

Suntory Holdings Limited

February 15, 2019

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 [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, 2018 - December 31, 2018)

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

| Fiscal year ended | 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 | |
|-------------------|----------------------------------|-----|----------------------------------|-----|------------------|-------|----------------------------|-----|---------------------|--------|--|--------|
| | ¥million | % | ¥million | % | ¥million | % | ¥million | % | ¥million | % | ¥million | % |
| December 31, 2018 | 2,517,258 | 4.0 | 2,250,782 | 4.3 | 250,859 | (1.1) | 232,347 | 2.4 | 181,387 | (28.0) | 140,151 | (33.7) |
| December 31, 2017 | 2,420,286 | 2.6 | 2,157,531 | 2.7 | 253,639 | 0.3 | 226,890 | 1.4 | 251,846 | 13.0 | 211,448 | 13.9 |

Reference: Adjusted operating income for the fiscal year ending December 31, 2018 250,955 ¥million (1.8) %

Adjusted operating income for the fiscal year ending December 31, 2017 255,445 ¥million 3.2 %

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

| Fiscal year ended | 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) |
|-------------------|--------------------------|----------------------------|--|--|--|
| December 31, 2018 | ¥ 204 .39 | ¥ — | 11.3 % | 5.2 % | 11.1 % |
| December 31, 2017 | ¥ 308 .63 | ¥ — | 19.5 % | 5.0 % | 11.8 % |

(2) Financial positions

| Fiscal year ended | 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 |
|-------------------|--------------------|--------------------|--|--|--|
| December 31, 2018 | ¥million 4,421,864 | ¥million 1,651,689 | ¥million 1,272,770 | 28.8 % | ¥ 1,856.01 |
| December 31, 2017 | ¥million 4,579,576 | ¥million 1,545,713 | ¥million 1,204,747 | 26.3 % | ¥ 1,757.07 |

(3) Cash flows

| Fiscal year ended | Operating activities | Investing activities | Financing activities | Cash and cash equivalents at the end of the year |
|-------------------|----------------------|----------------------|----------------------|--|
| December 31, 2018 | ¥million 250,384 | ¥million (104,196) | ¥million (232,938) | ¥million 272,425 |
| December 31, 2017 | ¥million 261,703 | ¥million (80,049) | ¥million (172,042) | ¥million 359,518 |

2. Dividends

| Fiscal year ended | Dividends per share (Annual) | Total cash dividends (Annual) | Dividend payout ratio (Consolidated) | Ratio of dividends to equity attributable to owner of the Company |
|-------------------|------------------------------|-------------------------------|--------------------------------------|---|
| December 31, 2018 | Yen 13 .00 | Millions of yen 8,914 | 6.4 % | 0.7 |
| December 31, 2017 | Yen 13 .00 | Millions of yen 8,913 | 4.2 % | 0.8 |

**3. Consolidated earnings forecast for the fiscal year ending December 31, 2019
(January 1, 2019 - December 31, 2019)**

| | 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 | % | ¥ |
| Fiscal year ended December 31, 2019 | 2,570,000 | 2.1 | 2,300,000 | 2.2 | 251,000 | 0.1 | 230,000 | (1.0) | 123,000 | (12.2) | 179 .36 |

Reference: Adjusted operating income for the fiscal year ending December 31, 2019 254,000 ¥million 1.2 %

**SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2018 (English Translation, UNAUDITED)**

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

| Fiscal year ended | Operating revenue | | Operating income | | Ordinary income | |
|-------------------|-------------------|-------|------------------|-------|-----------------|-------|
| | ¥million | % | ¥million | % | ¥million | % |
| December 31, 2018 | 107,068 | △22.4 | 63,920 | △31.5 | 69,297 | △26.7 |
| December 31, 2017 | 138,000 | 19.1 | 93,294 | 19.1 | 94,577 | 17.9 |

| Fiscal year ended | Net income | | Basic net earnings per share |
|-------------------|------------|-------|------------------------------|
| | ¥million | % | ¥ |
| December 31, 2018 | 65,668 | △27.0 | 95 .77 |
| December 31, 2017 | 89,950 | 10.1 | 131 .29 |

(2) Financial positions

| As of | Total assets | Net assets | Ratio of equity to total assets | Total equity per share |
|-------------------|--------------|------------|---------------------------------|------------------------|
| | ¥million | ¥million | % | ¥ |
| December 31, 2018 | 2,074,343 | 743,190 | 35.8 | 1,083.75 |
| December 31, 2017 | 2,180,181 | 689,632 | 31.6 | 1,005.80 |

Operating Results

1. Overview of the Twelve-Month Period Ended December 31, 2018

The Suntory Group has actively expanded business in each of three segments, “Non-Alcoholic Beverages and Food,” “Alcoholic Beverages,” and “Other Businesses,” both domestically and abroad. In the fiscal year under review, revenue (excluding excise taxes) grew by 4.3% over the same period of the previous year to 2.2508 trillion yen, while revenue (including excise taxes) came to 2.5173 trillion yen, an increase of 4.0% from the same period of the previous year. Operating income fell by 1.1% to 250.9 billion yen, and profit attributable to owners of the Company was 140.2 billion yen (down 33.7% over the same period of the previous year).

<Non-Alcoholic Beverages and Food 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 improving product quality of the entire Group.

In Japan, the Company aimed to create new demand by offering products with new value and by strengthening core brands, mainly in the categories of water, coffee and sugar-free tea, resulting in sales volume exceeding the level of the same period of the previous year. *Suntory Tennensui* flagship mineral water products remained strong, while sales of *Suntory Minami-Alps Tennensui Sparkling* series also grew substantially, and operating volume for the brand as a whole significantly exceeded the level of the same period of the previous year. As a result, *Tennensui* became the number one brand^{*1} in the domestic soft drinks market in terms of annual sales volume in 2018. In the *BOSS* brand, we continued to actively expand marketing initiatives for canned coffee. *Craft BOSS* continued to be well-received by customers, and the annual sales volume for the brand as a whole surpassed 100 million cases. In the sugar-free tea category, overall sales of the *Iyemon* brand fell short of where they were the same period of the previous year due to the decline in *Tokucha*, but the *Green DAKARA Yasashii Mugicha* sales volume increased substantially.

In Europe, the Company aggressively invested in marketing, primarily for flagship brands. In France, in addition to year-on-year growth in sales volumes for *Orangina* and *Oasis*, *MayTea* sales were also strong. In the United Kingdom, the sales volume for *Lucozade* exceeded the level of the same period of the previous year. In Spain, the Company worked to expand the number of *Schweppes* consumer contact points, but sales volumes for the brand fell below the

level of the same period of the previous year.

In Asia, the Company worked to expand sales of flagship brands in key areas. In the soft drinks business, sales exceeded the same period of the previous year in Vietnam owing to strong sales of *Sting* energy drink as well as growth recorded for *TEA+*, *Aquafina* bottled water, carbonated beverages, and others. Additionally, the joint venture with PepsiCo, Inc. in Thailand launched its business. In the health food business, sales fell short of where they were the same period of the previous year despite stronger marketing efforts in the core market of Thailand.

In Oceania, the Group worked primarily to strengthen flagship brands. In the Frucor Suntory Group, energy drinks such as *V* put in strong performances. In the fresh coffee business, the Company continued its efforts to strengthen flagship brands such as *TOBY'S ESTATE*, *L'AFFARE* and *Mocopan*.

In the United States, flagship carbonated beverage brands continued to struggle, but there were signs of recovery.

*1. Based on results of survey by the beverage research institute Inryo Soken

As a result of the above, revenue for the Non-Alcoholic Beverages and Food Segment increased 4.9% year on year to 1.2866 trillion yen, while operating income decreased by 2.5% to 135.3 billion yen.

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

Full-year comparable revenue for Beam Suntory Inc. increased at a mid-single-digit rate, driven by share gains in the United States and Japan, the company's two largest markets. Full-year sales grew at a mid-single-digit rate in the United States and Oceania, a high-single-digit rate in Europe, and a double-digit rate in India, Southeast Asia and China. The company's Japan business (Suntory Spirits Limited) delivered 3% year-on-year sales growth.

Jim Beam bourbon continued its strong momentum with high-single-digit global volume growth, exceeding 10 million cases sold in 2018. *Maker's Mark* grew volume at a double-digit rate, surpassing two million cases sold for the first time. High-single-digit growth for *Courvoisier* cognac and *Canadian Club* whisky, plus double-digit gains for premium brands including *Hornitos* tequila, *Basil Hayden's* bourbon and *Sipmsith* gin added to the company's performance. *ROKU* Japanese Craft Gin, jointly developed in the United States and Japan, was rolled out to 31 countries and territories and inspired strong sales.

In Japan, whisky delivered strong growth, driven by strategic brands *Kakubin*, *Jim Beam*, *Torlys* and *Maker's Mark*. RTD beverage sales volume grew by 10% year on year, owing to strong performance by *-196°C Strong Zero*, which consumers are increasingly pairing with

food, and canned highball products. Additionally, the company created new demand through new products such as *Kodawari Sakaba no Lemon Sour no Moto*, which allows consumers to enjoy an authentic lemon sour cocktail conveniently at home.

With the overall beer-type beverage market^{*2} estimated to be falling by around 4% year on year, Suntory Beer Ltd. sold 69.93 million cases^{*3}, down 2% year on year, outperforming the trend for the market as a whole. The company's market share for beer excluding alcohol-free beer-type beverages reached 16.0% (on a taxable volume basis).

The Premium Malt's brand sold 17.11 million cases, exceeding the number from the same period of the previous year, owing to bold development of the "Creamy foam" promotion focused on the value of foam, which is unique to beer. This was despite predictions for the beer market to fall around 6% year on year.

With regard to new genre products, the Company conducted proactive marketing, primarily for the *Kinmugi* brand, selling 41.92 million cases.

Sales in the *All-Free* brand were favorable, up 2% over the same period of the previous year. Contributing to this was the major renewal of the flavor, packaging, and communication of the core *All-Free* product.

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

*3. Converted to large bottles (1 case = 633ml x 20 bottles)

Suntory Wine International Limited's revenue rose 5% year on year. Following in the footsteps of *Sankaboshizai Mutenka no Oishii Wine*, the number one selling brand^{*4} of domestic wine, *Delica Maison* wine also achieved sales of 1 million cases. Additionally, sales of Japanese wine made entirely from grapes grown in Japan grew significantly. At the International Wine Challenge held in May 2018, *Tomi Red 2013* won the highest award of Trophy in the Japanese wine (red) category

*4. Research by SRI: Japanese wine market sales volume and amount January-December 2018 (nationwide total for supermarkets, convenience stores, discount liquor stores, home improvement stores, drugstores, ordinary liquor stores, and liquor wholesalers)

As a result of the above, revenue (excluding excise taxes) for the Alcoholic Beverages Segment were 749.4 billion yen, up 3.7% year on year, revenue (including excise taxes) came to 1.0159 trillion yen (up 3.1% year on year), and operating income was 133 billion yen (up 4.8% year on year).

<Other Businesses Segment>

For Suntory Wellness Limited, the *Sesamin* series and other products posted strong revenue, growing 7% year on year. The restaurant business grew, including DYNAC HOJDINGS CORPORATION and PRONTO CORPORATION.

Revenue for the Other Businesses Segment was 214.8 billion yen, up 3.0% year on year, and operating income was 25.4 billion, down 2.0% year on year.

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

Revenue (excluding excise taxes)

Domestic: 1.3063 trillion yen (up 2.5% year on year)

Overseas: 944.5 billion yen (up 7% year on year)

Overseas ratio: 42.0%

Revenue (including excise taxes)

Domestic: 1.4981 trillion yen (up 2.1% year on year)

Overseas: 1.0191 trillion yen (up 6.9% year on year)

Overseas ratio: 40.5%

Since our very inception, Suntory has aggressively pursued its interests while also putting forth initiatives to contribute to culture and society and implement environmental activities based on Suntory's founding spirit of "Sharing the Profit with Society." In addition, the Group has made the promise to society of "Mizu To Ikiru" (literally "living with water"), and aims to develop various activities while maintaining a harmonious coexistence between society and nature.

We are also actively involved in support for reconstruction after natural disasters. Our reconstruction support activities for the Great East Japan Earthquake have now reached a cumulative total of around 10.8 billion yen, while the same activities for the Kumamoto Earthquake have reached a cumulative total of 400 million yen. Furthermore, the Company has disbursed a total of 900 million yen in donations to the three prefectures of Okayama, Hiroshima and Ehime that suffered damage in the July 2018 torrential rains.

As for our environmental activities, the Suntory Okudaisen Mineral Water Plant obtained Alliance for Water Stewardship certification^{*5}, a first in Japan. This was in recognition of our Suntory Natural Water Sanctuaries activities, efforts to save water and manage water quality, partnerships with stakeholders, and appropriate disclosure of information based on the Suntory Group's Sustainable Water Philosophy. We are also promoting activities globally that address local topics, such as an education program on water for the next generation in Vietnam, and

water source conservation activities in the United States and France. Furthermore, based on our unique 2R+B strategy^{*6} for PET bottle development, the Group is working on lighter packaging materials as well as the continuation of its activities to reduce the burden on the environment, such as by the use of FtoP Direct Recycle Technology^{*7}, the first of its kind in the domestic beverage industry. Moreover, we have established a medium-term target of switching to recycled PET material in at least half of all our plastic bottles by 2025 in our domestic soft drinks business.

*5. A certification related to sustainable water use applying to plants around the world. The purpose is to promote water conservation and stewardship.

*6. 2R+B is short for “Reduce/Recycle + Bio.” It is our approach of substituting recyclable materials for petroleum-based materials whenever possible, while striving for efficient use of resources through reduced plastic consumption and the use of recycled materials.

*7. 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 corporate group specializing in food and alcoholic beverages. We will do this while continuing to aim for harmonious coexistence with society and nature.

<Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited will work on further improving profitability and developing a foundation based on the long-term management strategy and medium-term management plan.

In Japan, as various costs continue to rise, creating a harsh business environment, we will work on structural reform to improve profitability. In Europe, we will work on strengthening flagship brands as well as structural reforms such as enhancement of sales and supply chain management in major countries. In Asia, we will work on growth of our flagship brands and strengthening of our low sugar products to capture demand from increasingly health-conscious customers. In the health food business, we will strengthen our efforts in growth markets. In Oceania, we will continue to strengthen our soft drinks business, fresh coffee business, and flagship brands. In the United States, we will continue to focus on recovery in the carbonated beverage category while at the same time working to achieve further expansion and lower costs in the non-carbonated beverage category.

<Alcoholic Beverages Segment>

As the world's third largest premium spirits company, Beam Suntory Inc. aims to outperform its global market by leveraging its strong routes to market and building its premium brands. Specifically in Japan, the company plans to enhance marketing activities for whisky brands including *Jim Beam*, *Maker's Mark* and *Torys*, as well as key RTD brands such as *-196°C Strong Zero*. In April, the Japan business will launch *SUNTORY WORLD WHISKY A0*, the world's first blend comprised of the five world whiskies produced at in-house distilleries.

Suntory Beer Limited will create new demand and work on revitalization of the market as a whole by such means as increasing the value of existing brands and selling innovative new products. With *The Premium Malt's* brand, activities will continue to further expand contact points to experience "Creamy foam" and change the criterion for choosing beer to the foam, including the introduction of a new electric "Creamy foam" server that does not need to be cleaned. With regard to new genre products, we will fully renew the flagship *Kinmugi* product for the first time since its launch 13 years ago and launch new products *Kinmugi <Gold Lager>* and *MAGNUM DRY HON-KARAKUCHI* in the aim of achieving a record-breaking sales volume.

Suntory Wine International Limited will leverage its strengths as a wine maker with its own vineyards in Japan and Europe and also a distributor that handles high-quality wines from around the world in an aim for further growth. In Japan, we will enhance our lineup of European wines, which are gaining attention with the economic partnership agreement between Japan and Europe going into effect, and step up our marketing activities related to long-selling brands. We will also work on creating new demand for domestic casual wines.

<Other Businesses Segment>

Suntory Wellness Limited will continue to focus on the *Sesamin* series, the skin care product *F.A.G.E.*, and other products. Additionally, we will actively develop the businesses of DYNAC HOLDINGS CORPORATION and PRONTO CORPORATION.

As a result of these activities, our forecast for revenue by segment is 1.306 trillion yen in the Non-Alcoholic Beverages and Food Segment (up 1.5% year on year), 772 billion yen excluding excise taxes in the Alcoholic Beverages Segment (up 3.0% year on year), 1.042 trillion yen including excise taxes in the Alcoholic Beverages Segment (up 2.6% year on year), and 222 billion yen in the Other Businesses segment (up 3.4% year on year).

All these things considered, in the fiscal year ending December 31, 2019, the Group is forecasting revenue (excluding excise taxes) of 2.3 trillion yen (up 2.2% year on year), revenue (including excise taxes) of 2.57 trillion yen (up 2.1% year on year), operating income of 251 billion yen (up 0.1% year on year), and profit attributable to owners of the Company of 123 billion yen (down 12.2% year on year).

Classification of Shareholders

As of December 31, 2018

| | 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 | — | — | 73 | 79 | — |
| 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, 2018

| 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 | 34,543 | 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 |
| Nobuhiro Torii | Minato-ku, Tokyo | 173 | 0.02 |
| Total | — | 680,803 | 99.27 |

Note: The Company allocated 100,748 treasury shares to the Employees Share Ownership Plan of Suntory by third party allotment on August 31, 2018.

Directors and Audit & Supervisory Board Members

As of December 31, 2018

| Title | 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 & Chief Operating Officer of such company in March 1990.</p> <p>Assumed the office of Representative Director, President & Chief Executive Officer of such company in March 2001.</p> <p>Assumed the office of Representative Director, Chairman, President & 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 & Chief Executive Officer of Suntory Holdings Limited in February 2009.</p> <p>Has occupied the office of Representative Director, Chairman of the Board & 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 | 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 & Chief Operating Officer of such company in March 2003.</p> <p>Assumed the office of Representative Director, Executive Vice President & 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 & CEO, Representative Director and Executive Officer of Lawson, Inc. in May 2002.</p> <p>Assumed the office of President & 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 & Chief Executive Officer of Suntory Holdings Limited from October 2014 to date (incumbent).</p> | Note 4 | 170 |

| Title | 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 & 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 & Chief Executive Officer of Suntory Beverage & 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 & Chief Operating Officer of Suntory Holdings Limited from March 2016 to date (incumbent).</p> <p>Has occupied the office of Director of Suntory Beverage & Food Limited from March 2016 to date (incumbent).</p> <p>Has occupied the office of Representative Director, President & Chief Executive Officer of Suntory Beer, Wine & Spirits Japan Limited from April 2017 to date (incumbent).</p> <p>Has occupied the office of Representative Director, Chairman & Chief Executive Officer of Suntory Liquors Limited from March 2018 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 & 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>Has occupied the office of Senior Managing Director of Suntory Holdings Limited from March 2013 to date.</p> <p>Has occupied the office of Representative Director, President & Chief Executive Officer of Suntory MONOZUKURI Expert Limited from March 2017 to date (incumbent).</p> <p>Has occupied the office of Director, Executive Vice President of Suntory Holdings Limited from March 2018 to date (incumbent).</p> | Note 4 | 120 |

| Title | Scope of Responsibility | Name | Date of Birth | Brief History | Term of office | Number of shares held (in thousands) |
|---|-------------------------|----------------------|-------------------|--|----------------|--------------------------------------|
| Director, Senior Managing Executive Officer | — | Shinichiro Hizuka | November 19, 1955 | <p>Joined Suntory Limited in April 1978.</p> <p>Assumed the office of Executive Officer of Suntory Beer & Spirits Limited (Present: Suntory Liquors Limited) in April 2009.</p> <p>Assumed the office of Senior General Manager, Sales Development & 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 & Food Limited in March 2012.</p> <p>Assumed the office of Senior Managing Director of such company in December 2012.</p> <p>Has occupied the office of Senior Managing Director of Suntory Holdings Limited from March 2015 to date.</p> <p>Has occupied the office of Director of Suntory Holdings Limited from March 2018 to date (incumbent).</p> <p>Has occupied the office of Senior Managing Executive Officer of Suntory Holdings Limited from March 2018 to date (incumbent).</p> | Note 4 | 101 |
| Director, Senior Managing Executive Officer | — | 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>Has occupied the office of Senior Managing Director of Suntory Holdings Limited from March 2017 to date.</p> <p>Has occupied the office of Director of Suntory Holdings Limited from March 2018 to date (incumbent).</p> <p>Has occupied the office of Senior Managing Executive Officer of Suntory Holdings Limited from March 2018 to date (incumbent).</p> | Note 4 | 113 |
| 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>Has occupied the office of Visiting Professor of the Research Center for Advanced Science and Technology, the University of Tokyo from April 2012 to date (incumbent).</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> | Note 4 | — |

| | | | | | | |
|----------|---|---------------------|-----------------|--|--------|---|
| Director | — | Matthew J. Shattock | August 19, 1962 | Assumed the office of Director, President and CEO of Beam Global Spirits & Wine, Inc. in March 2009. Has occupied the office of Director, President and CEO of Beam Inc. (Present: Beam Suntory Inc.) from October 2011 to date (incumbent). Has occupied the office of Chairman of Beam Suntory Inc. from April 2014 to date (incumbent). Has occupied the office of Director of Suntory Holdings Limited from May 2014 to date (incumbent). | Note 4 | — |
|----------|---|---------------------|-----------------|--|--------|---|

| Title | Scope of Responsibility | Name | Date of Birth | Brief History | Term of office | Number of shares held (in thousands) |
|---|-------------------------|-----------------|-------------------|---|----------------|--------------------------------------|
| Senior Audit & Supervisory Board Member | — | Toru Yamamoto | March 10, 1956 | Joined Suntory Limited in April 1979. Assumed the office of Senior General Manager of Corporate Planning & Administration Department of Suntory Holdings Limited in April 2010. Has occupied the office of Senior Audit & Supervisory Board Member of Suntory Holdings Limited from March 2011 to date (incumbent). | Note 4 | 85 |
| Senior Audit & Supervisory Board Member | — | Yasuhiko Kamada | February 4, 1958 | Joined Suntory Limited in April 1980. 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. Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009. Assumed the office of Director of Suntory Beverage & Food Limited in March 2013. Assumed the office of Representative Director, President & Chief Executive Officer of Suntory Beverage Service Limited in April 2013. Has occupied the office of Senior Audit & Supervisory Board Member of Suntory Holdings Limited from March 2016 to date (incumbent). | Note 5 | 170 |
| Audit & Supervisory Board Member | — | Minoru Amano | February 17, 1948 | Was appointed as Judge in April 1976. Resigned from bench in March 1980. Has Registered as Attorney from May 1980 to date (incumbent). Assumed the office of Audit & Supervisory Board Member of Suntory Limited in March 2003. Has occupied the office of Audit & Supervisory Board Member of Suntory Holdings Limited from February 2009 to date (incumbent). | Note 4 | — |
| Audit & Supervisory Board Member | — | Hideo Yamada | February 23, 1955 | Assumed the office of Professor of system science laboratory, Waseda University in April 1997. Has occupied the office of Outside Auditor of Fukuoka Financial Group, Inc. from June 2015 to date (incumbent). Has occupied the office of Audit & Supervisory Board Member of Suntory Holdings Limited from March 2016 to date (incumbent). Has occupied the office of Professor of Graduate School of Business Administration, Waseda University from April 2016 to date (incumbent). | Note 5 | — |

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 2018.
5. Current terms of office will expire at the close of Ordinary General Meeting of Shareholders for the Fiscal Year 2019.

Consolidated statement of financial position

(Millions of yen)

| | As at December 31, 2017 | As at December 31, 2018 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 359,518 | 272,425 |
| Trade and other receivables | 396,645 | 405,556 |
| Other financial assets | 19,687 | 3,671 |
| Inventories | 408,822 | 415,841 |
| Other current assets | 66,914 | 68,231 |
| Sub-total | 1,251,588 | 1,165,726 |
| Assets held for sale | 23,152 | 27 |
| Total current assets | 1,274,741 | 1,165,753 |
| Non-current assets: | | |
| Property, plant and equipment | 660,481 | 696,103 |
| Goodwill | 882,123 | 867,986 |
| Intangible assets | 1,469,110 | 1,422,962 |
| Investments accounted for using the equity method | 41,544 | 42,411 |
| Other financial assets | 135,882 | 120,483 |
| Deferred tax assets | 75,394 | 71,300 |
| Other non-current assets | 40,297 | 34,861 |
| Total non-current assets | 3,304,835 | 3,256,110 |
| Total assets | 4,579,576 | 4,421,864 |

(Millions of yen)

| | As at December 31, 2017 | As at December 31, 2018 |
|---|-------------------------|-------------------------|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities: | | |
| Bonds and borrowings | 291,501 | 243,396 |
| Trade and other payables | 515,323 | 529,616 |
| Other financial liabilities | 103,578 | 98,190 |
| Accrued income taxes | 29,478 | 24,499 |
| Provisions | 12,383 | 16,490 |
| Other current liabilities | 84,614 | 84,765 |
| Sub-total | 1,036,880 | 996,959 |
| Liabilities directly associated with assets held for sale | 6,215 | — |
| Total current liabilities | 1,043,096 | 996,959 |
| Non-current liabilities: | | |
| Bonds and borrowings | 1,539,763 | 1,348,629 |
| Other financial liabilities | 72,908 | 66,286 |
| Post-employment benefit liabilities | 41,478 | 40,670 |
| Provisions | 7,979 | 7,190 |
| Deferred tax liabilities | 307,115 | 288,542 |
| Other non-current liabilities | 21,520 | 21,895 |
| Total non-current liabilities | 1,990,767 | 1,773,215 |
| Total liabilities | 3,033,863 | 2,770,175 |
| Equity | | |
| Share capital | 70,000 | 70,000 |
| Share premium | 133,885 | 133,944 |
| Retained earnings | 1,064,603 | 1,198,492 |
| Treasury shares | (1,006) | (938) |
| Other components of equity | (62,735) | (128,728) |
| Total equity attributable to owners of the Company | 1,204,747 | 1,272,770 |
| Non-controlling interests | 340,965 | 378,918 |
| Total equity | 1,545,713 | 1,651,689 |
| Total liabilities and equity | 4,579,576 | 4,421,864 |

Consolidated statement of profit or loss

(Millions of yen)

| | Year ended December 31, 2017 | Year ended December 31, 2018 |
|---|------------------------------|------------------------------|
| Revenue (including excise taxes) | 2,420,286 | 2,517,258 |
| Less: excise taxes | (262,754) | (266,475) |
| Revenue (excluding excise taxes) | 2,157,531 | 2,250,782 |
| Cost of sales | (1,095,535) | (1,172,720) |
| Gross profit | 1,061,995 | 1,078,062 |
| Selling, general and administrative expenses | (809,653) | (832,899) |
| Gain on investments accounted for using the equity method | 9,688 | 7,916 |
| Other income | 10,334 | 18,888 |
| Other expenses | (18,725) | (21,108) |
| Operating income | 253,639 | 250,859 |
| Finance income | 3,084 | 6,305 |
| Finance costs | (29,833) | (24,817) |
| Profit before income taxes | 226,890 | 232,347 |
| Income tax expenses | 24,956 | (50,959) |
| Profit for the year | 251,846 | 181,387 |
| Attributable to: | | |
| Owners of the Company | 211,448 | 140,151 |
| Non-controlling interests | 40,398 | 41,236 |
| Profit for the year | 251,846 | 181,387 |
| Earnings per share (Yen) | 308.63 | 204.39 |

Reconciliation from operating income to adjusted operating income

(Millions of yen)

| | Year ended December 31, 2017 | Year ended December 31, 2018 |
|--|------------------------------|------------------------------|
| Operating income | 253,639 | 250,859 |
| Restructuring charges | 6,647 | 3,498 |
| Losses from natural disaster | 876 | 1,456 |
| Impairment losses and reversal of impairment losses | 616 | 4,012 |
| Gain on disposals of shares in subsidiaries and associates | (1,876) | (12,173) |
| Other | (4,458) | 3,301 |
| Total | 1,806 | 96 |
| Adjusted operating income | 255,445 | 250,955 |

Consolidated statement of changes in equity for the year ended 31 December 2018

(Millions of yen)

| | Attributable to owners of the parent | | | | | Total | Non-controlling interests | Total equity |
|--|--------------------------------------|---------------|-------------------|-----------------|----------------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Retained earnings | Treasury shares | Other components of equity | | | |
| Balance at 31 December 2016 | 70,000 | 133,251 | 851,912 | (1,598) | (86,586) | 966,979 | 305,155 | 1,272,134 |
| Cumulative effect of adopting new accounting standards | | | | | 783 | 783 | (290) | 492 |
| Balance at 1 January 2017 | 70,000 | 133,251 | 851,912 | (1,598) | (85,802) | 967,762 | 304,864 | 1,272,627 |
| Profit for the year | | | 211,448 | | | 211,448 | 40,398 | 251,846 |
| Other comprehensive income | | | | | 33,211 | 33,211 | 10,152 | 43,363 |
| Total comprehensive income for the year | — | — | 211,448 | — | 33,211 | 244,659 | 50,551 | 295,210 |
| Disposals of treasury shares | | 534 | | 591 | | 1,125 | | 1,125 |
| Dividends | | | (8,902) | | | (8,902) | (15,141) | (24,043) |
| Transfer from other components of equity to retained earnings | | | 10,145 | | (10,145) | — | | — |
| Changes in ownership interests in subsidiaries that do not involve loss of control | | 99 | | | 1 | 101 | 691 | 793 |
| Total transactions with owners of the parent | — | 633 | 1,243 | 591 | (10,143) | (7,675) | (14,449) | (22,124) |
| Balance at 31 December 2017 | 70,000 | 133,885 | 1,064,603 | (1,006) | (62,735) | 1,204,747 | 340,965 | 1,545,713 |
| Cumulative effect of adopting new accounting standards | | | 1,356 | | | 1,356 | | 1,356 |
| Balance at 1 January 2018 | 70,000 | 133,885 | 1,065,959 | (1,006) | (62,735) | 1,206,103 | 340,965 | 1,547,069 |
| Profit for the year | | | 140,151 | | | 140,151 | 41,236 | 181,387 |
| Other comprehensive income | | | | | (64,654) | (64,654) | (13,813) | (78,467) |
| Total comprehensive income for the year | — | — | 140,151 | — | (64,654) | 75,497 | 27,423 | 102,920 |
| Disposals of treasury shares | | 90 | | 68 | | 159 | | 159 |
| Dividends | | | (8,913) | | | (8,913) | (16,401) | (25,315) |
| Increase due to business combinations | | | | | | — | 26,881 | 26,881 |
| Transfer from other components of equity to retained earnings | | | 1,295 | | (1,295) | — | | — |
| Changes in ownership interests in subsidiaries that do not involve loss of control | | (32) | | | (43) | (76) | 50 | (25) |
| Total transactions with owners of the parent | — | 58 | (7,618) | 68 | (1,338) | (8,829) | 10,529 | 1,699 |
| Balance at 31 December 2018 | 70,000 | 133,944 | 1,198,492 | (938) | (128,728) | 1,272,770 | 378,918 | 1,651,689 |

Consolidated statement of cash flows

| | Year ended December 31, 2017 | Year ended December 31, 2018 |
|---|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 226,890 | 232,347 |
| Depreciation and amortization | 97,262 | 98,417 |
| Impairment losses (reversal of impairment losses) | 616 | 4,318 |
| Interest and dividend income | (2,790) | (2,435) |
| Interest expense | 25,800 | 22,970 |
| Gain on investments accounted for using the equity method | (9,688) | (7,916) |
| Increase in inventories | (15,623) | (14,118) |
| Increase in trade and other receivables | (19,451) | (9,990) |
| Increase in trade and other payables | 15,002 | 11,409 |
| Other | 3,573 | (6,327) |
| Subtotal | 321,593 | 328,676 |
| Interest and dividends received | 7,477 | 6,988 |
| Interest paid | (27,358) | (24,217) |
| Income taxes paid | (40,008) | (61,061) |
| Net cash inflow from operating activities | 261,703 | 250,384 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment and intangible assets | (99,379) | (110,712) |
| Proceeds from sales of property, plant and equipment and intangible assets | 8,115 | 5,741 |
| Payments for acquisition of investment securities | (3,370) | (1,404) |
| Proceeds from sales of investment securities | 19,504 | 3,539 |
| Payments for acquisition of shares in subsidiaries involving changes in the scope of consolidation | (8,587) | (26,890) |
| Proceeds from disposals of shares in subsidiaries involving changes in the scope of consolidation | — | 24,216 |
| Other | 3,667 | 1,313 |
| Net cash outflow from investing activities | (80,049) | (104,196) |
| Cash flows from financing activities | | |
| Increase in short-term borrowings | 8,546 | 405 |
| Proceeds from long-term borrowings | 132,125 | 112,937 |
| Repayment of long-term borrowings | (280,465) | (311,123) |
| Payments of finance lease liabilities | (10,458) | (10,014) |
| Proceeds from disposals of treasury shares | 1,125 | 159 |
| Dividends paid to owners of the Company | (8,902) | (8,913) |
| Dividends paid to non-controlling interests | (15,160) | (16,388) |
| Payments for acquisitions of shares in subsidiaries that do not involve loss of control | (171) | (54) |
| Other | 1,317 | 54 |
| Net cash outflow from financing activities | (172,042) | (232,938) |
| Net increase (decrease) in cash and cash equivalents | 9,611 | (86,750) |
| Cash and cash equivalents at the beginning of the year (Opening balance on the consolidated statement of financial position) | 352,519 | 359,518 |
| Reclassification of cash and cash equivalents included in assets held for sale in the opening balance | — | 3,439 |
| Cash and cash equivalents at the beginning of the year | 352,519 | 362,958 |
| Effects of exchange rate changes on cash and cash equivalents | 827 | (3,782) |
| Cash and cash equivalents included in assets held for sale | (3,439) | — |
| Cash and cash equivalents at the end of the year | 359,518 | 272,425 |

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 “Beverage 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 |
|--------------------|--|
| Beverage and Food | Non-alcoholic beverages, healthy drinks, processed foods, other products |
| Alcoholic Beverage | Spirits, beer, wine and other alcoholic beverages |
| Others | Healthy foods, ice cream, restaurants, flowers, operations in China and other operations |

(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, 2017

(Millions of yen)

| | Reportable segment | | | Segment total | Reconciliations *2 | Consolidated *1 |
|----------------------------------|----------------------|-----------------------|---------|---------------|-----------------------|--------------------|
| | Beverage and Food | Alcoholic Beverage | Others | | | |
| Revenue (including excise taxes) | 1,226,436 | 985,288 | 208,561 | 2,420,286 | — | 2,420,286 |
| Revenue (excluding excise taxes) | | | | | | |
| External customers | 1,226,436 | 722,533 | 208,561 | 2,157,531 | — | 2,157,531 |
| Intersegment | 7,571 | 4,233 | 11,561 | 23,366 | (23,366) | — |
| Total revenue | 1,234,008 | 726,767 | 220,122 | 2,180,898 | (23,366) | 2,157,531 |
| Segment profit (loss) | 138,771 | 126,927 | 25,892 | 291,591 | (37,951) | 253,639 |

(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 parent to manage the Group’s operations and are not allocated to the reportable segments.

Year ended December 31, 2018

(Millions of yen)

| | Reportable segment | | | Segment total | Reconciliations *2 | Consolidated *1 |
|----------------------------------|----------------------|-----------------------|---------|---------------|-----------------------|--------------------|
| | Beverage and Food | Alcoholic Beverage | Others | | | |
| Revenue (including excise taxes) | 1,286,582 | 1,015,915 | 214,760 | 2,517,258 | — | 2,517,258 |
| Revenue (excluding excise taxes) | | | | | | |
| External customers | 1,286,582 | 749,439 | 214,760 | 2,250,782 | — | 2,250,782 |
| Intersegment | 7,673 | 4,655 | 11,753 | 24,083 | (24,083) | — |
| Total revenue | 1,294,256 | 754,095 | 226,514 | 2,274,865 | (24,083) | 2,250,782 |
| Segment profit (loss) | 135,344 | 133,040 | 25,370 | 293,755 | (42,896) | 250,859 |

(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 parent 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, 2017 | 1,466,814 | 348,682 | 310,796 | 293,991 | 2,420,286 |
| Fiscal year ended December 31, 2018 | 1,498,126 | 355,088 | 321,408 | 342,634 | 2,517,258 |

(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, 2017 | 1,274,985 | 293,001 | 303,010 | 286,534 | 2,157,531 |
| Fiscal year ended December 31, 2018 | 1,306,268 | 297,650 | 312,308 | 334,555 | 2,250,782 |

(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, 2017 | As of December 31, 2018 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Current assets | 1,177,345 | 1,284,538 |
| Cash and deposits | 182,641 | 73,046 |
| Accounts receivable-trade | 3,841 | 3,777 |
| Short-term loans receivable | 945,063 | 1,163,864 |
| Advance payments-trade | 1,558 | 1,553 |
| Deferred tax assets | 1,883 | 1,716 |
| Accounts receivable-other | 38,548 | 37,031 |
| Other current assets | 3,809 | 3,549 |
| Non-current assets | 1,002,199 | 788,975 |
| Property, plant and equipment | 34,657 | 32,337 |
| Buildings, net | 23,620 | 22,120 |
| Machinery and equipment, net | 1,039 | 866 |
| Tools, furniture and fixtures, net | 4,565 | 4,170 |
| Land | 4,296 | 4,155 |
| Construction in progress | 18 | 18 |
| Other | 1,117 | 1,006 |
| Intangible assets | 3,854 | 3,843 |
| Leasehold right | 3,705 | 3,705 |
| Other intangible assets | 148 | 138 |
| Investments and other assets | 963,688 | 752,794 |
| Investment securities | 20,297 | 17,952 |
| Shares of subsidiaries and associates | 513,869 | 513,026 |
| Long-term loans receivable from subsidiaries and associates | 399,743 | 192,137 |
| Long-term prepaid expenses | 1,932 | 1,140 |
| Prepaid pension cost | 20,817 | 21,300 |
| Other | 8,511 | 7,235 |
| Allowance for doubtful accounts | (1,485) | — |
| Deferred assets | 635 | 829 |
| TOTAL ASSETS | 2,180,181 | 2,074,343 |

(Millions of yen)

| | As of December 31, 2017 | As of December 31, 2018 |
|---|-------------------------|-------------------------|
| LIABILITIES | | |
| Current liabilities | 276,322 | 283,620 |
| Short-term loans payable | 15 | 26 |
| Current portion of long-term loans payable | 143,625 | 76,178 |
| Current portion of bonds | — | 76,743 |
| Accounts payable-other | 23,673 | 21,935 |
| Accrued expenses | 14,580 | 14,315 |
| Accrued consumption taxes | 428 | 638 |
| Income taxes payable | 2,708 | 778 |
| Deposits received from employees | 16,794 | 16,965 |
| Deposits received | 66,525 | 65,853 |
| Provision for bonuses | 6,777 | 6,159 |
| Other | 1,192 | 4,025 |
| Non-current liabilities | 1,214,226 | 1,047,533 |
| Bonds payable | 194,024 | 188,625 |
| Long-term loans payable | 993,736 | 833,357 |
| Deferred tax liabilities | 11,917 | 11,046 |
| Provision for retirement benefits | 7,994 | 8,473 |
| Other | 6,553 | 6,030 |
| TOTAL LIABILITIES | 1,490,548 | 1,331,153 |
| NET ASSETS | | |
| Shareholders' equity | 683,276 | 740,191 |
| Capital stock | 70,000 | 70,000 |
| Capital surplus | 286,276 | 286,367 |
| Legal capital surplus | 17,500 | 17,500 |
| Other capital surplus | 268,776 | 268,867 |
| Retained earnings | 328,007 | 384,762 |
| Other retained earnings | 328,007 | 384,762 |
| Reserve for special depreciation | 42 | 33 |
| Reserve for advanced depreciation of non-current assets | 1,830 | 1,785 |
| General reserve | 232,100 | 312,700 |
| Retained earnings brought forward | 94,033 | 70,243 |
| Treasury stock | (1,006) | (938) |
| Valuation and translation adjustments | 6,355 | 2,999 |
| Valuation difference on available-for-sale securities | 7,841 | 6,250 |
| Deferred gains or losses on hedges | (1,485) | (3,251) |
| TOTAL NET ASSETS | 689,632 | 743,190 |
| TOTAL LIABILITIES AND NET ASSETS | 2,180,181 | 2,074,343 |

Statement of Income

(Millions of yen)

| | Fiscal year ended December 31, 2017 | Fiscal year ended December 31, 2018 |
|--|--|--|
| Operating revenue | 138,000 | 107,068 |
| Royalty income | 36,337 | 37,416 |
| Rent income | 1,548 | 1,553 |
| Dividends from subsidiaries and associates | 100,113 | 68,098 |
| Operating expenses | 44,705 | 43,148 |
| General and administrative expenses | 44,705 | 43,148 |
| Operating income | 93,294 | 63,920 |
| Non-operating income | 16,667 | 19,927 |
| Interest income | 15,180 | 15,486 |
| Interest income on securities | 9 | 8 |
| Dividends income | 262 | 298 |
| Gain on cancellation of derivatives | — | 3,489 |
| Other | 1,214 | 644 |
| Non-operating expenses | 15,385 | 14,550 |
| Interest expenses | 12,642 | 11,577 |
| Interest on bonds | 1,161 | 1,729 |
| Foreign exchange losses | 142 | 426 |
| Other | 1,439 | 817 |
| Ordinary income | 94,577 | 69,297 |
| Extraordinary income | 2,634 | 2,134 |
| Gain on sales of shares of non-current assets | 2,624 | 1,126 |
| Gain on sales of investment securities | — | 782 |
| Other | 9 | 225 |
| Extraordinary loss | 1,173 | 1,995 |
| Restructuring cost | — | 923 |
| Loss on exemption from imputed tax receivable | 820 | — |
| Other | 353 | 1,071 |
| Income before income taxes | 96,038 | 69,437 |
| Income taxes-current | 10,040 | 3,016 |
| Income taxes-deferred | (3,953) | 752 |
| Net income | 89,950 | 65,668 |

Statement of Changes in Net Assets

Fiscal year ended December 31, 2017

(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, 2017 | 70,000 | 17,500 | 268,242 | 285,742 | 76 | 1,411 | 160,100 | 85,371 | 246,959 | (1,598) | 601,103 |
| Changes of items during the year | | | | | | | | | | | |
| Dividends from surplus | | | | | | | | (8,902) | (8,902) | | (8,902) |
| Net income | | | | | | | | 89,950 | 89,950 | | 89,950 |
| Reversal of reserve for special depreciation | | | | | (33) | | | 33 | — | | — |
| Provision of reserve for advanced depreciation of non-current assets | | | | | | 464 | | (464) | — | | — |
| Reversal of reserve for advanced depreciation of non-current assets | | | | | | (45) | | 45 | — | | — |
| Provision of general reserve | | | | | | | 72,000 | (72,000) | — | | — |
| Disposal of treasury shares | | | 534 | 534 | | | | | | 591 | 1,125 |
| Net changes of items other than shareholders' equity | | | | | | | | | | | |
| Total changes of items during the year | — | — | 534 | 534 | (33) | 419 | 72,000 | 8,662 | 81,047 | 591 | 82,173 |
| Balance at December 31, 2017 | 70,000 | 17,500 | 268,776 | 286,276 | 42 | 1,830 | 232,100 | 94,033 | 328,007 | (1,006) | 683,276 |

(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, 2017 | 6,674 | (2,663) | 4,010 | 605,113 |
| Changes of items during the year | | | | |
| Dividends from surplus | | | | (8,902) |
| Net income | | | | 89,950 |
| 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 | | | | — |
| Provision of general reserve | | | | — |
| Disposal of treasury shares | | | | 1,125 |
| Net changes of items other than shareholders' equity | 1,166 | 1,177 | 2,344 | 2,344 |
| Total changes of items during the year | 1,166 | 1,177 | 2,344 | 84,518 |
| Balance at December 31, 2017 | 7,841 | (1,485) | 6,355 | 689,632 |

Fiscal year ended December 31, 2018

(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, 2018 | 70,000 | 17,500 | 268,776 | 286,276 | 42 | 1,830 | 232,100 | 94,033 | 328,007 | (1,006) | 683,276 |
| Changes of items during the year | | | | | | | | | | | |
| Dividends from surplus | | | | | | | | (8,913) | (8,913) | | (8,913) |
| Net income | | | | | | | | 65,668 | 65,668 | | 65,668 |
| Reversal of reserve for special depreciation | | | | | (9) | | | 9 | — | | — |
| Reversal of reserve for advanced depreciation of non-current assets | | | | | | (45) | | 45 | — | | — |
| Provision of general reserve | | | | | | | 80,600 | (80,600) | — | | — |
| Disposal of treasury shares | | | 90 | 90 | | | | | | 68 | 159 |
| Net changes of items other than shareholders' equity | | | | | | | | | | | |
| Total changes of items during the year | — | — | 90 | 90 | (9) | (45) | 80,600 | (23,789) | 56,755 | 68 | 56,914 |
| Balance at December 31, 2018 | 70,000 | 17,500 | 268,867 | 286,367 | 33 | 1,785 | 312,700 | 70,243 | 384,762 | (938) | 740,191 |

(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, 2018 | 7,841 | (1,485) | 6,355 | 689,632 |
| Changes of items during the year | | | | |
| Dividends from surplus | | | | (8,913) |
| Net income | | | | 65,668 |
| Reversal of reserve for special depreciation | | | | — |
| Reversal of reserve for advanced depreciation of non-current assets | | | | — |
| Provision of general reserve | | | | — |
| Disposal of treasury shares | | | | 159 |
| Net changes of items other than shareholders' equity | (1,590) | (1,765) | (3,356) | (3,356) |
| Total changes of items during the year | (1,590) | (1,765) | (3,356) | 53,558 |
| Balance at December 31, 2018 | 6,250 | (3,251) | 2,999 | 743,190 |