

Suntory Holdings Limited

February 14, 2020

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 [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, 2019 - December 31, 2019)

(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, 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 |
| 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) |

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

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

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, 2019 | 205 .53 | — | 10.6 | 5.4 | 11.3 |
| December 31, 2018 | 204 .39 | — | 11.3 | 5.2 | 11.1 |

(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 |
|-------------------|--------------|--------------|--|--|--|
| | ¥million | ¥million | ¥million | % | ¥ |
| December 31, 2019 | 4,516,779 | 1,793,887 | 1,398,534 | 31.0 | 2,039.41 |
| December 31, 2018 | 4,421,864 | 1,651,689 | 1,272,770 | 28.8 | 1,856.01 |

(3) Cash flows

| Fiscal year ended | Operating activities | Investing activities | Financing activities | Cash and cash equivalents at the end of the year |
|-------------------|----------------------|----------------------|----------------------|--|
| | ¥million | ¥million | ¥million | ¥million |
| December 31, 2019 | 321,613 | (120,525) | (218,969) | 255,302 |
| December 31, 2018 | 250,384 | (104,196) | (232,938) | 272,425 |

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 |
|-------------------|------------------------------|-------------------------------|--------------------------------------|---|
| | Yen | Millions of yen | % | % |
| December 31, 2019 | 13 .00 | 8,914 | 6.3 | 0.7 |
| December 31, 2018 | 13 .00 | 8,914 | 6.4 | 0.7 |

**3. Consolidated earnings forecast for the fiscal year ending December 31, 2020
(January 1, 2020 - December 31, 2020)**

| | 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, 2020 | 2,640,000 | 2.8 | 2,360,000 | 2.8 | 260,000 | 0.1 | 243,000 | 0.6 | 130,000 | (7.8) | 189 .57 |

Reference: Adjusted operating income for the fiscal year ending December 31, 2020 266,000¥million 2.9%

**SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2019 (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, 2019 | 136,843 | 27.8 | 90,920 | 42.2 | 94,050 | 35.7 |
| December 31, 2018 | 107,068 | △22.4 | 63,920 | △31.5 | 69,297 | △26.7 |

| Fiscal year ended | Net income | | Basic net earnings per share |
|-------------------|------------|-------|------------------------------|
| | ¥million | % | ¥ |
| December 31, 2019 | 89,297 | 36.0 | 130 .22 |
| December 31, 2018 | 65,668 | △27.0 | 95 .77 |

(2) Financial positions

| As of | Total assets | Net assets | Ratio of equity to total assets | Total equity per share |
|-------------------|--------------|------------|---------------------------------|------------------------|
| | ¥million | ¥million | % | ¥ |
| December 31, 2019 | 2,085,813 | 831,853 | 39.9 | 1,213.05 |
| December 31, 2018 | 2,072,627 | 750,898 | 36.2 | 1,094.99 |

Operating Results

1. Overview of the Twelve-Month Period Ended December 31, 2019

The Suntory Group has actively expanded business in each of three segments, “Beverages and foods,” “Alcoholic beverages,” and “Others,” both domestically and abroad. In the fiscal year under review, revenue (excluding excise taxes) grew by 2.0% over the same period of the previous year to 2.2947 trillion yen, while revenue (including excise taxes) came to 2.5692 trillion yen, an increase of 2.1% from the same period of the previous year. Operating income rose by 3.5% to 259.6 billion yen, and profit attributable to owners of the Company was 140.9 billion yen, up 0.6% over the same period of the previous year.

<Beverages and foods Segment>

Suntory Beverage & Food Limited focused on strengthening brands and creating new demand with the aim of proposing unique, high-quality products that capture the customer’s tastes and needs to further enrich customer lifestyles, as well as on improving product quality. Furthermore, the company focused on strengthening its business foundations in each area for sustained growth in the future.

In Japan, although the company aimed to create new demand by strengthening core brands, mainly in the categories of water, coffee, and sugar-free tea again this year, sales volume fell below its level for the same period of the previous year. Still, it outpaced the soft drink market, which is estimated to have declined year on year due to the end of the rainy season being delayed, among other factors. *Suntory Tennensui* fell year on year due to the impact of poor weather in July. In the *BOSS* brand, in addition to actively expanding marketing activities for canned coffee, we grew the *Craft BOSS* series, and the sales volume for the brand as a whole recorded year-on-year growth. In the sugar-free tea category, although the sales volume of *Iyemon* fell year on year, the sales volume of *Green DAKARA Yasashii Mugicha* increased substantially. Furthermore, in addition to conducting active marketing activities for products such as *Tokucha*, which is a specified health food, and *Iyemon Plus for Cholesterol Control*, which is a food with functional claims, efforts were made to increase revenue, such as revising the prices of certain products in May. Furthermore, the company engaged in the establishment of a high added-value and high revenue model, structural reform of SCM and structural reform of the vending machine business as medium-term structural reforms aimed at increasing profitability. Structural reform of the vending machine business will require time for results to appear as initially anticipated, but the

establishment of a high added-value and high revenue model and structural reform of SCM have steadily produced results. Furthermore, in addition to engaging in ongoing activities to reduce costs, marketing and advertising expenses decreased compared to the same period of the previous year.

In Europe, sales volume in France fell below the level of the same period of the previous year for the flagship *Oasis* brand, due to the impact of the market slowdown, but sales volume of *Orangina* was at generally the same level as the previous year. In the United Kingdom, the sales volume for *Lucozade* continued on a trend of recovery and exceeded the level of the same period of the previous year. In Spain, sales volume of the flagship *Schweppes* brand increased year on year, driven by the off premise channel, but difficulties in the on-premise channel with high unit prices led to sales for Spain as a whole falling compared to the same period of the previous year.

In Asia, products such as the *Sting* energy drink and *TEA+* performed well in Vietnam, and the flagship *PEPSI* performed well in Thailand, with sales in the soft drinks business all exceeding the same period of the previous year. Furthermore, in Thailand and Vietnam, we launched the *goodmood* flavored water, which has been well received in Indonesia. In the health food business, we made stronger marketing efforts for *BRAND'S Essence of Chicken* and others mainly in the core market of Thailand, and also proceeded to review our distribution policy.

In Oceania, we engaged in strengthening of marketing for energy drinks including *V* in the soft drinks business, and continued efforts to strengthen flagship brands such as *TOBY'S ESTATE*, *L'AFFARE* and *Mocopan* in the fresh coffee business.

In Americas, in addition to further strengthening sales of flagship carbonated beverage brands, we 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 Beverages and foods Segment increased 0.4% year on year to 1.2917 trillion yen, while operating income rose by 0.3% to 135.7 billion yen.

<Alcoholic beverages Segment>

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

Comparable revenue for Beam Suntory Inc., excluding the impact of currency, increased at a mid-single-digit rate over the same period of the previous year.

Sustained consumer demand for bourbon and premium spirits helped drive strong growth for Jim Beam, Maker's Mark and the company's super-premium small batch Bourbons. The company's East-Meets-West competitive advantage was reflected in the successful launch of *Legent* bourbon in key markets and *Oaksmith* whisky in the India market.

The company's Japan business (Suntory Spirits Limited) recorded 7% year-on-year sales growth. Whiskies delivered strong growth, centered on strategic brands *Kakubin*, *Jim Beam*, *Torys*, and *Maker's Mark*. RTD beverage sales grew volume by 17% year on year, due to very strong consumer demand for the newly launched *Kodawari Sakaba no Lemon Sour*, in addition to the expansion of *-196°C Strong Zero* and other canned highball products, which consumers increasingly enjoy with meals. Also, to inspire consumer interest with innovative new products, the company launched products including *SUNTORY WORLD WHISKY Ao*, Japanese craft vodka *HAKU*, and Japanese craft liqueur *Kanade*.

With the overall beer-type beverage market*¹ in Japan estimated to be falling by around 2% year on year, Suntory Beer Limited's sales volume was 71.07 million cases*², up 2% year on year. The company's beer category drinks, excluding alcohol-free beer-type beverages, rose 1% year on year to 63.65 million cases.

The *Premium Malt's* brand rose 1% year on year to 17.26 million cases. We focused on the foam, a unique characteristic of beer, by developing the promotion for "KAMIWA," which can be enjoyed at home, when dining out, or even while sitting on the Shinkansen, and giving consumers the opportunity to experience high-quality "KAMIWA."

In addition to the renewal of existing products in the *Kinmugi* brand, the new *Kinmugi Gold Lager* contributed to a rise of 11% year on year to 38.47 million cases, achieving a record-high sales volume.

Sales volume for the *All-Free* brand rose 7% year on year to 7.35 million cases. The launch of a new cask product for use by all restaurants nationwide, a first in Japan*³, and the launch of *KARADA-WO-OMOU All-Free*, which is the first food with functional claims for the brand, contributed to the increase, resulting in the achievement of the highest sales volume on record.

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

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

*3. As of February 2019 Suntory survey of major beer manufacturers

Suntory Wine International Limited's revenue fell 3% year on year.

In domestic wine, products such as *Sankaboshizai Mutenka no Oishii Wine*, which has the leading sales in the domestic wine market*⁴, performed strongly, with a 4% year-on-year increase in sales volume. Imported wine was helped by the EU-Japan Economic Partnership Agreement taking effect in February, with strength in European wines such as *Freixenet* and *Baron de Lestac*.

*4. Research by SRI: Japanese wine market sales volume and amount January-December 2019 (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 was 773.4 billion yen, up 3.2% year on year, revenue (including excise taxes) came to 1.0479 trillion yen (up 3.1% year on year), and operating income was 144.3 billion yen (up 8.5% year on year).

<Others Segment>

For Suntory Wellness Limited, the *Sesamin* series, the skin care product *F.A.G.E.* and other products were strong, leading to revenue growing 8% year on year. Revenue in the restaurant businesses, including DYNAC HOLDINGS CORPORATION and PRONTO CORPORATION, also grew.

Revenue for the Others Segment was 229.6 billion yen, up 6.9% year on year, and operating income was 25.8 billion, up 1.6% year on year.

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

Revenue (excluding excise taxes)

Domestic: 1.3297 trillion yen (up 1.8% year on year)

Overseas: 965.0 billion yen (up 2.2% year on year)

Overseas ratio: 42.1%

Revenue (including excise taxes)

Domestic: 1.5288 trillion yen (up 2.0% year on year)

Overseas: 1.0404 trillion yen (up 2.1% 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, we have made the promise to stakeholders of "Mizu To Ikiru" (literally "living with water"), and aims to develop various activities while maintaining a harmonious coexistence between society and nature.

Based on the corporate philosophy of "to create harmony with people and nature," the Suntory Group established a Sustainability Vision to face the various issues of the world more seriously than in the past, and to continue to face the challenge of realizing a sustainable society. Perceiving the plastic problem to be an important issue, the Suntory Group has provided strong leadership for the transformation to a

recycling-oriented and zerocarbon society by formulating a “Plastic Policy.” We aim to switch all the PET bottles used globally for Suntory products to be made of 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*⁵, the first of its kind in the domestic beverage industry, the Group will continue its activities to reduce the burden on the environment.

Based on the Suntory Group’s Sustainable Water Philosophy, the Suntory Natural Water Sanctuaries are now present at 21 locations in 15 prefectures nationwide, with a total space of approximately 12,000 hectares, and enabling us to achieve the goal of “cultivating water more than double the amount of groundwater pumped up in the Suntory Group’s plants in Japan” one year ahead of schedule. We are also promoting activities globally that address local topics, such as the “Mizuiku” education program on water for the next generation in Vietnam, Thailand and Indonesia, and water source conservation activities in the United States and France.

In order to promote a decarbonized society and to address climate change, we are reducing carbon emissions through the introduction of the latest energy-saving technologies and the use of renewable energy at our facilities as well as in our operations throughout the value chain.

We are also actively involved in support for reconstruction. The Company disbursed donations to local governments that suffered significant damage due to Typhoon Faxai (No. 15 of 2019) and Typhoon Hagibis (No. 19 of 2019). 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, and are still ongoing.

*5. 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.

<Beverages and foods Segment>

Suntory Beverage & Food Limited aims 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, as various costs continue to rise, creating a harsh business environment, we will work on further structural reform to improve profitability. In Europe, we will work on stimulating flagship brands as well as structural reforms such as enhancement of sales and supply chain management in major countries. In Asia, we will further strengthen efforts in both the soft drinks business and the health food business. In Oceania, we will continue to strengthen our soft drinks business, fresh coffee business, and flagship brands. In Americas, we 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. We will also continue efforts to reduce costs.

<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. In Japan, we will aim to expand business by further developing and strengthening brands centered on major brands such as *Jim Beam*, *Torys*, *Maker's Mark*, *Teachers*, *-196°C Strong Zero* and *Kodawari Sakaba no Lemon Sour*. Furthermore, in order to enable customer to enjoy delicious alcoholic beverages even more, we will engage in activities focused on quality from product development to the consumption, and conduct active marketing activities such as selling new products providing new value.

Suntory Beer Limited will create new demand and work on revitalization of the overall beer-type beverage market by proposing new value as well as increasing the value of brands such as *Kinmugi*, *The Premium Malt's* and *All Free*. The company revamped the *Kinmugi* brand line, including *Kinmugi*, *Kinmugi 75% Less Carbohydrate* and *Kinmugi Gold Lager*, seeking a balance of the flavor from malt and easiness to drink, to enable people to enjoy the beverages with everyday meals. In addition, this spring, we will begin highlighting the drinking value of a new *Kinmugi* brand by offering *Shiki no Kinmugi* (*Kin-Mugi* by offering products tailored to the four seasons of Japan) providing a different flavor to match each season. With *The Premium Malt's* brand, we will continue marketing the popular "KAMIWA" in an effort to change customers' standard for selecting beer to be based on foam. By simultaneously revamping *The*

Premium Malt's and *Premium Malt's Kaoru Ale*, we will seek to offer better flavor and foam quality. The content and packaging of *All Free* will be upgraded to offer a more refreshing beer taste as a drink for refreshment. In addition, we will seek to further expand the “highly functional” market by actively promoting the popular *KARADA WO OMOU All-Free*, which is a food with functional claims.

Suntory Wine International Limited is 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 Japan, we will also work on creating new demand by actively investing in new domestic casual wine products. Furthermore, we will work to expand our line-up of organic wines in major brands of European wine gaining attention due to the EU-Japan Economic Partnership Agreement entering into force.

<Others 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 1.33 trillion yen in the Beverages and foods Segment (up 3.0% year on year), 796 billion yen excluding excise taxes in the Alcoholic beverages Segment (up 2.9% year on year), 1.076 trillion yen including excise taxes in the Alcoholic beverages Segment (up 2.7% year on year), and 234 billion yen in the Others segment (up 1.9% year on year).

All these things considered, in the fiscal year ending December 31, 2020, the Group is forecasting revenue (excluding excise taxes) of 2.36 trillion yen (up 2.8% year on year), revenue (including excise taxes) of 2.64 trillion yen (up 2.8% year on year), operating income of 260 billion yen (up 0.1% year on year), and profit attributable to owners of the Company of 130 billion yen (down 7.8% year on year).

Classification of Shareholders

As of December 31, 2019

| | 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, 2019

| 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 | 34,383 | 5.01 |
| 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 | - | 680,643 | 99.25 |

Directors and Audit & Supervisory Board Members

As of December 31, 2019

| 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 | Joined Sony Corporation in April 1971. Joined Suntory Limited in June 1974. Assumed the office of Senior General Manager of Osaka branch of such company in August 1981. Assumed the office of Director of such company in June 1982. Assumed the office of Managing Director of such company in June 1984. Assumed the office of Senior Managing Director of such company in June 1987. Assumed the office of Director, Executive Vice President of such company in March 1989. Assumed the office of Representative Director, Executive Vice President & Chief Operating Officer of such company in March 1990. Assumed the office of Representative Director, President & Chief Executive Officer of such company in March 2001. Assumed the office of Representative Director, Chairman, President & Chief Executive Officer of such company in March 2002. Assumed the office of Representative Director and President of Kotobuki Realty Co., Ltd. in March 2002. Assumed the office of Representative Director, Chairman, President & Chief Executive Officer of Suntory Holdings Limited in February 2009. Has occupied the office of Representative Director, Chairman of the Board & Chief Executive Officer of Suntory Holdings Limited from October 2014 to date (incumbent). Has occupied the office of Representative Director and Chairman of Kotobuki Realty Co., Ltd. from March 2016 to date (incumbent). | Note 5 | 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 & 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 5 | 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 5 | 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 & 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 5 | 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 Director, Executive Vice President of Suntory Holdings Limited from March 2018 to date (incumbent).</p> | Note 5 | 130 |

| Title and 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 5 | 111 |
| 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 5 | 123 |
| 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 5 | - |

| | | | | | |
|----------|---------------------|-----------------|--|--------|---|
| 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. Has occupied the office of Chairman of Beam Suntory Inc. from April 2014. Has occupied the office of Director of Suntory Holdings Limited from May 2014 to date (incumbent). Has occupied the office of Non- Executive Chairman of Beam Suntory Inc. from April 2019 to date (incumbent). | Note 5 | - |
|----------|---------------------|-----------------|--|--------|---|

| 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 | 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 | Hong Sik Park | June 16, 1958 | Joined Suntory Limited in April 1982. Assumed the office of CEO of Suntory Beverage & Food Asia Pte. Ltd. in September 2011. Has occupied the office of Executive Officer of Suntory Holdings Limited from April 2016. Has occupied the office of Audit Committee Member of Beam Suntory Inc. from April 2017. Has occupied the office of Audit & Supervisory Board Member of Suntory Holdings Limited from March 2019 to date (incumbent). | Note 6 | 20 |
| 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 6 | - |

| | | | | | |
|----------------------------------|--------------|-------------------|--|--------|---|
| 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 & 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 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. Mr. Shinichiro Hizuka and Mr. Kazutomo Aritake were appointed to the positions of Director, Executive Vice President on January 1, 2020.
5. Current terms of office will expire at the close of Ordinary General Meeting of Shareholders for the Fiscal Year 2019.
6. Current terms of office will expire at the close of Ordinary General Meeting of Shareholders for the Fiscal Year 2022.

Consolidated statement of financial position

(Millions of yen)

| | As at December 31, 2018 | As at December 31, 2019 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 272,425 | 255,302 |
| Trade and other receivables | 405,556 | 408,893 |
| Other financial assets | 3,671 | 12,344 |
| Inventories | 415,841 | 435,501 |
| Other current assets | 68,231 | 63,797 |
| Sub-total | 1,165,726 | 1,175,840 |
| Assets held for sale | 27 | 187 |
| Total current assets | 1,165,753 | 1,176,028 |
| Non-current assets: | | |
| Property, plant and equipment | 696,103 | 708,663 |
| Right-of-use assets | — | 97,359 |
| Goodwill | 867,986 | 857,328 |
| Intangible assets | 1,422,962 | 1,405,341 |
| Investments accounted for using the equity method | 42,411 | 46,217 |
| Other financial assets | 120,483 | 122,950 |
| Deferred tax assets | 71,300 | 73,729 |
| Other non-current assets | 34,861 | 29,161 |
| Total non-current assets | 3,256,110 | 3,340,751 |
| Total assets | 4,421,864 | 4,516,779 |

(Millions of yen)

| | As at December 31, 2018 | As at December 31, 2019 |
|--|-------------------------|-------------------------|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities: | | |
| Bonds and borrowings | 243,396 | 148,861 |
| Trade and other payables | 529,616 | 564,412 |
| Other financial liabilities | 98,190 | 121,775 |
| Accrued income taxes | 24,499 | 27,432 |
| Provisions | 16,490 | 13,985 |
| Other current liabilities | 84,765 | 86,327 |
| Total current liabilities | 996,959 | 962,794 |
| Non-current liabilities: | | |
| Bonds and borrowings | 1,348,629 | 1,278,013 |
| Other financial liabilities | 66,286 | 126,683 |
| Post-employment benefit liabilities | 40,670 | 43,618 |
| Provisions | 7,190 | 6,882 |
| Deferred tax liabilities | 288,542 | 289,537 |
| Other non-current liabilities | 21,895 | 15,362 |
| Total non-current liabilities | 1,773,215 | 1,760,098 |
| Total liabilities | 2,770,175 | 2,722,892 |
| Equity | | |
| Share capital | 70,000 | 70,000 |
| Share premium | 133,944 | 133,909 |
| Retained earnings | 1,198,492 | 1,329,315 |
| Treasury shares | (938) | (938) |
| Other components of equity | (128,728) | (133,752) |
| Total equity attributable to owners of the Company | 1,272,770 | 1,398,534 |
| Non-controlling interests | 378,918 | 395,352 |
| Total equity | 1,651,689 | 1,793,887 |
| Total liabilities and equity | 4,421,864 | 4,516,779 |

Consolidated statement of profit or loss

(Millions of yen)

| | Year ended December 31, 2018 | Year ended December 31, 2019 |
|---|------------------------------|------------------------------|
| Revenue (including excise taxes) | 2,517,258 | 2,569,230 |
| Less: excise taxes | (266,475) | (274,525) |
| Revenue (excluding excise taxes) | 2,250,782 | 2,294,704 |
| Cost of sales | (1,172,720) | (1,199,321) |
| Gross profit | 1,078,062 | 1,095,383 |
| Selling, general and administrative expenses | (832,899) | (840,306) |
| Gain on investments accounted for using the equity method | 7,916 | 8,703 |
| Other income | 18,888 | 15,825 |
| Other expenses | (21,108) | (19,959) |
| Operating income | 250,859 | 259,646 |
| Finance income | 6,305 | 4,008 |
| Finance costs | (24,817) | (22,148) |
| Profit before income taxes | 232,347 | 241,505 |
| Income tax expenses | (50,959) | (59,070) |
| Profit for the year | 181,387 | 182,435 |
| Attributable to: | | |
| Owners of the Company | 140,151 | 140,940 |
| Non-controlling interests | 41,236 | 41,494 |
| Profit for the year | 181,387 | 182,435 |
| Earnings per share (Yen) | 204.39 | 205.53 |

Reconciliation from operating income to adjusted operating income

(Millions of yen)

| | Year ended December 31, 2018 | Year ended December 31, 2019 |
|--|------------------------------|------------------------------|
| Operating income | 250,859 | 259,646 |
| Restructuring charges | (12,173) | (160) |
| Losses from natural disaster | 2,432 | 2,587 |
| Insurance income | (975) | (9,795) |
| Impairment losses and reversal of impairment losses | 3,498 | 4,214 |
| Gain on disposals of shares in subsidiaries and associates | 4,012 | 1,036 |
| Other | 3,301 | 991 |
| Total | 96 | (1,126) |
| Adjusted operating income | 250,955 | 258,519 |

Consolidated statement of changes in equity for the year ended 31 December 2019

(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 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 |
| Cumulative effect of adopting new accounting standards | | | (1,041) | | | (1,041) | (453) | (1,494) |
| Balance at 1 January 2019 | 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 |
| Transfer from other components of equity to retained earnings | | (34) | | | | (34) | (583) | (618) |
| Changes in ownership interests in subsidiaries that do not involve loss of control | | | (161) | | 164 | 3 | (3) | — |
| Total transactions with owners of the parent | — | (34) | (9,076) | — | 164 | (8,946) | (24,589) | (33,536) |
| Balance at 31 December 2019 | 70,000 | 133,909 | 1,329,315 | (938) | (133,752) | 1,398,534 | 395,352 | 1,793,887 |

Consolidated statement of cash flows

| | Year ended December 31, 2018 | Year ended December 31, 2019 |
|---|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 232,347 | 241,505 |
| Depreciation and amortization | 98,417 | 121,506 |
| Impairment losses (reversal of impairment losses) | 4,318 | 2,623 |
| Interest and dividend income | (2,435) | (2,771) |
| Interest expense | 22,970 | 21,547 |
| Gain on investments accounted for using the equity method | (7,916) | (8,703) |
| Increase in inventories | (14,118) | (20,516) |
| Increase in trade and other receivables | (9,990) | (3,968) |
| Increase in trade and other payables | 11,409 | 20,033 |
| Other | (6,327) | 23,777 |
| Subtotal | 328,676 | 395,032 |
| Interest and dividends received | 6,988 | 6,932 |
| Interest paid | (24,217) | (23,785) |
| Income taxes paid | (61,061) | (56,565) |
| Net cash inflow from operating activities | 250,384 | 321,613 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment and intangible assets | (110,712) | (120,814) |
| Proceeds from sales of property, plant and equipment and intangible assets | 5,741 | 3,075 |
| Payments for acquisition of investment securities | (1,404) | (2,016) |
| Proceeds from sales of investment securities | 3,539 | 603 |
| Payments for acquisition of shares in subsidiaries involving changes in the scope of consolidation | (26,890) | (925) |
| Proceeds from disposals of shares in subsidiaries involving changes in the scope of consolidation | 24,216 | — |
| Other | 1,313 | (446) |
| Net cash outflow from investing activities | (104,196) | (120,525) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings | 405 | (7,826) |
| Proceeds from long-term borrowings | 112,937 | 195,754 |
| Repayment of long-term borrowings | (311,123) | (343,072) |
| Payments of finance lease liabilities | (10,014) | (31,444) |
| Proceeds from disposals of treasury shares | 159 | — |
| Dividends paid to owners of the Company | (8,913) | (8,914) |
| Dividends paid to non-controlling interests | (16,388) | (23,605) |
| Other | (0) | 141 |
| Net cash outflow from financing activities | (232,938) | (218,969) |
| Net increase (decrease) in cash and cash equivalents | (86,750) | (17,881) |
| Cash and cash equivalents at the beginning of the year (Opening balance on the consolidated statement of financial position) | 359,518 | 272,425 |
| 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 | 362,958 | 272,425 |
| Effects of exchange rate changes on cash and cash equivalents | (3,782) | 758 |
| Cash and cash equivalents at the end of the year | 272,425 | 255,302 |

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 |

(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, 2018

(Millions of yen)

| | Reportable segment | | | Segment total | Reconciliations *2 | Consolidated *1 |
|----------------------------------|------------------------|------------------------|---------|---------------|-----------------------|--------------------|
| | Beverages and foods | Alcoholic beverages | 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 | 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 Company to manage the Group’s operations and are not allocated to the reportable segments.

Year ended December 31, 2019

(Millions of yen)

| | Reportable segment | | | Segment total | Reconciliations *2 | Consolidated *1 |
|----------------------------------|------------------------|------------------------|---------|---------------|-----------------------|--------------------|
| | Beverages and foods | Alcoholic beverages | Others | | | |
| Revenue (including excise taxes) | 1,291,732 | 1,047,908 | 229,589 | 2,569,230 | — | 2,569,230 |
| Revenue (excluding excise taxes) | | | | | | |
| External customers | 1,291,732 | 773,382 | 229,589 | 2,294,704 | — | 2,294,704 |
| Intersegment | 7,653 | 5,037 | 11,666 | 24,356 | (24,356) | — |
| Total revenue | 1,299,385 | 778,419 | 241,255 | 2,319,061 | (24,356) | 2,294,704 |
| Segment profit | 135,726 | 144,330 | 25,779 | 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.

(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, 2018 | 1,498,126 | 355,088 | 321,408 | 342,634 | 2,517,258 |
| Fiscal year ended December 31, 2019 | 1,528,825 | 371,023 | 297,744 | 371,635 | 2,569,230 |

(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, 2018 | 1,306,268 | 297,650 | 312,308 | 334,555 | 2,250,782 |
| Fiscal year ended December 31, 2019 | 1,329,703 | 312,674 | 288,808 | 363,517 | 2,294,704 |

(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, 2018 | As of December 31, 2019 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Current assets | 1,282,822 | 1,217,632 |
| Cash and deposits | 73,046 | 46,923 |
| Accounts receivable-trade | 3,777 | 3,882 |
| Short-term loans receivable | 1,163,864 | 1,120,086 |
| Advance payments-trade | 1,553 | 926 |
| Accounts receivable-other | 37,031 | 42,048 |
| Other current assets | 3,549 | 3,765 |
| Non-current assets | 788,975 | 867,133 |
| Property, plant and equipment | 32,337 | 31,088 |
| Buildings, net | 22,120 | 21,316 |
| Machinery and equipment, net | 866 | 789 |
| Tools, furniture and fixtures, net | 4,170 | 3,931 |
| Land | 4,155 | 3,675 |
| Construction in progress | 18 | 407 |
| Other | 1,006 | 967 |
| Intangible assets | 3,843 | 3,830 |
| Leasehold right | 3,705 | 3,705 |
| Other intangible assets | 138 | 125 |
| Investments and other assets | 752,794 | 832,215 |
| Investment securities | 17,952 | 19,569 |
| Shares of subsidiaries and associates | 513,026 | 513,173 |
| Long-term loans receivable from subsidiaries and associates | 192,137 | 271,660 |
| Long-term prepaid expenses | 1,140 | 1,665 |
| Prepaid pension cost | 21,300 | 19,276 |
| Other | 7,235 | 6,869 |
| Deferred assets | 829 | 1,047 |
| TOTAL ASSETS | 2,072,627 | 2,085,813 |

(Millions of yen)

| | As of December 31, 2018 | As of December 31, 2019 |
|---|-------------------------|-------------------------|
| LIABILITIES | | |
| Current liabilities | 283,620 | 215,195 |
| Short-term loans payable | 26 | 13 |
| Current portion of long-term loans payable | 76,178 | 56,921 |
| Current portion of bonds | 76,743 | — |
| Accounts payable-other | 21,935 | 18,311 |
| Accrued expenses | 14,315 | 14,235 |
| Accrued consumption taxes | 638 | 510 |
| Income taxes payable | 778 | 638 |
| Deposits received from employees | 16,965 | 16,967 |
| Deposits received | 65,853 | 95,991 |
| Provision for bonuses | 6,159 | 6,545 |
| Other | 4,025 | 5,058 |
| Non-current liabilities | 1,038,109 | 1,038,764 |
| Bonds payable | 188,625 | 269,902 |
| Long-term loans payable | 833,357 | 753,020 |
| Deferred tax liabilities | 1,622 | 901 |
| Provision for retirement benefits | 8,473 | 8,834 |
| Other | 6,030 | 6,106 |
| TOTAL LIABILITIES | 1,321,729 | 1,253,959 |
| NET ASSETS | | |
| Shareholders' equity | 747,899 | 828,281 |
| 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 | 392,470 | 472,852 |
| Other retained earnings | 392,470 | 472,852 |
| Reserve for special depreciation | 33 | 23 |
| Reserve for advanced depreciation of non-current assets | 1,785 | 1,740 |
| General reserve | 312,700 | 312,700 |
| Retained earnings brought forward | 77,951 | 158,388 |
| Treasury stock | (938) | (938) |
| Valuation and translation adjustments | 2,999 | 3,571 |
| Valuation difference on available-for-sale securities | 6,250 | 7,313 |
| Deferred gains or losses on hedges | (3,251) | (3,741) |
| TOTAL NET ASSETS | 750,898 | 831,853 |
| TOTAL LIABILITIES AND NET ASSETS | 2,072,627 | 2,085,813 |

Statement of Income

(Millions of yen)

| | Fiscal year ended December 31, 2018 | Fiscal year ended December 31, 2019 |
|---|--|--|
| Operating revenue | 107,068 | 136,843 |
| Royalty income | 37,416 | 38,411 |
| Rent income | 1,553 | 1,621 |
| Dividends from subsidiaries and associates | 68,098 | 96,810 |
| Operating expenses | 43,148 | 45,923 |
| General and administrative expenses | 43,148 | 45,923 |
| Operating income | 63,920 | 90,920 |
| Non-operating income | 19,927 | 15,248 |
| Interest income | 15,486 | 13,299 |
| Interest income on securities | 8 | 8 |
| Dividends income | 298 | 297 |
| Foreign exchange gains | — | 1,390 |
| Gain on cancellation of derivatives | 3,489 | — |
| Other | 644 | 252 |
| Non-operating expenses | 14,550 | 12,117 |
| Interest expenses | 11,577 | 9,720 |
| Interest on bonds | 1,729 | 1,564 |
| Foreign exchange losses | 426 | — |
| Other | 817 | 833 |
| Ordinary income | 69,297 | 94,050 |
| Extraordinary income | 2,134 | — |
| Gain on sales of shares of non-current assets | 1,126 | — |
| Gain on sales of investment securities | 782 | — |
| Other | 225 | — |
| Extraordinary loss | 1,995 | 4,373 |
| Restructuring cost | 923 | 3,307 |
| Other | 1,071 | 1,066 |
| Income before income taxes | 69,437 | 89,677 |
| Income taxes-current | 3,016 | 1,424 |
| Income taxes-deferred | 752 | (1,045) |
| Net income | 65,668 | 89,297 |

Statement of Changes in Net Assets

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 |
| Cumulative effects of changes in accounting policies | | | | | | | | 7,707 | 7,707 | | 7,707 |
| Restated balance | 70,000 | 17,500 | 268,776 | 286,276 | 42 | 1,830 | 232,100 | 101,741 | 335,715 | (1,006) | 690,984 |
| 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 | 77,951 | 392,470 | (938) | 747,899 |

(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 |
| Cumulative effects of changes in accounting policies | | | | 7,707 |
| Restated balance | 7,841 | (1,485) | 6,355 | 697,339 |
| 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 | 750,898 |

| | 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 |
| Cumulative effects of changes in accounting policies | | | | | | | | | — | | — |
| Restated balance | 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 |
| Cumulative effects of changes in accounting policies | | | | — |
| Restated balance | 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 |