



Consolidated Financial Results for the Year Ended March 31, 2022 (Japanese Generally Accepted Accounting Principles)

May 13, 2022

Name of company	Yakult Honsha Co., Ltd.		
Stock exchange listing	Prime Market in Tokyo Stock Exchange		
Code number	2267		
URL	https://www.yakult.co.jp		
Representative	President and Representative Director	Hiroshi Narita	
Contact person	Managing Executive officer	Shuichi Watanabe	TEL +81-3-6625-8960
Scheduled date of ordinary shareholder's meeting	June 22, 2022		
Scheduled date of payment of dividends	June 6, 2022		
Scheduled date of filing annual security report	June 23, 2022		
Preparation of support documentation of results	: Yes		
Holding of briefing for analysts and institutional investors	: Yes		

(Figures less than 1 million yen have been rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Consolidated Financial Results (Accumulated) (Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2021	415,116	7.6	53,202	21.8	68,549	19.0	44,917	14.4
FY2020	385,706	(5.0)	43,694	(4.3)	57,601	(1.5)	39,267	(1.2)

(Note) Comprehensive income for FY2021 69,441 million yen {87.2%} FY2020 37,085 million yen {27.8%}

	Basic earnings per Share	Diluted earnings per Share	Return on Equity	Ordinary Profit ratio to Total Assets	Operating Profit ratio margin
	yen	yen	%	%	%
FY2021	280.36	—	10.6	10.5	12.8
FY2020	244.85	—	10.1	9.1	11.3

(Ref.) Share of profit of entities accounted for using equity method for FY2021 6,432 million yen FY2020 3,910 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2021	672,855	484,935	66.3	2,812.63
FY2020	635,102	439,761	63.8	2,523.81

(Ref.) Equity for FY2021 446,068 million yen FY2020 404,951 million yen

(3) Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash equivalents at end of period
	million yen	million yen	million yen	million yen
FY2021	73,390	(11,875)	(45,156)	150,725
FY2020	55,820	(19,623)	(31,254)	122,766

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividends Ratio to Net Assets (Consolidated)
	1st Qrt.	2nd Qrt.	3rd Qrt.	Year End	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2020	—	26.00	—	26.00	52.00	8,345	21.2	2.1
FY2021	—	36.00	—	36.00	72.00	11,489	25.7	2.7
FY2022 (Forecast)	—	41.00	—	41.00	82.00		28.2	

3. Forecast for consolidated financial results for FY 2022 (April 1, 2022 - March 31, 2023)

(Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Basic earnings per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2nd Qrt.	218,000	7.4	26,500	(4.8)	33,500	(6.3)	22,000	(14.0)	140.35
Annual	446,500	7.6	55,000	3.4	68,000	(0.8)	45,500	1.3	290.67

*Notes

- (1) Changes of important subsidiaries during the period: No
(Change in specified subsidiary with change in scope of consolidation)
- (2) Change in accounting policies and estimates, correction of prior period errors
- | | |
|---|-----|
| (a) Change in accounting policy with revision of accounting standard: | Yes |
| (b) Change in account policy other than (a): | No |
| (c) Change in accounting estimates: | No |
| (d) Correction of prior period errors: | No |

(3) Shares issued (common stock)

(a) Number of shares issued (including treasury stocks)

FY2021	171,045,418
FY2020	171,045,418

(b) Number of treasury stocks

FY2021	12,450,484
FY2020	10,593,453

(c) Weighted average of number of shares

FY2021	160,216,716
FY2020	160,373,030

(Ref.) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Non-consolidated financial results (Percentage figures presents year-on-year changes)

	Net sales		Operating Profit		Ordinary Profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2021	156,677	(6.6)	12,977	69.8	36,448	18.5	31,130	14.7
FY2020	167,831	(2.0)	7,641	103.1	30,754	30.4	27,130	23.9

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
FY2021	194.21	—
FY2020	169.04	—

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2021	323,463	195,512	60.4	1,232.19
FY2020	333,063	192,198	57.7	1,197.54

(Ref.) Equity for FY2021 195,512 million yen FY2020 192,198 million yen

2. Forecast for non-consolidated financial results for FY 2022 (April 1, 2022 - March 31, 2023)

(Percentage figures presents year-on-year changes)

	Net Sales		Ordinary Profit		Profit Attributable to owners of parent		Basic Earnings per Share
	million yen	%	million yen	%	million yen	%	yen
2nd Qrt.	81,500	3.5	15,000	27.5	13,000	27.8	82.89
Annual	161,500	3.1	38,500	5.6	33,000	6.0	210.72

*These consolidated financial results are not subjected to audit by our auditor.

*Explanation for the appropriate use of the financial forecast and the other comments

Note concerning statements about the future, etc.

The statements about the future, including earnings projections, contained in this report are based on information currently available as well as certain assumptions considered reasonable.

Actual results may vary considerably from these projections owing to a range of factors.

Procedure for obtaining supplementary information on financial results

We plan to hold a briefing for analysts and institutional investors on May 13, 2022.

Materials used in the briefing will be posted on the company's website.

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1. Business Performance Overview

(1) Qualitative Information Regarding Consolidated Business Results

i. Performance Overview

During the fiscal year ended March 31, 2022, the economic environment in Japan remained challenging due to the novel coronavirus. Although the prospects for economic recovery improved due to the benefits of various government policy measures combined with improvements in overseas economies and consumer spending, the possible downside risks represented by such factors as raw material prices continued to demanded close attention.

Against this background, the Yakult Group worked to build awareness and understanding of the probiotics that constitute the bedrock of our operations, while striving to communicate the superiority of our products. The Group also sought to improve its performance by enhancing its sales organization, conducting research and development for new products, upgrading its production facilities, and actively engaging in its international and pharmaceutical businesses.

Following these efforts, consolidated net sales for the fiscal year under review increased 7.6% from the previous year to 415,116 million yen. Operating profit increased 21.8% to 53,202 million yen, while ordinary profit rose 19.0% to 68,549 million yen. Profit attributable to owners of parent increased 14.4% to 44,917 million yen.

Note that application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020, hereinafter “Revenue Recognition Standard”), etc. lowered the reported net sales by 7,618 million yen, but this had no impact on profits.

ii. Overview by Segment

● Food and Beverages (Japan)

In dairy products, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota¹ and *Bifidobacterium breve* strain Yakult by conducting grassroots value dissemination initiatives in conjunction with an advertising campaign, while also taking measures to prevent novel coronavirus infection.

In our home delivery channel, we placed a particular focus on the *Yakult 1000* and *Yakult 400W* fermented milk drinks, conducting value dissemination activities based on evidence. At the same time, we sought to create new customers and encourage existing customers to continue drinking these products through our Yakult Delivery Net online ordering service as well as enhanced information provided via our website. To strengthen our home delivery organization, we expedited efforts to provide convenient working conditions for Yakult Ladies and actively conducted online recruitment activities.

As for the retail store channel, we worked to increase revenue from the *New Yakult* fermented milk drink series, conducting campaigns to encourage families to consume products from the series together, and making use of limited-time packaging designs in order to improve in-store visibility by offering . In product-specific initiatives, we expanded the sales regions of *Yakult 1000* and *Yakult 400W* to the whole of Japan in April and August 2021, respectively. In October 2021, we launched the fermented milk drink *Y1000* nationwide as an offering in the *Yakult 1000* series developed specifically for the retail store channel. We also sought to boost the hard-type yogurt brand *Soful* by launching four limited-time items throughout the year.

As a result of these and other efforts to bolster sales, the results for dairy products as a whole surpassed those of the previous year.

In other beverages, we worked to increase sales through initiatives such as consumer campaigns for our *Toughman* series of energy drinks, but the results for other beverages as a whole remained lower than those of the previous year.

Furthermore, we sought to express our appreciation to everybody who had supported the Tokyo Yakult Swallows baseball team by implementing special initiatives to commemorate the team’s victories in the Central League and the Japan Series.

¹ Classified as *Lacticaseibacillus paracasei* strain Shirota as of April 2020.

Despite the above efforts, consolidated net sales for the Food and Beverages (Japan) segment declined 1.8% from the previous fiscal year, totaling 203,293 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 22,203 million yen.

● **Food and Beverages (Overseas)**

Yakult's operations outside Japan commenced in March 1964 with the establishment of Yakult Taiwan Co., Ltd., and now the manufacture and sale of *Yakult* outside of Japan spans 39 countries and regions centered around 29 companies and one research center, with average daily bottle sales of approximately 32.16 million bottles as of March 2022.

The impact of the novel coronavirus varies across countries and regions depending on the extent of the infection's spread, as well as the policies and official guidance of local and national governments, among other factors. We are therefore taking measures appropriate to each location and following the instructions of governmental agencies as we conduct our operations and manufacturing activities.

a. The Americas

Yakult manufactures and sells the fermented milk drink *Yakult* and other products in Brazil, Mexico, and the United States of America.

In the United States, sales volume increased steadily, leading to a record number of bottles sold in the fiscal year under review. This was primarily the result of proactive efforts to cultivate new business focused on eastern states, which led to more stores stocking our products.

In other regions within the Americas, we strived to increase revenue by reinforcing the sales networks for both the home delivery and retail store sales channels.

As a result of these efforts, consolidated net sales in the Food and Beverages (The Americas) segment increased 13.2% from the previous year to 47,388 million yen.

b. Asia and Oceania

Yakult manufactures and sells the fermented milk drink *Yakult* and other products in Hong Kong, Singapore, Indonesia, Australia, Malaysia, Vietnam, India, and China, among others, while also importing *Yakult* and other products for sale in the United Arab Emirates (UAE) and other nations. In Myanmar, we have temporarily suspended our sales and manufacturing activities in light of the political situation, among other considerations.

In Indonesia, a 30th anniversary campaign and other measures to boost sales, along with steady efforts to enhance the home delivery organization and an increase in the number of stores receiving deliveries resulted in a growth in revenue, as well as a record high in annual bottle sales.

In China we worked to further reinforce our sales network by increasing the number of sales offices to 50 in August 2021. We also sought to bolster our manufacturing capacity by progressing with the construction of Wuxi Plant 2 (Wuxi Yakult Co., Ltd.).

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 11.5% from the previous year to 128,199 million yen.

c. Europe

In Europe, Yakult manufactures the fermented milk drink *Yakult* and other products in the Netherlands, and sells them in the Netherlands, Belgium, the United Kingdom, Germany, Austria, Italy, and other countries.

In the European market, where the promotion of probiotics faces strict regulation, we engaged in a variety of initiatives in our efforts to receive approval for health claims related to our products, while aiming for sustainable growth by conducting sales activities tailored to each individual country's market. In the United Kingdom, sales volume increased steadily due to an advertising campaign employing a

variety of media launched in September 2021, along with initiatives targeting mass retailers, among other measures.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 9.9% from the previous year to 9,413 million yen.

● Pharmaceuticals

During the fiscal year under review, as a means of reducing visits to medical institutions during the spread of the novel coronavirus, we made use of online meetings, among other methods, to promote awareness and the proper use of our products, particularly those specializing in oncology and related fields.

Regarding our mainstay, the antineoplastic drug *Elplat*, while medical institutions are increasingly switching to available generic versions in line with government policy, we boosted initiatives to encourage customers to continue choosing *Elplat* by leveraging our ability to provide relevant information about it, a Company strength as the developer of the original drug. In addition, we continued with strong promotional activities looking to increase the market penetration and usage rates of the antineoplastic drug *Onivyde*[®], for which we have a promotional agreement with Nihon Servier Co., Ltd.. In March 2022, we launched *Bortezomib [Yakult] for Injection 3 mg*, a generic version of the antineoplastic drug *Velcade*.

However, our revenue remained virtually unchanged from the previous year due to decreased opportunities to use our products, as the impact of the pandemic prompted a postponement of hospitalizations and operations, a decrease in doctor visits, and other developments. This was compounded by revisions to National Health Insurance drug prices in April 2021, which reduced prices for most of Yakult's pharmaceutical products.

In R&D, we continued to progress with the clinical development of items in our pipeline, including the PI3K inhibitor *duvelisib* [YHI-1702], for which we have an exclusive licensing agreement for development and commercialization in Japan from Secura Bio, Inc. (U.S.), and the HDAC inhibitor *resminostat* [YHI-1001], licensed from 4SC AG (Germany). In March 2022, we applied for approval to manufacture and sell *duvelisib* for the indications of relapsed or refractory chronic lymphocytic leukemia and small lymphocytic lymphoma.

Despite the above efforts, however, consolidated net sales in the Pharmaceuticals segment declined 6.2% to 16,992 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 702 million yen.

● Others

This segment encompasses Yakult's cosmetics manufacturing and sales as well as its professional baseball team operations.

In our cosmetics operations, we worked to help customers realize their inner and outer beauty, and to increase the number of regular users of our cosmetics by focusing on initiatives to disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, which is the result of our extensive research on lactic acid bacteria since the Company's foundation.

As a specific example of such activities, by October 2021 we had launched two new products from our *Lactdew* series of highly moisturizing basic skin care products, while working to increase points of contact for new customers and encourage continuing regular use. We also worked to enhance customer satisfaction and increase revenue with our release in March 2022 of the high-performance serum *Parabio AC Serum Saj* from our *Parabio* series, which draws on Yakult's lactic acid bacteria fermentation technologies.

However, the results achieved by the cosmetics operation as a whole remained slightly lower than in the previous fiscal year, partly due to the changes in accounting standards among other factors.

Our professional baseball operations felt the effects of the novel coronavirus, particularly in terms of attendance at games, but despite this, buoyed by the support of the fans, the Tokyo Yakult Swallows succeeded in winning both the Central League and the Japan Series. We will continue to work to respond

to fans' expectations by maintaining a team worthy of their support, and improving the various fan service engagements.

As a result of the above factors, consolidated net sales in the Others segment rose 10.0% from the previous year to 19,473 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 724 million yen.

Note: Consolidated sales for each segment include inter-segment sales. Sales figures for each segment do not include consumption tax, etc.

(2) Financial Position

Total assets at the fiscal year-end amounted to 672,855 million yen, an increase of 37,753 million yen year on year.

Net assets increased 45,174 million yen from the previous fiscal year-end to 484,935 million yen. The main factors were an increase in foreign currency translation adjustments due to a weaker yen and an increase in retained earnings from profit attributable to owners of parent, outweighing the effects of repurchase of shares as treasury stock and the decline in valuation difference on available-for-sale securities.

The equity to asset ratio was 66.3%, a 2.5 percentage point increase from the previous fiscal year-end.

(3) Cash Flow

(Status of Cash Flow)

	Fiscal 2020	Fiscal 2021	YoY Change
Cash flow from operating activities	55,820	73,390	17,570
Cash flow from investing activities	(19,623)	(11,875)	7,747
Cash flow from financing activities	(31,254)	(45,156)	(13,901)
Effect of exchange rate change on cash and cash equivalents	(6,736)	11,601	18,337
Net increase (decrease) in cash and cash equivalents	(1,794)	27,959	29,754
Cash and cash equivalents at beginning of period	124,561	122,766	(1,794)
Cash and cash equivalents at end of period	122,766	150,725	27,959

Cash derived from operating activities increased 17,570 million yen from the previous year. This was primarily the result of a 10,143 million yen increase in profit before income taxes to 69,479 million yen, combined with a decrease in payments such as notes and accounts payable - trade. As a result, cash derived from operating activities amounted to 73,390 million yen.

Cash used in investing activities decreased 7,747 million yen from the previous year. The main contributing factors were increases in proceeds from withdrawal of time deposits (with maturities of more than three months) and proceeds from sales of non-current assets, despite an increase in cash used for purchase of non-current assets and a decrease in proceeds from sales of investment securities. As a result, cash used in investing activities amounted to (11,875) million yen.

Cash used in financing activities increased 13,901 million yen. This mainly reflected outgoings for purchase of treasury shares and an increase in cash dividends paid. As a result, financing activities cash flow came to (45,156) million yen.

(Cash Flow Related Indices)

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Equity to asset ratio	56.2%	57.8%	59.5%	63.8%	66.3%
Equity to asset ratio based on market price	201.4%	200.5%	163.0%	141.5%	153.7%
Debt-to-cash-flow ratio	2.2 years	2.0 years	1.8 years	1.7 years	1.1 years
Interest coverage ratio	95.6	85.1	71.5	82.1	109.7

Equity to asset ratio: Shareholders' equity / total assets

Equity to asset ratio based on market price: Market capitalization / total assets

Debt-to-cash-flow ratio: Interest-bearing debt / operating cash flow

Interest coverage ratio: Operating cash flow / interest payments

* All figures are calculated using consolidated financial data.

* Market capitalization = share price at end of period × number of shares outstanding (exclusive of treasury shares)

* "Operating cash flow" refers to cash flow from operating activities in the Consolidated Statements of Cash Flows. "Interest-bearing debt" refers to all liabilities reflected in the consolidated balance sheets that are subject to interest payments. "Interest payments" refer to interest expenses as stated on the Consolidated Statements of Cash Flows.

(4) Forward Looking Statements

The forward looking statements below are based on certain assumptions according to information currently available to the Company.

i. Consolidated Forecast for the Next Fiscal Year

	Net sales (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
Fiscal year ending March 2023	446,500	55,000	68,000	45,500	290.67
Fiscal year ended March 2022	415,116	53,202	68,549	44,917	280.36
Increase/Decrease	7.6%	3.4%	(0.8)%	1.3%	3.7%

* Effects of the novel coronavirus pandemic and rising prices of raw materials and other supplies

In Japan and many other countries, the novel coronavirus has still not abated; although some nations in our mainstay Food and Beverages segment have areas in which sales activities are restricted, our sales activities are largely continuing as usual. We are expecting sales to grow in some countries as a result of higher awareness regarding infection prevention, among other factors; for our operations as a whole, therefore, we predict increased bottle sales.

With regard to raw materials and other supplies, forecasts are based on the prediction that prices will increase worldwide to some extent.

ii. Outlook by Segment

● Food and Beverages (Japan)

In dairy products, Yakult continues to be committed to focusing on the *Yakult* series of fermented milk drinks as its most important brand and communicating the science behind *Lactobacillus casei* strain Shirota. We will work to increase revenue from dairy products by responding to societal changes as we promote and generate new demand for a brand of high added-value products by continuously investing in marketing and implementing channel-specific initiatives.

In the home delivery channel, we will conduct continuous value dissemination activities for our high added-value products *Yakult 1000* and *Yakult 400W*, and make use of Yakult Delivery Net to create new customers. We will also aim to strengthen our home delivery organization by further improving the working conditions for Yakult Ladies, among other measures.

In the retail store channel, we will aim to increase revenue from dairy products with a focus on the *New Yakult* series by implementing measures that address societal changes, and changes in consumer attitudes and behavior. At the same time, we will pursue brand development for the high added-value product *Y1000*.

In other beverages, we will focus on the *Toughman* series as a core brand, striving to boost revenue by bolstering sales through investment in marketing and other means.

● Food and Beverages (Overseas)

Our existing business offices will work to further expand business, enhance our financial strength, and raise profitability.

We will place particular focus on strengthening our management base and achieving business growth at our business offices in Vietnam, India, China, the United States, and the Middle East.

We will decide on future new overseas expansions after carefully considering the operating environment inside and outside the Company.

● Pharmaceuticals

We anticipate a decline in revenue within Japan due to the impact of drug price reductions in accordance with the revisions to NHI drug prices in April 2022. However, we will work to secure operating profit by thoroughly reviewing expenses and undertaking organizational integration to ensure close cooperation as a means of improving operational efficiency.

We are assuming that medical institutions will continue to switch to generic versions of our mainstay antineoplastic drug *Elplat*. However, we will work to achieve our sales targets by expanding the market, drawing on our ability as the drug's original creator to employ a proposal-oriented sales approach underpinned by the provision of relevant information, and leveraging the relationships of trust we have developed with professionals in the medical industry to date. Meanwhile, we will work to boost revenue from *Onivyde*[®] (liposomal irinotecan), for which we have a promotional agreement with Nihon Servier Co., Ltd., by pursuing initiatives to encourage more frequent prescription among existing customers, as well as prescription by new customers, aiming to establish it as a standard therapeutic drug.

In R&D, we applied in March 2022 for approval to manufacture and sell *duvelisib* [YHI-1702] for the indications of relapsed or refractory chronic lymphocytic leukemia and small lymphocytic lymphoma. We will aim to obtain approval as soon as possible by responding appropriately to the requirements of the screening process, while moving ahead with the drug's development for other indications. Meanwhile, for *resminostat* [YHI-1001], we will collaborate with licensors to apply promptly for approval for its manufacture and sale.

● Others

In our cosmetics operations, we will continue seeking to help customers realize their internal and external beauty and create new customers by focusing on initiatives to disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, derived from our long history of research on lactic acid bacteria

since the Company's foundation.

In home delivery sales within Japan, we will continue to encourage regular use of basic skin care products by providing service carefully tailored to each individual customer. Meanwhile, in our mail-order business, we will increase points of contact for customers by making purchasing more convenient for users.

Overseas, we will continue striving to raise Yakult's profile via the e-commerce shopping site Tmall Global in China to drive further sales growth.

Meanwhile, in our professional baseball operations, we will continue creating an environment where fans can enjoy the games with peace of mind, taking measures to prevent novel coronavirus infection as we do so. We will also endeavor to meet fans' expectations by building up the strength of the team.

(5) Basic Policy on the Distribution of Profits; Dividends in Fiscal 2021 and 2022

We place top priority on aiming to continuously increase dividends, with the amount being decided only after comprehensively reviewing the need for funds for future business expansion and increasing earnings, as well as the Company's financial position and business performance for the year.

Based on this policy, we decided to pay a total dividend of 72.0 yen per share for the fiscal year ended March 31, 2022, up 20.0 yen from the prior fiscal year. We have already paid an interim dividend of 36.0 yen per share, and the balance of 36.0 yen per share will be distributed to shareholders as the year-end dividend.

For the fiscal year ending March 31, 2023, we plan to raise the annual dividend by 10.0 yen to 82.0 yen per share to further enhance our redistribution of profits to shareholders.

2. Group Companies

The Yakult Group is comprised of Yakult Honsha, 74 subsidiaries, and 19 affiliates. The Group's main businesses and the positioning of each are outlined below.

[Food and Beverages Business]

1. Dairy products : Yakult Honsha manufactures dairy products which are primarily sold to 109 Yakult marketing companies across Japan (including one subsidiary of Yakult Miyagi Chuo Sales Co., Ltd., four subsidiaries of Yakult Tokai Co., Ltd., and two subsidiaries of Yakult Sanyo Co., Ltd. Among these, Yakult Tokyo Sales Co., Ltd. and 23 others are consolidated subsidiaries, while Yakult Kagawa Sales Co., Ltd. and 14 others are affiliates to which the equity method is not applied).

Certain parts of the manufacturing process are outsourced to Yakult Iwate Plant Co., Ltd. and four other companies (consolidated subsidiaries), while raw materials used in production are supplied by Yakult Materials Co., Ltd. and one other company (a consolidated subsidiary).
2. Other beverages : Yakult Honsha purchases products which are primarily sold to 109 Yakult marketing companies across Japan.
3. Other food products : The main product lines are noodles and health foods, which are manufactured by Yakult Food Industry Co., Ltd. and one other company (a consolidated subsidiary) and sold, via Yakult Honsha, to 109 Yakult marketing companies across Japan.
4. Logistics : The transportation of manufactured products falls under the remit of Yakult Logistics Co., Ltd., a consolidated subsidiary.
5. Overseas business : Yakult (China) Corporation and 26 other companies (consolidated subsidiaries), as well as four affiliates, manufacture and sell dairy products outside Japan.
6. Saleable materials, etc. : Saleable materials, etc. are purchased by the consolidated subsidiary Yakult Corporation Co., Ltd. and sold, via Yakult Honsha, to Yakult marketing companies, etc.

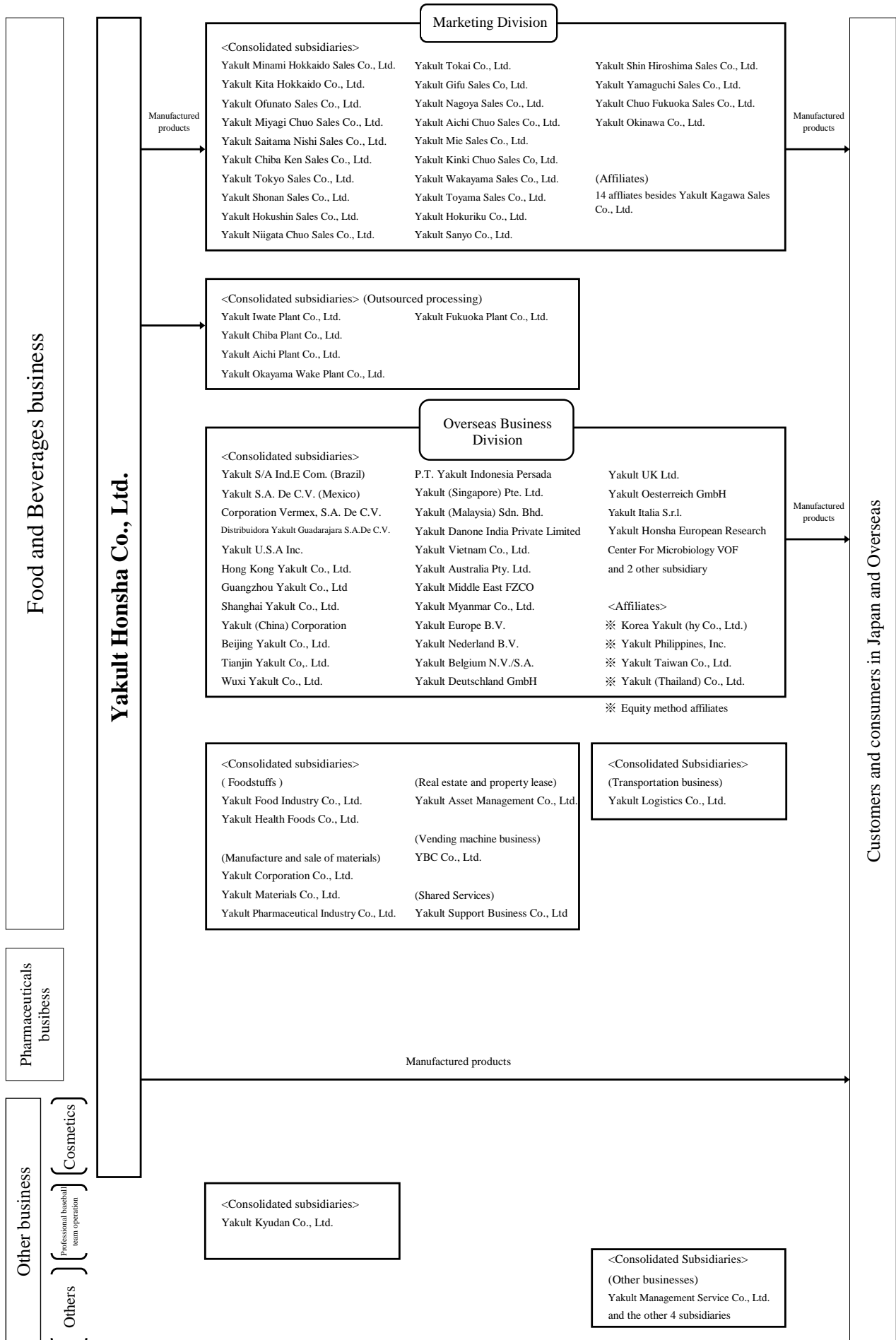
[Pharmaceuticals Business]

Pharmaceutical products : Yakult Honsha manufactures products which are sold to hospitals and pharmacies in Japan via pharmaceutical wholesalers. Outside Japan, products manufactured by the Company are sold to partner pharmaceutical companies.

[Other Business]

1. Cosmetics : Yakult Honsha manufactures products which are sold to 106 Yakult marketing companies across Japan.
2. Professional baseball team operation : Yakult's professional baseball team is operated by the consolidated subsidiary Yakult Kyudan Co., Ltd.

Yakult Honsha's business organization is outlined below:



3. Basic Policy Regarding Selection of Accounting Standards

The Company applies Japanese Generally Accepted Accounting Principles (GAAP) in the preparation of its consolidated financial statements.

Although we are currently working to ascertain the differences between Japanese GAAP and International Financial Reporting Standards (IFRS) as well as the effect their adoption may have on our financial statements, we have not yet established plans to adopt IFRS.

4. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Millions of yen)

	Fiscal year 2020 As of March 31, 2021	Fiscal year 2021 As of March 31, 2022
Assets		
Current Assets		
Cash and Deposits	176,254	202,941
Notes and accounts receivable-trade	50,307	52,581
Merchandises and Finished goods	10,018	10,312
Work in process	2,175	2,170
Raw materials and supplies	15,540	18,166
Others	12,712	14,463
Allowance for doubtful accounts	(209)	(236)
Total current assets	266,800	300,398
Non-current assets		
Property, plant and equipment		
Buildings and structures	176,573	180,802
Accumulated depreciation	(92,208)	(96,663)
Buildings and structures, net	84,365	84,139
Machinery, equipment and vehicles	165,873	180,412
Accumulated depreciation	(114,537)	(127,447)
Machinery, equipment and vehicles, net	51,336	52,964
Land	44,065	43,084
Lease assets	25,596	28,061
Accumulated depreciation	(15,051)	(16,614)
Lease assets, net	10,545	11,446
Construction in progress	9,237	15,864
Others	27,024	28,684
Accumulated depreciation	(23,528)	(25,028)
Others, net	3,495	3,655
Total Property, plant and equipment	203,045	211,156
Intangible assets		
Software	2,591	2,447
Others	2,789	2,938
Total intangible assets	5,380	5,386
Investments and other assets		
Investment securities	80,238	67,628
Shares of subsidiaries and associates	65,327	73,044
Deferred tax assets	4,156	3,822
Net defined benefit asset	2,394	3,458
Others	7,846	8,044
Allowance for doubtful accounts	(87)	(84)
Total investments and other assets	159,875	155,913
Total non-current assets	368,301	372,456
Total assets	635,102	672,855

(Millions of yen)

	Fiscal year 2020 As of March 31, 2021	Fiscal year 2021 As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,729	26,039
Short-term loans payable	15,372	4,822
Current portion of long-term loans payable	5,467	5,417
Lease obligations	3,372	3,359
Income taxes payable	4,961	4,324
Provision for bonuses	6,000	6,211
Notes payable - facilities	3,036	2,294
Others	32,606	36,811
Total current liabilities	93,546	89,281
Non-current liabilities		
Long-term loans payable	65,716	60,298
Lease obligations	6,289	6,748
Deferred tax liabilities	20,699	22,425
Provision for directors' retirement benefits	368	345
Net defined benefit liability	4,358	4,280
Asset retirement obligations	1,636	1,674
Others	2,726	2,866
Total non-current liabilities	101,794	98,639
Total liabilities	195,341	187,920
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	40,937	41,116
Retained earnings	411,359	446,331
Treasury shares	(52,725)	(64,395)
Total shareholders' equity	430,688	454,169
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,773	18,327
Foreign currency translation adjustment	(48,482)	(24,086)
Remeasurements of defined benefit plans	(2,028)	(2,342)
Total accumulated other comprehensive income	(25,737)	(8,101)
Non-controlling interests	34,810	38,867
Total net assets	439,761	484,935
Total liabilities and net assets	635,102	672,855

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2020 to March 31, 2021	Current period From April 1, 2021 to March 31, 2022
Net sales	385,706	415,116
Cost of sales	158,885	166,699
Gross profit	226,821	248,416
Selling, general and administrative expenses		
Selling expenses	87,228	92,187
General and administrative expenses	95,898	103,026
Total selling, general and administrative expenses	183,127	195,213
Operating profit	43,694	53,202
Non-operating income		
Interest income	3,717	3,305
Dividend income	2,015	1,919
Share of profit of entities accounted for using equity method	3,910	6,432
Foreign exchange gains	2,611	2,417
Others	3,132	2,693
Total non-operating income	15,388	16,768
Non-operating expenses		
Interest expenses	758	680
Commission fee	163	97
Others	558	642
Total non-operating expenses	1,481	1,420
Ordinary profit	57,601	68,549
Extraordinary income		
Gain on sales of non-current assets	260	116
Gain on sales of investment securities	3,754	2,398
Gain on step acquisitions	—	1,180
Others	506	582
Total extraordinary income	4,520	4,279
Extraordinary losses		
Loss on sales of non-current assets	45	1,184
Loss on retirement of non-current assets	450	538
Impairment loss	409	1,622
Loss on valuation of investment securities	671	2
Expense related to a novel coronavirus	1,147	—
Others	62	1
Total extraordinary losses	2,786	3,349
Profit before income taxes	59,336	69,479
Income taxes - current	15,243	14,925
Income taxes - deferred	601	5,271
Total income taxes	15,844	20,197
Profit	43,491	49,281
Profit attributable to non-controlling interests	4,223	4,364
Profit attributable to owners of parent	39,267	44,917

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2020 to March 31, 2021	Current period From April 1, 2021 to March 31, 2022
Profit	43,491	49,281
Other comprehensive income		
Valuation difference on available-for-sale securities	4,852	(6,443)
Foreign currency translation adjustment	(13,016)	26,315
Remeasurements of defined benefit plans, net of tax	1,999	(313)
Share of other comprehensive income of entities accounted for using equity method	(241)	600
Total other comprehensive income	(6,405)	20,159
Comprehensive income	37,085	69,441
Comprehensive income attributable to:		
Owners of parent	37,757	62,554
Non-controlling interests	(672)	6,886

(3) Consolidated Statement of Changes in Equity

Fiscal year 2020 (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	31,117	41,475	379,948	(54,933)	397,607
Changes of items during period					
Dividends of surplus			(7,856)		(7,856)
Change in ownership of the subsidiary owned by foreign affiliated company					—
Change in ownership interest of parent due to transaction with non-controlling interests		(0)			(0)
Profit attributable to owners of parent			39,267		39,267
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(537)		2,210	1,672
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(538)	31,411	2,207	33,080
Balance at end of current period	31,117	40,937	411,359	(52,725)	430,688

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	19,950	(40,150)	(4,028)	(24,228)	38,702	412,082
Changes of items during period						
Dividends of surplus						(7,856)
Change in ownership of the subsidiary owned by foreign affiliated company						—
Change in ownership interest of parent due to transaction with non-controlling interests						(0)
Profit attributable to owners of parent						39,267
Purchase of treasury shares						(2)
Disposal of treasury shares						1,672
Net changes of items other than shareholders' equity	4,822	(8,331)	1,999	(1,509)	(3,892)	(5,402)
Total changes of items during period	4,822	(8,331)	1,999	(1,509)	(3,892)	27,678
Balance at end of current period	24,773	(48,482)	(2,028)	(25,737)	34,810	439,761

Fiscal year 2021 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	31,117	40,937	411,359	(52,725)	430,688
Changes of items during period					
Dividends of surplus			(9,945)		(9,945)
Change in ownership of the subsidiary owned by foreign affiliated company		163			163
Change in ownership interest of parent due to transaction with non-controlling interests		14			14
Profit attributable to owners of parent			44,917		44,917
Purchase of treasury shares				(11,669)	(11,669)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	178	34,972	(11,669)	23,480
Balance at end of current period	31,117	41,116	446,331	(64,395)	454,169

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	24,773	(48,482)	(2,028)	(25,737)	34,810	439,761
Changes of items during period						
Dividends of surplus						(9,945)
Change in ownership of the subsidiary owned by foreign affiliated company						163
Change in ownership interest of parent due to transaction with non-controlling interests						14
Profit attributable to owners of parent						44,917
Purchase of treasury shares						(11,669)
Disposal of treasury shares						—
Net changes of items other than shareholders' equity	(6,445)	24,396	(313)	17,636	4,057	21,693
Total changes of items during period	(6,445)	24,396	(313)	17,636	4,057	45,174
Balance at end of current period	18,327	(24,086)	(2,342)	(8,101)	38,867	484,935

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous period From April 1, 2020 to March 31, 2021	Current period From April 1, 2021 to March 31, 2022
Cash flows from operating activities		
Profit before income taxes	59,336	69,479
Depreciation	22,113	23,769
Impairment loss	409	1,622
Increase (decrease) in provision	117	21
Increase (decrease) in net defined benefit liability	(336)	(53)
Interest and dividend income	(5,733)	(5,225)
Interest expenses	758	680
Share of loss (profit) of entities accounted for using equity method	(3,910)	(6,432)
Loss (gain) on sales of non-current assets	235	1,606
Loss (gain) on sales of investment securities	(3,696)	(2,398)
Loss (gain) on valuation of investment securities	671	2
Loss (gain) on step acquisitions	—	(1,180)
Other loss (gain)	2,942	1,113
Decrease (increase) in notes and accounts receivable - trade	1,026	(634)
Decrease (increase) in inventories	(1,584)	(1,218)
Increase (decrease) in notes and accounts payable - trade	(3,239)	2,275
Increase/decrease in other assets/liabilities	(4,629)	148
Subtotal	64,478	83,577
Interest and dividend income received	6,908	6,077
Interest expenses paid	(679)	(668)
Income taxes paid	(14,886)	(15,595)
Cash flows from operating activities	55,820	73,390
Cash flows from investing activities		
Payment into time deposits	(88,735)	(91,271)
Proceeds from withdraw of time deposits	85,106	97,942
Purchase of non-current assets	(23,663)	(26,725)
Proceeds from sales of non-current assets	433	1,654
Purchase of long-term investment securities	(417)	(118)
Proceeds from sales of investment securities	7,361	5,913
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	942
Others, net	290	(213)
Cash flows from investing activities	(19,623)	(11,875)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(11,900)	(10,550)
Proceeds from long-term loans payable	500	—
Repayments of long-term loans payable	(5,467)	(5,467)
Repayments of lease obligations	(4,969)	(5,425)
Purchase of treasury shares	(2)	(11,479)
Proceeds from sales of treasury shares	1,400	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(6)	—
Proceeds from share issuance to non-controlling shareholders	190	—
Cash dividends paid	(7,845)	(9,934)
Dividends paid to non-controlling interests	(3,153)	(2,299)
Cash flows from financing activities	(31,254)	(45,156)
Effect of exchange rate change on cash and cash equivalents	(6,736)	11,601
Net increase (decrease) in cash and cash equivalents	(1,794)	27,959
Cash and cash equivalents at beginning of period	124,561	122,766
Cash and cash equivalents at end of period	122,766	150,725

(5) Notes on Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

None.

(Significant Accounting Policies for the Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 74

Names of main consolidated subsidiaries:

Yakult Tokyo Sales Co., Ltd., Yakult Okayama Wake Plant Co., Ltd., Yakult Corporation Co., Ltd., Yakult Materials Co., Ltd., Yakult Health Foods Co., Ltd., Yakult Logistics Co., Ltd., Yakult Kyudan Co., Ltd., Yakult (China) Corporation

One newly consolidated subsidiary: Yakult Toyama Sales Co., Ltd. Increase in equity ratio

Two newly excluded subsidiaries: Yakult Keihoku Sales Co., Ltd. Merger with consolidated subsidiary
Yakult Fukui Sales Co., Ltd. Merger with consolidated subsidiary

2. Application of the equity method

Number of affiliates to which the equity method is applied: 4

Name of main equity method affiliate:

Korea Yakult Co., Ltd.

Investments in Yakult Kagawa Sales Co., Ltd. and 14 other affiliates to which the equity method is not applied are valued at cost as they are small in scale and their respective profit/loss and retained earnings corresponding to the equity have no significant impact on these account items in the consolidated financial statements. The financial statements for each company's most recent fiscal year have been used when applying the equity method.

3. Matters related to the fiscal year of consolidated subsidiaries

The account closing dates of the following consolidated subsidiaries differed from that of the parent.

Japan: Yakult Kyudan Co., Ltd. (December 31)

Overseas: Yakult (China) Corporation, 26 other companies (December 31)

When preparing the consolidated financial statements, the above subsidiaries' financial statements as of December 31 were used and necessary adjustments were made on consolidation for material transactions that occurred between this date and the consolidated balance sheet date.

4. Matters related to accounting policies

(1) Standards and methods for valuation of significant assets

i. Investment securities

Other investment securities

Securities other than shares, etc. without a market price:

Reported at market value (net unrealized gains (losses) are recorded directly on net assets, and the costs of securities sold are primarily calculated based on the moving average method.)

Shares, etc. without a market price:

Primarily stated at cost based on the moving-average method

ii. Inventories:

Primarily stated at cost based on the moving-average method (amounts shown on the consolidated balance sheet are based on the method for reducing book value due to a decline in profitability).

(2) Depreciation methods applied to significant depreciable assets

The Company and its domestic subsidiaries

i. Tangible fixed assets (excluding leased assets)

Buildings (excluding building fixtures)

Acquired on or before March 31, 1998

Declining balance method

Acquired on or after April 1, 1998

Straight-line method

Building fixtures and structures

Acquired on or before March 31, 2016

Declining balance method

Acquired on or after April 1, 2016

Straight-line method

Other tangible fixed assets

Declining balance method

Principal useful lives

Buildings and structures: 12 to 50 years

Machinery, equipment and vehicles: 4 to 17 years

ii. Intangible assets (excluding lease assets)

Software

Software for internal use

Straight-line method over a useful life of five years

Other intangible assets

Straight-line method

iii. Leased assets

Leased assets relating to finance lease transactions without transfer of ownership

Depreciated over the lease period by the straight-line method with a residual value of zero

Foreign subsidiaries

Tangible fixed assets

Straight-line method

Principal useful lives

Buildings and structures: 5 to 40 years

Machinery, equipment and vehicles: 3 to 20 years

Intangible assets

Straight-line method

Leased assets (including right-of-use assets)

Straight-line method based on the lease term and the useful life

(3) Accounting standards for significant allowances

i. Allowance for doubtful accounts

To provide for losses due to irrecoverable receivables, the Company and its consolidated subsidiaries in Japan record allowances for doubtful accounts at the estimated uncollectible amount. This amount is based mainly on past credit loss experience for general accounting receivables and in consideration of individual collectability for specific receivables including doubtful accounts receivable. Consolidated subsidiaries outside Japan record allowances for doubtful accounts primarily at the required amounts based on deliberation regarding individual receivables.

ii. Provision for bonuses

To provide for future payment of bonuses to employees, the Company and its main consolidated subsidiaries book the estimated amounts to be paid during the fiscal year under review.

iii. Provision for directors' retirement benefits

To provide for future payments of retirement benefits to directors/officers, the Company's main consolidated subsidiaries book the entire amount to be needed at the end of the fiscal period based on their internal regulations.

(4) Accounting method for retirement benefits

i. Service period basis for projected retirement benefits

In calculating retirement benefit liabilities, the Company uses the benefit formula to attribute projected benefits to the period ending with the final day of the fiscal year under review.

ii. Accounting method for actuarial gains and losses and past service costs

Past service costs are recognized as a lump-sum when incurred.

Actuarial gains and losses are amortized by the straight-line method over a period within the average remaining service years for employees (generally 10 years) at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

(5) Accounting standards for significant revenue and expenses

The main businesses of the Company and its consolidated subsidiaries are the Food and Beverages business and the Pharmaceuticals business.

In the Food and Beverages business, revenue is recognized upon delivery of the product or good, as control of the product or good transfers to the customer at that point, satisfying the performance obligation.

In the Pharmaceuticals business, revenue is recognized upon shipment of the product or good, as the period from shipment of the product or good until control transfers to the customer is the usual period.

(6) Standards for the translation of significant foreign-currency-denominated assets or liabilities into Japanese yen

Foreign currency-denominated receivables and payables are converted to yen at the spot exchange rate at the consolidated fiscal year-end, and the translation adjustment is treated as a profit or loss.

The assets and liabilities of overseas consolidated subsidiaries are converted to yen at the spot exchange rate on the closing dates of the subsidiaries, and revenue and expenses are converted to yen at the average annual exchange rate. Translation differences are then recorded as part of non-controlling interests and foreign currency translation adjustments in net assets.

(7) Scope of cash and cash equivalents on Consolidated Statements of Cash Flows

Cash and cash equivalents on Consolidated Statements of Cash Flows consist of cash on hand, readily available deposits, and highly liquid short-term investments with original maturities of three months or less, that are exposed to an insignificant risk of changes in value.

(Changes in Accounting Policies)

Application of Accounting Standard for Revenue Recognition

With application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020, hereinafter “Revenue Recognition Standard”), etc. from the beginning of the fiscal year under review, revenue is now recognized as the amount expected to be received in exchange for goods or services at the time control of the promised good or service is transferred to the customer.

In the Food and Beverages (Japan) segment, this change means that for sales of equipment and materials, for which the gross amount was previously recognized as revenue, the net amount is now recognized as revenue, based on determining roles in provision of goods or services to customers (direct or agent transactions). In addition, distribution center fees paid in this segment to mass retailers, etc., and incentive fees or other consideration paid to customers in this segment and in the Pharmaceuticals and Others segments, which were previously accounted for as selling, general and administrative expenses, are now accounted for by deducting them from net sales.

Note also that application of the Revenue Recognition Standard was made from the beginning of the fiscal year under review in accordance with the transitional measure indicated in the proviso to Paragraph 84 of

the Revenue Recognition Standard.

As a result, consolidated net sales in the fiscal year under review declined 7,618 million yen, cost of sales was down 3,944 million yen, and selling, general and administrative expenses were lower by 3,673 million yen. There was no impact on operating profit, ordinary profit, profit before income taxes, or retained earnings (balance at beginning of year).

In accordance with the transitional measure indicated in Paragraph 89-3 of the Revenue Recognition Standard, no note is provided regarding revenue recognition in the previous fiscal year.

Application of Accounting Standard for Fair Value Measurement

Application of the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 of July 4, 2019; hereinafter, “Fair Value Measurement Standard”) was made from the beginning of the fiscal year under review. In accordance with the transitional measures indicated in Paragraph 19 of the Fair Value Measurement Standard and in Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 of July 4, 2019), the new accounting policies stipulated in the Fair Value Measurement Standard, etc. are to be applied on a continuing basis. There is no impact from these changes on the consolidated financial statements for the fiscal year under review.

(Consolidated Statement of Income)

Gain (Loss) on Step Acquisition (Extraordinary Income)

This income occurred because affiliated company Yakult Toyama Sales Co., Ltd. became a consolidated subsidiary through an increase in equity ratio.

Impairment Loss (Extraordinary Loss)

This loss occurred primarily because the Company reduced (by 1,380 million yen) the book value of fixed assets currently held by Yakult Myanmar Co., Ltd. in the Food and Beverages (Overseas) segment in consideration of their future profitability.

(Segment Information)

1. Overview of Reportable Segments

The Company's reportable segments are structural components which are evaluated regularly by the Company's Board of Directors in order to assess performance and decide how resources are allocated among the Group.

The Company is primarily engaged in the manufacture and sales of dairy products, pharmaceuticals, and other products. In Japan, the Group's dairy and other products business involves manufacture and sales by the Company and its production and marketing subsidiaries, while outside Japan, the business is operated by the Group's overseas entities in the respective regions. In the pharmaceuticals business, the Company manufactures products and sells them in Japan and overseas.

Therefore, the reportable segments by product and service consist of the Food and Beverages segment and the Pharmaceuticals segment. The Food and Beverages segment is further broken down into regional segments consisting of Japan, the Americas, Asia and Oceania, and Europe.

Food and Beverages (Japan) primarily consists of the manufacture and sale of dairy products and noodles, and the sale of other beverages.

Food and Beverages (The Americas) primarily consists of the manufacture and sale of dairy products.

Food and Beverages (Asia and Oceania) primarily consists of the manufacture and sale of dairy products.

Food and Beverages (Europe) consists of the manufacture and sale of dairy products.

Pharmaceuticals consists of the manufacture and sale of anticancer drugs and other pharmaceuticals.

Others includes the Group's cosmetics business and professional baseball team operation.

2. Methods of Measurement for the Amounts of Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting methods of each reportable segment are generally consistent with those disclosed in "Significant Accounting Policies for the Consolidated Financial Statements." Profit in the reportable segments is based on operating profit.

Intersegment sales and transfers are based on prevailing market prices.

3. Net Sales, Profit (Loss) and Disaggregated Revenue in Each Reportable Segment

(1) Fiscal 2020 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Net sales to external customers	186,518	41,877	114,966	8,564
Intersegment net sales or transfers	20,533	—	—	—
Total	207,051	41,877	114,966	8,564
Segment profit (loss)	23,767	10,389	26,384	648
Segment assets	183,235	74,196	237,743	10,158
Other:				
Depreciation and amortization	9,739	1,751	8,636	479
Increased amount of tangible and intangible assets	11,193	915	11,999	485

	Pharmaceuticals	Other	Adjustments	Consolidated results
Net sales				
Net sales to external customers	18,123	15,656	—	385,706
Intersegment net sales or transfers	—	2,047	(22,580)	—
Total	18,123	17,703	(22,580)	385,706
Segment profit (loss)	191	(142)	(17,545)	43,694
Segment assets	12,881	15,827	101,058	635,102
Other:				
Depreciation and amortization	204	387	913	22,113
Increased amount of tangible and intangible assets	177	585	957	26,314

Notes: Adjustments are as follows:

- (1) The (17,545) million yen of adjustment in segment profit (loss) includes (12,761) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.
- (2) The 101,058 million yen of adjustment in segment assets includes 107,985 million yen of corporate assets not allocated to specific reportable segments. Corporate assets include cash and deposits, long-term investment funds (investment securities), deferred tax assets, and assets related to administrative divisions of the Company, that cannot be attributed to any specific reportable segments.
- (3) Adjustment in depreciation consists of 913 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increased amount of tangible and intangible assets consists of 957 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

(2) Fiscal 2021 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Revenue from contracts with customers	195,725	47,388	128,199	9,413
Other revenues	—	—	—	—
Net sales to external customers	195,725	47,388	128,199	9,413
Intersegment net sales or transfers	7,568	—	—	—
Total	203,293	47,388	128,199	9,413
Segment profit (loss)	28,243	12,554	24,808	622
Segment assets	190,150	85,857	272,381	10,867
Other:				
Depreciation and amortization	10,715	1,846	9,748	442
Increased amount of tangible and intangible assets	9,252	2,329	15,084	185

	Pharmaceuticals	Other	Adjustments	Consolidated results
Net sales				
Revenue from contracts with customers	16,992	17,397	—	415,116
Other revenues	—	—	—	—
Net sales to external customers	16,992	17,397	—	415,116
Intersegment net sales or transfers	—	2,076	(9,644)	—
Total	16,992	19,473	(9,644)	415,116
Segment profit (loss)	2,634	(745)	(14,916)	53,202
Segment assets	8,497	16,158	88,942	672,855
Other:				
Depreciation and amortization	24	443	548	23,769
Increased amount of tangible and intangible assets	108	324	537	27,822

Notes: Adjustments are as follows:

- (1) The (14,916) million yen of adjustment in segment profit (loss) includes (9,446) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments. Starting from the fiscal year under review, based on the long-term vision formulated in that fiscal term, the details of corporate expenses were subjected to a review, with some of them being attributed to individual segments. Compared to the previous method, this change reduced the reported profits in each of the Food and Beverages regional segments by 2,234 million yen (Japan), 333 million yen (The Americas), 1,087 million yen (Asia and Oceania), and 75 million yen (Europe), while the adjustment amount for corporate expenses was 3,730 million yen lower.

- (2) The 88,942 million yen of adjustment in segment assets includes 95,307 million yen of corporate assets not allocated to specific reportable segments. Corporate assets include cash and deposits, long-term investment funds (investment securities), deferred tax assets, and assets related to administrative divisions of the Company, that cannot be attributed to any specific reportable segments.
- (3) Adjustment in depreciation consists of 548 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increased amount of tangible and intangible assets consists of 537 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

4. Information about geographical areas

Fiscal 2020 (April 1, 2020 to March 31, 2021)

(1) Net sales (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
218,428	41,888	116,826	8,564	385,706

Note: Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
114,336	13,294	72,843	2,570	203,045

Fiscal 2021 (April 1, 2021 to March 31, 2022)

(1) Net sales (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
227,910	47,399	130,392	9,413	415,116

Note: Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
109,821	14,785	83,932	2,616	211,156

5. Matters related to changes in reportable segments, etc.

As noted regarding accounting policy changes, the Revenue Recognition Standard was applied from the start of the fiscal year under review, changing the accounting method regarding revenue recognition, so that the method of accounting for segment net sales was similarly changed.

Compared to the previous method, this change reduced reported net sales for the fiscal year under review in the Food and Beverages (Japan) segment by 22,203 million yen, in the Pharmaceuticals segment by 702 million yen, and in the Others segment by 724 million yen. There is no impact from these changes on segment profits.

(Per Share Information)

Fiscal 2020 (April 1, 2020 to March 31, 2021)		Fiscal 2021 (April 1, 2021 to March 31, 2022)	
Net assets per share	¥2,523.81	Net assets per share	¥2,812.63
Basic earnings per share	¥244.85	Basic earnings per share	¥280.36

Note: Basis for calculation of basic earnings per share

	Fiscal 2020 (April 1, 2020 to March 31, 2021)	Fiscal 2021 (April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	39,267	44,917
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent and available to common shareholders (millions of yen)	39,267	44,917
Average number of shares during reporting period (1,000 shares)	160,373	160,216

(Significant Subsequent Events)

None.

5. Others

Changes in Directors (Effective on June 22, 2022)

(1) Candidates for new directors (two people)

Director

Manabu Naito **【President of Yakult Mito Sales Co., Ltd.】**

Outside Director

Satoshi Akutsu **【Professor, Hitotsubashi University Business School】**

(2) Retiring directors (two people)

Outside Director

Masayuki Fukuoka

Outside Director

Norihito Maeda **【Scheduled to be Branch manager of Metropolitan Branch
of the Company,
Continued to be President of Yakult Kanagawa Tobu Sales Co., Ltd.】**

Changes in Executive officers (Effective on June 22, 2022)

(1) Candidates for Executive officers (two people)

Executive officer

Yoshinobu Asakura **【Executive Manager of Food and Beverages Business Division
of the Company, Deputy Branch manager of West Japan Branch】**

Executive officer

Noriyuki Umehara **【Associate Director of International Business Division
of the Company, Director of Guangzhou Yakult Co., Ltd.】**