



Supplementary Materials for Financial Statements For the Year Ended March 31, 2017

May 12, 2017

Yakult Honsha Co., Ltd.

Public Relations Department

Investor Relations Department

URL <http://www.yakult.co.jp/company/ir/>

Contents

Consolidated

1. Major Increases (Decreases) in Consolidated Balance Sheets	1 Page
2. Major Increases (Decreases) in Consolidated Statements of Income	2
3. Performance Overview	3-4
4. Segment Information	5-9
5. Overview of overseas companies	10-11

Non-Consolidated

1. Major Increases (Decreases) in Non-consolidated Balance Sheets	12
2. Major Increases (Decreases) in Non-consolidated Statements of Income	13
3. Performance Overview	14
4. Breakdown of Sales	15-16
5. Breakdown of Selling, General and Administrative Expenses	17
6. Breakdown of retirement benefit expenses	17
7. Head Office Employees	17
8. Domestic Sales Companies	17
9. Sales Personnel by Department	17

Reference

1. Expansion of Indication and New Drug Development Pipeline	18
2. Situation of Yakult Group	19
3. Overseas dairy products sales amount (Preliminary figure)	20

About a numeric display of this material

1. Unit of money : Less than one million yen is rounded down.

2. Quantity results: Less than 1000 is rounded off.

3. Year on year percentage: The second place is rounded off after the decimal point.

Consolidated

1. Major Increases (Decreases) in Consolidated Balance Sheet

(Millions of yen)

	As of Mar. 31 2016	As of Mar. 31 2017	Increase (Decrease)	Primary reason for change
Total Assets	577,534	585,741	8,206	
Current assets				
Cash and deposits	121,846	132,030	10,183	Increase in overseas subsidiaries
Notes and accounts receivable	56,285	54,437	(1,848)	
Inventories	28,056	28,526	470	
Deferred tax assets	5,036	4,770	(265)	
Others	10,405	9,031	(1,374)	
Fixed assets				
Tangible fixed assets				
Buildings and structures	92,224	89,911	(2,313)	
Machineries and vehicles	52,727	50,589	(2,137)	
Others	56,847	57,798	950	
Intangible fixed assets	5,381	5,464	82	
Investments and other assets				
Investment securities	139,992	143,822	3,830	
Deferred tax assets	1,898	1,920	22	
Others	6,833	7,438	605	
Total Liabilities	212,069	208,860	(3,209)	
Current liabilities				
Notes and accounts payable	24,652	24,618	(34)	
Short-term borrowings	44,089	46,670	2,580	
Others	42,870	42,863	(6)	
Fixed liabilities				
Long-term borrowings	63,223	57,491	(5,731)	
Retirement benefit obligation	9,471	7,471	(1,999)	
Others	27,761	29,744	1,983	
Total Net Assets	365,464	376,880	11,415	
Shareholder's Equity				
Accumulated other comprehensive income	9,634	(2,851)	(12,486)	Decrease in foreign currency translation adjustments
Non-controlling interests	33,667	33,378	(289)	

2. Major Increases (Decreases) in Consolidated Statements of Income

(Millions of yen)

	Previous period (2015.4~ 2016.3)	Current period (2016.4~ 2017.3)	Increase (Decrease)		Primary reason for change	Revised Forecasts※ (2016.4~2017.3)
			Amount	%		
Net sales	390,412	378,307	(12,104)	(3.1)	FX impact (25,484)	379,000
(Sales by segments)						
Food and beverages (Japan)	198,959	204,130	5,171			
Food and beverages (Overseas)	158,480	146,416	(12,063)			
Pharmaceuticals	34,813	27,836	(6,977)			
Others	20,315	19,951	(363)			
Adjustment	(22,156)	(20,028)	2,127			
Cost of sales	171,611	163,972	(7,638)	(4.5)		
Gross profit	218,801	214,335	(4,466)	(2.0)		
Gross profit margin (%)	56.0	56.7	0.7			
Selling, general and administrative expenses	178,744	177,053	(1,690)	(0.9)		
Selling expenses	83,260	84,667	1,406			
General and administrative expenses	95,483	92,385	(3,097)			
Operating income	40,057	37,281	(2,775)	(6.9)	FX impact (6,871)	34,000
Operating income margin (%)	10.3	9.9	(0.4)			
(Operating income by segments)						
Food and beverages (Japan)	9,534	13,813	4,279			
Food and beverages (Overseas)	40,377	36,123	(4,254)			
Pharmaceuticals	5,361	2,890	(2,471)			
Others	1,406	904	(502)			
Adjustment	(16,623)	(16,449)	173			
{include corporate expenses}	{(12,328)}	{(12,610)}	{(281)}			
Non-operating income	12,337	13,301	964	7.8		
Interest income	2,865	2,926	60			
Dividend income	1,577	1,658	81			
Gain on equity method	3,314	4,442	1,128			
Others	4,580	4,273	(306)			
Non-operating expenses	1,765	1,213	(551)	(31.3)		
Interest expenses	914	708	(206)			
Others	850	504	(345)			
Ordinary income	50,629	49,370	(1,259)	(2.5)	FX impact (8,623)	43,000
Ordinary income margin (%)	13.0	13.1	0.1			
Extraordinary gain	509	294	(215)	(42.2)		
Extraordinary loss	1,397	983	(413)	(29.6)		
Income before income taxes and minority interests	49,741	48,681	(1,060)	(2.1)		
Income taxes	15,095	13,708	(1,386)			
Profit	34,646	34,972	326	0.9		
Profit attributable to non-controlling interests	5,803	4,818	(985)			
Profit attributable to owners of parent	28,843	30,154	1,311	4.5	FX impact (5,498)	26,000
Net income margin (%)	7.4	8.0	0.6			

※ Revised Financial forecasts announced on November 11, 2016

3. Performance Overview

(1) Breakdown of Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Net sales	390,412	106.1	378,307	96.9	398,000	105.2
Operating income	40,057	114.8	37,281	93.1	40,000	107.3
Ordinary income	50,629	111.0	49,370	97.5	50,000	101.3
Profit attributable to owners of parent	28,843	115.1	30,154	104.5	30,500	101.1

(2) Ratios of Consolidated to Non-consolidated Results

(Times)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance		Performance		Forecast	
Net sales	2.18		2.18		2.28	
Operating income	22.40		47.63		40.00	
Ordinary income	3.92		3.90		4.17	
Profit attributable to owners of parent	3.19		2.99		3.21	

(3) Breakdown of Gains on Equity Method

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Gain on Equity Method	3,314	100.3	4,442	134.1	3,800	85.5

(4) Major Items in selling, general and administrative expenses

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Advertising expenses	14,302	111.7	17,279	120.8	—	—
Sales promotion expenses	10,500	127.8	9,086	86.5	—	—
Freight	12,212	106.3	12,050	98.7	—	—
Employee's salaries	37,901	107.7	37,117	97.9	—	—
Depreciation	5,237	98.8	4,495	85.8	—	—
Research and Development cost	12,640	104.5	10,511	83.2	—	—

(5) Capital investments, Depreciation and amortization, Research and development costs

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Capital investments	27,402	67.9	23,365	85.3	27,000	115.6
Depreciation and amortization	24,364	106.9	22,660	93.0	21,000	92.7
Research and development costs	12,677	104.5	10,549	83.2	11,773	111.6

Breakdown of investment

	Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
Capital investments	Investment in Parent company	11.1 billion yen	Investment in Parent company	11.7 billion yen
	Investment in Plants(subsidiaries)	0.6 billion yen	Investment in Plants(subsidiaries)	1.4 billion yen
	Investment in Overseas subsidiaries	9.5 billion yen	Investment in Overseas subsidiaries	13.0 billion yen
Research and development costs	Food and beverages	6.3 billion yen	Food and beverages	6.8 billion yen
	Pharmaceuticals	3.4 billion yen	Pharmaceuticals	4.2 billion yen
	Others	0.6 billion yen	Others	0.7 billion yen

〈Reference〉 Consolidated Statements of Cash Flows Overview

(Millions of yen)

	Previous period (2015.4~2016.3)	Current period (2016.4~2017.3)	Increase (Decrease) Amount
Cash flows from operating activities	62,149	59,998	(2,150)
Cash flows from investing activities	(37,438)	(44,986)	(7,547)
Cash flows from financing activities	(15,024)	(13,749)	1,275
Foreign currency translation adjustments on cash and cash equivalents	(11,289)	(7,931)	3,358
Net increase (decrease) in cash and cash equivalents	(1,603)	(6,668)	(5,064)
Beginning balance of cash and cash equivalents	103,402	101,799	(1,603)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	—	—
Ending balance of cash and cash equivalents	101,799	95,130	(6,668)

4. Segment Information

(1) Annual Results

① Results of the fiscal year ended March 31, 2016

(Millions of yen)

	Food and beverages				
	Japan	Overseas Total	The Americas	Asia and Oceania	Europe
Net sales	198,959	158,480	52,736	97,121	8,621
Percentage of net sales (%)	51.0	40.6	13.5	24.9	2.2
Year on year (%)	100.9	111.0	96.5	122.7	97.0
Operating expenses	189,424	118,102	39,957	70,141	8,002
Year on year (%)	102.0	107.7	95.5	119.3	88.2
Operating income (loss)	9,534	40,377	12,778	26,980	618
Year on year (%)	82.0	122.3	99.8	132.3	---
Operating income margin (%)	4.8	25.5	24.2	27.8	7.2

	Pharmaceuticals	Others	Total	Adjustment	Consolidated
Net sales	34,813	20,315	412,568	(22,156)	390,412
Percentage of net sales (%)	8.9	5.2	105.7	(5.7)	100.0
Year on year (%)	106.9	114.2	105.7	99.2	106.1
Operating expenses	29,452	18,909	355,888	(5,533)	350,355
Year on year (%)	110.2	110.5	104.9	91.0	105.2
Operating income (loss)	5,361	1,406	56,680	※ (16,623)	40,057
Year on year (%)	91.8	210.0	110.8	102.3	114.8
Operating income margin (%)	15.4	6.9	---	---	10.3

※Adjustment・・・ 16,623 million yen of adjustment includes 12,328 million yen of administrative expenses in parent company.
Also note that the amount of difference of 4,294 million yen is elimination of royalty income.

②Results of the fiscal year ended March 31, 2017

(Millions of yen)

	Food and beverages				
	Japan	Overseas Total	The Americas	Asia and Oceania	Europe
Net sales	204,130	146,416	45,252	93,364	7,800
Percentage of net sales (%)	54.0	38.7	11.9	24.7	2.1
Year on year (%)	102.6	92.4	85.8	96.1	90.5
Operating expenses	190,317	110,293	34,928	68,056	7,308
Year on year (%)	100.5	93.4	87.4	97.0	91.3
Operating income (loss)	13,813	36,123	10,323	25,307	491
Year on year (%)	144.9	89.5	80.8	93.8	79.5
Operating income margin (%)	6.8	24.7	22.8	27.1	6.3

	Pharmaceuticals	Others	Total	Adjustment	Consolidated
Net sales	27,836	19,951	398,336	(20,028)	378,307
Percentage of net sales (%)	7.3	5.3	105.3	(5.3)	100.0
Year on year (%)	80.0	98.2	96.6	90.4	96.9
Operating expenses	24,946	19,047	344,604	(3,578)	341,026
Year on year (%)	84.7	100.7	96.8	64.7	97.3
Operating income (loss)	2,890	904	53,731	※ (16,449)	37,281
Year on year (%)	53.9	64.3	94.8	99.0	93.1
Operating income margin (%)	10.4	4.5	---	---	9.9

※Adjustment・・・ 16,449 million yen of adjustment includes 12,610 million yen of administrative expenses in parent company.
Also note that the amount of difference of 3,839 million yen is elimination of royalty income.

〈Reference〉

In case of applying previous year's rate (Average rate for Jan.-Dec. 2015)

Results of the fiscal year ended March 31, 2017

(Millions of yen)

	Food and beverages				
	Japan	Overseas Total	The Americas	Asia and Oceania	Europe
Net sales	204,130	171,901	55,634	107,239	9,027
Percentage of net sales (%)	50.6	42.6	13.8	26.6	2.2
Year on year (%)	102.6	108.5	105.5	110.4	104.7
Operating expenses	190,317	128,906	42,402	78,238	8,266
Year on year (%)	100.5	109.1	106.1	111.5	103.3
Operating income (loss)	13,813	42,994	13,232	29,001	760
Year on year (%)	144.9	106.5	103.5	107.5	123.0
Operating income margin (%)	6.8	25.0	23.8	27.0	8.4

	Pharmaceuticals	Others	Total	Adjustment	Consolidated
Net sales	27,836	19,951	423,820	(20,028)	403,792
Percentage of net sales (%)	6.9	4.9	105.0	(5.0)	100.0
Year on year (%)	80.0	98.2	102.7	90.4	103.4
Operating expenses	24,946	19,047	363,217	(3,578)	359,638
Year on year (%)	84.7	100.7	102.1	64.7	102.7
Operating income (loss)	2,890	904	60,603	※ (16,449)	44,153
Year on year (%)	53.9	64.3	106.9	99.0	110.2
Operating income margin (%)	10.4	4.5	---	---	10.9

※Adjustment・・・ 16,449 million yen of adjustment includes 12,610 million yen of administrative expenses in parent company.
Also note that the amount of difference of 3,839 million yen is elimination of royalty income.

(2) Annual Forecast

Forecasts for the Fiscal year ending March 31, 2018

(Millions of yen)

	Food and beverages				
	Japan	Overseas Total	The Americas	Asia and Oceania	Europe
Net sales	209,500	162,000	49,800	104,400	7,800
Percentage of net sales (%)	52.6	40.7	12.5	26.2	2.0
Year on year (%)	102.6	110.6	110.1	111.8	100.0
Operating expenses	193,400	123,100	39,200	76,700	7,200
Year on year (%)	101.6	111.6	112.2	112.7	98.5
Operating income (loss)	16,100	38,900	10,600	27,700	600
Year on year (%)	116.6	107.7	102.7	109.5	122.2
Operating income margin (%)	7.7	24.0	21.3	26.5	7.7

	Pharmaceuticals	Others	Total	Adjustment	Consolidated
Net sales	25,000	21,300	417,800	(19,800)	398,000
Percentage of net sales (%)	6.3	5.4	105.0	(5.0)	100.0
Year on year (%)	89.8	106.8	104.9	98.9	105.2
Operating expenses	23,700	20,500	360,700	(2,700)	358,000
Year on year (%)	95.0	107.6	104.7	75.4	105.0
Operating income (loss)	1,300	800	57,100	※ (17,100)	40,000
Year on year (%)	45.0	88.5	106.3	104.0	107.3
Operating income margin (%)	5.2	3.8	---	---	10.1

※Adjustment・・・ 17,100 million yen of adjustment includes 12,600 million yen of administrative expenses in parent company.
Also note that the amount of difference of 4,500 million yen is elimination of royalty income.

〈Reference〉

In case of applying current year's rate (Average rate for Jan.-Dec. 2016)

Forecasts for the Fiscal year ending March 31, 2018

(Millions of yen)

	Food and beverages				
	Japan	Overseas Total	The Americas	Asia and Oceania	Europe
Net sales	209,500	159,200	48,200	103,100	7,900
Percentage of net sales (%)	53.0	40.3	12.2	26.1	2.0
Year on year (%)	102.6	108.7	106.5	110.4	101.3
Operating expenses	193,400	120,600	37,600	75,800	7,200
Year on year (%)	101.6	109.3	107.6	111.4	98.5
Operating income (loss)	16,100	38,600	10,600	27,300	700
Year on year (%)	116.6	106.9	102.7	107.9	142.4
Operating income margin (%)	7.7	24.2	22.0	26.5	8.9

	Pharmaceuticals	Others	Total	Adjustment	Consolidated
Net sales	25,000	21,300	415,000	(19,800)	395,200
Percentage of net sales (%)	6.3	5.4	105.0	(5.0)	100.0
Year on year (%)	89.8	106.8	104.2	98.9	104.5
Operating expenses	23,700	20,500	358,200	(2,700)	355,500
Year on year (%)	95.0	107.6	103.9	75.4	104.2
Operating income (loss)	1,300	800	56,800	※ (17,100)	39,700
Year on year (%)	45.0	88.5	105.7	104.0	106.5
Operating income margin (%)	5.2	3.8	---	---	10.0

※Adjustment・・・17,100 million yen of adjustment includes 12,600 million yen of administrative expenses in parent company.
Also note that the amount of difference of 4,500 million yen is elimination of royalty income.

5. Overview of overseas companies

(1) Dairy Products sales (Bottles sold per day)

[Performance from January to December, 2016]

(December 31, 2016)

	Consolidation Classification	Results of the Fiscal year ended Dec. 2016		Started Business	Share Holding (%)	Currency Unit	Exchange rate ※1		
		Sales quantity (Thousands of bottles/day)	Year on year (%)				Average Jan.~Dec. 2015	Average Jan.~Dec. 2016	Average Jan.~Mar. 2017
Taiwan	Equity method	801	98.3	Mar 1964	25.00	NT\$	3.82	3.40	3.67
Hong Kong	Consolidated	549	90.8	Jun 1969	80.00	HK\$	15.61	14.10	14.53
Thailand	Equity method	2,183	102.6	Jun 1971	25.29	B	3.49	3.33	2.97
Korea	Equity method	3,604	97.2	Aug 1971	38.30	W	0.1068	0.0941	0.0989
Philippines	Equity method	2,449	114.5	Oct 1978	40.00	P	2.66	2.30	2.25
Singapore	Consolidated	242	96.8	Jul 1979	100.00	S\$	87.90	79.07	80.11
Indonesia	Consolidated	5,051	116.5	Jan 1991	100.00	Rp	0.0091	0.0082	0.0085
Australia	Consolidated	237	102.1	Feb 1994	100.00	A\$	90.39	81.17	86.04
Malaysia	Consolidated	329	108.1	Feb 2004	100.00	MYR	30.97	26.46	25.50
Vietnam	Consolidated	215	110.7	Sep 2007	80.00	VND	0.0055	0.0049	0.0049
India	Consolidated	157	108.6	Jan 2008	50.00	INR	1.84	1.63	1.70
Guangzhou	Consolidated	2,307	105.8	Jun 2002	95.00	RMB	19.20	16.41	16.43
Shanghai	Consolidated	582	106.8	May 2005	100.00	RMB	19.20	16.41	16.43
Beijing	Consolidated	342	108.5	Jun 2006	100.00	RMB	19.20	16.41	16.43
China	Consolidated	2,594	115.5	Apr2007	100.00	RMB	19.20	16.41	16.43
China total		5,825	110.2						
Asia and Oceania total		21,642	107.5	Marketing Population in 2016: 1,247,948 thousand people、Population ratio 1.73 %					
(Consolidated subsidiary company Total)		12,605	111.0						
Brazil	Consolidated	1,936	95.3	Oct 1968	51.42	R	36.27	31.79	36.04
Mexico	Consolidated	3,560	101.8	Oct 1981	61.21	NP	7.59	5.84	5.71
USA	Consolidated	256	112.1	Oct 1999	100.00	US\$	121.04	109.45	112.82
The Americas total		5,751	99.9	Marketing Population in 2016: 274,164 thousand people、Population ratio 2.10 %					
Netherlands	Consolidated	171	102.4	Apr 1994	100.00	EUR	133.66	120.56	120.13
Belgium	Consolidated	69	107.6	Apr 1995	100.00	EUR	133.66	120.56	120.13
United Kingdom	Consolidated	190	102.7	Apr 1996	100.00	£	184.79	147.37	140.72
Germany	Consolidated	83	111.2	Apr 1996	100.00	EUR	133.66	120.56	120.13
Austria	Consolidated	11	93.5	Dec 2005	100.00	EUR	133.66	120.56	120.13
Italy	Consolidated	87	105.3	Feb 2007	100.00	EUR	133.66	120.56	120.13
Europe total		611	104.4	Marketing Population in 2016: 269,721 thousand people、Population ratio 0.23 %					
Total		28,004	105.7	Marketing Population in 2016: 1,791,832 thousand people、Population ratio 1.56 %					
(Consolidated subsidiary company Total)		18,967	107.2						

※1 Exchange Rate : Average Jan. ~ Mar. 2017 : used for Forecasts for the Fiscal year ending Mar. 2018
Average Jan. ~ Dec. 2016 : used for the results of the Fiscal year ended Mar. 2017
Average Jan. ~ Dec. 2015 : used for the results of the Fiscal year ended Mar. 2016

(2) Yakult Ladies by Area and Percentage of Sales by Channel (Excluding Japan)

(Unit: people)

	Number of Yakult Ladies
Asia and Oceania	31,684
The Americas	14,129
Europe	---
Total	45,813

(As of the end of December 2016)

(Unit: %)

	Percentage of Sales by Channel (Volume)	
	Yakult Ladies	Stores
Asia and Oceania	47.5%	52.5%
The Americas	44.1%	55.9%
Europe	---	100.0%
Total	45.8%	54.2%

(From January to December 2016)

(3) Other operating countries

Country	Management company
Brunei	Yakult Singapore
United Arab Emirates	Yakult Middle East
Oman	
Bahrain	
Qatar	
Kuwait	
New Zealand	Yakult Australia
Uruguay	Yakult Brazil
Belize	Yakult Mexico
Canada	Yakult USA
Luxembourg	Yakult Belgium
France	Yakult Europe
Switzerland	
Spain	
Ireland	Yakult UK
Malta	Yakult Italia

(4) Plan for the future

- Currently undergoing feasibility studies
 - Middle East and South East Asian countries which do not entry to a market. (conducting local studies based on the assumption of market entry)
 - Preparing for starting business in Myanmar.
 - Europe, especially EU countries, and parts of Eastern Europe (conducting local feasibility studies based on the assumption of market entry)
 - Various countries in Latin America (conducting studies based on the assumption of market entry)

(5) Others

- HACCP Accreditation: Hong Kong, Thailand, Korea, Singapore, Australia, Malaysia, Vietnam, India, Guangzhou, Shanghai, Brazil, Mexico, U.S.A..
- ISO9001 Accreditation: Hong Kong, Singapore, Australia, India, Guangzhou, Shanghai, Europe, United Kingdom.
- ISO14001 Accreditation: Vietnam, Guangzhou, Europe, United Kingdom.
- ISO22000 Accreditation: Hong Kong, Indonesia, Vietnam * ISO22000:Food Safety Management Systems
- GMP Accreditation: Taiwan, Thailand, Korea, Guangzhou, Brazil, Mexico. * GMP:Good Manufacturing Practice
- FSSC22000 Accreditation: Europe
- * The FSSC(Food Safety System Certification)22000 is fully recognized by the Global Food Safety Initiative (GFSI) and is based on existing ISO22000 standards and ISO/TS 22002-1(or ISO/TS 22002-4).
- HALAL Accreditation:Thailand,Philippines,Singapore,Indonesia,Malaysia
- SQF Accreditation: U.S.A.
- * SQF (Safe Quality Food) :International management systems to ensure safety and quality of foods.
- * HACCP、ISO9001、ISO14001・・・Refer to page19

Non-Consolidated

1. Major Increases (Decreases) in Nonconsolidated Balance Sheet

(Millions of yen)

	As of Mar. 31 2016	As of Mar. 31 2017	Increase (Decrease)	Primary reason for change
Total Assets	328,034	334,873	6,839	
Current assets				
Cash and deposits	7,658	7,617	(40)	
Accounts receivable	43,891	42,995	(896)	
Inventories	16,019	15,366	(653)	
Others	9,701	9,415	(285)	
Fixed assets				
Tangible fixed assets				
Buildings	40,512	38,773	(1,738)	
Machinery and equipment	13,960	13,012	(947)	
Others	26,997	30,988	3,990	
Intangible fixed assets	3,092	2,897	(195)	
Investments and other assets				
Investment securities	85,456	89,045	3,589	Increase of fair market value etc.
Investment to affiliates	86,004	90,069	4,064	New establishment of overseas subsidiary.
Prepaid pension cost	389	837	448	
Others	(5,651)	(6,146)	(495)	
Total Liabilities	153,836	155,713	1,877	
Current liabilities				
Accounts payable	18,032	15,346	(2,686)	
Electronically recorded obligations	—	3,616	3,616	
Short-term loans	36,650	43,200	6,549	
Other account payable	5,320	5,019	(300)	
Others	22,776	21,843	(932)	
Fixed liabilities				
Long-term loans	57,500	52,500	(5,000)	
Others	13,555	14,187	632	
Total Net Assets	174,198	179,160	4,962	

2. Major Increases (Decreases) in Nonconsolidated Statements of Income

(Millions of yen)

	Previous period (2015.4~2016.3)	Current period (2016.4~2017.3)	Increase (Decrease)		Primary reason for change	Revised Forecasts ※ (2016.4~2017.3)
			Amount	%		
Net sales	178,821	173,683	(5,138)	(2.9)		174,000
(Breakdown)						
Dairy products	81,999	86,629	4,629	5.6	Increase of Yakult etc.	
Juices and other beverages etc.	31,030	29,568	(1,461)	(4.7)		
Cosmetics	6,390	6,358	(31)	(0.5)		
Pharmaceuticals	34,813	27,836	(6,977)	(20.0)	Decrease of Elplat etc.	
Others	24,587	23,289	(1,298)	(5.3)		
Cost of sales	111,929	108,201	(3,728)	(3.3)		
Gross profit	66,891	65,481	(1,410)	(2.1)		
Gross profit margin (%)	37.4	37.7	0.3			
Selling, general and administrative expenses	65,103	64,698	(404)	(56.2)		
Advertising expenses	7,002	10,760	3,758	53.7		
Sales promotion expenses	7,394	6,002	(1,392)	(18.8)		
Transportation expenses	5,899	5,720	(179)	(3.0)		
Personnel expenses	22,019	22,530	510	2.3		
Depreciation and amortization	5,057	4,397	(659)	(13.0)		
Investigation research expense	3,617	2,043	(1,574)	(43.5)		
Others	14,111	13,243	(867)	(6.2)		
Operating income	1,788	782	(1,005)	(31.5)		(1,500)
Operating income margin (%)	1.0	0.5	(0.5)			
Non-operating incomes	12,201	12,594	393	3.2		
Dividend income	10,051	10,833	782		Increasing dividends from subsidiaries etc.	
Others	2,150	1,760	(389)			
Non-operating expenses	1,057	724	(333)	(31.5)		
Ordinary income	12,931	12,652	(278)	(2.2)		9,500
Ratio of ordinary income to net sales (%)	7.2	7.3	0.1			
Extraordinary gains	23	181	158	679.7		
Gain on sale of fixed assets	6	179	172			
Gain on sale of investment securities	16	0	(16)			
Others	—	2	2			
Extraordinary losses	1,918	1,271	(647)	(33.7)		
Provision for investment loss	1,322	628	(694)			
Others	595	642	46			
Income before income taxes	11,036	11,563	526	4.8		
Corporate income, inhabitant and business taxes	1,987	1,475	(511)	(25.7)		
Net income	9,049	10,088	1,038	11.5		7,500
Ratio of net income to net sales (%)	5.1	5.8	0.8			

※ Financial forecasts announced on November 11, 2016

3. Performance Overview

(1) Breakdown of Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Net sales	178,821	101.4	173,683	97.1	174,500	100.5
Operating income	1,788	37.1	782	43.8	1,000	127.8
Ordinary income	12,931	83.9	12,652	97.8	12,000	94.8
Net income	9,049	80.4	10,088	111.5	9,500	94.2

(2) Sales by Product Category

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Dairy products	81,999	102.5	86,629	105.6	90,500	104.5
Juices and other beverages etc.	31,030	98.6	29,568	95.3	28,500	96.4
Subtotal	113,029	101.4	116,197	102.8	119,000	102.4
Cosmetics	6,390	100.2	6,358	99.5	7,000	110.1
Pharmaceuticals	34,813	106.9	27,836	80.0	25,000	89.8
Others	24,587	94.6	23,289	94.7	23,500	100.9
Total	178,821	101.4	173,683	97.1	174,500	100.5

(3) Cost to Net sales Ratio

(%)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Increase (Decrease)	Performance	Increase (Decrease)	Forecast	Increase (Decrease)
Cost to Net sales ratio	62.6	0.4	62.3	(0.3)	61.6	(0.7)

(4) Capital investments, Depreciation and amortization

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Capital investments	8,726	85.5	11,149	127.8	11,700	104.9
Depreciation and amortization	11,994	95.2	10,824	90.3	9,540	88.1

Breakdown of Capital investments

	Fiscal year ended March 31, 2017	Fiscal year ending March 31, 2018
Capital investments	Investment in domestic plants : 3.8billion yen	Investment in domestic plants : 5.0billion yen

4. Breakdown of Sales

(1) Dairy Products sales (Bottles sold per day)

(Thousands of bottles/day)

		Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
		Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Dairy Products	<i>New Yakult (Including New Yakult Calorie Half)</i>	3,302	103.7	3,739	113.2	3,957	105.8
	<i>Yakult 400 products</i>	3,355	100.2	3,473	103.5	3,522	101.4
	<i>Other Yakult products</i> ※1	203	108.1	222	109.6	228	102.6
	Total for Yakult products	6,859	102.1	7,434	108.4	7,707	103.7
	<i>Joie (Including Joie (Yoghurt Cup))</i>	934	99.8	861	92.1	848	98.6
	<i>Mil-Mil products</i>	393	98.5	398	101.3	384	96.5
	<i>Sofuhl products</i>	506	98.4	479	94.6	466	97.3
	Total for fermented milk	1,833	99.1	1,737	94.8	1,698	97.7
	<i>Others</i> ※2	222	91.3	196	88.4	194	99.0
	Total	8,914	101.1	9,367	105.1	9,600	102.5

※1 Total of Yakult Ace, Yakult Gold, and Mainichi Nomu Yakult.

※2 Total of BF-1, Pretio, Nyusankin Soy α, and Cup de Yakult.

(2) Juices and Other Beverages sales (Total Bottles sold)

(Thousands of bottles)

		Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
		Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Health and functional food products	<i>Bansoreicha</i>	21,290	90.8	19,303	90.7	18,960	98.2
	<i>Toughman</i>	49,245	104.1	43,030	87.4	44,070	102.4
	<i>Kurozu Drink</i>	30,325	91.9	27,676	91.3	25,300	91.4
	<i>Soy milk drinks</i>	43,475	98.0	39,880	91.7	37,600	94.3
	<i>Milougu</i>	28,773	75.0	26,287	91.4	24,000	91.3
Soft drinks	<i>Juices</i>	50,953	97.1	47,416	93.1	44,554	94.0
	<i>Kininaruyasai</i>	41,275	92.4	38,187	92.5	38,098	99.8
	<i>Coffee Time</i>	22,423	94.9	18,825	84.0	17,700	94.0
	<i>FIRE</i>	71,545	100.6	70,585	98.7	71,300	101.0

(3) Percentage of Sales by Channel (April 1, 2016 to March 31, 2017)

(%)

	Dairy products (Volume base)		Juices and other beverages (money base)		
	Percentage of sales	Year on year	Percentage of sales		Year on year
Yakult Ladies	53.1	100.2	38.3		94.3
Stores, Vending machines	46.9	112.2	61.7	Vending machines	82.2
				Stores and Others	17.8

※Results of Juices and Other Beverages included other company's vending machine operated by Yakult.

Note: Actual sales statistics

① Breakdown of sales at Stores, Vending machines, and Others (Dairy products, Juices and other beverages) (%)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Percentage of sales	Year on year (%)	Percentage of sales	Year on year (%)
Supermarkets	42.6	106.0	43.9	112.2
Convenience stores	4.1	103.5	4.2	107.6
Offices (Vending machines)	14.0	97.3	13.0	98.4
Medical centers	10.4	100.7	9.9	101.3

② Number of vending machine

	As of Mar. 31, 2016	As of Mar. 31, 2017
Number of vending machine	52,345 (19,190)	50,500 (19,739)

*Figures in parentheses are the number of other company's vending machine which Yakult operates.

(4) Pharmaceuticals sales

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
<i>Campto</i> (Japan)	1,450	85.6	1,056	72.8	980	92.8
<i>Campto</i> (Overseas)	106	35.1	266	251.7	220	82.4
Campto total	1,556	77.9	1,323	85.0	1,200	90.7
Elplat	24,896	104.0	18,428	74.0	15,500	84.1
Gemcitabine	3,271	132.1	3,037	92.8	3,000	98.8
Other pharmaceuticals	5,089	122.6	5,047	99.2	5,300	105.0
Total	34,813	106.9	27,836	80.0	25,000	89.8

5. Breakdown of Selling, General and Administrative Expenses

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Advertising expenses	7,002	105.1	10,760	153.7	11,298	105.0
Sales promotion expenses	7,394	141.6	6,002	81.2	6,495	108.2
Sub-total	14,396	121.1	16,762	116.4	17,793	106.1
Transportation expenses	5,899	101.1	5,720	97.0	5,652	98.8
Personnel expenses	22,019	100.0	22,530	102.3	22,443	99.6
Depreciation and amortization	5,057	96.3	4,397	87.0	3,648	83.0
Investigation research expense	3,617	102.4	2,043	56.5	3,251	159.1
Others	14,111	105.6	13,243	93.8	13,211	99.8
Total	65,103	105.2	64,698	99.4	66,000	102.0

6. Breakdown of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		Fiscal year ending March 31, 2018	
	Performance	Year on year (%)	Performance	Year on year (%)	Forecast	Year on year (%)
Cost of production	347	86.0	429	123.6	428	99.7
General administrative expenses	1,691	85.2	2,222	131.4	2,088	94.0
Total	2,038	85.4	2,651	130.1	2,516	94.9

7. Head Office Employees

(people)

	September 30, 2016	March 31, 2017
Number of full-time employees	2,905	2,860
Medical Representatives	172	172

Both 313 seconded staffs and 146 non-regular employees are included in the number of Sep. 30, 2016.

Both 303 seconded staffs and 133 non-regular employees are included in the number of Mar. 31, 2017.

8. Domestic Sales Companies

(March 31, 2017)

Number of Yakult sales company	103	Consolidated subsidiaries	Comments
		15	The subsidiaries of Yakult Miyagi Chuo Sales Co. Ltd., Yakult Tokyo Sales Co. Ltd., Yakult Tokai Co.Ltd., Yakult Hokuriku Co.Ltd., and Yakult Sanyo Co.Ltd., are not included.

9. Sales Personnel by Department

(people)

	September 30, 2016	March 31, 2017
Yakult Ladies	36,279	35,594
Yakult Beauty Advisors	5,300	5,300

Reference

(March 31, 2017)

1. Expansion of Indication and New Drug Development Pipeline

(1) Expansion of indication for *Elplat*

Indication	Co-developer	Stage	Remarks
Gastric cancer	Taiho pharmaceutical Co.,Ltd.	Phase III	To get an approval for new schedule and dosage (biweekly regimen of Elplat) in patient with gastric cancer

(2) New Drug Development Pipeline

Product	Indication	Licensor	Stage	Remarks
① Resminostat Development code: YHI-1001	Hepatocellular carcinoma (HCC) Gallbladder/Pancreatic cancer	4SC AG	Phase I/II Phase I	Phase I/II (HCC) in Asia Phase I in Japan(Gallbladder/Pancreatic cancer)
② YHI-1501 Development code: YHI-1501	Under discussion	Nissan Chemical Industries, Ltd.	Phase I	Phase I in healthy volunteers in Japan
③ ThermoDox Development code: YHI-801	Hepatocellular carcinoma (HCC)	Celsion Corp., Inc.	Phase III	New Global Phase III (HCC) by Licensor (Celsion)
④ Perifosine Development code: YHI-1003	Neuroblastoma (NB)	AEterna Zentaris Inc.	Phase I	Phase I in Japan (NB)

(3) National health insurance reimbursement information

	Since April 2016 (Yen)	As of end of March 2016(Yen)	Revision rate (%)	Reference
<i>Campto</i> Infusion solution(40mg/Vial)	4,102	4,971	(17.5)	FOLFIRI regimen: About 38,220 Yen/treatment (once every two weeks)*
<i>Campto</i> Infusion solution (100mg/Vial)	9,247	11,254	(17.8)	
<i>Elplat</i> IV infusion solution 50mg	27,923	33,347	(16.3)	FOLFOX4 regimen: About 94,095Yen/treatment mFOLFOX6 regimen: About 94,925Yen/treatment XELOX regimen: About 144,383 Yen/treatment SOX regimen: About 117,415 Yen/treatment (FOLFOX:once every two weeks* XELOX,SOX:once every three weeks)
<i>Elplat</i> IV infusion solution 100mg	51,378	61,448	(16.4)	
<i>Elplat</i> IV infusion solution 200mg	93,955	113,227	(17.0)	
Calcium levofolinate for IV infusion 25mg	926	1,209	(23.4)	
Calcium levofolinate for IV infusion 100mg	3,186	4,284	(25.6)	

*: Treatment cost was calculated based on body surface area of 1.5m², and it includes costs of 5-FU and calcium levofolinate as well.
Cost including 5-FU and calcium levofolinate is calculated on an assumption.

2. Situation of Yakult Group (Production Facilities)

(March 31, 2017)

<Yakult Honsya Plants >

	HACCP	ISO 9001	ISO 14001	production item
Fukushima Plant	○	○	○	Concentrated <i>New Yakult</i> , Concentrated <i>New Yakult Calorie Half</i> , Concentrated <i>Yakult 400</i> , <i>Mil-Mil</i> , <i>Mil-Mil S</i> , <i>Sofuhl</i>
Ibaraki Plant	○	○	○	Concentrated <i>New Yakult</i> , Concentrated <i>Yakult 400LT</i> , Concentrated <i>Yakult Gold</i> , <i>BF-1</i> , <i>Mainichi Nomu Yakult</i>
Fuji Susono Plant	○	○	○	Concentrated <i>Yakult 400</i> , Concentrated <i>Yakult 400LT</i> , <i>Joie</i> (Drinkable Yoghurt), <i>Pretio</i> , <i>Sofuhl</i> , <i>Joie</i> (Yoghurt Cup)
Hyogo Miki Plant	○	○	○	Concentrated <i>New Yakult</i> , Concentrated <i>Yakult 400LT</i> , Concentrated <i>Yakult Ace</i> , <i>Sofuhl</i> , <i>Mil-Mil</i> , <i>Mil-Mil S</i>
Saga Plant	○	○	○	Concentrated <i>New Yakult</i> , Concentrated <i>New Yakult Calorie Half</i> , Concentrated <i>Yakult 400</i> , Concentrated <i>Yakult 400LT</i> , <i>Joie</i> (Drinkable Yoghurt), <i>Pretio</i>

Shonan Cosmetics Plant	—	—	○	Cosmetics
Fuji Susono Pharmaceuticals Plant	—	—	○	Prescription drug, Active pharmaceutical ingredient for over-the-counter drugs, medical device

<Subsidiary Plants >

	HACCP	ISO 9001	ISO 14001	production item
Yakult Iwate Plant Co.,Ltd.	○	○	○	<i>New Yakult</i> , <i>New Yakult Calorie Half</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i> , <i>Yakult Gold</i>
Yakult Chiba Plant Co.,Ltd.	○	○	○	<i>New Yakult</i> , <i>Yakult 400LT</i>
Yakult Aichi Plant Co.,Ltd.	○	○	○	<i>New Yakult</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i>
Yakult Okayama Wake Plant Co.,Ltd.	○	○	○	<i>New Yakult</i> , <i>Yakult 400LT</i> , <i>Yakult Ace</i>
Yakult Fukuoka Plant Co.,Ltd.	○	○	○	<i>New Yakult</i> , <i>New Yakult Calorie Half</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i>

HACCP :Hazard Analysis and Critical Control Point

International Organization for Standardization (ISO)

ISO 9001-- The International Standard for Quality Management Systems

ISO 14001-- The International Standard for Environmental Management Systems

3. Overseas dairy products sales amount (Preliminary figure)

[Performance from January to March, 2017]

(Thousands of bottles/day, %)

	Consolidation Classification	From January to March, 2017. (Preliminary figure)		Main Products	Base of production	Number of factories
		Sales quantity	Year on year			
Taiwan	Equity method	605	106.4	<i>Yakult, Yakult 300, Yakult 300Light, Joie</i>	○	1
Hong Kong	Consolidated	437	96.9	<i>Yakult, Yakult LT</i>	○	1
Thailand ※1	Equity method	2,161	101.2	<i>Yakult</i>	○	2
Korea	Equity method	3,286	99.5	<i>Yakult, Yakult Ace, Yakult 400 Light</i>	○	4
Philippines	Equity method	2,620	113.4	<i>Yakult, Yakult Light</i>	○	1
Singapore	Consolidated	230	92.9	<i>Yakult, Yakult Ace Light</i>	○	1
Indonesia	Consolidated	4,928	107.0	<i>Yakult</i>	○	2
Australia	Consolidated	248	106.8	<i>Yakult, Yakult Light</i>	○	1
Malaysia	Consolidated	327	98.5	<i>Yakult Ace, Yakult Ace Light</i>	○	1
Vietnam	Consolidated	222	120.3	<i>Yakult</i>	○	1
India ※2	Consolidated	153	103.7	<i>Yakult</i>	○	1
Middle East ※3	Consolidated	1	-	<i>Yakult</i>	Yakult Philippines	---
Guangzhou	Consolidated	2,032	129.3	<i>Yakult, Yakult Light</i>	○	2
Shanghai	Consolidated	474	109.5	<i>Yakult, Yakult Light</i>	○	1
Beijing	Consolidated	343	118.1	<i>Yakult, Yakult Light</i>	Tianjin	---
China ※4	Consolidated	2,530	127.7	<i>Yakult, Yakult Light</i>	Shanghai, Tianjin, Wuxi	2
China total		5,379	125.8	---	---	---
Asia and Oceania total		20,597	109.6	Marketing Population: 1,399,169 thousand people Population ratio 1.47 %		
(Consolidated subsidiaries company Total)		11,924	113.8			
Brazil	Consolidated	1,951	93.3	<i>Yakult, Yakult 40, Yakult 40 Light, Sofyl</i>	○	1
Mexico	Consolidated	3,781	109.2	<i>Yakult, Yakult40LT, Soful LT, SofulLT(Drink type)</i>	○	2
USA	Consolidated	279	113.9	<i>Yakult, Yakult Light</i>	○	1
The Americas total		6,012	103.7	Marketing Population: 368,814 thousand people Population ratio 1.63 %		
Netherlands	Consolidated	186	100.2	<i>Yakult, Yakult Light, Yakult Plus</i>	Yakult Europe	---
Belgium	Consolidated	81	113.2	<i>Yakult, Yakult Light, Yakult Plus</i>	Yakult Europe	---
United Kingdom	Consolidated	211	106.3	<i>Yakult, Yakult Light</i>	Yakult Europe	---
Germany	Consolidated	92	92.4	<i>Yakult, Yakult Light, Yakult Plus</i>	Yakult Europe	---
Austria	Consolidated	15	111.5	<i>Yakult, Yakult Plus</i>	Yakult Europe	---
Italy	Consolidated	90	108.2	<i>Yakult, Yakult Light</i>	Yakult Europe	---
Europe total		674	103.5	Marketing Population: 270,515 thousand people Population ratio 0.25 %		
Total		27,282	108.1	Marketing Population: 2,038,498 thousand people Population ratio 1.34 %		
(Consolidated subsidiaries company Total)		18,610	110.0	Factory Total 26		

<Accounting period: From January to December>

※1 : Thailand : Accounting date:31th May

※2 : India : Accounting date: 31th March.

※3 : Middle East: Yakult Middle East FZCO starts selling Yakult in United Arab Emirates on 19th March and in Oman, Bahrein, Qatar and Kuwait on 26th March.

※4 : Sales Area of Yakult (China) : Nanjing city, Tianjin city, Suzhou city, Hangzhou city, Qingdao city, Ningbo city, Jinan city, Yantai city, Wuhan city, Wenzhou city, Shenyang city, Dalian city, Fuzhou city, Xiamen city, Hefei city, Changsha city, Xi'an city, Nanchang city, Changchun city, Shijiazhuang city, Chengdu city, Chongqing city, Zhengzhou city, Taiyuan city, Harbin city, Hohhot City, Jinhua City, Huaian city, Kunming city, Nanning city, Jiaying city. (excluding Guangdong, Hainan, Shanghai and Beijing city)

CAUTIONARY STATEMENT

Statements contained in these materials with respect to Yakult's plans, forecasts and other statements that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ substantially from expectations.

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