



\*Notes

- (1) Changes of important subsidiaries during the period: No  
(Change in specified subsidiary with change in scope of consolidation)
- (2) Special Accounting Treatment for Preparation of the Quarterly Consolidated Financial Statements: Yes  
(Note) Details are stated on pg. 10 under “Notes on Quarterly Consolidated Financial Statements”
- (3) 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  |
- (4) Shares issued (common stock)
- |   |             |
|---|-------------|
| (a)Number of shares issued (including treasury stocks)                  |             |
| 2Q FY2021   | 171,045,418 |
| FY2020  | 171,045,418 |
| (b)Number of treasury stocks  |             |
| 2Q FY2021   | 10,627,726  |
| FY2020  | 10,593,453  |
| (c)Weighted average of number of shares (cumulative figure for quarter) |             |
| 2Q FY2021   | 160,417,811 |
| 2Q FY2020   | 160,293,956 |

\*This financial report is not included in quarterly reviews by our external auditors.

\*Explanation for the appropriate use of the financial forecast and 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.

Assumptions upon which the forecast is based and notes on the use of the forecast are stated on pg. 5 under “Disclaimer of Future Outlook Including Consolidated Financial Results Forecast.”

*Procedure for obtaining supplementary information on financial results*

We plan to hold a briefing for analysts and institutional investors on November 12, 2021.

Materials used in the briefing will be posted on the Company’s website.

Table of Contents

1. Qualitative Information Regarding Quarterly Consolidated Financial Results	2
(1) Business Performance Overview	2
(2) Financial Position	4
(3) Disclaimer on Future Outlook Including Consolidated Financial Results Forecast	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statement of Income	8
Quarterly Consolidated Statement of Comprehensive Income	9
(3) Notes on Quarterly Consolidated Financial Statements	10
(Notes Related to Going Concern Assumption)	10
(Notes on Substantial Changes in the Amount of Shareholders' Equity)	10
(Special Accounting Treatment for Preparation of the Quarterly Consolidated Financial Statements)	10
(Changes in Accounting Policies)	10
(Quarterly Consolidated Statement of Income)	11
(Segment Information)	12

## 1. Qualitative Information Regarding Quarterly Consolidated Business Results

### (1) Business Performance Overview

#### 1 Performance Overview

During the second quarter of the fiscal year ending March 31, 2022, the Japanese economy continued to face challenging circumstances as a result of the novel coronavirus. Looking ahead, both economic activity and consumer spending are expected to trend towards recovery, benefiting from various government policy measures. The situation still demands, however, that careful attention be paid to pandemic-related developments.

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 first half of this fiscal year rose 6.6% from the same period of the previous year to 202,996 million yen. Operating profit increased 15.1% to 27,822 million yen, while ordinary profit increased 6.7% to 35,741 million yen. Profit attributable to owners of parent rose 17.8% to 25,576 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 3,629 million yen, but this had no impact on profits.

#### 2 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 Shirota\* and *Bifidobacterium breve* strain Yakult by proactively conducting grassroots value dissemination initiatives in conjunction with an advertising campaign, taking measures to prevent novel coronavirus infection as we did so.

In our home delivery channel, we placed a particular focus on the *Yakult 400* fermented milk drink series including *Yakult 400W*, as well as *Yakult 1000*, utilizing evidence to encourage existing customers to continue drinking these products. At the same time, we stepped up our efforts to create a point of contact for new customers using our Yakult Delivery Net online ordering service. To strengthen our home delivery organization, we actively conducted recruitment activities utilizing the internet.

As for the retail store channel, we sought to increase sales of the *New Yakult* fermented milk drink series by introducing limited-time packaging designs to encourage families to consume the drinks, and implementing a tie-in with a movie/television drama.

In product-specific initiatives, we sought to raise the profile of the *Yakult 1000* brand and stimulate desire to buy the product by airing a new television commercial featuring the pianist Nobuyuki Tsujii. In addition, we expanded sales of *Yakult 400W* throughout Japan in August, and sought to boost the hard-type yogurt brand *Soful* by launching *Soful White Peach* as a limited-time item in July.

In other beverages, we worked to increase sales of our *Toughman* series of energy drinks by conducting consumer campaigns.

Despite these efforts, consolidated net sales for the Food and Beverages (Japan) segment decreased 3.0% from the same period of the previous fiscal year, totaling 101,355 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 11,502 million yen.

\*Classified as *Lactocaseibacillus paracasei* strain Shirota as of April 2020.

## 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 sales of approximately 35.24 million bottles as of September 2021.

The impact of the novel coronavirus varies across countries and regions depending on the extent of the infection's spread, as well as the business restrictions implemented by 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.

### i. The Americas

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

In these regions, 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 7.1% from the same period of the previous year to 22,842 million yen.

### ii. Asia and Oceania

Yakult manufactures and sells the fermented milk drink *Yakult* and other products in Hong Kong, Singapore, Indonesia, Australia, Malaysia, Vietnam, India, Myanmar, and China, among others, while also importing *Yakult* and other products for sale in the United Arab Emirates (UAE) and other nations.

In China, we established the Haikou Branch in Haikou, Hainan Province, starting sales of the *Yakult* and *Yakult Light* fermented milk drinks in the retail store channel in August. With this new addition, the number of branches in China reached 50.

In Myanmar, we have temporarily suspended our operations and manufacturing activities in light of the political situation and the spread of the novel coronavirus.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 8.9% from the same period of the previous year to 61,171 million yen.

### iii. 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 are engaged in a variety of initiatives in our efforts to receive approval for health claims related to our products. Under these difficult circumstances, the Yakult companies in each country aimed for sustainable growth by conducting sales activities tailored to their respective markets.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 13.3% from the same period of the previous year to 4,834 million yen.

## Pharmaceuticals

During the quarter 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 in order to promote awareness and the proper use of our products specializing in oncology and related fields.

Regarding our mainstay, the antineoplastic drug *Elplat*, as 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, for the antineoplastic drug *Onivyde*<sup>®</sup> we have a promotional agreement with Nihon Servier Co., Ltd., and we continued with the same strong promotional activities implemented hitherto, working to boost market penetration and use of the product.

However, our revenue was impacted by decreased opportunities to use our products as the impacts 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).

Despite the above efforts, however, consolidated net sales in the Pharmaceuticals segment declined 3.4% to 8,618 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 301 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.

Among specific examples, in July we introduced *Coculme*, a new highly moisturizing body care brand for dry, mature skin, launching three products: a body shampoo, a body shampoo refill, and body milk. In September, we released a limited quantity of *Lactdew S.E. Lotion (With Mini-bottle)* from our *Lactdew* series of highly moisturizing basic skin care products, seeking to increase points of contact for new customers and boost revenue while commemorating 50 years since we started selling cosmetics in earnest.

Our professional baseball operations continue to be severely impacted by the spread of the pandemic, which has forced us to limit the number of spectators at games. We continue to take action to respond to fans' expectations by creating an environment where they can enjoy the games with peace of mind while also engaging with them in various ways.

As a result of the above factors, consolidated net sales in the Others segment rose 18.4% from the same period of the previous year to 9,243 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 337 million yen.

Note: Consolidated net 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 quarter-end amounted to 659,649 million yen, an increase of 24,547 million

yen compared to the previous fiscal year end, six months prior.

Net assets increased 38,358 million yen from the previous fiscal year end to 478,120 million yen. The main factors were an increase in foreign currency translation adjustments due to a weaker yen and an increase in retained earnings due to quarterly profit attributable to owners of parent, outweighing the decline in valuation difference on available-for-sale securities.

The equity to asset ratio was 66.5%, a 2.7 percentage point increase from the previous fiscal year end.

### (3) Disclaimer of Future Outlook Including Consolidated Financial Results Forecast

With regard to earnings forecasts, we revised the full-year consolidated earnings forecasts announced on May 14, 2021 based on factors including business performance during the first two quarters and the recent business environment.

#### Consolidated Financial Results Forecast

(Millions of yen)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previously announced forecast (A)	408,500	50,000	60,000	41,000
Revised forecast (B)	412,500	51,500	63,500	43,000
Difference (B – A)	4,000	1,500	3,500	2,000
Difference (%)	1.0%	3.0%	5.8%	4.9%

In Food and Beverages (Japan), the number of bottles sold has surpassed the level projected, particularly for *Yakult 1000*, and in Food and Beverages (Overseas) we are expecting to benefit from favorable exchange rates due to the weaker yen. As a result, net sales and operating profit are expected to be higher than originally planned, while ordinary profit and profit attributable to owners of parent are also expected to be higher than the original plan, primarily due to an increase in share of profit of entities accounted for using equity method.

The above forecast is based on the information available to management at the time of announcement. Actual operating results may differ from these projections due to various factors in the future.

#### Reference: Non-consolidated Financial Results Forecast

(Millions of yen)

	Net Sales	Operating profit	Ordinary profit	Profit
Previously announced forecast (A)	157,000	9,000	27,500	25,000
Revised forecast (B)	157,600	10,000	31,500	27,500
Difference (B – A)	600	1,000	4,000	2,500
Difference (%)	0.4%	11.1%	14.5%	10.0%

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Fiscal year 2020 As of March 31, 2021	Current period As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	176,254	186,073
Notes and accounts receivable-trade	50,307	57,047
Merchandises and finished goods	10,018	10,711
Work in process	2,175	2,341
Raw materials and supplies	15,540	17,065
Others	12,712	12,837
Allowance for doubtful accounts	(209)	(213)
Total current assets	266,800	285,863
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	84,365	84,301
Others, net	118,680	122,670
Total property, plant and equipment	203,045	206,972
Intangible assets		
Software	2,591	2,481
Others	2,789	2,928
Total intangible assets	5,380	5,410
Investments and other assets		
Investment securities	80,238	74,922
Shares of subsidiaries and associates	65,327	70,817
Others	14,396	15,751
Allowance for doubtful accounts	(87)	(88)
Total investments and other assets	159,875	161,403
Total non-current assets	368,301	373,785
<b>Total assets</b>	<b>635,102</b>	<b>659,649</b>



## Yakult Honsha Co., Ltd. (2267) Financial Report for the 2nd Quarter of FY2021 ended September 30, 2021

(Millions of yen)

	Fiscal year 2020 As of March 31, 2021	Current period As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	22,729	25,850
Short-term loans payable	15,372	3,322
Current portion of long-term loans payable	5,467	5,453
Income taxes payable	4,961	5,959
Provision for bonuses	6,000	6,978
Others	39,016	34,589
<b>Total current liabilities</b>	<b>93,546</b>	<b>82,154</b>
Non-current liabilities		
Long-term loans payable	65,716	62,996
Provision for directors' retirement benefits	368	321
Net defined benefit liability	4,358	4,302
Asset retirement obligations	1,636	1,646
Others	29,715	30,108
<b>Total non-current liabilities</b>	<b>101,794</b>	<b>99,375</b>
<b>Total liabilities</b>	<b>195,341</b>	<b>181,529</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	40,937	41,106
Retained earnings	411,359	432,765
Treasury shares	(52,725)	(52,917)
<b>Total shareholders' equity</b>	<b>430,688</b>	<b>452,071</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,773	21,843
Foreign currency translation adjustment	(48,482)	(33,068)
Remeasurements of defined benefit plans	(2,028)	(1,863)
<b>Total accumulated other comprehensive income</b>	<b>(25,737)</b>	<b>(13,088)</b>
Non-controlling interests	34,810	39,136
<b>Total net assets</b>	<b>439,761</b>	<b>478,120</b>
<b>Total liabilities and net assets</b>	<b>635,102</b>	<b>659,649</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income**

(Millions of yen)

	Previous period From April 1, 2020 to September 30, 2020	Current period From April 1, 2021 to September 30, 2021
Net sales	190,428	202,996
Cost of sales	77,290	80,398
Gross profit	113,138	122,597
Selling, general and administrative expenses	88,976	94,775
Operating profit	24,162	27,822
Non-operating income		
Interest income	2,142	1,526
Dividend income	1,208	1,052
Share of profit of entities accounted for using equity method	2,051	4,083
Foreign exchange gains	3,175	615
Others	1,386	1,275
Total non-operating income	9,964	8,554
Non-operating expenses		
Interest expenses	384	352
Others	248	283
Total non-operating expenses	633	635
Ordinary profit	33,493	35,741
Extraordinary income		
Gain on sales of non-current assets	188	50
Gain on sales of investment securities	1,173	1,193
Gain on step acquisitions	—	1,180
Others	70	—
Total extraordinary income	1,432	2,425
Extraordinary losses		
Loss on sales of non-current assets	19	934
Loss on retirement of non-current assets	148	96
Loss on valuation of investment securities	754	1
Expense related to a novel coronavirus	1,137	—
Others	121	0
Total extraordinary losses	2,181	1,033
Profit before income taxes	32,744	37,132
Income taxes	8,738	9,434
Profit	24,005	27,698
Profit attributable to non-controlling interests	2,296	2,122
Profit attributable to owners of parent	21,708	25,576

## Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2020 to September 30, 2020	Current period From April 1, 2021 to September 30, 2021
Profit	24,005	27,698
Other comprehensive income		
Valuation difference on available-for-sale securities	3,431	(2,928)
Foreign currency translation adjustment	(22,664)	17,346
Remeasurements of defined benefit plans, net of tax	266	163
Share of other comprehensive income of entities accounted for using equity method	218	325
Total other comprehensive income	(18,748)	14,906
Comprehensive income	5,257	42,605
Comprehensive income attributable to:		
Owners of parent	9,852	38,225
Non-controlling interests	(4,595)	4,379

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

None.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

None.

(Special Accounting Treatment for Preparation of the Quarterly Consolidated Financial Statements)

Calculation of Tax Expenses

Tax expenses for the Company and its consolidated subsidiaries in Japan are calculated by multiplying profit before income taxes for the second quarter under review by the reasonably estimated effective tax rate after applying tax effect accounting to the profit before income taxes for the current consolidated fiscal year, including the second quarter under review.

In addition, income taxes–deferred are included in income taxes.

(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 first quarter of the current fiscal year, 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 first quarter of the current fiscal year in accordance with the transitional measure indicated in the proviso to Paragraph 84 of the Revenue Recognition Standard.

As a result, sales in the second quarter consolidated cumulative period were lower by 3,629 million yen, cost of sales was lower by 1,911 million yen, and selling, general and administrative expenses were lower by 1,717 million yen. There was no impact on operating profit, ordinary profit, quarterly profit before income taxes, or retained earnings (balance at beginning of year).

In accordance with the transitional measure indicated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12 of March 31, 2020), information on the classification of relevant revenues from contracts with customers is not given.

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 first quarter of the current fiscal year. 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 from now on. There is no impact from these changes on the quarterly consolidated financial statements.

(Quarterly 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.

**(Segment Information)**

I The second quarter of FY2020 (April 1 to September 30, 2020)

1.Net sales and profit (loss) in each reportable segment

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Net sales to external customers	93,022	21,322	56,149	4,265
Intersegment net sales or transfers	11,468	—	—	—
Total	104,490	21,322	56,149	4,265
Segment profit (loss)	12,364	5,636	14,193	669

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Net sales to external customers	8,925	6,743	—	190,428
Intersegment net sales or transfers	—	1,063	(12,531)	—
Total	8,925	7,807	(12,531)	190,428
Segment profit (loss)	600	(193)	(9,109)	24,162

Notes: 1. Adjustments are as follows.

The (9,109) million yen of adjustment in segment profit (loss) includes (6,568) 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. Segment profits are adjusted with operating profit under the quarterly consolidated statements of income.
3. Countries / regions in each geographic segment outside Japan.

- (1) The Americas Mexico, Brazil, The United States of America
- (2) Asia and Oceania Hong Kong, China, Indonesia, Singapore, Malaysia, Australia, India, Vietnam, The United Arab Emirates, Myanmar
- (3) Europe The Netherland, The United Kingdom, Germany, Belgium, Austria, Italy

## II The second quarter of FY2021 (April 1 to September 30, 2021)

## 1. Net sales, profit (loss) and disaggregated revenue in each reportable segment

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Revenue from contracts with customers	97,399	22,842	61,171	4,834
Other revenues	—	—	—	—
Net sales to external customers	97,399	22,842	61,171	4,834
Intersegment net sales or transfers	3,955	—	—	—
Total	101,355	22,842	61,171	4,834
Segment profit (loss)	14,938	6,174	12,527	712

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Revenue from contracts with customers	8,618	8,130	—	202,996
Other revenues	—	—	—	—
Net sales to external customers	8,618	8,130	—	202,996
Intersegment net sales or transfers	—	1,112	(5,068)	—
Total	8,618	9,243	(5,068)	202,996
Segment profit (loss)	1,328	(119)	(7,738)	27,822

Notes: 1. Adjustments are as follows.

The (7,738) million yen adjustment in segment profit (loss) includes (4,878) 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 first quarter of the current fiscal year, based on the long-term vision formulated in this term, the details of corporate expenses have been 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 1,185 million yen (Japan), 165 million yen (The Americas), 536 million yen (Asia and Oceania), and 39 million yen (Europe), while the adjustment amount for corporate expenses was 1,925 million yen lower.

2. Segment profits are adjusted with operating profit under the quarterly consolidated statement of income.
3. Countries / regions in each geographic segment outside Japan.

- |                      |  |
|----------------------|--|
| (1) The Americas     | Mexico, Brazil, The United States of America   |
| (2) Asia and Oceania | Hong Kong, China, Indonesia, Singapore, Malaysia, Australia, India, Vietnam, The United Arab Emirates, Myanmar |
| (3) Europe           | The Netherland, The United Kingdom, Germany, Belgium, Austria, Italy   |

2. 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 first quarter of the current fiscal year, changing the accounting method regarding revenue recognition, so that the method of accounting for net sales in each segment was similarly changed.

Compared to the previous method, this change reduced reported net sales for the second quarter of the current fiscal year in the Food and Beverages (Japan) segment by 11,502 million yen, in the Pharmaceuticals segment by 301 million yen, and in the Others segment by 337 million yen. There is no impact from these changes on segment profits.