

**Consolidated Financial Results for the Year Ended March 31, 2020**  
**(Japanese Generally Accepted Accounting Principles)**



May 14, 2020

<b>Name of company</b>	<b>Yakult Honsha Co., Ltd.</b>		
Stock exchange listing	First section in Tokyo Stock Exchange		
Code number	2267		
URL	https://www.yakult.co.jp		
Representative	President and Representative Director Takashige Negishi		
Contact person	Executive officer	Shuichi Watanabe	TEL +81-3-6625-8960
Scheduled date of ordinary shareholder's meeting	June 24, 2020		
Scheduled date of payment of dividends	June 8, 2020		
Scheduled date of filing annual security report	June 25, 2020		
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, 2020 (April 1, 2019 - March 31, 2020)

(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	%
FY2019	406,004	(0.2)	45,675	(0.4)	58,478	2.4	39,735	13.7
FY2018	407,017	1.4	45,846	5.5	57,121	7.7	34,935	2.6

(Note) Comprehensive income for FY2019 29,026 million yen {78.4%} FY2018 16,271 million yen {(70.1%)}

	Basic earnings per Share	Diluted earnings per Share	Return on Equity	Ordinary Profit ratio to Total Assets	Operating profit margin
	yen	yen	%	%	%
FY2019	248.04	—	10.9	9.4	11.2
FY2018	217.89	—	9.8	9.2	11.3

(Ref.) Share of profit of entities accounted for using equity method for FY2019 5,065 million yen FY 2018 3,557 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2019	627,871	412,082	59.5	2,330.58
FY2018	618,532	392,279	57.8	2,229.80

(Ref.) Equity for FY2019 373,379 million yen FY2018 357,272 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
FY2019	62,791	(16,060)	(25,631)	124,561
FY2018	62,125	(37,012)	(22,980)	103,171

2. Dividends

(Base date)	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	%	%
FY2018	—	20.00	—	24.00	44.00	7,061	20.2	2.0
FY2019	—	23.00	—	23.00	46.00	7,382	18.5	2.0
FY2020 (Forecast)	—	24.00	—	24.00	48.00		20.8	

3. Forecast for consolidated financial results for FY 2020 (April 1, 2020 - March 31, 2021)

(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.	203,000	0.5	23,000	(3.1)	29,000	(4.3)	18,500	(10.4)	115.47
Annual	411,000	1.2	47,000	2.9	59,000	0.9	37,000	(6.9)	230.95

\*Notes

(1) Changes in 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 accounting 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)

Fiscal year 2019	171,045,418	Fiscal year 2018	171,045,418
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(b) Number of treasury stocks

Fiscal year 2019	10,836,662	Fiscal year 2018	10,819,582
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(c) Weighted average of number of shares

Fiscal year 2019	160,198,092	Fiscal year 2018	160,332,850
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(Ref.) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year 2019	171,296	(4.5)	3,761	130.4	23,588	36.2	21,894	52.7
Fiscal year 2018	179,430	1.1	1,632	(26.3)	17,323	14.3	14,342	3.1

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Fiscal year 2019	136.42	—
Fiscal year 2018	89.37	—

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	Yen
Fiscal year 2019	326,861	168,115	51.4	1,047.48
Fiscal year 2018	336,616	164,336	48.8	1,023.93

(Ref.) Equity for Fiscal year 2019 168,115 million yen Fiscal year 2018 164,336 million yen

2. Forecast for Non-consolidated financial results for FY 2020 (April 1, 2020 - March 31, 2021)

(Percentage figures present 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. (cumulative)	88,000	2.2	9,000	36.4	8,000	18.4	49.85
Annual	172,500	0.7	25,000	6.0	22,000	0.5	137.08

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

\*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.

*Procedure for obtaining supplementary information on financial results*

We plan to hold a conference call for analysts and institutional investors on May 14, 2020. Materials used in the conference call will be posted on the company's website.

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## **1. Business Performance Overview**

### **(1) Qualitative Information Regarding Consolidated Business Results**

#### **1. Performance Overview**

During the fiscal year ended March 31, 2020, the Japanese economy recovered gradually amid continued improvements in the income environment. Nevertheless, it remains necessary to be mindful of the potential impact of volatility in the global economy and changes in consumer sentiment following the increase in Japan's consumption tax rate in October 2019. Despite the Japanese economy's gradual recovery, however, challenging circumstances are expected to continue for some time due to the effects of the novel coronavirus, which has been spreading since January 2020.

Against this background, the Yakult Group (the "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, developing new products, upgrading its production facilities, and actively engaging in its international and pharmaceutical businesses.

Despite these efforts, consolidated net sales for the fiscal year under review declined 0.2% from the previous year to 406,004 million yen. Operating profit decreased 0.4% to 45,675 million yen, while ordinary profit increased 2.4% to 58,478 million yen. Profit attributable to owners of parent rose 13.7% to 39,735 million yen.

#### **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 utilizing scientific evidence.

Through our home delivery channel, we strived to encourage consumption of the fermented milk drinks *Yakult 400* and *Yakult 400LT*. In addition, we stepped up efforts to create points of contact for new customers through an advertising campaign for Yakult Delivery Net, our online home-delivery ordering system. We also aimed to further enhance our home delivery organization by improving the working environment of Yakult Ladies, while continuing with hiring initiatives.

In the retail store channel, we conducted value dissemination initiatives with a focus on the fermented milk drinks *New Yakult* and *New Yakult Calorie Half*, through sampling and advertising led by promotion staff. We also worked to increase revenue, taking steps to improve in-store visibility of *New Yakult Calorie Half* by revamping its design in October 2019.

In product specific initiatives, we commenced initial sales of the fermented milk drink *Yakult 1000* in Tokyo and the six other prefectures of the Kanto region in October 2019. In conjunction with an advertising campaign, we pursued initiatives to encourage consumption of *Yakult 1000*, which can relieve stress in situations that cause temporary mental stress, and improve sleep quality. Subsequently, in January 2020, we commenced initial sales of the fermented milk drink *Yakult 400W* in the Kyushu region. *Yakult 400W*, a product in our mainstay *Yakult 400* series, enables our living *Lactobacillus casei* strain Shirota to be consumed together with galacto-oligosaccharides, which increase lactic acid bacteria in the digestive tract.

In other beverages, we sought to boost revenue, focusing primarily on our *Toughman* series and other health drinks. Initiatives included implementing a customer campaign in conjunction with advertising for

### *Tough-Man Refresh.*

Despite these efforts to bolster sales, however, results were below the previous year's figures.

Consequently, consolidated net sales for the Food and Beverages segment (Japan) declined 2.6% from the previous fiscal year, totaling 209,380 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 30.61 million bottles as of March 2020.

### **i. The Americas**

Yakult manufactures and sells the fermented milk drink *Yakult* and other products in Brazil, Mexico, and the United States. In the US, we started sales on the East Coast in July 2019 and expanded our sales area to cover the whole of the country.

Despite these initiatives, consolidated net sales in the Food and Beverages (The Americas) segment decreased 0.3% from the previous year to 48,746 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), among other nations.

In China we further reinforced our sales network by increasing the number of sales offices across the entire country to 46 in June 2019. In addition, we are continuing preparations to start the construction of Wuxi Plant 2 (Wuxi Yakult Co., Ltd.) to cater to future increases in demand resulting from the expansion of our sales area and deeper cultivation of the market.

In Myanmar, we started manufacture and sales of *Yakult* in August 2019.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 1.3% from the previous year to 122,317 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.

Despite these efforts, consolidated net sales in the Food and Beverages (Europe) segment declined 8.4% from the previous year to 7,940 million yen.

## • **Pharmaceuticals**

During the fiscal year under review, we promoted the awareness and proper use of our products specializing in oncology and related fields.

Regarding our mainstay, the antineoplastic drug *Elplat*, we proactively conducted presentations for medical professionals in order to maintain our market share. Although medical institutions are increasingly switching to generic versions of *Elplat*, we boosted initiatives to encourage customers to continue choosing *Elplat* by leveraging our ability to provide relevant information about the drug, a Company strength as the developer of the original drug, as well as the relationships of trust we have built with medical professionals. At the same time, we sought to expand sales channels for our core generic product, the antineoplastic metabolite *Gemcitabine [Yakult]* and other products. We also worked to swiftly build market awareness, and to increase revenue, for the antineoplastic drugs *Capecitabine Tablets [Yakult]* and *Gefitinib Tablets [Yakult]*, launched in June 2019. However, the revision of National Health Insurance drug price standards that accompanied the increase in Japan's consumption tax rate resulted in reduced prices for most of Yakult's pharmaceutical products, which impacted our revenue. Meanwhile, having signed an agreement with Nihon Servier Co., Ltd. for the promotion in Japan of the antineoplastic drug *Onivyde®* (liposomal irinotecan) in October 2019, Nihon Servier received approval for the manufacture and sale of the drug in March 2020.

In R&D, we continued to progress with the clinical development of items in our pipeline, including the PI3K inhibitor *duvelisib [YHI1702]*, for which we concluded an exclusive licensing agreement for development and commercialization in Japan with Verastem Oncology (U.S.), and the HDAC inhibitor *resminostat [YHI-1001]*, licensed from 4SC AG (Germany). Through these efforts, we aim to further strengthen our position in oncology and related fields.

Despite the above efforts, however, consolidated net sales in the Pharmaceuticals segment declined 9.3% to 19,670 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 one specific example of such efforts, in July 2019 we released a revamped version of our *Lactdew* series of highly moisturizing basic skin care products, at the same time conducting proactive advertising including a television commercial to boost brand recognition for products in the series. We also sought to increase customer satisfaction and boost sales, releasing the *Parabio AC* special program set in November 2019 and *Crystance White Repair Essence*, a medicated lightening serum, in March 2020.

Through these initiatives, the results achieved by the cosmetics operation as a whole surpassed those of the previous year.

In our professional baseball operations, attendance at Tokyo's Jingu Stadium increased as a result of proactive fan engagement that included diverse events and promotions at the stadium as well as active information dissemination.

As a result, consolidated net sales in the Others segment rose 2.1% to 22,911 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 627,871 million yen, an increase of 9,338 million yen year on year.

Net assets increased 19,803 million yen from the previous fiscal year end to 412,082 million yen. This was primarily due to an increase in retained earnings from profit attributable to owners of parent, which offset a decrease in valuation difference on available-for-sale securities resulting from declining share prices and a decrease in foreign currency translation adjustments caused by the yen's appreciation.

The equity to asset ratio was 59.5%, a 1.7 percentage point increase year on year.

**(3) Cash Flow**

(Status of Cash Flow)

	Fiscal year ended March 2019	Fiscal year ended March 2020	YoY Change
Cash flow from operating activities	62,125	62,791	666
Cash flow from investing activities	(37,012)	(16,060)	20,951
Cash flow from financing activities	(22,980)	(25,631)	(2,650)
Effect of exchange rate change on cash and cash equivalents	(4,896)	290	5,186
Net increase (decrease) in cash and cash equivalents	(2,764)	21,389	24,154
Cash and cash equivalents at beginning of period	105,936	103,171	(2,764)
Cash and cash equivalents at end of period	103,171	124,561	21,389

Cash derived from operating activities increased 666 million yen from the previous year to 62,791 million yen. The increase was primarily the result of 58,728 million yen in profit before income taxes and 22,324 million yen in depreciation, which was partly offset by 14,200 million yen in corporation taxes paid.

Cash used in investing activities decreased 20,951 million yen from the previous year, to (16,060) million yen. The main contributing factors were cash used for purchases of fixed assets, particularly for the expansion of production facilities, and cash received from repayments of time deposits.

Cash used in financing activities increased 2,650 million yen to (25,631) million yen. This outlay mainly reflected repayments of loans payable and cash dividends paid.

(Cash Flow Related Indices)

	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
Equity to asset ratio	57.5%	58.6%	56.2%	57.8%	59.5%
Equity to asset ratio based on market price	142.6%	174.5%	201.4%	200.5%	163.0%
Debt-to-cash-flow ratio	1.9 years	1.9 years	2.2 years	2.0 years	1.8 years

Interest coverage ratio	66.9	85.3	95.6	85.1	71.5
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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; they may change depending on future spread of the novel coronavirus infection.

##### 1. Consolidated Forecast for the Next Fiscal Year

	Net sales (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 2021	411,000	59,000	37,000	230.95
Fiscal year ended March 2020	406,004	58,478	39,735	248.04
Increase/Decrease	1.2%	0.9%	(6.9%)	(6.9%)

##### \* Effects of the spread of the novel coronavirus infection

In our mainstay Food and Beverages segment, we are paying the utmost attention to the health and safety of our customers and Group employees as we continue to conduct our business activities both in Japan and overseas, and bottle sales of dairy products remain within the range expected. At the present time, therefore, forecasts for the Food and Beverages segment are based on the assumption that the business will not be significantly impacted by the novel coronavirus.

However, for the professional baseball team operation in the Others segment, the forecasts assume some deterioration in results due to the delayed start of the 2020 regular season and the predicted reduction in attendance even after the season starts.

##### 2. Forecasts by Segment

###### • Food and Beverages (Japan)

For dairy products, Yakult is continuously committed to focusing on the *Yakult* series of fermented milk drinks as its most important brand, aiming to revitalize its entire lineup of dairy products by

communicating the science that backs *Lactobacillus casei* strain Shirota and by growing the *Yakult 1000* and *Yakult 400W* brands.

In the home delivery channel, we will work to create points of contact for new customers by pursuing evidence-based value dissemination activities for the *Yakult 400* series including *Yakult 400W*, and by making use of Yakult Delivery Net, our online home-delivery ordering system. Meanwhile, in our retail store channel we will take steps to enhance brand value through sampling and advertising activities for *New Yakult* and *New Yakult Calorie Half*.

In other beverages, we will aim to boost revenue by revamping our core *Toughman* brand series, alongside other initiatives to increase sales of health drinks.

In addition, we will take action to bolster our home delivery organization, including raising awareness of the nature of the Yakult Ladies' work and making the role more attractive. We will also strive to strengthen our response to markets with future growth potential in order to achieve further sales growth.

#### • **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 within the company.

#### • **Pharmaceuticals**

We anticipate a decline in revenue within Japan due to the impact of drug price reductions in accordance with the revision of NHI Drug Price Standards in April 2020. In addition, it is inevitable that medical institutions will continue to switch to generic versions of our mainstay antineoplastic drug *Elplat*. However, we will work to expand the market and achieve our sales targets by 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 also by leveraging the relationships of trust we have developed with professionals in the medical industry to date. Furthermore, we will endeavor to achieve sales growth by continuing our efforts to build market awareness for two new generic products: the antineoplastic drugs *Capecitabine Tablets [Yakult]* and *Gefitinib Tablets [Yakult]*, which were released in June 2019.

In research and development, we will promote new drug development both in Japan and abroad while rapidly assessing the in-licensing of drugs to strengthen our pipelines. We will also actively develop new generic drugs for cancer and related fields.

#### • **Others**

In our cosmetics operations, we will aim to help customers realize their internal and external 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)*, derived from our long history of research on lactic acid bacteria since the Company's foundation.

Furthermore, we will endeavor to increase customer satisfaction and drive further sales growth in the cosmetics business by encouraging regular use of products in our cosmetics series through opportunities

to try our basic skin care products, and by providing product-related counselling services personalized for each customer.

In the professional baseball team operation, meanwhile, the start of the 2020 regular season is currently delayed due to the spread of the novel coronavirus. However, we will continue to take action to meet fans' expectations by creating an environment where they can watch games with peace of mind, while also building up the strength of the team.

#### **(5) Basic Policy on the Distribution of Profits; Dividends in Fiscal 2019 and 2020**

We place top priority on the continuous payment of stable dividends to shareholders by setting the annual dividend at a base of 30.0 yen per share. The total dividend is decided 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 46.0 yen per share for the fiscal year ended March 2020, up 2.0 yen from the prior fiscal year, to continuously increase the return to shareholders. We have already paid an interim dividend of 23.0 yen per share, and the balance of 23.0 yen per share will be distributed to shareholders as the year-end dividend.

For the year ending March 31, 2021, we plan to raise the annual dividend by 2.0 yen to 48.0 yen per share in an effort to offer higher returns to shareholders in addition to continuously paying stable dividends, in line with the policy described above.

## **2. Group Companies**

The Yakult Group is comprised of Yakult Honsha, 76 subsidiaries, and 20 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 112 Yakult marketing companies across Japan (including one subsidiary of Yakult Miyagi Chuo Sales Co., Ltd., one subsidiary of Yakult Tokyo Sales Co., Ltd., four subsidiaries of Yakult Tokai Co., Ltd., one subsidiary of Yakult Hokuriku Co., Ltd., and two subsidiaries of Yakult Sanyo Co., Ltd. Among these, Yakult Tokyo Sales Co., Ltd. and 25 others are consolidated subsidiaries, while Yakult Kagawa Sales Co., Ltd. and 15 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 112 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 112 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.

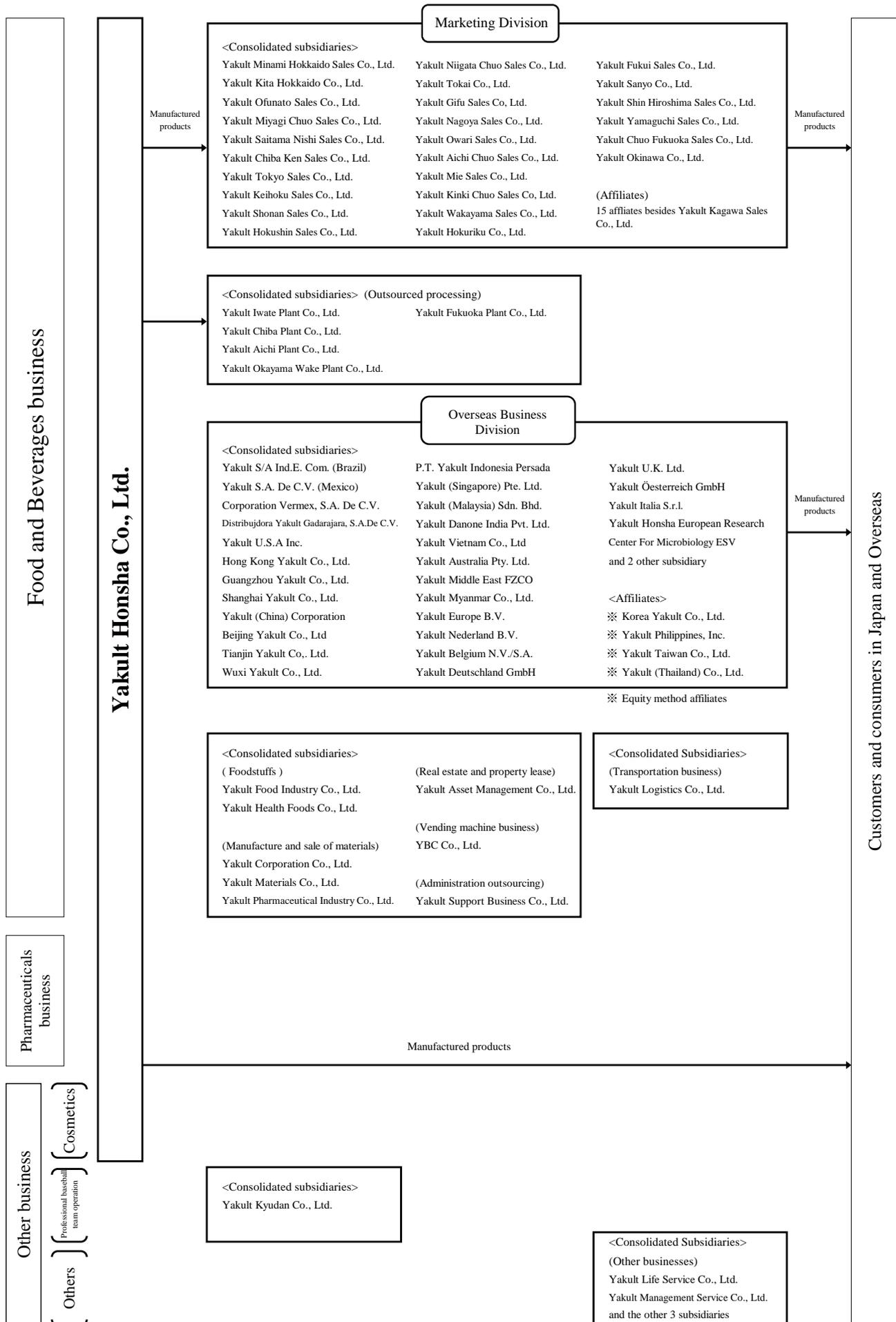
### Pharmaceuticals Business

- 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 Businesses

1. **Cosmetics** : Yakult Honsha manufactures products which are sold to 101 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 2018 As of March 31, 2019	Fiscal year 2019 As of March 31, 2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Deposits	156,484	175,638
Notes and accounts receivable-trade	52,880	51,832
Merchandises and Finished goods	9,404	10,232
Work in process	2,143	2,165
Raw materials and supplies	17,565	16,374
Others	9,421	9,814
Allowance for doubtful accounts	(262)	(249)
<b>Total current assets</b>	<b>247,637</b>	<b>265,806</b>
<b>Non-Current Assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures (net)	165,641	174,174
Accumulated depreciation	(82,887)	(88,092)
Buildings and structures, net	82,753	86,081
Machinery, equipment and vehicles	151,994	163,974
Accumulated depreciation	(106,095)	(110,416)
Machinery, equipment and vehicles, net	45,898	53,557
Land	44,415	44,293
Lease assets	17,405	24,576
Accumulated depreciation	(11,218)	(13,146)
Lease assets, net	6,187	11,430
Construction in progress	17,468	5,154
Others	25,898	26,674
Accumulated depreciation	(22,550)	(23,195)
Others, net	3,348	3,479
<b>Total Property, plant and equipment</b>	<b>200,071</b>	<b>203,996</b>
<b>Intangible assets</b>		
Software	2,463	2,121
Others	2,318	2,328
<b>Total intangible assets</b>	<b>4,782</b>	<b>4,450</b>
<b>Investments and other assets</b>		
Investment securities	155,306	139,780
Deferred tax assets	2,560	4,907
Net defined benefit asset	675	528
Others	7,613	8,502
Allowance for doubtful accounts	(114)	(101)
<b>Total investments and other assets</b>	<b>166,040</b>	<b>153,617</b>
<b>Total non-current assets</b>	<b>370,895</b>	<b>362,064</b>
<b>Total assets</b>	<b>618,532</b>	<b>627,871</b>

(Millions of yen)

	Fiscal year 2018 As of March 31, 2019	Fiscal year 2019 As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	27,983	26,210
Short-term loans payable	34,598	27,272
Current portion of long-term loans payable	5,542	5,467
Lease obligations	1,989	3,536
Income taxes payable	3,984	4,430
Provision for bonuses	6,023	5,879
Notes payable - facilities	1,776	2,139
Others	33,556	34,127
<b>Total current liabilities</b>	<b>115,455</b>	<b>109,062</b>
Non-current liabilities		
Long-term loans payable	76,344	70,683
Lease obligations	3,712	6,992
Deferred tax liabilities	21,075	17,528
Provision for directors' retirement benefits	392	359
Net defined benefit liability	5,463	6,408
Asset retirement obligations	981	1,676
Others	2,829	3,075
<b>Total non-current liabilities</b>	<b>110,798</b>	<b>106,725</b>
<b>Total liabilities</b>	<b>226,253</b>	<b>215,788</b>
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	41,742	41,475
Retained earnings	347,740	379,948
Treasury shares	(54,833)	(54,933)
<b>Total Shareholders' equity</b>	<b>365,767</b>	<b>397,607</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,465	19,950
Foreign currency translation adjustment	(36,304)	(40,150)
Remeasurements of defined benefit plans	(2,655)	(4,028)
<b>Total accumulated other comprehensive income</b>	<b>(8,495)</b>	<b>(24,228)</b>
Non-controlling interests	35,007	38,702
<b>Total net assets</b>	<b>392,279</b>	<b>412,082</b>
<b>Total liabilities and net assets</b>	<b>618,532</b>	<b>627,871</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2018 to March 31, 2019	Current period From April 1, 2019 to March 31, 2020
Net sales	407,017	406,004
Cost of sales	171,107	171,378
Gross profit	235,910	234,625
Selling, general and administrative expenses		
Selling expenses	91,230	90,023
General and administrative expenses	98,834	98,926
Total selling, general and administrative expenses	190,064	188,950
Operating profit	45,846	45,675
Non-operating income		
Interest income	4,574	5,470
Dividend income	1,988	2,062
Share of profit of entities accounted for using equity method	3,557	5,065
Others	2,759	2,176
Total non-operating income	12,880	14,775
Non-operating expenses		
Interest expenses	728	875
Commission fee	444	90
Compensation expenses	136	240
Foreign exchange losses	—	282
Others	295	484
Total non-operating expenses	1,604	1,972
Ordinary profit	57,121	58,478
Extraordinary income		
Gain on sales of non-current assets	122	180
Gain on sales of investment securities	2,203	2,501
Gain on revision of retirement benefit plan	569	—
Gain on bargain purchase	381	32
Others	162	—
Total extraordinary income	3,439	2,715
Extraordinary losses		
Loss on sales of non-current assets	36	52
Loss on retirement of non-current assets	525	797
Impairment loss	4,187	457
Loss on valuation of investment securities	—	996
Others	10	161
Total extraordinary losses	4,760	2,465
Profit before income taxes	55,801	58,728
Income taxes - current	15,240	14,675
Income taxes - deferred	378	(785)
Total income taxes	15,619	13,889
Profit	40,182	44,838
Profit attributable to non-controlling interests	5,247	5,103
Profit attributable to owners of parent	34,935	39,735

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2018 to March 31, 2019	Current period From April 1, 2019 to March 31, 2020
Profit	40,182	44,838
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,652)	(10,540)
Foreign currency translation adjustment	(17,539)	(3,849)
Remeasurements of defined benefit plans, net of tax	(1,436)	(1,372)
Share of other comprehensive income of entities accounted for using equity method	(282)	(50)
Total other comprehensive income	(23,910)	(15,812)
Comprehensive income	16,271	29,026
Comprehensive income attributable to:		
Owners of parent	13,283	24,002
Non-controlling interests	2,987	5,024

## (3) Consolidated Statements of changes in equity

Fiscal year 2018 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	31,117	41,528	318,580	(52,322)	338,903
Cumulative effects of changes in accounting policies			156		156
Restated balance	31,117	41,528	318,737	(52,322)	339,060
Changes of items during period					
Dividends of surplus			(5,931)		(5,931)
Change in ownership of the subsidiary owned by foreign affiliated company					—
Change in ownership interest of parent due to transaction with non-controlling interests		244			244
Profit attributable to owners of parent			34,935		34,935
Purchase of treasury shares				(2,913)	(2,913)
Disposal of treasury shares		(29)		401	371
Net changes of items other than shareholders' equity					
Total changes of items during period	—	214	29,003	(2,511)	26,706
Balance at end of current period	31,117	41,742	347,740	(54,833)	365,767

	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	35,215	(20,721)	(1,218)	13,274	34,495	386,674
Cumulative effects of changes in accounting policies	(117)			(117)		39
Restated balance	35,097	(20,721)	(1,218)	13,156	34,495	386,713
Changes of items during period						
Dividends of surplus						(5,931)
Change in ownership of the subsidiary owned by foreign affiliated company						—
Change in ownership interest of parent due to transaction with non-controlling interests						244
Profit attributable to owners of parent						34,935
Purchase of treasury shares						(2,913)
Disposal of treasury shares						371
Net changes of items other than shareholders' equity	(4,631)	(15,582)	(1,436)	(21,651)	511	(21,140)
Total changes of items during period	(4,631)	(15,582)	(1,436)	(21,651)	511	5,566
Balance at end of current period	30,465	(36,304)	(2,655)	(8,495)	35,007	392,279

## Yakult Honsha Co., Ltd. (2267) Financial Report for the year ended March 31, 2020

Fiscal year 2019 (April 1, 2019 - March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	31,117	41,742	347,740	(54,833)	365,767
Cumulative effects of changes in accounting policies					—
Restated balance	31,117	41,742	347,740	(54,833)	365,767
Changes of items during period					
Dividends of surplus			(7,528)		(7,528)
Change in ownership of the subsidiary owned by foreign affiliated company		(235)			(235)
Change in ownership interest of parent due to transaction with non-controlling interests		7		16	23
Profit attributable to owners of parent			39,735		39,735
Purchase of treasury shares				(288)	(288)
Disposal of treasury shares		(38)		172	134
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(266)	32,207	(99)	31,840
Balance at end of current period	31,117	41,475	379,948	(54,933)	397,607

	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	30,465	(36,304)	(2,655)	(8,495)	35,007	392,279
Cumulative effects of changes in accounting policies						—
Restated balance	30,465	(36,304)	(2,655)	(8,495)	35,007	392,279
Changes of items during period						
Dividends of surplus						(7,528)
Change in ownership of the subsidiary owned by foreign affiliated company						(235)
Change in ownership interest of parent due to transaction with non-controlling interests						23
Profit attributable to owners of parent						39,735
Purchase of treasury shares						(288)
Disposal of treasury shares						134
Net changes of items other than shareholders' equity	(10,514)	(3,846)	(1,372)	(15,733)	3,695	(12,037)
Total changes of items during period	(10,514)	(3,846)	(1,372)	(15,733)	3,695	19,803
Balance at end of current period	19,950	(40,150)	(4,028)	(24,228)	38,702	412,082

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous period From April 1, 2018 to March 31, 2019	Current period From April 1, 2019 to March 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	55,801	58,728
Depreciation	21,237	22,324
Impairment loss	4,187	457
Increase (decrease) in provision	189	(162)
Increase (decrease) in net defined benefit liability	(2,290)	(1,577)
Interest and dividend income	(6,562)	(7,533)
Interest expenses	728	875
Share of loss (profit) of entities accounted for using equity method	(3,557)	(5,065)
Loss (gain) on sales of non-current assets	439	669
Loss (gain) on sales of investment securities	(2,203)	(2,497)
Loss (gain) on valuation of investment securities	—	996
Other loss (gain)	2,463	2,319
Decrease (increase) in notes and accounts receivable - trade	2,196	656
Decrease (increase) in inventories	(2,247)	(651)
Increase (decrease) in notes and accounts payable - trade	(908)	(1,589)
Increase/decrease in other assets/liabilities	(320)	1,145
Subtotal	69,151	69,094
Interest and dividend income received	7,584	8,776
Interest expenses paid	(729)	(878)
Income taxes paid	(13,881)	(14,200)
Cash flows from operating activities	62,125	62,791
<b>Cash flows from investing activities</b>		
Payment into time deposits	(77,652)	(106,435)
Proceeds from withdraw of time deposits	67,373	108,154
Purchase of non-current assets	(29,384)	(20,585)
Proceeds from sales of non-current assets	406	454
Purchase of long-term investment securities	(916)	(15)
Proceeds from sales of investment securities	4,439	4,079
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,089)	(345)
Others, net	(188)	(1,367)
Cash flows from investing activities	(37,012)	(16,060)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(7,135)	(7,317)
Proceeds from long-term loans payable	40,000	—
Repayments of long-term loans payable	(45,790)	(5,731)
Repayments of lease obligations	(2,182)	(4,216)
Purchase of treasury shares	(5)	(2)
Proceeds from sales of treasury shares	385	114
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(489)	(0)
Proceeds from share issuance to non-controlling shareholders	—	609
Cash dividends paid	(5,923)	(7,520)
Dividends paid to non-controlling interests	(1,840)	(1,566)
Cash flows from financing activities	(22,980)	(25,631)
Effect of exchange rate change on cash and cash equivalents	(4,896)	290
Net increase (decrease) in cash and cash equivalents	(2,764)	21,389
Cash and cash equivalents at beginning of period	105,936	103,171
Cash and cash equivalents at end of period	103,171	124,561

## (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: 76

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 Owari Sales Co., Ltd. ... Shares newly acquired

One newly excluded subsidiary: Yakult Musashino 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 15 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)

Significant discrepancies in transactions between consolidated companies and significant fluctuations in financial position occurring during the accounting period through March 31 are adjusted as necessary.

### 4. Matters related to accounting policies

#### (1) Standards and methods for valuation of significant assets

##### i. Investment securities

Other investment securities

Marketable securities: reported at market value as of end of accounting period.

(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.)

Non-marketable securities: 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 21 years

Intangible assets Straight-line method

(3) Accounting Standards for Significant Allowances

1. Allowance for doubtful accounts The Company and its consolidated subsidiaries in Japan record allowances for doubtful accounts at the estimated uncollectible amount 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.

2. 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.

- |   |  |
|---|--|
| 3. 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

1. 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.

2. 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) 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.

(6) 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.

(7) Accounting for Consumption Taxes

Japanese consumption tax and other regional consumption taxes are accounted for by the tax-exclusion method.

Accrued consumption tax is included in current liabilities—others.

(Change in Accounting Policy)

The Company's consolidated subsidiaries outside Japan began preparing their financial statements based on IFRS 16 (Leases) from the fiscal year under review, and in principle recognize all leases as assets and liabilities on their balance sheets.

As a result, on the consolidated balance sheet for the fiscal year under review, lease assets (net) recorded under property, plant and equipment increased by 5,627 million yen, lease obligations recorded under current liabilities increased by 1,646 million yen, and lease obligations under non-current liabilities increased by 3,679 million yen. This change had minimal effect on the Company's profit/loss for the fiscal year under review and had no impact on the balance of retained earnings at the beginning of the fiscal year under review.

## (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. Profit (Loss), Assets, etc., in Reportable Segments

Fiscal 2018 (April 1, 2018 to March 31, 2019) (Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Net sales to external customers	186,879	48,907	120,784	8,673
Intersegment net sales or transfers	28,078	—	—	—
Total	214,957	48,907	120,784	8,673
Segment profit (loss)	16,431	11,837	35,156	518
Segment assets	178,691	75,677	209,586	9,663
Other:				
Depreciation and amortization	10,437	1,793	6,094	316
Increase in tangible and intangible assets	8,478	1,855	17,714	285

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Net sales to external customers	21,696	20,075	—	407,017
Intersegment net sales or transfers	—	2,371	(30,449)	—
Total	21,696	22,447	(30,449)	407,017
Segment profit (loss)	(1,803)	1,180	(17,474)	45,846
Segment assets	17,988	14,892	112,032	618,532
Other:				
Depreciation and amortization	897	436	1,261	21,237
Increase in tangible and intangible assets	490	425	1,480	30,730

Notes: Adjustments are as follows:

- (1) The (17,474) million yen adjustment in segment profit (loss) includes (12,866) million yen of corporate expenses not allocated to specific 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 112,032 million yen adjustment in segment assets includes 117,047 million yen of corporate assets not allocated to specific 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 1,261 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increase in tangible and intangible assets consists of 1,480 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

Fiscal 2019 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Net sales to external customers	186,682	48,746	122,317	7,940
Intersegment net sales or transfers	22,698	—	—	—
Total	209,380	48,746	122,317	7,940
Segment profit (loss)	18,209	12,360	31,853	332

Segment assets	180,889	86,824	229,250	9,511
Other:				
Depreciation and amortization	9,845	2,025	8,247	397
Increase in tangible and intangible assets	8,812	1,499	7,953	465

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Net sales to external customers	19,670	20,646	—	406,004
Intersegment net sales or transfers	—	2,265	(24,964)	—
Total	19,670	22,911	(24,964)	406,004
Segment profit (loss)	(811)	2,049	(18,318)	45,675
Segment assets	14,349	14,950	92,094	627,871
Other:				
Depreciation and amortization	224	433	1,149	22,324
Increase in tangible and intangible assets	263	437	1,999	21,431

Notes: Adjustments are as follows:

- (1) The (18,318) million yen adjustment in segment profit (loss) includes (13,655) million yen of corporate expenses not allocated to specific 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 92,094 million yen adjustment in segment assets includes 99,063 million yen of corporate assets not allocated to specific 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 1,149 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increase in tangible and intangible assets consists of 1,999 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

#### 4. Information about geographical areas

Fiscal 2018 (April 1, 2018 to March 31, 2019)

(1) Net sales (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
226,360	48,921	123,062	8,673	407,017

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
115,459	14,949	67,569	2,092	200,071

Fiscal 2019 (April 1, 2019 to March 31, 2020)

(1) Net sales (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
222,648	50,608	124,806	7,940	406,004

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
114,382	16,079	71,167	2,366	203,996

(Per Share Information)

Fiscal 2018 (April 1, 2018 to March 31, 2019)		Fiscal 2019 (April 1, 2019 to March 31, 2020)	
Net assets per share	¥2,229.80	Net assets per share	¥2,330.58
Basic earnings per share	¥217.89	Basic earnings per share	¥248.04

Note: Basis for calculation of basic earnings per share

	Fiscal 2018 (April 1, 2018 to March 31, 2019)	Fiscal 2019 (April 1, 2019 to March 31, 2020)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	34,935	39,735
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent and available to common shareholders (millions of yen)	34,935	39,735
Average number of shares during reporting period (1,000 shares)	160,332	160,198

(Significant Subsequent Events)

None.

## **5. Other Matters**

(1) Changes in Directors (Effective from June 24, 2020)

(i) Candidates for new audit & supervisory board members (two people)

Senior Audit & Supervisory Board Member Hideyuki Kawana  
(Associate Director of Management Support Division of the Company)

Audit & Supervisory Board Member Emi Machida (Certified Public Accountant)  
(Outside Auditor)

(ii) Retiring audit & supervisory board members (four people)

Senior Audit & Supervisory Board Member Akinori Abe

Audit & Supervisory Board Member Akihiko Okudaira  
(Outside Auditor)

Audit & Supervisory Board Member Setsuko Kobayashi  
(Outside Auditor)

Audit & Supervisory Board Member Koichi Yoshida  
(Outside Auditor)

(2) Changes in Executive Officers (Effective from June 24, 2020)

(i) Candidates for new executive officers (two people)

Executive Officer Hiroaki Nagaoka  
(Executive Manager of the Administrative Division of the Company)

Executive Officer Hiroshi Natsume  
(Executive Manager of the Management Support Division of the Company)