

# Suntory Holdings Limited

February 12, 2021

## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 [IFRS] (English Translation, UNAUDITED)

Company Name: Suntory Holdings Limited  
(URL: <https://www.suntory.com/>)

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(Fractions of millions have been truncated)

### 1. Consolidated operating results and financial positions for the fiscal year (January 1, 2020 - December 31, 2020)

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

	Revenue (including excise taxes)		Revenue (excluding excise taxes)		Operating income		Profit before income taxes		Profit for the year		Profit attributable to owners of the Company	
Fiscal year ended	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%	¥million	%
December 31, 2020	2,367,632	(7.8)	2,108,316	(8.1)	217,032	(16.4)	201,042	(16.8)	129,670	(28.9)	100,408	(28.8)
December 31, 2019	2,569,230	2.1	2,294,704	2.0	259,646	3.5	241,505	3.9	182,435	0.6	140,940	0.6

Reference: Adjusted operating income for the fiscal year ending December 31, 2020 217,987¥million (15.7) %

Adjusted operating income for the fiscal year ending December 31, 2019 258,519¥million 3.0 %

Adjusted operating income was calculated as operating income excluding non-recurring items.

	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the Company	Profit before income taxes ratio to total assets	Operating income ratio to revenue (excluding excise taxes)
Fiscal year ended	¥	¥	%	%	%
December 31, 2020	146 .42	-	7.1	4.4	10.3
December 31, 2019	205 .53	-	10.6	5.4	11.3

### (2) Financial positions

	Total assets	Total equity	Equity attributable to owners of the Company	Equity attributable to owners of the Company ratio	Equity per share attributable to owners of the Company
Fiscal year ended	¥million	¥million	¥million	%	¥
December 31, 2020	4,521,286	1,814,347	1,416,157	31.3	2,065.10
December 31, 2019	4,516,779	1,793,887	1,398,534	31.0	2,039.41

### (3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended	¥million	¥million	¥million	¥million
December 31, 2020	231,397	(133,948)	(10,612)	338,259
December 31, 2019	321,613	(120,525)	(218,969)	255,302

### 2. Dividends

	Dividends per share (Annual)	Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owner of the Company
Fiscal year ended	Yen	Millions of yen	%	%
December 31, 2020	13 .00	8,914	8.9	0.6
December 31, 2019	13 .00	8,914	6.3	0.7

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

	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
Fiscal year ended	¥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%

**SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2020 (English Translation, UNAUDITED)**

(1) Operating results

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

	Operating revenue		Operating income		Ordinary income	
Fiscal year ended	¥million	%	¥million	%	¥million	%
December 31, 2020	133,297	△2.6	86,860	△4.5	88,196	△6.2
December 31, 2019	136,843	27.8	90,920	42.2	94,050	35.7

	Net income		Basic net earnings per share
Fiscal year ended	¥million	%	¥
December 31, 2020	83,999	△5.9	122 .49
December 31, 2019	89,297	36.0	130 .22

(2) Financial positions

	Total assets	Net assets	Ratio of equity to total assets	Total equity per share
As of	¥million	¥million	%	¥
December 31, 2020	2,215,751	905,806	40.9	1,320.89
December 31, 2019	2,085,813	831,853	39.9	1,213.05

## Operating Results

### 1. Overview of the Twelve-Month Period Ended December 31, 2020

The Suntory Group has actively expanded business in each of three segments, “Non-Alcoholic Beverages and Foods,” “Alcoholic Beverages,” and “Others,” both in Japan and overseas. The fiscal year under review was affected by factors such as self-restraint in going out following the spread of novel coronavirus infectious disease (COVID-19). Revenue (excluding excise taxes) fell by 8.1% year on year to 2.1083 trillion yen, while revenue (including excise taxes) came to 2.3676 trillion yen, a decrease of 7.8% year on year. Operating income fell by 16.4% to 217 billion yen, and profit attributable to owners of the Company was 100.4 billion yen, down 28.8% year on year.

#### <Non-Alcoholic 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. However, the business environment in major countries has been changed significantly by the impact of the COVID-19 pandemic, and this has had a considerable effect on the business both in Japan and overseas.

In Japan, the company focused on strengthening core brands, mainly in the categories of water, coffee, and sugar-free tea, but although sales volume outperformed the soft drinks market as a whole, it fell compared to the previous year. In the *Suntory Tennensui* brand, due to factors such as an increase in demand for large volumes and the renewal of *Suntory Tennensui Sparkling Lemon*, sales volume for the brand as a whole was flat year on year. In the *BOSS* brand, it launched the new *BOSS Cafe Base* and *Craft BOSS Lemon Tea* products with the aim of stimulating the market, but sales volume for the brand as a whole recorded a year-on-year decline. In the *Iyemon* brand, the company carried out the most significant renewal since its launch, with the aim of creating a bottled green tea beverage that allows customers to enjoy “a green tea that tastes freshly brewed.” As a result, sales volume for the brand as a whole increased considerably year on year. In the *GREEN DAKARA* brand, *GREEN DAKARA Yasashii Mugicha* maintained its favorable performance, and sales volume for the brand as a whole was the same as the previous year.

In Europe, sales volumes for core brands *Orangina* and *Oasis* fell below the previous year in France. In the United Kingdom, sales volume for the *Lucozade* brand declined year on year. Although the *Lucozade Energy* brand recorded a strong performance, self-restraint in

respect to sporting events had a significant impact on the *Lucozade Sport* brand. In Spain, the sales volume for the core *Schweppes* brand recorded a year-on-year decline.

In Asia, activities focused on core brands in Vietnam and the launch of new low-sugar products in Thailand contributed to sales in its soft drinks business. In the health supplement business, the company promoted initiatives to support the mainstay *BRAND'S Essence of Chicken* in Thailand, but sales of *BRAND'S Bird's Nest* continued to struggle due to the decline in tourists from China, and sales declined year on year.

In Oceania, energy drinks such as *V* performed well in the soft drinks business, and the company worked on strengthening core brands in the fresh coffee business.

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.

As a result of the above, revenue for the Non-Alcoholic Beverages and Foods Segment decreased 9.2% year on year to 1.1729 trillion yen, while operating income fell by 13.8% to 117 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, was the same level compared to the previous year. Strong sales growth in the off-premise channel was offset by lower sales in the on-premise channel. Sales trends improved in the second half of the year. *Jim Beam* bourbon whiskey grew to more than 11 million 9-liter equivalent cases globally, and Basil Hayden's bourbon, Japanese craft gin *ROKU*, and *Hornitos* all grew volumes at double-digit rates. Full-year sales in the United States recorded strong performance.

In Japan, the spirits business sales were the same level compared to the previous year. In the whisky category, sales volume for the whisky business grew 1% year on year with major brands *Torlys* and *Maker's Mark* delivering strong growth. Sales volume for RTD products grew by 9% year on year due to the favorable performance of *Kodawari Sakaba no Lemon Sour* and canned highball products, recording the highest sales for the sixteenth consecutive year. The Japanese gin *SUI*, which the company launched to create new demand, performed well with sales significantly exceeding initial expectations, as consumers responded favorably to the new value offered by *SUI Gin Soda*, which goes well with meals.

With the overall beer-type beverage market\*<sup>1</sup> in Japan estimated to have fallen by around 9% year on year, the sales volume of the company's beer business was 64.75 million cases\*<sup>2</sup>,

also down 9% year on year. The company's beer category drinks, excluding alcohol-free beer-type beverages, fell 11% year on year to 56.75 million cases.

Sales volume for core brand *The Premium Malt's* decreased by 27% year on year to 12.60 million cases. In addition to simultaneously revamping *The Premium Malt's* and *The Premium Malt's Kaoru Ale* in pursuit of further improving flavor and foam quality, the company continued promotions for "KAMIAWA" that focus on foam, a unique characteristic of beer.

Sales volume for the *Kin-Mugi* brand fell 2% year on year to 37.61 million cases. The company implemented a promotion for *Shiki no Kinmugi*, which offers products tailored to the four seasons of Japan. As a result of heightened health awareness among consumers, sales of *Kin-Mugi 75% Less Carbohydrate* grew 16% year on year.

Sales volume for the *All-Free* brand rose 8% year on year to 7.93 million cases. *KARADA-WO-OMOU All-Free*, a product with functional claims for visceral fat, performed well and sold 2.53 million cases, exceeding the annual sales volume plan.

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

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

Wine business's revenue fell 16% year on year. Japanese wine performed well, but imported wine fell below previous-year levels.

In Japanese wine, products such as *Delica Maison*, and *Sankaboshizai Mutenka no Oishii Wine*, which holds the No.1 position for sales volume in the Japanese wine market\*<sup>3</sup>, performed strongly, leading to a 12% year-on-year increase in sales volume.

In imported wine, new organic wine products launched from core European brands such as *Tavernello Organico*, and *Les Ormes de Cambas*, grew significantly.

\*<sup>3</sup> According to Intage SRI: Sales volume of wine in the Japanese market from December 2019 to November 2020 (the total of all Japanese SM/ CVS/ liquor DS/ home centers/ drugstores/ liquor stores/ commercial liquor stores)

As a result of the above, revenue (excluding excise taxes) for the Alcoholic Beverages Segment was 728.1 billion yen, down 4.2% year on year, while revenue (including excise taxes) was 987.1 trillion yen, down 4.6% year on year, and operating income was 130.4 billion yen, down 9.2% year on year.

#### <Others Segment>

Revenue for health and wellness products business grew 5% year on year with products such as the *Sesamin* series performing well. Revenue for the restaurant business decreased year on year.

Revenue (excluding excise taxes) for the Others Segment was 207.3 billion yen, down 14.7% year on year, and operating income was 14.8 billion yen, down 43.9% year on year.

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

Revenue (excluding excise taxes)

Japan: 1.204 trillion yen (down 9.5% year on year) Overseas: 904.3 billion yen (down 6.3% year on year)

Overseas ratio: 42.9%

Revenue (including excise taxes)

Japan: 1.3875 trillion yen (down 9.2% year on year) Overseas: 980.2 billion yen (down 5.8% year on year)

Overseas ratio: 41.4%

Ever since its founding, Suntory has aggressively expanded its business while also contributing to the society such as through cultural activities, community work, and environmental efforts, based on Suntory's founding spirit of "Giving Back to the Society." In addition, Suntory conducts various activities aiming to coexist with society and nature based on its promise to stakeholders, "Mizu To Ikiru" (literally meaning living with water), and its corporate mission "To Create Harmony with People and Nature."

In terms of the environment, Suntory places 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. Through initiatives such as the use of lighter packaging materials as well as the use of FtoP Direct Recycle Technology<sup>\*4</sup>, the first of its kind in the Japanese beverage industry, Suntory will continue its activities to reduce the burden on the environment. In addition, Suntory and 11 other companies forming a plastic value chain established a joint venture called R Plus Japan Ltd. in June 2020 to develop a recycling technology for used plastics. It will take up the challenge of developing an efficient plastic recycling technology with low environmental impact.

Based on the Suntory Group's Sustainable Water Philosophy, the Suntory Natural Water Sanctuaries are now present at 21 locations in 15 prefectures nationwide in Japan, with a total area of approximately 12,000 hectares, cultivating more than double the amount of groundwater used in its 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.

In order to promote a decarbonized society and to address climate change, Suntory is reducing carbon emissions through active instalments of additional energy-saving technologies and the use of renewable energy in its facilities, both in its operations and throughout the entire value chain. Suntory aims to achieve net zero greenhouse gas emissions across the whole value chain by 2050.

Suntory is also actively supporting disaster relief efforts. The company disbursed donations to Kumamoto, which suffered significant damage from the 2020 Kyushu floods. Suntory's support for the Great East Japan Earthquake disaster relief efforts have now reached a cumulative total of around 10.8 billion yen, and activities for the Kumamoto Earthquake have reached a cumulative total of 400 million yen, which are both still ongoing.

\*4. 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.

## 2. Forecast for the Next Period

The Suntory Group will strive to respond swiftly to changes in the market environment to create yet unknown value and work to further enhance growth and profitability as a global “multifaceted beverage and liquor company group”, while continuing to aim to create harmony with society and nature.

### <Non-Alcoholic Beverages and Foods Segment>

Suntory Beverage & Food Limited will aim to achieve growth in revenue and income by engaging in efforts to strengthen its foundations and implement structural reforms in each of its reporting segments.

In Japan, it will continue to strengthen its core brands, while also working on further structural reform to improve profitability. In Europe, the company will work on stimulating core brands, as well as on structural reforms such as enhancement of on-premise sales. In Asia, it will further strengthen efforts to improve profitability in both the soft drinks business and the health supplement businesses. In Oceania, it will continue to strengthen its core brands in both the soft drinks and fresh coffee businesses. In the Americas, the company will proceed to strengthen the flagship carbonated beverage category while at the same time working to achieve further expansion in the growing non-carbonated beverage category.

### <Alcoholic Beverages Segment>



In the spirits business, the company aims to outperform its global market by leveraging its extensive routes to market and building its premium brands as the world's third largest premium spirits company. In Japan, it will conduct promotional activities for highball products that emphasize quality at the point of consumption, centered on core whisky brands such as *Kakubin*, *Jim Beam*, and *Torlys*, while also proposing ways to further enjoy at-home drinking occasions with premium brands such as *Maker's Mark*, *Ao* and *Chita*. In RTD, the company will aim to expand business by further developing and strengthening core brands such as *-196°C*, *Kodawari Sakaba no Lemon Sour*, and *Horoyoi*. In White Spirits/Liqueurs, through the *Kodawari Sakaba no Lemon Sour no Moto* and *SUI* brands, the company will work to expand the number of contact points with customers and create new demand. Furthermore, in order to increase consumer enjoyment of delicious spirits, the company will focus on quality from product development to consumption, and conduct active marketing activities such as launching new products and proposing new styles of drinking, that provide new value.

In the beer business, the company will work to create new drinking demand and revitalize the overall beer-type beverage market by increasing the value of each of its core brands, *The Premium Malt's*, *Kin-Mugi* and *All-Free*, as well as by delivering new value. In *The Premium Malt's* brand, while continuing to roll out promotions that capture changes in customer's behaviors, it will seek to become embedded more deeply in their lives by positioning the brand as a little bit of luxury in everyday life. Furthermore, it will leverage the "KAMIWA" brand, focusing on the foam that is a unique characteristic of beer, in order to create inspirational taste experiences that stay in the memory. In the *Kin-Mugi* brand, the company will continue to roll out *Shiki no Kin-Mugi*, changing the taste in accordance with each of the four seasons of Japan, and strengthen its affinity with seasonal ingredients and food. The company 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 taste and function. In addition, in response to demand for satisfying beer as well as satisfying food, it will launch a new product, *Kin-Mugi The Lager*, characterized by its "rewarding flavor and pleasant aftertaste." In the *All-Free* brand, in addition to renewing the packaging and contents of *All-Free*, it will launch multiple promotions focused on times of heightened health awareness for the *KARADA-WO-OMOU All-Free*, a product with functional claims.

In the wine business, in order to be able to respond to changes in the customer's consumer behaviors, the company will strengthen its brands and strive to create new demand. In Japanese casual wine, it will carry out a renewal of and launch new products under the *Sankaboshizai Mutenka no Oishii Wine* and *Delica Maison* brands. In imported wine, it will

launch *Prinz Bear*, an easy-drinking German wine with a hint of sweetness, while also strengthening the development of organic wines. In order to create new demand, it will launch *Suntory Wine Sour 350 mL* can, seeking to penetrate the new “wine sour” category, consisting of wine mixed with carbonated water.

<Others Segment>

In the health and wellness business, the company will continue to focus on products such as the *Sesamin* series and *Locomore*. In the restaurant business, it will provide products and services that capture customer needs, while also seeking to improve profitability.

As a result of these activities, the forecast for revenue by segment is 1.254 trillion yen in the Non-Alcoholic Beverages and Foods Segment (up 6.9% year on year), 759 billion yen excluding excise taxes in the Alcoholic Beverages Segment (up 5.6% year on year), 1.038 trillion yen including excise taxes in the Alcoholic Beverages Segment (up 6.2% year on year), and 245 billion yen excluding excise taxes in the Others Segment (up 13.0% year on year).

All these things considered, 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).

End

## Classification of Shareholders

As of December 31, 2020

As of December 31, 2020									
	Shares (Number of one unit of shares: -)								Shares less than One Unit (share)
	Japanese government and local government	Financial institutions	Securities Companies	Other Corporation	Foreign investors		Individuals and Others	Total	
					Other than Individuals	Individuals			
Number of Shareholders	—	4	—	2	—	—	70	76	—
Number of Shares Held (Unit)	—	27,485,448	—	617,408,764	—	—	42,241,984	687,136,196	—
Percentage of Shares Held (%)	—	4.00	—	89.85	—	—	6.14	100.00	—

Note: 1,380,000 shares of treasury stock are included in "Individuals and Others"

## Status of Major Shareholders

As of December 31, 2020

Name of shareholders	Address	Number of shares held (thousands)	Percentage of common stock issued (%)
Kotobuki Realty Co., Ltd.	2-1-40 Dojimahama, Kita-ku, Osaka	613,818	89.50
Employees Share Ownership Plan of Suntory	2-1-40 Dojimahama, Kita-ku, Osaka	34,769	5.07
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
Nobuhiro Torii	Minato-ku, Tokyo	173	0.02
Total	—	681,029	99.31

## Directors and Audit & Supervisory Board Members

As of December 31, 2020

Title and Scope of Responsibility	Name	Date of Birth	Brief History	Term of office	Number of shares held (in thousands)
Representative Director, Chairman of the Board & Chief Executive Officer	Nobutada Saji	November 25, 1945	<p>Joined Sony Corporation in April 1971.</p> <p>Joined Suntory Limited in June 1974.</p> <p>Assumed the office of Senior General Manager of Osaka branch of such company in August 1981.</p> <p>Assumed the office of Director of such company in June 1982.</p> <p>Assumed the office of Managing Director of such company in June 1984.</p> <p>Assumed the office of Senior Managing Director of such company in June 1987.</p> <p>Assumed the office of Director, Executive Vice President of such company in March 1989.</p> <p>Assumed the office of Representative Director, Executive Vice President &amp; Chief Operating Officer of such company in March 1990.</p> <p>Assumed the office of Representative Director, President &amp; Chief Executive Officer of such company in March 2001.</p> <p>Assumed the office of Representative Director, Chairman, President &amp; Chief Executive Officer of such company in March 2002.</p> <p>Assumed the office of Representative Director and President of Kotobuki Realty Co., Ltd. in March 2002.</p> <p>Assumed the office of Representative Director, Chairman, President &amp; Chief Executive Officer of Suntory Holdings Limited in February 2009.</p> <p>Has occupied the office of Representative Director, Chairman of the Board &amp; Chief Executive Officer of Suntory Holdings Limited from October 2014 to date (incumbent).</p> <p>Has occupied the office of Representative Director and Chairman of Kotobuki Realty Co., Ltd. from March 2016 to date (incumbent).</p>	Note 4	652

Title and Scope of Responsibility	Name	Date of Birth	Brief History	Term of office	Number of shares held (in thousands)
Representative Director, Vice Chairman of the Board	Shingo Torii	January 18, 1953	<p>Joined Itochu Corporation in April 1980.</p> <p>Joined Suntory Limited in June 1983.</p> <p>Assumed the office of Senior General Manager of Production Planning Division of such company in March 1990.</p> <p>Assumed the office of Director of such company in March 1992.</p> <p>Assumed the office of Managing Director of such company in March 1999.</p> <p>Assumed the office of Representative Director and Senior Managing Director of such company in March 2001.</p> <p>Assumed the office of Representative Director, Executive Vice President &amp; Chief Operating Officer of such company in March 2003.</p> <p>Assumed the office of Representative Director, Executive Vice President &amp; Chief Operating Officer of Suntory Holdings Limited in February 2009.</p> <p>Assumed the office of Representative Director and Executive Vice President of Kotobuki Realty Co., Ltd. in March 2009.</p> <p>Has occupied the office of Representative Director, Vice Chairman of the Board of Suntory Holdings Limited from October 2014 to date (incumbent).</p> <p>Has occupied the office of Representative Director and Vice Chairman of Kotobuki Realty Co., Ltd. from March 2016 to date (incumbent).</p>	Note 4	539
Representative Director, President & Chief Executive Officer	Takeshi Niinami	January 30, 1959	<p>Joined Mitsubishi Corporation in April 1981.</p> <p>Assumed the office of Manager of LAWSON Project Management Unit and Food Service Business Unit, Consumer Business Div. of such company in April 2001.</p> <p>Assumed the office of President &amp; CEO, Representative Director and Executive Officer of Lawson, Inc. in May 2002.</p> <p>Assumed the office of President &amp; CEO, and Representative Director of such company in March 2005.</p> <p>Assumed the office of Chairman, Representative Director of such company in May 2014.</p> <p>Assumed the office of Chairman, Member of the Board of such company in May 2014.</p> <p>Assumed the office of Advisor of Suntory Holdings Limited in August 2014.</p> <p>Assumed the office of Director of Suntory Holdings Limited in September 2014.</p> <p>Has occupied the office of Representative Director, President &amp; Chief Executive Officer of Suntory Holdings Limited from October 2014 to date (incumbent).</p>	Note 4	170

Title and Scope of Responsibility	Name	Date of Birth	Brief History	Term of office	Number of shares held (in thousands)
Representative Director, Executive Vice President & Chief Operating Officer	Nobuhiro Torii	March 10, 1966	<p>Joined The Industrial Bank of Japan (Present: Mizuho Bank, Ltd.) in July 1991.</p> <p>Joined Suntory Limited in April 1997.</p> <p>Assumed the office of Senior General Manager of Overall Sales &amp; Marketing Division of such company in September 2005.</p> <p>Assumed the office of Director of such company in March 2007.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2010.</p> <p>Assumed the office of Senior Managing Director of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Representative Director, President &amp; Chief Executive Officer of Suntory Beverage &amp; Food Limited in January 2011.</p> <p>Assumed the office of Director of Suntory Holdings Limited in January 2013.</p> <p>Has occupied the office of Representative Director and President of Kotobuki Realty Co., Ltd. from March 2016 to date (incumbent).</p> <p>Has occupied the office of Representative Director, Executive Vice President &amp; Chief Operating Officer of Suntory Holdings Limited from March 2016 to date (incumbent).</p> <p>Has occupied the office of Director of Suntory Beverage &amp; Food Limited from March 2016 to date (incumbent).</p> <p>Has occupied the office of Representative Director, President &amp; Chief Executive Officer of Suntory Beer, Wine &amp; Spirits Japan Limited from April 2017 to date (incumbent).</p>	Note 4	173
Director, Executive Vice President	Koji Kojima	May 21, 1952	<p>Joined Suntory Limited in April 1978.</p> <p>Assumed the office of Senior General Manager of Engineering &amp; Process Development Division of such company in October 2003.</p> <p>Assumed the office of Director of such company in March 2005.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Senior Managing Director of Suntory Holdings Limited in March 2013.</p> <p>Has occupied the office of Director, Executive Vice President of Suntory Holdings Limited from March 2018 to date (incumbent).</p> <p>Has occupied the office of Representative Director, President &amp; Chief Executive Officer of Suntory MONOZUKURI Expert Limited from January 2020 to date (incumbent).</p>	Note 4	140

Title and Scope of Responsibility	Name	Date of Birth	Brief History	Term of office	Number of shares held (in thousands)
Director, Executive Vice President	Shinichiro Hizuka	November 19, 1955	<p>Joined Suntory Limited in April 1978.</p> <p>Assumed the office of Executive Officer of Suntory Beer &amp; Spirits Limited (Present: Suntory Liquors Limited) in April 2009.</p> <p>Assumed the office of Senior General Manager, Sales Development &amp; Marketing Promotion Department 1 of such company in April 2009.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Managing Director of Suntory Beverage &amp; Food Limited in March 2012.</p> <p>Assumed the office of Senior Managing Director of such company in December 2012.</p> <p>Assumed the office of Senior Managing Director of Suntory Holdings Limited in March 2015.</p> <p>Assumed the office of Director of Suntory Holdings Limited in March 2018.</p> <p>Assumed the office of Senior Managing Executive Officer of Suntory Holdings Limited in March 2018.</p> <p>Has occupied the office of Director, Executive Vice President of Suntory Holdings Limited from January 2020 to date (incumbent).</p>	Note 4	121
Director, Executive Vice President	Kazutomo Aritake	October 14, 1957	<p>Joined Suntory Limited in April 1980.</p> <p>Assumed the office of Senior General Manager of Legal Department of Suntory Limited in March 2006.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2010.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2012.</p> <p>Assumed the office of Senior Managing Director of Suntory Holdings Limited in March 2017.</p> <p>Assumed the office of Director of Suntory Holdings Limited in March 2018 .</p> <p>Assumed the office of Senior Managing Executive Officer of Suntory Holdings Limited in March 2018.</p> <p>Has occupied the office of Director, Executive Vice President of Suntory Holdings Limited from January 2020 to date (incumbent).</p>	Note 4	133

Director	Takashi Mikuriya	April 27, 1951	<p>Assumed the office of Professor of the Faculty of Law, Tokyo Metropolitan University in October 1988.</p> <p>Assumed the office of Visiting Professor of the Research Center for Advanced Science and Technology, the University of Tokyo in April 2012.</p> <p>Has occupied the office of Professor Emeritus of the University of Tokyo from April 2012 to date (incumbent).</p> <p>Has occupied the office of Visiting Professor of the Open University of Japan from April 2016 to date (incumbent).</p> <p>Has occupied the office of Director of Suntory Holdings Limited from March 2017 to date (incumbent).</p> <p>Has occupied the office of Visiting Professor of Rikkyo University from April 2019 to date (incumbent).</p> <p>Has occupied the Fellow of the Research Center for Advanced Science and Technology, the University of Tokyo from April 2020 to date (incumbent).</p>	Note 4	—
Director	Matthew J. Shattock	August 19, 1962	<p>Assumed the office of Director, President and CEO of Beam Global Spirits &amp; Wine, Inc. in March 2009.</p> <p>Has occupied the office of Director, President and CEO of Beam Inc. (Present: Beam Suntory Inc.) from October 2011.</p> <p>Has occupied the office of Chairman of Beam Suntory Inc. from April 2014.</p> <p>Has occupied the office of Director of Suntory Holdings Limited from May 2014 to date (incumbent).</p> <p>Has occupied the office of Non- Executive Chairman of Beam Suntory Inc. from April 2019 to date (incumbent).</p>	Note 4	—



Title and Scope of Responsibility	Name	Date of Birth	Brief History	Term of office	Number of shares held (in thousands)
Senior Audit & Supervisory Board Member	Yasuhiko Kamada	February 4, 1958	<p>Joined Suntory Limited in April 1980.</p> <p>Assumed the office of Chief Operating Officer, Liquor China Division of such company, and Vice President of Suntory (China) Holding Co., Ltd. in April 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Director of Suntory Beverage &amp; Food Limited in March 2013.</p> <p>Assumed the office of Representative Director, President &amp; Chief Executive Officer of Suntory Beverage Service Limited in April 2013.</p> <p>Has occupied the office of Senior Audit &amp; Supervisory Board Member of Suntory Holdings Limited from March 2016 to date (incumbent).</p>	Note 6	170
Senior Audit & Supervisory Board Member	Hong Sik Park	June 16, 1958	<p>Joined Suntory Limited in April 1982.</p> <p>Assumed the office of CEO of Suntory Beverage &amp; Food Asia Pte. Ltd. in September 2011.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2016.</p> <p>Has occupied the office of Audit Committee Member of Beam Suntory Inc. from April 2017 to date (incumbent).</p> <p>Assumed the office of Audit &amp; Supervisory Board Member of Suntory Holdings Limited in March 2019.</p> <p>Has occupied the office of Senior Audit &amp; Supervisory Board Member of Suntory Holdings Limited from March 2020 to date (incumbent).</p>	Note 5	20
Audit & Supervisory Board Member	Minoru Amano	February 17, 1948	<p>Was appointed as Judge in April 1976.</p> <p>Resigned from bench in March 1980.</p> <p>Has Registered as Attorney from May 1980 to date (incumbent).</p> <p>Assumed the office of Audit &amp; Supervisory Board Member of Suntory Limited in March 2003.</p> <p>Has occupied the office of Audit &amp; Supervisory Board Member of Suntory Holdings Limited from February 2009 to date (incumbent).</p>	Note 5	—
Audit & Supervisory Board Member	Hideo Yamada	February 23, 1955	<p>Assumed the office of Professor of system science laboratory, Waseda University in April 1997.</p> <p>Has occupied the office of Outside Auditor of Fukuoka Financial Group, Inc. from June 2015 to date (incumbent).</p> <p>Has occupied the office of Audit &amp; Supervisory Board Member of Suntory Holdings Limited from March 2016 to date (incumbent).</p> <p>Has occupied the office of Professor of Graduate School of Business Administration, Waseda University from April 2016 to date (incumbent).</p>	Note 6	—

Note: 1. Suntory Limited is Suntory Spirits Limited at the present time.

2. Director Mr. Takashi Mikuriya is an Outside Director.

3. Mr. Minoru Amano and Mr. Hideo Yamada are Outside Audit & Supervisory Board Members.

4. Current terms of office will expire at the close of Ordinary General Meeting of Shareholders for the Fiscal Year 2020.

5. Current terms of office will expire at the close of Ordinary General Meeting of Shareholders for the Fiscal Year 2022.

6. Current terms of office will expire at the close of Ordinary General Meeting of Shareholders for the Fiscal Year 2023.

# Consolidated statement of financial position

(Millions of yen)

	As at December 31, 2019	As at December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	255,302	338,259
Trade and other receivables	408,893	401,158
Other financial assets	12,344	7,591
Inventories	435,501	457,726
Other current assets	63,797	59,350
Sub-total	1,175,840	1,264,087
Assets held for sale	187	-
Total current assets	1,176,028	1,264,087
Non-current assets:		
Property, plant and equipment	708,663	696,825
Right-of-use assets	97,359	101,240
Goodwill	857,328	834,555
Intangible assets	1,405,341	1,348,485
Investments accounted for using the equity method	46,217	52,064
Other financial assets	122,950	133,269
Deferred tax assets	73,729	58,990
Other non-current assets	29,161	31,768
Total non-current assets	3,340,751	3,257,199
Total assets	4,516,779	4,521,286

(Millions of yen)

	As at December 31, 2019	As at December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	148,861	161,564
Trade and other payables	564,412	545,648
Other financial liabilities	121,775	110,442
Accrued income taxes	27,432	20,131
Provisions	13,985	10,261
Other current liabilities	86,327	81,712
Total current liabilities	962,794	929,760
Non-current liabilities:		
Bonds and borrowings	1,278,013	1,280,428
Other financial liabilities	126,683	143,017
Post-employment benefit liabilities	43,618	43,051
Provisions	6,882	8,074
Deferred tax liabilities	289,537	287,222
Other non-current liabilities	15,362	15,383
Total non-current liabilities	1,760,098	1,777,178
Total liabilities	2,722,892	2,706,938
Equity		
Share capital	70,000	70,000
Share premium	133,909	133,948
Retained earnings	1,329,315	1,420,484
Treasury shares	(938)	(938)
Other components of equity	(133,752)	(207,337)
Total equity attributable to owners of the Company	1,398,534	1,416,157
Non-controlling interests	395,352	398,189
Total equity	1,793,887	1,814,347
Total liabilities and equity	4,516,779	4,521,286

**Consolidated statement of profit or loss**

(Millions of yen)

	Year ended December 31, 2019	Year ended December 31, 2020
Revenue (including excise taxes)	2,569,230	2,367,632
Less: excise taxes	(274,525)	(259,316)
Revenue (excluding excise taxes)	2,294,704	2,108,316
Cost of sales	(1,199,321)	(1,109,334)
Gross profit	1,095,383	998,981
Selling, general and administrative expenses	(840,306)	(788,038)
Gain on investments accounted for using the equity method	8,703	9,121
Other income	15,825	13,549
Other expenses	(19,959)	(16,580)
Operating income	259,646	217,032
Finance income	4,008	2,033
Finance costs	(22,148)	(18,023)
Profit before income taxes	241,505	201,042
Income tax expenses	(59,070)	(71,371)
Profit for the year	182,435	129,670
Attributable to:		
Owners of the Company	140,940	100,408
Non-controlling interests	41,494	29,261
Profit for the year	182,435	129,670
Earnings per share (Yen)	205.53	146.42

## Reconciliation from operating income to adjusted operating income

(Millions of yen)

	Year ended December 31, 2019	Year ended December 31, 2020
Operating income	259,646	217,032
Gain on sale of businesses	-	(3,439)
Losses from natural disaster	2,587	-
Insurance income	(9,795)	(1,067)
Restructuring charges	4,214	2,814
Impairment losses and reversal of impairment losses	1,036	1,317
Other	830	1,329
Total	(1,126)	954
Adjusted operating income	258,519	217,987

# Consolidated statement of changes in equity for the year ended 31 December 2020

(Millions of yen)

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
<b>Balance at 31 December 2018</b>	70,000	133,944	1,198,492	(938)	(128,728)	1,272,770	378,918	1,651,689
Cumulative effect of adopting new accounting standards			(1,041)			(1,041)	(453)	(1,494)
<b>Balance at 1 January 2019</b>	70,000	133,944	1,197,451	(938)	(128,728)	1,271,729	378,464	1,650,194
Profit for the year			140,940			140,940	41,494	182,435
Other comprehensive income					(5,188)	(5,188)	(17)	(5,205)
Total comprehensive income for the year	—	—	140,940	—	(5,188)	135,751	41,477	177,229
Dividends			(8,914)			(8,914)	(24,277)	(33,192)
Incorporation of a new subsidiary						—	274	274
Transactions with non-controlling interests		(34)				(34)	(583)	(618)
Transfer from other components of equity to retained earnings			(161)		164	3	(3)	—
Total transactions with owners of the parent	—	(34)	(9,076)	—	164	(8,946)	(24,589)	(33,536)
<b>Balance at 31 December 2019</b>	70,000	133,909	1,329,315	(938)	(133,752)	1,398,534	395,352	1,793,887
Profit for the year			100,408			100,408	29,261	129,670
Other comprehensive income					(73,909)	(73,909)	(5,128)	(79,038)
Total comprehensive income for the year	—	—	100,408	—	(73,909)	26,498	24,133	50,632
Dividends			(8,914)			(8,914)	(21,254)	(30,169)
Transactions with non-controlling interests		39				39	(41)	(2)
Transfer from other components of equity to retained earnings			(324)		324	—	—	—
Total transactions with owners of the parent	—	39	(9,239)	—	324	(8,875)	(21,295)	(30,171)
<b>Balance at 31 December 2020</b>	70,000	133,948	1,420,484	(938)	(207,337)	1,416,157	398,189	1,814,347

## Consolidated statement of cash flows

	Year ended December 31, 2019	Year ended December 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	241,505	201,042
Depreciation and amortization	121,506	123,823
Impairment losses (reversal of impairment losses)	2,623	4,153
Interest and dividend income	(2,771)	(1,694)
Interest expense	21,547	17,397
Gain on investments accounted for using the equity method	(8,703)	(9,121)
Increase in inventories	(20,516)	(23,385)
(Increase) decrease in trade and other receivables	(3,968)	14,844
(Decrease) increase in trade and other payables	20,033	(14,281)
Other	23,777	(6,561)
Subtotal	395,032	306,216
Interest and dividends received	6,932	5,227
Interest paid	(23,785)	(18,925)
Income taxes paid	(56,565)	(61,120)
Net cash inflow from operating activities	321,613	231,397
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment and intangible assets	(120,814)	(118,760)
Proceeds from sales of property, plant and equipment and intangible assets	3,075	5,640
Payments for acquisition of investment securities	(2,016)	(21,639)
Payments for acquisition of shares in subsidiaries involving changes in the scope of consolidation	(925)	(6,194)
Proceeds from sale of businesses	-	8,305
Other	156	(1,299)
Net cash outflow from investing activities	(120,525)	(133,948)
<b>Cash flows from financing activities</b>		
(Decrease) increase in short-term borrowings	(7,826)	31,985
Proceeds from long-term borrowings	195,754	227,890
Repayment of long-term borrowings	(343,072)	(209,527)
Payments of finance lease liabilities	(31,444)	(30,455)
Dividends paid to owners of the Company	(8,914)	(8,914)
Dividends paid to non-controlling interests	(23,605)	(21,575)
Other	141	(16)
Net cash outflow from financing activities	(218,969)	(10,612)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(17,881)</b>	<b>86,836</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>272,425</b>	<b>255,302</b>
Effects of exchange rate changes on cash and cash equivalents	758	(3,879)
<b>Cash and cash equivalents at the end of the year</b>	<b>255,302</b>	<b>338,259</b>

## 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, 2020, an Italian wine and food trading company previously included in Alcoholic beverages segment has 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.

Year ended December 31, 2019

	Reportable segment			Segment total	Reconciliations *2	Consolidated *1
	Beverages and foods	Alcoholic beverages	Others			
Revenue (including excise taxes)	1,291,732	1,034,154	243,342	2,569,230	-	2,569,230
Revenue (excluding excise taxes)						
External customers	1,291,732	760,080	242,891	2,294,704	-	2,294,704
Intersegment	7,653	5,037	11,666	24,356	(24,356)	-
Total revenue	1,299,385	765,117	254,558	2,319,061	(24,356)	2,294,704
Segment profit	135,726	143,679	26,431	305,836	(46,190)	259,646

(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.



Year ended December 31, 2020

(Millions of yen)

	Reportable segment			Segment total	Reconciliations *2	Consolidated *1
	Beverages and foods	Alcoholic beverages	Others			
Revenue (including excise taxes)	1,172,913	987,067	207,652	2,367,632	-	2,367,632
Revenue (excluding excise taxes)						
External customers	1,172,913	728,095	207,307	2,108,316	-	2,108,316
Intersegment	5,224	3,566	11,574	20,365	(20,365)	-
Total revenue	1,178,137	731,661	218,881	2,128,681	(20,365)	2,108,316
Segment profit	117,004	130,415	14,818	262,238	(45,206)	217,032

(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.

### (3) 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

#### 1. Revenue (including excise taxes) from external customers was as follows:

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Fiscal year ended December 31, 2019	1,528,825	371,023	297,744	371,635	2,569,230
Fiscal year ended December 31, 2020	1,387,459	374,524	260,120	345,527	2,367,632

(Note) Revenue (including excise taxes) is allocated into countries or areas based on the customers' locations for the analysis above.

#### 2. Revenue (excluding excise taxes) from external customers was as follows:

(Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Total
Fiscal year ended December 31, 2019	1,329,703	312,674	288,808	363,517	2,294,704
Fiscal year ended December 31, 2020	1,204,008	316,865	250,331	337,111	2,108,316

(Note) Revenue (excluding excise taxes) is allocated into countries or areas based on the customers' locations for the analysis above.

## **Balance Sheet**

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
<b>ASSETS</b>		
Current assets	1,217,632	1,247,717
Cash and deposits	46,923	84,887
Accounts receivable-trade	3,882	3,819
Short-term loans receivable	1,120,086	1,080,563
Advance payments-trade	926	843
Accounts receivable-other	42,048	23,257
Other current assets	3,765	54,495
Allowance for doubtful accounts	—	(149)
Non-current assets	867,133	967,201
Property, plant and equipment	31,088	32,902
Buildings, net	21,316	21,670
Machinery and equipment, net	789	710
Tools, furniture and fixtures, net	3,931	3,833
Land	3,675	3,674
Construction in progress	407	2,112
Other	967	900
Intangible assets	3,830	3,843
Leasehold right	3,705	3,705
Other intangible assets	125	138
Investments and other assets	832,215	930,455
Investment securities	19,569	16,736
Shares of subsidiaries and associates	513,173	513,664
Long-term loans receivable from subsidiaries and associates	271,660	373,905
Distressed receivables	—	3,854
Long-term prepaid expenses	1,665	1,568
Prepaid pension cost	19,276	16,994
Other	6,869	7,750
Allowance for doubtful accounts	—	(4,019)
Deferred assets	1,047	832
<b>TOTAL ASSETS</b>	<b>2,085,813</b>	<b>2,215,751</b>

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
<b>LIABILITIES</b>		
Current liabilities	215,195	225,979
Short-term loans payable	13	13
Current portion of long-term loans payable	56,921	54,877
Accounts payable-other	18,311	2,284
Accrued expenses	14,235	13,454
Accrued consumption taxes	510	538
Income taxes payable	638	1,485
Deposits received from employees	16,967	17,159
Deposits received	95,991	82,384
Provision for bonuses	6,545	5,182
Other	5,058	48,599
Non-current liabilities	1,038,764	1,083,965
Bonds payable	269,902	299,034
Long-term loans payable	753,020	766,007
Deferred tax liabilities	901	1,646
Provision for retirement benefits	8,834	9,262
Other	6,106	8,016
<b>TOTAL LIABILITIES</b>	<b>1,253,959</b>	<b>1,309,945</b>
<b>NET ASSETS</b>		
Shareholders' equity	828,281	903,366
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	472,852	547,937
Other retained earnings	472,852	547,937
Reserve for special depreciation	23	13
Reserve for advanced depreciation of non-current assets	1,740	1,970
General reserve	312,700	312,700
Retained earnings brought forward	158,388	233,253
Treasury stock	(938)	(938)
Valuation and translation adjustments	3,571	2,440
Valuation difference on available-for-sale securities	7,313	5,257
Deferred gains or losses on hedges	(3,741)	(2,817)
<b>TOTAL NET ASSETS</b>	<b>831,853</b>	<b>905,806</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>2,085,813</b>	<b>2,215,751</b>

## **Statement of Income**

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Operating revenue	136,843	133,297
Royalty income	38,411	37,146
Rent income	1,621	1,681
Dividends from subsidiaries and associates	96,810	94,469
Operating expenses	45,923	46,437
General and administrative expenses	45,923	46,437
Operating income	90,920	86,860
Non-operating income	15,248	10,548
Interest income	13,299	9,840
Interest income on securities	8	7
Dividends income	297	223
Foreign exchange gains	1,390	164
Other	252	311
Non-operating expenses	12,117	9,211
Interest expenses	9,720	6,744
Interest on bonds	1,564	1,340
Other	833	1,127
Ordinary income	94,050	88,196
Extraordinary income	—	528
Gain on sales of shares of non-current assets	—	528
Extraordinary loss	4,373	56
Restructuring cost	3,307	—
Loss on abandonment of non-current assets	25	47
Other	1,041	9
Income before income taxes	89,677	88,668
Income taxes-current	1,424	3,420
Income taxes-deferred	(1,045)	1,248
Net income	89,297	83,999

## Statement of Changes in Net Assets

Fiscal year ended December 31, 2019

(Millions of yen)

	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings		
					Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at January 1, 2019	70,000	17,500	268,867	286,367	33	1,785	312,700	77,951	392,470	(938)	747,899
Changes of items during the year											
Dividends from surplus								(8,914)	(8,914)		(8,914)
Net income								89,297	89,297		89,297
Reversal of reserve for special depreciation					(9)			9	—		—
Reversal of reserve for advanced depreciation of non-current assets						(44)		44	—		—
Net changes of items other than shareholders' equity											
Total changes of items during the year	—	—	—	—	(9)	(44)	—	80,436	80,382	—	80,382
Balance at December 31, 2019	70,000	17,500	268,867	286,367	23	1,740	312,700	158,388	472,852	(938)	828,281

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available - for - sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at January 1, 2019	6,250	(3,251)	2,999	750,898
Changes of items during the year				
Dividends from surplus				(8,914)
Net income				89,297
Reversal of reserve for special depreciation				—
Reversal of reserve for advanced depreciation of non-current assets				—
Net changes of items other than shareholders' equity	1,063	(490)	572	572
Total changes of items during the year	1,063	(490)	572	80,954
Balance at December 31, 2019	7,313	(3,741)	3,571	831,853

Fiscal year ended December 31, 2020

(Millions of yen)

	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings		
					Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at January 1, 2020	70,000	17,500	268,867	286,367	23	1,740	312,700	158,388	472,852	(938)	828,281
Changes of items during the year											
Dividends from surplus								(8,914)	(8,914)		(8,914)
Net income								83,999	83,999		83,999
Reversal of reserve for special depreciation					(9)			9	—		—
Provision of reserve for advanced depreciation of non-current assets						277		(277)	—		—
Reversal of reserve for advanced depreciation of non-current assets						(48)		48	—		—
Net changes of items other than shareholders' equity											
Total changes of items during the year	—	—	—	—	(9)	229	—	74,864	75,084	—	75,084
Balance at December 31, 2020	70,000	17,500	268,867	286,367	13	1,970	312,700	233,253	547,937	(938)	903,366

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available - for - sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at January 1, 2020	7,313	(3,741)	3,571	831,853
Changes of items during the year				
Dividends from surplus				(8,914)
Net income				83,999
Reversal of reserve for special depreciation				—
Provision of reserve for advanced depreciation of non-current assets				—
Reversal of reserve for advanced depreciation of non-current assets				—
Net changes of items other than shareholders' equity	(2,055)	924	(1,131)	(1,131)
Total changes of items during the year	(2,055)	924	(1,131)	73,953
Balance at December 31, 2020	5,257	(2,817)	2,440	905,806