Casual Wine and the taste-creation technologies we have accumulated in-house, we have created a genuine sparkling wine-like flavor that bursts with fruity aromas, that offers a unique depth through use of wine essence, and that leaves a lingering aftertaste. To coincide with the product's launch, the Wine Business will air a TV commercial for the first time in 10 years to topicalize the product, and at the same time expand the non-alcoholic beverage portfolio of the Suntory Group's domestic liquor business.

▼ Japanese Casual Wine

For our Japanese Casual Wine, in addition to continuing with efforts to accurately understand our customers' needs, we will make use of our manufacturing strengths—that is, our expertise in procurement, fermentation, blending, and other areas of wine making—to deliver delicious, high-quality wines that match the tastes of our customers. At the center of our activities will be our *Sankaboshizai Mutenka series*. While our sales target for 2027 is 4 million cases, we aim to sell 2.55 million cases in 2022, which will mark a 7% increase over the previous year.

▼ Imported wines

To respond to rising demand for our premium wines in Japan, we will renew the packaging on *Domaines Barons de Rothschild Saga R Bordeaux*, and aim to communicate the traditions and standing of the *Domaines Barons de Rothschild Lafite*^{*8} brand.

For our standard wines, we will launch the *Tavernello Organico Spumante* wine from our popular *Tavernello Organico* brand, and aim to revitalize the organic wine market through a diverse lineup of *Tavernello Organico* products.

Further to bringing a sense of luxury and thorough satisfaction to wines consumed on a daily basis, we will newly launch two types of *Santa Gold* from the *Santa by Santa Carolina* series.

*8: A winery group from the Medoc region of Bordeaux, France, established in 1868. Lafite owns the Chateau Lafite-Rothschild vineyard, which frequently leads the *Premier Cru Classe* classification standings, which represents the highest level of red wine from the Medoc region. Suntory signed a special business agreement with Lafite in 1985.