

Consolidated Financial Results for the Year Ended March 31, 2024 (Japanese Generally Accepted Accounting Principles)



May 14, 2024

| | | | |
|--|---------------------------------------|------------------|---------------------|
| Name of company | Yakult Honsha Co., Ltd. | | |
| Stock exchange listing | Prime Market in Tokyo Stock Exchange | | |
| Code number | 2267 | | |
| URL | https://www.yakult.co.jp | | |
| Representative | President and Representative Director | Hiroshi Narita | |
| Contact person | Managing Executive officer | Shuichi Watanabe | TEL +81-3-6625-8960 |
| Scheduled date of ordinary shareholder's meeting | June 19, 2024 | | |
| Scheduled date of payment of dividends | May 31, 2024 | | |
| Scheduled date of filing annual security report | June 20, 2024 | | |
| 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, 2024 (April 1, 2023 - March 31, 2024)

(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 | % |
| FY2023 | 503,079 | 4.1 | 63,399 | (4.0) | 79,300 | 1.7 | 51,006 | 0.7 |
| FY2022 | 483,071 | 16.4 | 66,068 | 24.2 | 77,970 | 13.7 | 50,641 | 12.7 |

(Note) Comprehensive income for FY2023 109,335 million yen {16.3%} FY2022 94,015 million yen {35.4%}

| | Basic earnings per Share | Diluted earnings per Share | Return on Equity | Ordinary Profit ratio to Total Assets | Operating Profit ratio margin |
|--------|--------------------------|----------------------------|------------------|---------------------------------------|-------------------------------|
| | yen | yen | % | % | % |
| FY2023 | 164.52 | — | 9.7 | 10.0 | 12.6 |
| FY2022 | 162.09 | — | 10.7 | 11.0 | 13.7 |

(Ref.) Share of profit of entities accounted for using equity method for FY2023 2,060 million yen FY 2022 2,638 million yen

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Basic earnings per share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity to Asset Ratio | Net Assets per Share |
|--------|--------------|-------------|-----------------------|----------------------|
| | million yen | million yen | % | yen |
| FY2023 | 833,286 | 605,946 | 65.9 | 1,811.97 |
| FY2022 | 749,419 | 545,496 | 66.5 | 1,597.55 |

(Ref.) Equity for FY2023 549,284 million yen FY2022 498,659 million yen

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Net Assets per Share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

(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 |
| FY2023 | 70,702 | (43,906) | (39,541) | 197,648 |
| FY2022 | 86,513 | (19,024) | (44,531) | 190,489 |

2. Dividends

| | Dividends per Share | | | | | Total Dividends (Annual) | Dividend payout ratio (Consolidated) | Dividends Ratio to Net Assets (Consolidated) |
|-------------------|---------------------|----------|----------|----------|-------|--------------------------|--------------------------------------|--|
| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | Year End | Total | | | |
| | yen | yen | yen | yen | yen | million yen | % | % |
| FY2022 | — | 45.00 | — | 45.00 | 90.00 | 14,042 | 27.8 | 3.0 |
| FY2023 | — | 55.00 | — | 28.00 | — | 17,073 | 33.7 | 3.3 |
| FY2024 (Forecast) | — | 32.00 | — | 32.00 | 64.00 | | 35.0 | |

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. For this reason, the year-end dividend for the fiscal year ended March 31, 2024 is presented in an amount that takes the impact of this stock split into account. Without considering the stock split, the year-end dividend per share for the fiscal year ended March 31, 2024 would be 56 yen and the total dividend per share would be 111 yen.

3. Forecast for consolidated financial results for FY 2024 (April 1, 2024 - March 31, 2025)

(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 Qtr. | 267,000 | 5.6 | 35,500 | 0.6 | 45,000 | 6.6 | 28,500 | 9.3 | 94.02 |
| Annual | 533,500 | 6.0 | 68,500 | 8.0 | 86,500 | 9.1 | 55,500 | 8.8 | 183.08 |

*Notes

- (1) Changes of important subsidiaries during the period: No
(Change in specified subsidiary with change in scope of consolidation)
- (2) Change in accounting policies and estimates, correction of prior period errors
 (a) Change in accounting policy with revision of accounting standard: No
 (b) Change in account policy other than (a): No
 (c) Change in accounting estimates: No
 (d) Correction of prior period errors: No
- (3) Shares issued (common stock)
 (a) Number of shares issued (including treasury stocks)
 FY2023 342,090,836
 FY2022 342,090,836
 (b) Number of treasury stocks
 FY2023 38,948,401
 FY2022 29,950,190
 (c) Weighted average of number of shares
 FY2023 310,032,708
 FY2022 312,428,373
 (Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Number of shares issued, Number of treasury stocks and Weighted average of number of shares have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

(Ref.) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

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

| | Net sales | | Operating Profit | | Ordinary Profit | | Profit | |
|--------|-------------|------|------------------|------|-----------------|------|-------------|------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| FY2023 | 184,541 | 4.4 | 26,427 | 15.5 | 52,701 | 7.6 | 45,126 | 10.6 |
| FY2022 | 176,787 | 12.8 | 22,888 | 76.4 | 48,996 | 34.4 | 40,790 | 31.0 |

| | Basic earnings per Share | Diluted earnings per Share |
|--------|--------------------------|----------------------------|
| | yen | yen |
| FY2023 | 145.55 | — |
| FY2022 | 130.54 | — |

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Basic earnings per share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

(2) Non-consolidated financial position

| | Total Assets | Net Assets | Equity to Asset Ratio | Net Assets per Share |
|--------|--------------|-------------|-----------------------|----------------------|
| | million yen | million yen | % | yen |
| FY2023 | 373,096 | 218,618 | 58.6 | 721.17 |
| FY2022 | 345,192 | 207,752 | 60.2 | 665.58 |

(Ref.) Equity for FY2023 218,618 million yen FY2022 207,752 million yen

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Net Assets per share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

2. Forecast for non-consolidated financial results for FY 2024 (April 1, 2024 - March 31, 2025)

(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 Qtr. | 93,500 | (0.8) | 15,500 | (2.1) | 23,500 | (4.0) | 20,500 | 3.5 | 67.62 |
| Annual | 185,000 | 0.2 | 27,500 | 4.1 | 50,000 | (5.1) | 42,500 | (5.8) | 140.20 |

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

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

Note concerning statements about the future, etc.

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

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

Procedure for obtaining supplementary information on financial results

We plan to hold a briefing for analysts and institutional investors on May 14, 2024.

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

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1. Business Performance Overview

(1) Qualitative Information Regarding Consolidated Business Results

i. Performance Overview

During the fiscal year ended March 31, 2024, despite a gradual recovery in economic conditions, partly as the result of the effects of various policies, the Japanese economy remained susceptible to downward risks arising from factors including global monetary tightening and an unclear outlook for the Chinese economy, as well as to the impacts of rises in the cost of living and other developments.

Against this background, the Yakult Group worked to build awareness and understanding of the probiotics that constitute the bedrock of our operations while striving to communicate the superiority of our products. Guided by our long-term vision, Yakult Group Global Vision 2030, we pursued business activities and sought to improve our performance with the aim of evolving into a healthcare company that continues to contribute to the health of people around the world.

Following these efforts, consolidated net sales for the fiscal year under review increased 4.1% from the previous year to 503,079 million yen. Operating profit decreased 4.0% to 63,399 million yen, while ordinary profit rose 1.7% to 79,300 million yen. Profit attributable to owners of parent increased 0.7% to 51,006 million yen.

ii. Overview by Segment

• Food and Beverages (Japan)

In dairy products, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain Yakult by utilizing evidence to proactively conduct grassroots value dissemination initiatives.

In our home delivery channel, we implemented initiatives to attract new customers for the fermented milk drink *Yakult 1000*, as well as *Yakult 400W*, which we released in a revamped form in September 2023. At the same time, we encouraged existing customers to continue their consumption of Yakult products. Meanwhile, we sought to boost revenue in our online ordering service, Yakult Delivery Net, by resuming the acceptance of new orders for *Yakult 1000* and *Yakult 400W* in August 2023. To strengthen our home delivery organization, we pressed ahead with our efforts to conduct recruitment activities and create convenient working conditions for Yakult Ladies.

As for the retail store channel, we sought to increase revenue by creating sales spaces offering high visibility with a focus on the fermented milk drink *Y1000*. We also utilized promotion staff to conduct value dissemination activities for the *New Yakult* fermented milk drink series.

In product-specific initiatives, we increased production capacity for *Yakult 1000* and *Y1000*. For the *New Yakult* series, we implemented a price revision in September 2023 in response to rising raw material costs and the sudden sharp rise in logistics and other costs. In addition, in July 2023 we began year-round sales of the hard-type yogurt *Sofuhl Lemon*, which we had been selling as a limited-time item.

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

In other beverages, we implemented sales promotion campaigns primarily for our *Toughman* series of energy drinks and the *Yakult no Oishii Hakkou Kajitsu* (Yakult Tasty Fermented Fruit Juice) beverage fermented with lactic acid bacteria in an effort to increase sales.

Consequently, consolidated net sales for the Food and Beverages (Japan) segment increased 4.9% from the previous fiscal year, totaling 252,179 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 the *Yakult* fermented milk drink outside of Japan spans 39 countries and regions centered around 28 companies and one research center, with average daily bottle sales of approximately 26.06 million bottles in March 2024.

a. The Americas

In the Americas, *Yakult* and other products are manufactured and sold by Yakult S/A Ind. E Com. (Brazil), Yakult S.A. De C.V. (Mexico), and Yakult U.S.A. Inc.

At Yakult U.S.A. Inc., sales figures increased steadily as a result of boosting support for sales through publicity campaigns and other initiatives, and making proactive efforts to cultivate new business, which led to more stores stocking our products.

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

As a result of these efforts, consolidated net sales in the Food and Beverages (The Americas) segment increased 26.6% from the previous year to 82,186 million yen.

b. Asia and Oceania

In Asia and Oceania, *Yakult* and other products are manufactured and sold by Hong Kong Yakult Co., Ltd.; Yakult (Singapore) Pte. Ltd.; PT. Yakult Indonesia Persada; Yakult Australia Pty. Ltd.; Guangzhou Yakult Co., Ltd.; Yakult (Malaysia) Sdn. Bhd.; Shanghai Yakult Co., Ltd.; Yakult (China) Corporation; Yakult Vietnam Co., Ltd.; and Yakult Danone India Pvt. Ltd.; among others. In addition, Yakult Middle East FZCO and other companies import *Yakult* and other products for sale.

At Yakult Vietnam Co., Ltd., aggressive efforts to develop sales promotion initiatives, enhance the home delivery organization, and increase the number of stores stocking our products resulted in a steady increase in sales volume.

Guangzhou Yakult Co., Ltd., Shanghai Yakult Co., Ltd. and Yakult (China) Corporation sought to expand their sales regions by establishing new branches in June, September, and November 2023 and commencing sales of *Yakult*, *Yakult Light*, and *Yakult 50 Billion Light* in the retail store channels of these branches. This brought the number of sales locations operated by Guangzhou Yakult Co., Ltd., Shanghai Yakult Co., Ltd. and Yakult (China) Corporation to 53. However, their revenue was impacted by various factors, including China's delayed economic recovery and a slowdown in consumption. Both companies will continue working to restore their performance by implementing their respective measures from a short- to medium-term perspective.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment declined 5.1% from the previous year to 133,274 million yen.

c. Europe

In Europe, *Yakult* and other products are manufactured by Yakult Europe B.V., and sold by Yakult Nederland B.V., Yakult Belgium N.V./S.A., Yakult Europe B.V., Yakult UK Ltd., Yakult Deutschland GmbH, Yakult Oesterreich GmbH, and Yakult Italia S.r.l.

In this region, we aimed for sustainable growth by conducting sales activities in a manner that takes advantage of heightened health consciousness and that is tailored to the markets in each individual country.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 6.5% from the previous year to 10,351 million yen.

• Others

This segment encompasses Yakult's cosmetics manufacturing and sales, pharmaceuticals manufacturing and sales, and professional baseball team operations.

In our cosmetics operations, we focused on initiatives that would disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, which is the result of the extensive research on lactic acid bacteria we have conducted since our founding, in order to help customers realize their internal and external beauty and to increase the number of regular users of our cosmetics.

Specific examples of such activities include releasing a revamped version of *Lactdew S.E. Lotion 1* from our *Lactdew* series of basic skin care products in April 2023. We also released seven skin care items—chiefly revamped versions—from our *Parabio* series of high-performance basic skin care products in November 2023 and January 2024. In addition, we sought to raise product awareness for both series by airing TV commercials featuring the singer Chisato Moritaka and the makeup artist IKKO.

Following such initiatives, the results of the cosmetics operation as a whole surpassed those of the previous year.

In our pharmaceuticals operations, we promoted awareness and the proper use of our products, particularly those specializing in oncology and related fields. However, with regard to our mainstay product, the antineoplastic drug *Elplat*, our revenue was impacted by medical institutions increasingly switching to available generic versions and by revisions to National Health Insurance drug prices in April 2023, which reduced prices for most of Yakult's pharmaceutical products.

As a consequence, the results of the pharmaceuticals operation as a whole were lower than in the previous year.

In October 2023, we signed a basic agreement regarding the transfer to Takata Pharmaceutical Co., Ltd. of marketing authorization for certain anticancer drugs. We are currently progressing with systematic preparations to transfer the marketing authorization for *Elplat* and other drugs, paying due attention to the interests of patients and all other parties concerned.

In our professional baseball operations, attendance increased as a result of proactive fan service engagements that included a variety of events as well as dissemination of a range of information.

As a result of the above factors, consolidated net sales in the Others segment fell 5.1% from the previous year to 36,256 million yen.

(2) Financial Position

Total assets at the fiscal year end amounted to 833,286 million yen, an increase of 83,867 million yen compared to the previous fiscal year end.

Net assets increased 60,449 million yen from the previous fiscal year-end to 605,946 million yen.

The main factors were an increase in foreign currency translation adjustments due to a weaker yen and an increase in retained earnings due to profit attributable to owners of parent. These factors outweighed the effects of repurchase of shares as treasury stock further to a resolution by the Board of Directors at its meeting held on November 14, 2023.

The equity-to-asset ratio was 65.9%, a decrease of 0.6 percentage point from the previous fiscal yearend.

(3) Cash Flow**(Status of Cash Flow)**

| | Fiscal year 2022 | Fiscal year 2023 | YoY Change |
|---|---------------------|---------------------|---------------|
| Cash flow from operating activities | 86,513 | 70,702 | (15,811) |
| Cash flow from investing activities | (19,024) | (43,906) | (24,882) |
| Cash flow from financing activities | (44,531) | (39,541) | 4,990 |
| Effect of exchange rate change on cash and cash equivalents | 16,806 | 19,904 | 3,098 |
| Net increase (decrease) in cash and cash equivalents | 39,763 | 7,158 | (32,604) |
| Cash and cash equivalents at beginning of period | 150,725 | 190,489 | 39,763 |
| Cash and cash equivalents at end of period | 190,489 | 197,648 | 7,158 |

Cash derived from operating activities decreased 15,811 million yen from the previous year. This was primarily the result of a 11,018 million yen increase in income taxes paid (amounting to 26,193 million yen), which outweighed a 1,837 million yen increase in profit before income taxes (amounting to 80,366 million yen). As a result, cash derived from operating activities amounted to 70,702 million yen.

Cash used in investing activities increased 24,882 million yen from the previous year. The main contributing factors were an increase in cash used for purchase of non-current assets combined with a decrease in proceeds from withdrawal of time deposits. As a result, cash used in investing activities amounted to (43,906) million yen.

Cash used in financing activities decreased by 4,990 million yen. This mainly reflected proceeds from loans payable, despite increased outgoings for purchase of treasury shares and cash dividends paid. As a result, financing activities cash flow came to (39,541) million yen.

(Cash Flow Related Indices)

| | Fiscal year 2019 | Fiscal year 2020 | Fiscal year 2021 | Fiscal year 2022 | Fiscal year 2023 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Equity to asset ratio | 59.5% | 63.8% | 66.3% | 66.5% | 65.9% |
| Equity to asset ratio based on market price | 163.0% | 141.5% | 153.7% | 200.5% | 113.5% |
| Debt-to-cash-flow ratio | 1.8 years | 1.7 years | 1.1 years | 0.9 years | 1.3 years |
| Interest coverage ratio | 71.5 | 82.1 | 109.7 | 128.8 | 107.8 |

Equity to asset ratio: Shareholders' equity / total assets

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

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

Interest coverage ratio: Operating cash flow / interest payments

* All figures are calculated using consolidated financial data.

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

* "Operating cash flow" refers to cash flow from operating activities in the Consolidated Statements of Cash Flows. "Interest-bearing debt" refers to all liabilities reflected in the

consolidated balance sheets that are subject to interest payments. “Interest payments” refer to interest expenses as stated on the Consolidated Statements of Cash Flows.

(4) Forward Looking Statements

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

i. Consolidated Forecast for the Next Fiscal Year

| | Net sales (Millions of yen) | Operating profit (Millions of yen) | Ordinary profit (Millions of yen) | Profit attributable to owners of parent (Millions of yen) | Basic earnings per share (Yen) |
|----------------------------------|-----------------------------------|---|--|--|--|
| Fiscal year ending March 2025 | 533,500 | 68,500 | 86,500 | 55,500 | 183.08 |
| Fiscal year ended March 2024 | 503,079 | 63,399 | 79,300 | 51,006 | 164.52 |
| Increase/Decrease | 6.0% | 8.0% | 9.1% | 8.8% | 11.3% |

ii. Outlook by Segment

• Food and Beverages (Japan)

In dairy products, Yakult continues to be committed to focusing on the *Yakult* series of fermented milk drinks as its most important brand and communicating the science behind *Lactobacillus casei* strain Shirota. In specific terms, we will work to increase revenue by continuing to invest in marketing and implement channel-specific initiatives focusing on *Yakult 1000* and *Y1000*.

In the home delivery channel, we will accelerate brand development for *Yakult 1000* and *Yakult 400W*, and seek to strengthen our home delivery organization by continuing to conduct recruitment activities and create convenient working conditions for Yakult Ladies.

In the retail store channel, we will aim to improve results for dairy products with a focus on *Y1000* and the *New Yakult* series by deploying strategies attuned to diverse customer needs in each individual market.

In other beverages, we will focus on health drinks including the *Toughman* series, striving to boost revenue by increasing sales.

• Food and Beverages (Overseas)

Our existing companies 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 PT. Yakult Indonesia Persada; Yakult U.S.A. Inc.; Guangzhou Yakult Co., Ltd.; Shanghai Yakult Co., Ltd.; Yakult (China) Corporation; Yakult Vietnam Co., Ltd.; Yakult Danone India Pvt. Ltd.; and Yakult Middle East FZCO.

We will decide on countries and regions for future new overseas expansion after carefully considering the operating environment both internal and external to our company.

• **Others**

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

In home delivery sales within Japan, we will endeavor to attract customers to new products by introducing such products and offering opportunities to try them out, focusing on customers already using our home delivery service.

Overseas, we will press ahead with efforts to raise the profile of Yakult's products via the e-commerce shopping site Tmall Global in China to drive further sales growth.

In our pharmaceuticals operations, we are proceeding with transferring marketing authorization for one product at a time pursuant to the basic agreement signed with Takata Pharmaceutical Co., Ltd. regarding the transfer of marketing authorization for *Elplat* and other drugs.

Meanwhile, in our professional baseball operations, we will endeavor to meet fans' expectations by building up the strength of the team and making efforts to improve our various fan service engagements.

(5) Basic Policy on the Distribution of Profits; Dividends in Fiscal year 2023 and 2024

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

Based on this policy, we decided to pay a total dividend of 55.5 yen per share for the fiscal year ended March 31, 2024, up 10.5 yen from the prior fiscal year. We have already paid an interim dividend of 27.5 yen per share, and the balance of 28.0 yen per share will be distributed to shareholders as the year-end dividend. (The total dividends per share for the fiscal years ended March 31, 2023 and 2024, and the interim dividend for the fiscal year ended March 31, 2024 are presented in amounts that take into account the impact of the 2-for-1 stock split carried out on October 1, 2023.)

For the fiscal year ending March 31, 2025, we plan to raise the annual dividend by 8.5 yen to 64 yen per share to further enhance our redistribution of profits to shareholders.

2. Group Companies

The Yakult Group is comprised of Yakult Honsha, 71 subsidiaries, and 18 affiliates.

The Group's main businesses and the positioning of each are outlined below.

Starting from the fiscal year under review, the Company changed its reportable segment categories. Details are stated in "(Segment Information, etc.)" under "(5) Notes on Consolidated Financial Statements" as part of "4. Consolidated Financial Statements and Notes."

[Food and Beverages Business]

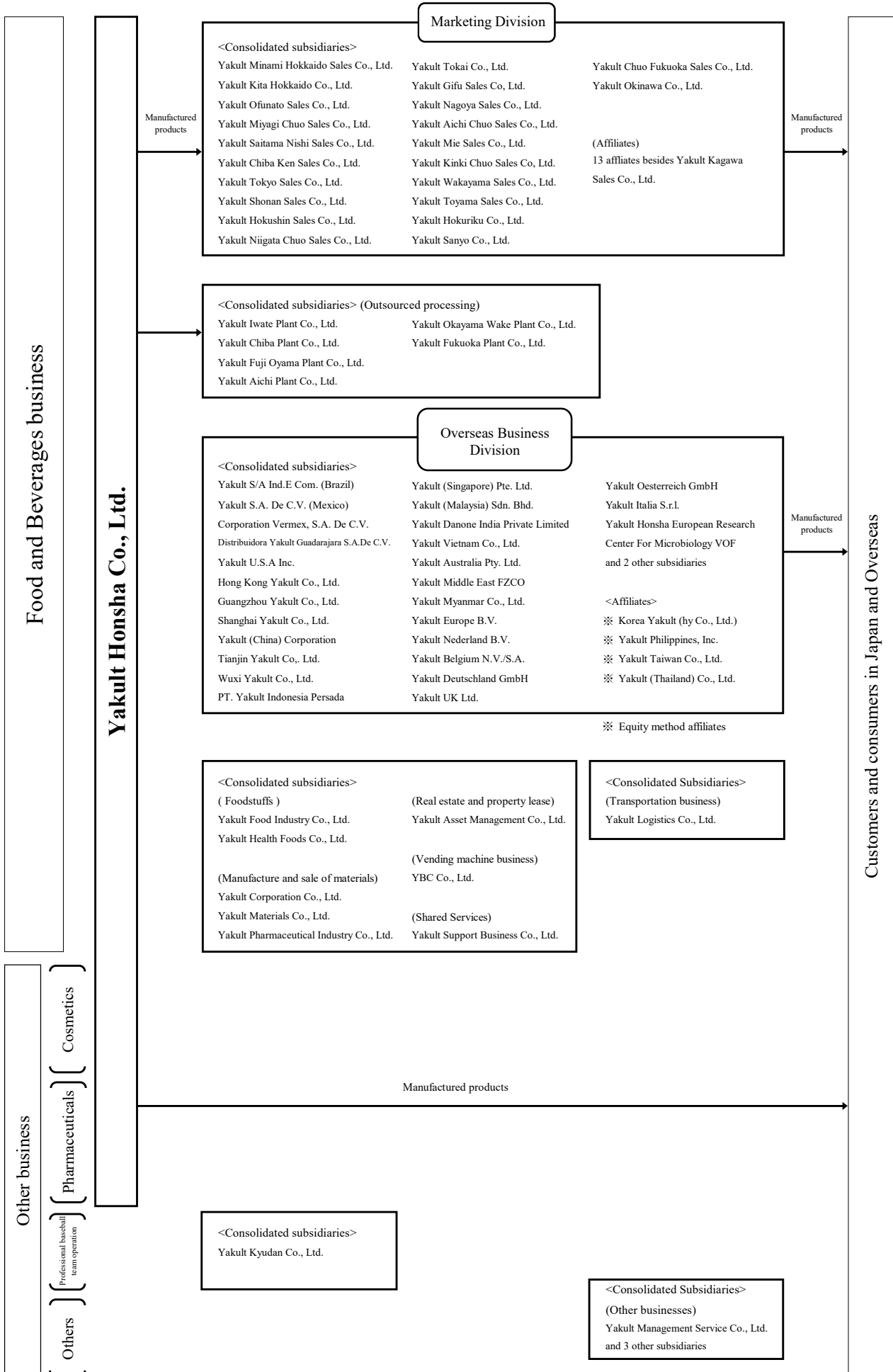
1. Dairy products : Yakult Honsha manufactures dairy products which are primarily sold by 107 Yakult marketing companies across Japan (including one subsidiary of Yakult Miyagi Chuo Sales Co., Ltd. and four subsidiaries of Yakult Tokai Co., Ltd. Among these, Yakult Tokyo Sales Co., Ltd. and 21 others are consolidated subsidiaries, while Yakult Kagawa Sales Co., Ltd. and 13 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 five 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 by 107 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, mainly via Yakult Honsha, by 107 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 25 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.

[Other Business]

1. Cosmetics : Yakult Honsha manufactures products which are sold by 106 Yakult marketing companies across Japan.
2. Pharmaceutical products : Yakult Honsha manufactures and purchases products which are sold to hospitals and pharmacies via pharmaceutical wholesalers.
3. 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 2022 As of March 31, 2023 | Fiscal year 2023 As of March 31, 2024 |
| Assets | | |
| Current Assets | | |
| Cash and Deposits | 241,185 | 255,257 |
| Notes and accounts receivable-trade | 60,139 | 61,218 |
| Merchandises and Finished goods | 10,383 | 9,963 |
| Work in process | 2,578 | 2,436 |
| Raw materials and supplies | 23,741 | 24,689 |
| Others | 16,452 | 19,330 |
| Allowance for doubtful accounts | (285) | (733) |
| Total current assets | 354,195 | 372,161 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 197,724 | 213,274 |
| Accumulated depreciation | (103,953) | (112,558) |
| Buildings and structures, net | 93,771 | 100,715 |
| Machinery, equipment and vehicles | 201,814 | 227,351 |
| Accumulated depreciation | (139,305) | (156,169) |
| Machinery, equipment and vehicles, net | 62,508 | 71,182 |
| Land | 46,054 | 64,795 |
| Lease assets | 30,699 | 32,660 |
| Accumulated depreciation | (18,226) | (19,879) |
| Lease assets, net | 12,473 | 12,780 |
| Construction in progress | 6,151 | 7,093 |
| Others | 30,503 | 32,606 |
| Accumulated depreciation | (26,339) | (28,176) |
| Others, net | 4,164 | 4,430 |
| Total Property, plant and equipment | 225,122 | 260,998 |
| Intangible assets | | |
| Software | 2,269 | 2,887 |
| Others | 3,300 | 3,682 |
| Total intangible assets | 5,570 | 6,569 |
| Investments and other assets | | |
| Investment securities | 66,000 | 78,573 |
| Shares of subsidiaries and associates | 79,673 | 87,126 |
| Deferred tax assets | 4,052 | 6,429 |
| Net defined benefit asset | 6,927 | 13,266 |
| Others | 7,962 | 8,245 |
| Allowance for doubtful accounts | (85) | (83) |
| Total investments and other assets | 164,531 | 193,558 |
| Total non-current assets | 395,224 | 461,125 |
| Total assets | 749,419 | 833,286 |

Yakult Honsha Co., Ltd. (2267) Financial Report for the year ended March 31, 2024

(Millions of yen)

| | Fiscal year 2022 As of March 31, 2023 | Fiscal year 2023 As of March 31, 2024 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 28,958 | 25,338 |
| Short-term loans payable | 3,208 | 41,834 |
| Current portion of long-term loans payable | 45,839 | 5,565 |
| Lease obligations | 3,256 | 3,436 |
| Income taxes payable | 11,539 | 6,672 |
| Provision for bonuses | 6,784 | 6,352 |
| Notes payable - facilities | 2,440 | 7,150 |
| Others | 45,618 | 49,218 |
| Total current liabilities | 147,645 | 145,567 |
| Non-current liabilities | | |
| Long-term loans payable | 14,559 | 30,335 |
| Lease obligations | 7,837 | 8,208 |
| Deferred tax liabilities | 24,535 | 32,843 |
| Provision for directors' retirement benefits | 360 | 254 |
| Net defined benefit liability | 4,279 | 4,517 |
| Asset retirement obligations | 1,693 | 1,740 |
| Others | 3,011 | 3,872 |
| Total non-current liabilities | 56,277 | 81,772 |
| Total liabilities | 203,922 | 227,340 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 31,117 | 31,117 |
| Capital surplus | 41,572 | 42,090 |
| Retained earnings | 484,243 | 519,641 |
| Treasury shares | (81,927) | (111,235) |
| Total shareholders' equity | 475,006 | 481,613 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 20,417 | 30,920 |
| Foreign currency translation adjustment | 3,991 | 34,198 |
| Remeasurements of defined benefit plans | (756) | 2,552 |
| Total accumulated other comprehensive income | 23,652 | 67,671 |
| Non-controlling interests | 46,837 | 56,661 |
| Total net assets | 545,496 | 605,946 |
| Total liabilities and net assets | 749,419 | 833,286 |

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

| | Previous period From April 1, 2022 to March 31, 2023 | Current period From April 1, 2023 to March 31, 2024 |
|---|--|---|
| Net sales | 483,071 | 503,079 |
| Cost of sales | 194,593 | 203,166 |
| Gross profit | 288,477 | 299,913 |
| Selling, general and administrative expenses | | |
| Selling expenses | 103,313 | 107,472 |
| General and administrative expenses | 119,096 | 129,040 |
| Total selling, general and administrative expenses | 222,409 | 236,513 |
| Operating profit | 66,068 | 63,399 |
| Non-operating income | | |
| Interest income | 6,036 | 11,594 |
| Dividend income | 1,970 | 2,099 |
| Share of profit of entities accounted for using equity method | 2,638 | 2,060 |
| Others | 3,604 | 2,693 |
| Total non-operating income | 14,250 | 18,448 |
| Non-operating expenses | | |
| Interest expenses | 666 | 660 |
| Commission fee | 418 | 333 |
| Foreign exchange losses | — | 586 |
| Others | 1,262 | 967 |
| Total non-operating expenses | 2,347 | 2,547 |
| Ordinary profit | 77,970 | 79,300 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 598 | 257 |
| Gain on sales of investment securities | 1,267 | 3,052 |
| Others | 2,382 | — |
| Total extraordinary income | 4,248 | 3,310 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 23 | 39 |
| Loss on retirement of non-current assets | 1,214 | 1,311 |
| Loss on sales of investment securities | 1,128 | — |
| Impairment loss | 1,324 | 152 |
| Others | — | 741 |
| Total extraordinary losses | 3,690 | 2,244 |
| Profit before income taxes | 78,529 | 80,366 |
| Income taxes - current | 21,959 | 22,232 |
| Income taxes - deferred | 677 | 295 |
| Total income taxes | 22,636 | 22,528 |
| Profit | 55,892 | 57,838 |
| Profit attributable to non-controlling interests | 5,251 | 6,832 |
| Profit attributable to owners of parent | 50,641 | 51,006 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Previous period From April 1, 2022 to March 31, 2023 | Current period From April 1, 2023 to March 31, 2024 |
|--|--|---|
| Profit | 55,892 | 57,838 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,083 | 10,548 |
| Foreign currency translation adjustment | 34,079 | 35,250 |
| Remeasurements of defined benefit plans, net of tax | 1,591 | 3,319 |
| Share of other comprehensive income of entities accounted for using equity method | 367 | 2,377 |
| Total other comprehensive income | 38,122 | 51,496 |
| Comprehensive income | 94,015 | 109,335 |
| Comprehensive income attributable to: | | |
| Owners of parent | 82,395 | 95,024 |
| Non-controlling interests | 11,619 | 14,310 |

(3) Consolidated Statement of Changes in Equity

Fiscal year 2022 (April 1, 2022 - March 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total Shareholders' equity |
| Balance at beginning of current period | 31,117 | 41,116 | 446,331 | (64,395) | 454,169 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (12,729) | | (12,729) |
| Change in ownership of the subsidiary owned by foreign affiliated company | | | | | — |
| Change in ownership interest of parent due to transaction with non-controlling interests | | 152 | | | 152 |
| Profit attributable to owners of parent | | | 50,641 | | 50,641 |
| Purchase of treasury shares | | | | (18,525) | (18,525) |
| Disposal of treasury shares | | 304 | | 993 | 1,298 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | 456 | 37,912 | (17,531) | 20,837 |
| Balance at end of current period | 31,117 | 41,572 | 484,243 | (81,927) | 475,006 |

| | 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 | 18,327 | (24,086) | (2,342) | (8,101) | 38,867 | 484,935 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (12,729) |
| Change in ownership of the subsidiary owned by foreign affiliated company | | | | | | — |
| Change in ownership interest of parent due to transaction with non-controlling interests | | | | | | 152 |
| Profit attributable to owners of parent | | | | | | 50,641 |
| Purchase of treasury shares | | | | | | (18,525) |
| Disposal of treasury shares | | | | | | 1,298 |
| Net changes of items other than shareholders' equity | 2,089 | 28,078 | 1,585 | 31,753 | 7,970 | 39,724 |
| Total changes of items during period | 2,089 | 28,078 | 1,585 | 31,753 | 7,970 | 60,561 |
| Balance at end of current period | 20,417 | 3,991 | (756) | 23,652 | 46,837 | 545,496 |

Fiscal year 2023 (April 1, 2023 - March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total Shareholders' equity |
| Balance at beginning of current period | 31,117 | 41,572 | 484,243 | (81,927) | 475,006 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (15,608) | | (15,608) |
| Change in ownership of the subsidiary owned by foreign affiliated company | | 396 | | | 396 |
| Change in ownership interest of parent due to transaction with non-controlling interests | | | | | — |
| Profit attributable to owners of parent | | | 51,006 | | 51,006 |
| Purchase of treasury shares | | | | (30,002) | (30,002) |
| Disposal of treasury shares | | 120 | | 694 | 815 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | 517 | 35,397 | (29,308) | 6,606 |
| Balance at end of current period | 31,117 | 42,090 | 519,641 | (111,235) | 481,613 |

| | 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 | 20,417 | 3,991 | (756) | 23,652 | 46,837 | 545,496 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (15,608) |
| Change in ownership of the subsidiary owned by foreign affiliated company | | | | | | 396 |
| Change in ownership interest of parent due to transaction with non-controlling interests | | | | | | — |
| Profit attributable to owners of parent | | | | | | 51,006 |
| Purchase of treasury shares | | | | | | (30,002) |
| Disposal of treasury shares | | | | | | 815 |
| Net changes of items other than shareholders' equity | 10,503 | 30,207 | 3,308 | 44,018 | 9,823 | 53,842 |
| Total changes of items during period | 10,503 | 30,207 | 3,308 | 44,018 | 9,823 | 60,449 |
| Balance at end of current period | 30,920 | 34,198 | 2,552 | 67,671 | 56,661 | 605,946 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| | Previous period From April 1, 2022 to March 31, 2023 | Current period From April 1, 2023 to March 31, 2024 |
|---|--|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 78,529 | 80,366 |
| Depreciation | 25,333 | 27,841 |
| Impairment loss | 1,324 | 152 |
| Increase (decrease) in provision | 491 | (603) |
| Increase (decrease) in net defined benefit liability | (82) | 132 |
| Interest and dividend income | (8,007) | (13,693) |
| Interest expenses | 666 | 660 |
| Share of loss (profit) of entities accounted for using equity method | (2,638) | (2,060) |
| Loss (gain) on sales and retirement of non-current assets | 639 | 1,092 |
| Loss (gain) on sales of investment securities | (139) | (3,052) |
| Other loss (gain) | 1,254 | 1,399 |
| Decrease (increase) in notes and accounts receivable - trade | (5,788) | 1,128 |
| Decrease (increase) in inventories | (5,437) | 1,293 |
| Increase (decrease) in notes and accounts payable - trade | 2,131 | (4,503) |
| Increase/decrease in other assets/liabilities | 4,292 | (7,691) |
| Subtotal | 92,569 | 82,460 |
| Interest and dividend income received | 9,789 | 15,090 |
| Interest expenses paid | (671) | (655) |
| Income taxes paid | (15,174) | (26,193) |
| Cash flows from operating activities | 86,513 | 70,702 |
| Cash flows from investing activities | | |
| Payment into time deposits | (88,183) | (85,236) |
| Proceeds from withdrawal of time deposits | 94,276 | 81,836 |
| Purchase of non-current assets | (30,285) | (46,233) |
| Proceeds from sales of non-current assets | 775 | 473 |
| Purchase of long-term investment securities | (18) | (228) |
| Proceeds from sales of investment securities | 4,874 | 5,896 |
| Others, net | (463) | (414) |
| Cash flows from investing activities | (19,024) | (43,906) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (1,614) | 38,626 |
| Proceeds from long-term loans payable | 100 | 21,500 |
| Repayments of long-term loans payable | (5,417) | (45,997) |
| Repayments of lease obligations | (4,165) | (4,747) |
| Purchase of treasury shares | (18,525) | (30,002) |
| Proceeds from sales of treasury shares | 1,317 | 623 |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (95) | — |
| Proceeds from share issuance to non-controlling shareholders | — | 183 |
| Cash dividends paid | (12,712) | (15,588) |
| Dividends paid to non-controlling interests | (3,420) | (4,138) |
| Cash flows from financing activities | (44,531) | (39,541) |
| Effect of exchange rate change on cash and cash equivalents | 16,806 | 19,904 |
| Net increase (decrease) in cash and cash equivalents | 39,763 | 7,158 |
| Cash and cash equivalents at beginning of period | 150,725 | 190,489 |
| Cash and cash equivalents at end of period | 190,489 | 197,648 |

(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: 72

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 Fuji Oyama Plant Co., Ltd. (Newly established)

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

3. Matters related to the fiscal year of consolidated subsidiaries

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

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

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

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

4. Matters related to accounting policies

(1) Standards and methods for valuation of significant assets

i. Investment securities

Other investment securities

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

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

Shares, etc. without a market price:

Primarily stated at cost based on the moving-average method

ii. Inventories:

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

(2) Depreciation methods applied to significant depreciable assets

The Company and its domestic subsidiaries

i. Tangible fixed assets (excluding leased assets)

Buildings (excluding building fixtures)

| | |
|--------------------------------------|--------------------------|
| Acquired on or before March 31, 1998 | Declining balance method |
|--------------------------------------|--------------------------|

| | |
|------------------------------------|----------------------|
| Acquired on or after April 1, 1998 | Straight-line method |
|------------------------------------|----------------------|

Building fixtures and structures

| | |
|--------------------------------------|--------------------------|
| Acquired on or before March 31, 2016 | Declining balance method |
|--------------------------------------|--------------------------|

| | |
|------------------------------------|----------------------|
| Acquired on or after April 1, 2016 | Straight-line method |
|------------------------------------|----------------------|

Other tangible fixed assets

Declining balance method

Principal useful lives

Buildings and structures: 12 to 50 years

Machinery, equipment and vehicles: 4 to 17 years

ii. Intangible assets (excluding lease assets)

Software

Software for internal use

Straight-line method over a useful life of five years

Other intangible assets

Straight-line method

iii. Leased assets

Leased assets relating to finance lease transactions without transfer of ownership

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

Foreign subsidiaries

Tangible fixed assets

Straight-line method

Principal useful lives

Buildings and structures: 5 to 40 years

Machinery, equipment and vehicles: 3 to 20 years

Intangible assets

Straight-line method

Right-of-use assets

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

(included in leased assets)

(3) Accounting standards for significant allowances

i. Allowance for doubtful accounts

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

- | | |
|---|--|
| ii. Provision for bonuses | To provide for future payment of bonuses to employees, the Company and its main consolidated subsidiaries book the estimated amounts to be paid during the fiscal year under review. |
| iii. Provision for directors' retirement benefits | To provide for future payments of retirement benefits to directors/officers, the Company's main consolidated subsidiaries book the entire amount to be needed at the end of the fiscal period based on their internal regulations. |

(4) Accounting method for retirement benefits

i. Service period basis for projected retirement benefits

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

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

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

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

(5) Accounting standards for significant revenue and expenses

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

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

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

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

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

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

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

(Consolidated Statement of Income)

Other Extraordinary Losses

This is mainly the loss of 737 million yen in the Pharmaceuticals business relating primarily to disposal of inventory accompanying the transfer of marketing authorization for certain anticancer drugs to another company.

(Segment Information, etc.)

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 and other products. In Japan, the Group's dairy and other products business is operated 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.

Therefore, the Company has one reportable segment by product and service comprising the Food and Beverages segment, which 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.

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

From the current fiscal year, we have changed the presentation of the pharmaceuticals business, which had previously been presented as a reportable segment, to include it in the Others segment. This was due to the decline in the financial significance of the pharmaceuticals business.

Segment information for the previous fiscal year has been prepared according to the segment categories after the change.

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

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

Intersegment sales and transfers are based on prevailing market prices.

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

(1) Fiscal year 2022 (April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Food and Beverages | | | |
|--|--------------------|--------------|------------------|--------|
| | Japan | The Americas | Asia and Oceania | Europe |
| Net sales | | | | |
| Revenue from contracts with customers | 231,859 | 64,920 | 140,465 | 9,724 |
| Other revenues | — | — | — | — |
| Net sales to external customers | 231,859 | 64,920 | 140,465 | 9,724 |
| Intersegment net sales or transfers | 8,595 | — | — | — |
| Total | 240,455 | 64,920 | 140,465 | 9,724 |
| Segment profit (loss) | 47,443 | 15,974 | 18,711 | 116 |
| Segment assets | 216,883 | 112,125 | 287,756 | 11,374 |
| Other: | | | | |
| Depreciation and amortization | 10,283 | 2,328 | 11,456 | 383 |
| Increased amount of tangible and intangible assets | 14,986 | 2,881 | 13,747 | 648 |

| | Others | Adjustments | Consolidated results |
|--|--------|-------------|----------------------|
| Net sales | | | |
| Revenue from contracts with customers | 36,101 | — | 483,071 |
| Other revenues | — | — | — |
| Net sales to external customers | 36,101 | — | 483,071 |
| Intersegment net sales or transfers | 2,107 | (10,703) | — |
| Total | 38,208 | (10,703) | 483,071 |
| Segment profit (loss) | 1,050 | (17,228) | 66,068 |
| Segment assets | 23,372 | 97,907 | 749,419 |
| Other: | | | |
| Depreciation and amortization | 390 | 490 | 25,333 |
| Increased amount of tangible and intangible assets | 360 | 652 | 33,277 |

Notes: Adjustments are as follows:

- (1) The (17,228) million yen adjustment in segment profit (loss) includes (10,933) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.
- (2) The 97,907 million yen of adjustment in segment assets includes 105,319 million yen of corporate assets not allocated to specific reportable segments. Corporate assets include cash and deposits, long-term investment funds (investment securities), deferred tax assets, and assets related to administrative divisions of the Company, that cannot be attributed to any specific reportable segments.
- (3) Adjustment in depreciation consists of 490 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increased amount of tangible and intangible assets consists of 652 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

(2) Fiscal year 2023 (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Food and Beverages | | | |
|--|--------------------|--------------|------------------|--------|
| | Japan | The Americas | Asia and Oceania | Europe |
| Net sales | | | | |
| Revenue from contracts with customers | 243,233 | 82,186 | 133,274 | 10,351 |
| Other revenues | — | — | — | — |
| Net sales to external customers | 243,233 | 82,186 | 133,274 | 10,351 |
| Intersegment net sales or transfers | 8,946 | — | — | — |
| Total | 252,179 | 82,186 | 133,274 | 10,351 |
| Segment profit (loss) | 49,525 | 21,683 | 9,760 | (311) |
| Segment assets | 227,851 | 145,224 | 296,973 | 12,239 |
| Other: | | | | |
| Depreciation and amortization | 10,784 | 2,855 | 12,845 | 434 |
| Increased amount of tangible and intangible assets | 25,521 | 2,980 | 7,674 | 1,005 |

| | Others | Adjustments | Consolidated results |
|--|--------|-------------|----------------------|
| Net sales | | | |
| Revenue from contracts with customers | 34,033 | — | 503,079 |
| Other revenues | — | — | — |
| Net sales to external customers | 34,033 | — | 503,079 |
| Intersegment net sales or transfers | 2,223 | (11,169) | — |
| Total | 36,256 | (11,169) | 503,079 |
| Segment profit (loss) | 818 | (18,076) | 63,399 |
| Segment assets | 22,867 | 128,130 | 833,286 |
| Other: | | | |
| Depreciation and amortization | 385 | 535 | 27,841 |
| Increased amount of tangible and intangible assets | 773 | 20,352 | 58,308 |

Notes: Adjustments are as follows:

- (1) The (18,076) million yen adjustment in segment profit (loss) includes (11,351) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.
- (2) The 128,130 million yen of adjustment in segment assets includes 136,009 million yen of corporate assets not allocated to specific reportable segments. Corporate assets include cash and deposits, long-term investment funds (investment securities), deferred tax assets, and assets related to administrative divisions of the Company, that cannot be attributed to any specific reportable segments.
- (3) Adjustment in depreciation consists of 535 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increased amount of tangible and intangible assets consists of 20,352 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

4. Information about geographical areas

Fiscal year 2022 (April 1, 2022 to March 31, 2023)

(1) Net sales (Millions of yen)

| Japan | The Americas | Asia and Oceania | Europe | Total |
|---------|--------------|------------------|--------|---------|
| 263,674 | 64,931 | 144,741 | 9,724 | 483,071 |

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 |
|---------|--------------|------------------|--------|---------|
| 114,475 | 17,859 | 89,662 | 3,126 | 225,122 |

Fiscal year 2023 (April 1, 2023 to March 31, 2024)

(1) Net sales (Millions of yen)

| Japan | The Americas | Asia and Oceania | Europe | Total |
|---------|--------------|------------------|--------|---------|
| 276,520 | 82,213 | 133,994 | 10,351 | 503,079 |

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 |
|---------|--------------|------------------|--------|---------|
| 147,654 | 20,406 | 89,439 | 3,498 | 260,998 |

(Per Share Information)

| Fiscal year 2022 (April 1, 2022 to March 31, 2023) | | Fiscal year 2023 (April 1, 2023 to March 31, 2024) | |
|---|-----------|---|-----------|
| Net assets per share | ¥1,597.55 | Net assets per share | ¥1,811.97 |
| Basic earnings per share | ¥162.09 | Basic earnings per share | ¥164.52 |

- (Notes) 1. On October 1, 2023, the Company carried out a 2-for-1 stock split of shares of common stock. Net assets per share and basic earnings per share have been calculated on the presumption that the stock split was carried out at the beginning of the fiscal year ended March 31, 2023.
2. The basis for calculation of basic earnings per share is as shown below.

Note: Basis for calculation of basic earnings per share

| | Fiscal year 2022 (April 1, 2022 to March 31, 2023) | Fiscal year 2023 (April 1, 2023 to March 31, 2024) |
|--|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (millions of yen) | 50,641 | 51,006 |
| Amount not attributable to common shareholders (millions of yen) | — | — |
| Profit attributable to owners of parent and available to common shareholders (millions of yen) | 50,641 | 51,006 |
| Average number of shares during reporting period (1,000 shares) | 312,428 | 310,032 |

(Significant Subsequent Events)

None.