

# Suntory Holdings Limited

August 13, 2021

## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021 [IFRS] (English Translation, UNAUDITED)

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(Fractions of millions have been truncated)

### 1. Consolidated operating results and financial positions for the six months of the current fiscal year (January 1, 2021 - June 30, 2021)

(1) Operating results (% figures represent change from the same period of the previous fiscal year)

Six months ended	Revenue (including excise taxes)		Revenue (excluding excise taxes)		Operating income		Profit before income taxes		Profit for the period		Profit attributable to owners of the Company	
	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%
June 30, 2021	1,191,958	7.8	1,069,173	8.6	126,117	33.4	124,074	42.6	73,537	28.6	52,747	16.6
June 30, 2020	1,105,324	(10.2)	984,554	(10.7)	94,572	(19.7)	87,024	(19.8)	57,174	(27.1)	45,236	(24.7)

Reference: Adjusted operating income for the fiscal year ending June 30, 2021 127,401¥million 33.3%  
 Adjusted operating income for the fiscal year ending June 30, 2020 95,563¥million (20.5)%  
 Adjusted operating income was calculated as operating income excluding non-recurring items.

	Basic earnings per share	Diluted earnings per share
Six months ended	¥	¥
June 30, 2021	76 .92	—
June 30, 2020	65 .97	—

### (2) Financial positions

	Total assets	Total equity	Equity attributable to owners of the Company	Equity attributable to owners of the Company ratio
As of	¥million	¥million	¥million	%
June 30, 2021	4,824,119	2,015,787	1,588,253	32.9
December 31, 2020	4,521,286	1,814,347	1,416,157	31.3

### 2. Consolidated earnings forecast for the fiscal year ending December 31, 2021 (January 1, 2021 - December 31, 2021)

Fiscal year ended	Revenue (including excise taxes)		Revenue (excluding excise taxes)		Operating income		Profit before income taxes		Profit attributable to owners of the Company		Basic earnings per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%	¥
December 31, 2021	2,538,000	7.2	2,258,000	7.1	221,000	1.8	206,000	2.5	104,000	3.6	151 .66

Reference: Adjusted operating income for the fiscal year ending December 31, 2021 224,000¥million 2.8%

(Note) Change in consolidated earnings forecast during the period: No

**SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF  
JUNE 30, 2021 (English Translation, UNAUDITED)**

(1) Operating results (% figures represent change from the same period of the previous fiscal year)

	Operating revenue		Operating income		Ordinary income	
	¥million	%	¥million	%	¥million	%
Six months ended						
June 30, 2021	79,057	(24.5)	55,968	(31.5)	62,547	(24.3)
June 30, 2020	104,727	159.3	81,649	347.1	82,633	319.3

	Net income		Basic net earnings per share
	¥million	%	¥
Six months ended			
June 30, 2021	60,382	(27.8)	88 .5
June 30, 2020	83,635	310.0	121 .96

(2) Financial positions

	Total assets	Net assets	Ratio of equity to total assets	Total equity per share
As of	¥million	¥million	%	¥
June 30, 2021	2,381,224	957,208	40.2	1,395.84
December 31, 2020	2,215,751	905,806	40.9	1,320.89

## Operating Results

### 1. Overview of the Six-Month Period Ended June 30, 2021

The Suntory Group has actively expanded business in each of three segments, “Beverages and Foods,” “Alcoholic Beverages,” and “Others,” both domestically and abroad. In the six-month period ended June 30, 2021, Revenue excluding excise taxes was 1.0692 trillion yen (up 8.6% year on year), Revenue including excise taxes was 1.192 trillion yen (up 7.8% year on year), Operating income was 126.1 billion yen (up 33.4% year on year), and Profit attributable to owners of the Company was 52.7 billion yen (up 16.6% year on year).

#### <Beverages and Foods Segment>

Suntory Beverage & Food Limited focused on strengthening brands and creating new demand with the aim of proposing unique, high-quality products that capture the customer's tastes and needs to further enrich customer lifestyles, as well as on improving product quality. The Company also took steps to enhance profitability in each area.

In Japan, the soft drink market (estimated by the Company) remained the same year on year due to the restriction of the movement of people caused by the intermittent state of emergency declarations. Sales volume increased year on year due to the Company engaging in strengthening core brands, mainly in the categories of water, coffee, and sugar-free tea, and market share expanded compared to the same period of the previous year. Sales volume of *Suntory Tennensui* (Mineral Water) exceeded the level of the previous year, when it grew significantly due to demand for large formats, and sales volume for the brand as a whole increased year on year. The *Suntory Tennensui Sparkling* series grew significantly due to the contribution made by *THE STRONG* launched in June. Sales volume of the *BOSS* brand as a whole exceeded the levels of the previous year. In addition to growth of the *Craft BOSS* coffee series renewed in March, new products in the black tea series contributed to the increase. In the sugar-free tea category, the effect of the renewal of *Iyemon* and the contribution made by *Iyemon Kyoto Blend* launched in April resulted in sales volume for the brand as a whole increasing considerably year on year.

The Asian soft drink business was affected by factors such as self-restraint in going out following the spread of novel coronavirus infectious disease (COVID-19), but concentration of activities on core brands contributed to an expansion of the Group's share in the soft drink markets of Vietnam and Thailand. By brand, while all brands

grew in Vietnam, *Sting* energy drink and *TEA+* in particular grew significantly, and *Pepsi* including low-sugar products was strong in Thailand. The health food business also grew significantly. Due to focus on the mainstay *BRAND'S Essence of Chicken* and the effect of strengthening marketing activities, sales exceeded the previous year's level.

In Oceania, the flagship *V* brand of energy drink grew significantly as a result of strengthening marketing activities, driving the market in the energy drink category and expanding market share.

In Europe, movement of people returned due to relaxation of restrictions as vaccinations progressed in each country, and the soft drink market has been steadily recovering since March. Sales volumes of core brands *Orangina*, *Oasis* and *Schweppes* significantly exceeded previous-year levels in France. In the United Kingdom, sales volumes of the flagship *Lucozade* and *Ribena* brands significantly exceeded previous-year levels. In particular, *Lucozade Sport* grew substantially due to the resumption of sporting events and outdoor activities. In Spain, sales volume of the flagship *Schweppes* brand recorded a significant year-on-year increase.

In the Americas, in addition to further strengthening sales of core carbonated beverage brands, the Company also focused on the growing category of non-carbonated drinks, such as water and coffee beverages. The lifting of on-premise restrictions due to progress in vaccinations also contributed to sales significantly exceeding previous-year levels.

As a result of the above, revenue for the Beverages and Foods Segment increased 9.3% year on year to 601.5 billion yen, while operating income rose by 54.7% to 70.3 billion yen.

#### <Alcoholic Beverages Segment>

The revenue figures for the Alcoholic Beverages Segment exclude excise taxes.

Comparable revenue for the spirits business, excluding the impact of currency, increased at a low-double-digit rate compared to the previous year. Sales growth benefited from strong demand in home consumption as well as recovery of the on-premise channel in many markets. Consumers continued to inspire strong sales for premium brands such as *Maker's Mark* and *Basil Hayden* bourbon, *Courvoisier* cognac, *Hibiki* Japanese whisky, *Laphroaig* and *Bowmore* Scotch whisky, Japanese craft gin *ROKU*, and *Hornitos* tequila, which all grew case volumes at double-digit rates, while volumes for On the Rocks premium cocktails more than tripled. Half-year sales increased at a double-digit rate in markets including the United States, Canada, EMEA, Oceania, India, China, Emerging

Asia and Global Travel Retail. In Japan, the spirits business sales were the same level compared to the previous year. In the whiskies category, major brands *Maker's Mark*, *Chita* and *Ao*, along with canned highball products, grew. RTD beverage sales volume grew by 6% year on year, due to favorable performance of *-196°C* and *Kodawari Sakaba no Lemon Sour*. Furthermore, *Non-arubanshaku lemon sour* non-alcoholic launched in March to create new demand was well received by consumers who enjoy the flavor of an authentic lemon sour without alcohol. The annual sales plan for the Japanese gin *SUI*, which the Company launched last year, was revised upward, as consumers continued to respond favorably to the new value offered by *SUI Gin Soda*, which goes well with meals.

Sales volume of the beer business<sup>\*1</sup> decreased 8% year on year to 27.71 million cases<sup>\*2</sup> as restraint from going out due to the spread of COVID-19 primarily impacted on-premise consumption. The Company's beer category drinks, excluding non-alcoholic beer, fell 11% year on year to 23.86 million cases.

Active promotion for *The Premium Malt's* brand was carried out by presenting it as "a little bit of luxury in everyday life." Sales volume of *The Premium Malt's Kaoru Ale* (cans)<sup>\*3</sup> increased by 5% year on year due to the fruity taste and refreshing fragrance being well received. *Perfect Suntory Beer* offering straight-up beer flavor with zero carbohydrate<sup>\*4</sup> has been well received since its launch in April, and sales volume exceeded 1 million cases in June.

With the *Kin-Mugi* brand, a promotion of *Shiki no Kin-Mugi*, which offers different flavors to match the season, was carried out, strengthening proposals to enjoy the beverage with seasonal ingredients and dishes. In particular, sales volume of *Kin-Mugi 75% Less Carbohydrate*<sup>\*5</sup> grew 4% year on year due to heightened health awareness among consumers.

Sales volume for the *All-Free* brand rose 13% year on year. *KARADA-WO-OMOU All-Free*, a product with functional claims for visceral fat, performed well and sales volume increased 40% year on year.

\*1. Beer, including alcohol-free beer-type beverages, on a volume basis

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

\*3. Excluding gift products.

\*4. Less than 0.5 g per 100 ml is stated as "zero carbohydrate" pursuant to food labeling standards.

\*5. Compared to *Kin-Mugi*.

Wine business's revenue fell 1% year on year. Sales volume of Japanese wine grew by 5% year on year. Furthermore, in order to be able to respond to changes in consumer behaviors, the Company endeavored to create new demand. *Suntory Wine*

*Sour 350 mL can* launched in February with the intent of enabling consumers to enjoy more versatile ways of drinking wine on an everyday basis was well received for its taste, and the annual sales plan was revised upward. In addition, the Company proposed ways of enjoying wine during the hot summer through “summer wine” that is consumed with ice or chilled.

As a result of the above, revenue (excluding excise taxes) for the Alcoholic Beverages Segment was 354.0 billion yen, up 7.4% year on year, while revenue (including excise taxes) was 476.3 billion yen, up 5.8% year on year, and operating income was 62.9 billion yen, up 0.5% year on year.

#### <Others Segment>

For the health food business, the *Sesamin* series and other products such as *Locomore* posted strong revenue, growing 9% year on year. Revenue for the restaurant business decreased year on year.

Revenue (excluding excise taxes) for the Others Segment was 113.7 billion yen, up 8.4% year on year, and operating income was 15.1 billion yen, up 68.9% year on year.

Additionally, the breakdown between domestic and overseas revenues was as follows.

#### Revenue (excluding excise taxes)

Japan 565.9 billion yen (down 1.0% year on year)

Overseas 503.3 billion yen (up 21.8% year on year)

Overseas ratio: 47.1%

#### Revenue (including excise taxes)

Japan 652.9 billion yen (down 0.8% year on year)

Overseas 539.1 billion yen (up 20.5% year on year)

Overseas ratio: 45.2%

Ever since its founding, Suntory has aggressively expanded its business while also contributing to society through cultural activities, community work, and environmental efforts, based on Suntory’s founding spirit of “Giving Back to Society.” In addition, Suntory conducts various activities aimed at coexistence with society and nature based on its promise to stakeholders of “Mizu To Ikiru” (literally meaning living with water), and its corporate mission of “To create harmony with people and nature.”

•Water

With regard to water, which is essential for the Company's craftsmanship, based on the Suntory Group's Sustainable Water Philosophy, Suntory Natural Water Sanctuaries are now present at 21 locations in 15 prefectures nationwide, with a total space of approximately 12,000 hectares, cultivating water resources equivalent to more than double the amount of groundwater pumped up in the Suntory Group's plants in Japan. The Suntory Group also conducts water-related activities tailored to the situation of each region. Such activities include the "Mizuiku" education program on water for the next generation which is conducted not only in Japan but also in Vietnam, Thailand and Indonesia, as well as water conservation activities in the United States and France.

•Greenhouse Gases (GHG)

Suntory aims to achieve net zero GHG emissions across the whole value chain by 2050. In April, the target for emissions at the Company's locations by 2030 was raised to a reduction of 50%<sup>\*6</sup>. Furthermore, this May, the Suntory Kita-Alps Shinano-no-Mori Water Plant, which is the Company's first plant in Japan with zero CO<sub>2</sub> emissions, went into operation utilizing renewable energy. Suntory will continue to reduce carbon emissions through active introduction of additional energy-saving technologies and the use of renewable energy in its facilities, both in its operations and throughout the entire value chain. The Company has also decided to introduce internal carbon pricing and intends to begin implementing it before the end of the year.

•Packaging

Suntory regards plastics as an important issue. In order to provide strong leadership for the transformation to a circular and zero-carbon society, Suntory aims to switch all the PET bottles used globally in its products to be made of 100% recycled or plant-based material by 2030, achieving zero use of virgin petroleum-based materials. We will continue activities reducing environmental impact through the promotion of bottle-to-bottle horizontal recycling such as switching to fully recycled materials for *Green DAKARA Yasashii Mugicha* and the British soft drink *Ribena*<sup>\*7</sup>, making packaging more lightweight, and the Japanese soft drink industry's first FtoP direct recycling technology<sup>\*8</sup>. In addition, the number of companies participating in the joint venture called R Plus Japan Ltd., which is engaged in the recycling of used plastics, has grown to 29 as of July.

\*6. Based on 2019 emissions.

\*7. Excluding *Ribena Sparkling*.

\*8. A technology in which "flake" created by pulverizing and washing recovered PET bottles is treated at

high temperature in a vacuum for a fixed period and which, after being melted and filtered, can be used to manufacture the preform directly.

Suntory is also actively supporting disaster relief efforts. This year, which marks the 10th anniversary of the Great East Japan Earthquake, we launched the “Mirai Challenge Program” as a new initiative. It supports groups and individuals attempting to conduct new activities aimed at regional construction and regional revitalization in Iwate, Miyagi and Fukushima prefectures, and subsidies in the range of 100 million yen will be provided over three years from July.

## 2. Full-Year Forecast

In the fiscal year ending December 31, 2021, the forecast for revenue excluding excise taxes is 2.258 trillion yen (up 7.1% year on year), revenue including excise taxes is 2.538 trillion yen (up 7.2% year on year), operating income is 221 billion yen (up 1.8% year on year), and profit attributable to owners of the Company is 104 billion yen (up 3.6% year on year).

(There are no changes to the results forecasts announced on February 12, 2021.)

End



### Status of Major Shareholders

As of June 30, 2021

Name of shareholders	Address	Number of shares held (Thousands)	Percentage of common stock issued (excluding Treasury stock) (%)
Kotobuki Realty Co., Ltd.	2-1-40, Dojimahama, Kita-ku, Osaka	613,818	89.51
Employees Share Ownership Plan of Suntory	2-1-40, Dojimahama, Kita-ku, Osaka	34,544	5.03
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Sumitomo Mitsui Banking Corporation	1-1-2, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Suntory Foundation for Life Sciences	8-1-1, Seikadai, Seika-cho, Souraku-gun, Kyoto	3,590	0.52
Nobutada Saji	Minato-ku, Tokyo	652	0.09
Shingo Torii	Higashinada-ku, Kobe	539	0.07
Takeshi Niinami	Minato-ku, Tokyo	180	0.02
Nobuhiro Torii	Minato-ku, Tokyo	173	0.02
Total	—	680,984	99.30

### Members of the Board of Directors and Audit & Supervisory Board Members

There are no changes in Directors and Audit & Supervisory Board Members after the date of submission of the annual securities report for the previous fiscal year.

## Consolidated statement of financial position

(Millions of yen)

	As at December 31, 2020	As at June 30, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	338,259	329,278
Trade and other receivables	401,158	423,491
Other financial assets	7,591	10,458
Inventories	457,726	528,461
Other current assets	59,350	53,088
Subtotal	1,264,087	1,344,777
Assets held for sale	—	4,076
Total current assets	1,264,087	1,348,854
Non-current assets:		
Property, plant and equipment	696,825	737,214
Right-of-use assets	101,240	113,607
Goodwill	834,555	879,688
Intangible assets	1,348,485	1,433,314
Investments accounted for using the equity method	52,064	51,124
Other financial assets	133,269	172,386
Deferred tax assets	58,990	58,103
Other non-current assets	31,768	29,825
Total non-current assets	3,257,199	3,475,265
Total assets	4,521,286	4,824,119

(Millions of yen)

	As at December 31, 2020	As at June 30, 2021
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities:		
Bonds and borrowings	161,564	273,026
Trade and other payables	545,648	612,178
Other financial liabilities	110,442	97,367
Accrued income taxes	20,131	36,359
Provisions	10,261	7,385
Other current liabilities	81,712	61,653
Total current liabilities	929,760	1,087,971
Non-current liabilities:		
Bonds and borrowings	1,280,428	1,187,891
Other financial liabilities	143,017	149,003
Post-employment benefit liabilities	43,051	44,991
Provisions	8,074	8,678
Deferred tax liabilities	287,222	316,408
Other non-current liabilities	15,383	13,387
Total non-current liabilities	1,777,178	1,720,360
Total liabilities	2,706,938	2,808,332
<b>Equity</b>		
Share capital	70,000	70,000
Share premium	133,948	127,840
Retained earnings	1,420,484	1,464,376
Treasury shares	(938)	(938)
Other components of equity	(207,337)	(73,024)
Total equity attributable to owners of the Company	1,416,157	1,588,253
Non-controlling interests	398,189	427,533
Total equity	1,814,347	2,015,787
Total liabilities and equity	4,521,286	4,824,119

**Consolidated statement of profit or loss**

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Revenue (including excise taxes)	1,105,324	1,191,958
Less: excise taxes	(120,769)	(122,785)
Revenue (excluding excise taxes)	984,554	1,069,173
Cost of sales	(518,377)	(561,470)
Gross profit	466,177	507,702
Selling, general and administrative expenses	(375,676)	(385,408)
Gain on investments accounted for using the equity method	3,961	2,748
Other income	5,075	4,352
Other expenses	(4,965)	(3,277)
Operating income	94,572	126,117
Finance income	1,911	6,402
Finance costs	(9,459)	(8,446)
Profit before income taxes	87,024	124,074
Income tax expenses	(29,850)	(50,536)
Profit for the period	57,174	73,537
Attributable to:		
Owners of the Company	45,236	52,747
Non-controlling interests	11,938	20,789
Profit for the period	57,174	73,537
Earnings per share (Yen)	65.97	76.92

## Reconciliation from operating income to adjusted operating income

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Operating income	94,572	126,117
Restructuring charges	269	75
Other	722	1,208
Total	991	1,283
Adjusted operating income	95,563	127,401

## Segment Information

### (1) Overview of reportable segments

The reportable segments are components of the Group for which separate financial information is available and 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 by product or service. The management of each operating company focuses on the type of products and services delivered or provided when establishing its own strategy for domestic and international operations. Therefore, the Group determined and identified “Beverages and foods” and “Alcoholic Beverages” as a reportable segment 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.

Reportable segment	Primary products
Beverages and foods	Non-alcoholic beverages, healthy drinks, processed foods, other products
Alcoholic Beverages	Spirits, beer, wine and other alcoholic beverages
Others	Healthy foods, ice cream, restaurants, flowers, operations in China and other operations

### (Changes of reportable segments)

Due to the reorganization carried out on January 1, 2021, sales companies of wines in China previously included in “Alcoholic Beverages” segment have been transferred to “Others” segment.

The amounts of the previous fiscal year in the segment disclosure have been restated to conform to the current fiscal year’s presentation.

### (2) Profit or loss for each reportable segment

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

Six months ended June 30, 2020

(Millions of yen)

	Reportable segment			Segment total	Reconciliations *2	Consolidated *1
	Beverages and foods	Alcoholic Beverages	Others			
Revenue (including excise taxes)	550,136	449,983	105,205	1,105,324	—	1,105,324
Revenue (excluding excise taxes)						
External customers	550,136	329,593	104,824	984,554	—	984,554
Intersegment	2,393	1,583	5,573	9,550	(9,550)	—
Total revenue	552,529	331,177	110,398	994,105	(9,550)	984,554
Segment profit (loss)	45,439	62,540	8,959	116,939	(22,366)	94,572

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

\*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.

Six months ended June 30, 2021

(Millions of yen)

	Reportable segment			Segment total	Reconciliations *2	Consolidated *1
	Beverages and foods	Alcoholic Beverages	Others			
Revenue (including excise taxes)	601,544	476,272	114,141	1,191,958	—	1,191,958
Revenue (excluding excise taxes)						
External customers	601,544	353,977	113,650	1,069,173	—	1,069,173
Intersegment	2,290	1,489	5,686	9,467	(9,467)	—
Total revenue	603,835	355,467	119,337	1,078,640	(9,467)	1,069,173
Segment profit (loss)	70,316	62,858	15,131	148,307	(22,189)	126,117

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

\*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.

## **Balance Sheet**

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>ASSETS</b>		
Current assets	1,247,717	1,413,028
Cash and deposits	84,887	105,153
Accounts receivable-trade	3,819	4,199
Supplies	72	65
Short-term loans receivable	1,080,563	1,125,568
Other current assets	78,523	178,190
Allowance for doubtful accounts	(149)	(149)
Non-current assets	967,201	967,523
Property, plant and equipment	32,902	35,476
Intangible assets	3,843	3,830
Investments and other assets	930,455	928,216
Shares of subsidiaries and associates	513,664	517,541
Long-term loans receivable from subsidiaries and associates	373,905	347,307
Other	46,903	67,386
Allowance for doubtful accounts	(4,019)	(4,019)
Deferred assets	832	671
<b>TOTAL ASSETS</b>	<b>2,215,751</b>	<b>2,381,224</b>

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>LIABILITIES</b>		
Current liabilities	225,979	422,645
Short-term loans payable	54,890	48,780
Current portion of bonds payable	—	66,617
Income taxes payable	1,485	2,635
Deposits received	99,543	107,615
Provision for bonuses	5,182	4,592
Asset retirement obligations	305	—
Other	64,571	192,403
Non-current liabilities	1,083,965	1,001,370
Bonds payable	299,034	233,497
Long-term loans payable	766,007	749,709
Provision for retirement benefits	9,262	9,270
Asset retirement obligations	2,798	2,863
Other	6,863	6,029
<b>TOTAL LIABILITIES</b>	<b>1,309,945</b>	<b>1,424,015</b>
<b>NET ASSETS</b>		
Shareholders' equity	903,366	954,833
Capital stock	70,000	70,000
Capital surplus	286,367	286,367
Legal capital surplus	17,500	17,500
Other capital surplus	268,867	268,867
Retained earnings	547,937	599,404
Other retained earnings	547,937	599,404
Reserve for special depreciation	13	10
Reserve for advanced depreciation of non-current assets	1,970	1,943
General reserve	312,700	312,700
Retained earnings brought forward	233,253	284,751
Treasury stock	(938)	(938)
Valuation and translation adjustments	2,440	2,374
Valuation difference on available-for-sale securities	5,257	5,515
Deferred gains or losses on hedges	(2,817)	(3,140)
<b>TOTAL NET ASSETS</b>	<b>905,806</b>	<b>957,208</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>2,215,751</b>	<b>2,381,224</b>

## Statement of Income

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Operating revenue	104,727	79,057
Operating expenses	23,077	23,088
Operating income	81,649	55,968
Non-operating income	5,746	10,518
Non-operating expenses	4,763	3,939
Ordinary income	82,633	62,547
Extraordinary loss	—	718
Income before income taxes	82,633	61,829
Income taxes-current	(1,002)	1,447
Net income	83,635	60,382