

Consolidated Financial Results for the 1st Quarter ended June 30, 2021
(Japanese Generally Accepted Accounting Principles)



July 30, 2021

Name of company	Yakult Honsha Co., Ltd.	
Stock exchange listing	First section 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
Scheduled date of filing Statutory quarterly financial report	August 11, 2021	
Scheduled date of payment of dividends	—	
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 1st quarter of FY2021, ended June 30, 2021 (April 1, 2021 - June 30, 2021)

(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	%
1Q FY2021	96,423	4.2	11,614	5.1	16,469	(7.0)	11,742	2.8
1Q FY2020	92,528	(3.5)	11,046	10.7	17,710	29.0	11,419	32.3

(Note) Comprehensive income for 1Q FY2021 22,323 million yen { - % } 1Q FY2020 (9,686) million yen { - % }

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
1Q FY2021	73.20	—
1Q FY2020	71.27	—

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) etc. was applied from the beginning of the first quarter of the current fiscal year. For details, see the attached material page 2, “Business Performance Overview”, and page 5, “Disclaimer on Future Outlook Including Consolidated Financial Results Forecast.”

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio
	million yen	million yen	%
1Q FY2021	642,658	457,683	65.5
FY2020	635,102	439,761	63.8

(Ref.) Equity for 1Q FY2021 420,901 million yen FY 2020 404,951 million yen

2. Dividends

(Base date)	Dividends per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Total
	yen	yen	yen	yen	yen
FY2020	—	26.00	—	26.00	52.00
FY2021	—				
FY2021 (Forecast)		31.00	—	31.00	62.00

(Note) Revision of the latest dividend forecast : No

3. Forecast for consolidated financial results for FY 2021 (April 1, 2021 - March 31, 2022)

(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.	198,500	4.2	22,500	(6.9)	28,000	(16.4)	20,000	(7.9)	124.67
Annual	408,500	5.9	50,000	14.4	60,000	4.2	41,000	4.4	255.58

(Note) Revision of the latest financial forecast : No

For the impact of applying the Accounting Standard for Revenue Recognition, etc., see the attached material page 5, “Disclaimer on Future Outlook Including Consolidated Financial Results Forecast.”

*Notes

- (1) Changes of important subsidiaries during the period: No
(Change in specified subsidiary with change in scope of consolidation)
- (2) Special Accounting Treatment for Preparation of the Quarterly Consolidated Financial Statements: Yes
(Note) Details are stated on pg. 10 under “Notes on Quarterly Consolidated Financial Statements.”
- (3) Change in accounting policies and estimates, correction of prior period errors
- | | |
|---|-----|
| (a) Change in accounting policy with revision of accounting standard: | Yes |
| (b) Change in account policy other than (a): | No |
| (c) Change in accounting estimates: | No |
| (d) Correction of prior period errors: | No |
- (4) Shares issued (common stock)
- | | |
|---|-------------|
| (a)Number of shares issued (including treasury stocks) | |
| 1Q FY2021 | 171,045,418 |
| FY2020 | 171,045,418 |
| (b)Number of treasury stocks | |
| 1Q FY2021 | 10,627,583 |
| FY2020 | 10,593,453 |
| (c)Weighted average of number of shares (cumulative figure for quarter) | |
| 1Q FY2021 | 160,417,878 |
| 1Q FY2020 | 160,221,070 |

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

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

Note concerning statements about the future, etc.

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

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

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

Procedure for obtaining supplementary information on financial results

We plan to hold a conference call for analysts and institutional investors on July 30, 2021.

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

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1. Qualitative Information Regarding Quarterly Consolidated Business Results

(1) Business Performance Overview

1 Performance Overview

During the first quarter of the fiscal year ending March 31, 2022, the Japanese economy continued to be severely impacted by the coronavirus pandemic. Looking ahead, the recovery in consumer spending is expected to continue, benefiting from various government policy measures and economic improvement overseas. The situation still demands, however, that careful attention be paid to the economic impact of the ongoing pandemic.

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

Following these efforts, consolidated net sales for the first quarter of this fiscal year rose 4.2% from the same period of the previous year to 96,423 million yen. Operating profit increased 5.1% to 11,614 million yen, while ordinary profit declined 7.0% to 16,469 million yen. Profit attributable to owners of parent increased 2.8% to 11,742 million yen.

Note that application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020, hereinafter “Revenue Recognition Standard”), etc. lowered the reported net sales by 2,061 million yen, but this had no impact on profits.

2 Overview by Segment

Food and Beverages (Japan)

In dairy products, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota* and *Bifidobacterium breve* strain Yakult, and proactively conducting grassroots value dissemination initiatives, while taking measures to prevent the novel coronavirus infection from spreading.

In our home delivery channel, we placed a particular focus on the *Yakult 400* fermented milk drink series including *Yakult 400W*, as well as *Yakult 1000*, utilizing evidence to encourage existing customers to continue drinking these products while also seeking to create new customers. To strengthen our home delivery organization, we continued to enhance the working environment for Yakult Ladies as we actively conducted recruitment activities utilizing the internet.

As for the retail store channel, we sought to increase sales through the creation of in-store experiences geared towards consumer’s needs, with a strong focus on the fermented milk drink *New Yakult* series.

In product-specific initiatives, we expanded sales of *Yakult 1000* throughout Japan in April 2021, and in May 2021 we expanded the sales region for *Yakult 400W* to Tokyo and the six other prefectures in the Kanto region in addition to the West Japan area. We also sought to boost the hard-type yogurt brand *Soful* by revamping the package design and offering limited-time items.

In other beverages, we worked to increase sales of our *Toughman* series of energy drinks by airing a television commercial featuring Kazuya Kamenashi and conducting consumer campaigns as well as other initiatives.

Consequently, consolidated net sales for the Food and Beverages segment (Japan) decreased 1.6% from the same period of the previous fiscal year, totaling 50,643 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 5,409 million yen.

*Classified as *Lactocaseibacillus paracasei* strain Shirota since April 2020.

Food and Beverages (Overseas)

Yakult's operations outside Japan commenced in March 1964 with the establishment of Yakult Taiwan Co., Ltd., and now the manufacture and sale of *Yakult* outside of Japan spans 39 countries and regions centered around 29 companies and one research center, with average daily sales of approximately 34.52 million bottles as of June 2021.

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

i. The Americas

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

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

Despite these efforts, consolidated net sales in the Food and Beverages (The Americas) segment decreased 5.8% from the same period of the previous year to 10,875 million yen.

ii. Asia and Oceania

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

In the Philippines (through our equity method affiliate Yakult Philippines, Inc.), in June 2021 we began construction of a second plant for manufacture of our fermented milk drinks *Yakult* and *Yakult Light*.

In China, we sell *Yakult* and *Yakult Light* through 49 branches. In April we began sales in the city of Xining, Qinghai province, as we further seek to expand our sales coverage.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 1.7% from the same period of the previous year to 26,246 million yen.

iii. Europe

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

In the European market, where the promotion of probiotics faces strict regulation, we are engaged in a variety of initiatives in our efforts to receive approval for health claims related to our products. Under these difficult circumstances, the Yakult companies in each country aimed for sustainable growth by conducting sales activities tailored to their respective markets.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 10.3% from the same period of the previous year to 2,461 million yen.

Pharmaceuticals

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

Regarding our mainstay, the antineoplastic drug *Elplat*, as medical institutions are increasingly switching to available generic versions in line with government policy, we boosted initiatives to encourage customers to continue choosing *Elplat* by leveraging our ability to provide relevant information about it, a Company strength as the developer of the original drug. In addition, for the antineoplastic drug *Onivyde*® (liposomal

irinotecan), which was launched in June 2020 pursuant to a promotional agreement with Nihon Servier Co., Ltd., we continued strong promotional activities, working to boost market penetration and use of the product.

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

In R&D, we continued to progress with the clinical development of items in our pipeline, including the PI3K inhibitor *duvelisib* [YHI-1702], for which we have an exclusive licensing agreement for development and commercialization in Japan from Secura Bio, Inc. (U.S.), and the HDAC inhibitor *resminostat* [YHI-1001], licensed from 4SC AG (Germany).

Despite the above efforts, however, consolidated net sales in the Pharmaceuticals segment declined 2.4% to 4,336 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 140 million yen.

Others

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

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

Among specific examples, we carried out brand-boosting activities directed at our *Lactdew* series of basic skin care products and *Yakult Medicated APACOATS.E. Nanotechnology* toothpaste, as we sought to promote regular use of these products.

We also launched an advertising campaign and took other measures to raise awareness of online sales as the novel coronavirus pandemic drove an increase in demand, and worked to increase sales.

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

As a result of the above factors, consolidated net sales in the Others segment rose 9.0% from the same period of the previous year to 4,511 million yen.

Note that application of the Revenue Recognition Standard had the effect of lowering reported net sales by 222 million yen.

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

(2) Financial Position

Total assets the fiscal quarter end amounted to 642,658 million yen, an increase of 7,556 million yen compared to the previous fiscal year end, three months prior.

Net assets increased 17,922 million yen from the previous fiscal year end to 457,683 million yen. The main factors were an increase in foreign currency translation adjustments due to a weaker yen and an increase in retained earnings due to quarterly profit attributable to owners of parent, outweighing the decline in valuation difference on available-for-sale securities.

The equity to asset ratio was 65.5%, a 1.7 percentage point increase from the previous fiscal year end.

(3) Disclaimer on Future Outlook Including Consolidated Financial Results Forecast

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

While the forecast for current net income per share has been updated due to changes in treasury stock, the other performance forecasts remain unchanged from their announcement on May 14, 2021.

In addition, the Revenue Recognition Standard was applied in the Company and its consolidated subsidiaries in Japan at the beginning of the first quarter of the current fiscal year (in overseas consolidated subsidiaries, the standard was applied before the previous fiscal year pursuant to the International Financial Reporting Standards (IFRS), etc.).

In the Food and Beverages (Japan) segment, sales of equipment and materials, for which formerly the gross amount was recognized as sales, are now indicated as net sales (as agent transactions); also, distribution center fees paid to mass retailers, etc., which formerly were booked as selling costs, are now deducted from sales. In all segments other than Food and Beverages (Overseas), certain sales incentive fees which were previously recorded as selling costs are now deducted from net sales. The application of these changes resulted in a full-year decrease in consolidated net sales of 6,500 million yen compared to the forecasts calculated based on the standard before application.

Since the cost of sales and expenses decreased by the same amount, there is no impact on operating profit.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Fiscal year 2020 As of March 31, 2021	Current period As of June 30, 2021
Assets		
Current assets		
Cash and deposits	176,254	174,124
Notes and accounts receivable-trade	50,307	56,818
Merchandises and finished goods	10,018	10,360
Work in process	2,175	2,223
Raw materials and supplies	15,540	17,549
Others	12,712	14,917
Allowance for doubtful accounts	(209)	(219)
Total current assets	266,800	275,773
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	84,365	84,329
Others, net	118,680	119,975
Total property, plant and equipment	203,045	204,304
Intangible assets		
Software	2,591	2,563
Others	2,789	2,911
Total intangible assets	5,380	5,474
Investments and other assets		
Investment securities	80,238	73,502
Shares of subsidiaries and associates	65,327	68,534
Others	14,396	15,154
Allowance for doubtful accounts	(87)	(86)
Total investments and other assets	159,875	157,105
Total non-current assets	368,301	366,884
Total assets	635,102	642,658

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(Millions of yen)

	Fiscal year 2020 As of March 31, 2021	Current period As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,729	24,654
Short-term loans payable	15,372	7,372
Current portion of long-term loans payable	5,467	5,469
Income taxes payable	4,961	3,688
Provision for bonuses	6,000	3,587
Others	39,016	39,828
Total current liabilities	93,546	84,600
Non-current liabilities		
Long-term loans payable	65,716	64,347
Provision for directors' retirement benefits	368	315
Net defined benefit liability	4,358	4,412
Asset retirement obligations	1,636	1,644
Others	29,715	29,653
Total non-current liabilities	101,794	100,374
Total liabilities	195,341	184,974
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	40,937	40,952
Retained earnings	411,359	418,931
Treasury shares	(52,725)	(52,917)
Total shareholders' equity	430,688	438,084
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,773	20,840
Foreign currency translation adjustment	(48,482)	(36,076)
Remeasurements of defined benefit plans	(2,028)	(1,945)
Total accumulated other comprehensive income	(25,737)	(17,182)
Non-controlling interests	34,810	36,781
Total net assets	439,761	457,683
Total liabilities and net assets	635,102	642,658

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

(Millions of yen)

	Previous period From April 1, 2020 to June 30, 2020	Current period From April 1, 2021 to June 30, 2021
Net sales	92,528	96,423
Cost of sales	37,300	38,041
Gross profit	55,228	58,381
Selling, general and administrative expenses	44,181	46,767
Operating profit	11,046	11,614
Non-operating income		
Interest income	1,243	763
Dividend income	1,044	975
Share of profit of entities accounted for using equity method	991	2,230
Foreign exchange gains	3,083	783
Others	736	418
Total non-operating income	7,019	5,171
Non-operating expenses		
Interest expenses	195	187
Others	160	128
Total non-operating expenses	355	315
Ordinary profit	17,710	16,469
Extraordinary income		
Gain on sales of non-current assets	25	18
Gain on sales of investment securities	—	1,161
Gain on step acquisitions	—	1,180
Others	70	0
Total extraordinary income	95	2,360
Extraordinary losses		
Loss on sales of non-current assets	12	916
Loss on retirement of non-current assets	31	53
Expense related to a novel coronavirus	648	—
Others	4	0
Total extraordinary losses	697	970
Profit before income taxes	17,108	17,860
Income taxes	3,905	4,948
Profit	13,203	12,912
Profit attributable to non-controlling interests	1,784	1,169
Profit attributable to owners of parent	11,419	11,742

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2020 to June 30, 2020	Current period From April 1, 2021 to June 30, 2021
Profit	13,203	12,912
Other comprehensive income		
Valuation difference on available-for-sale securities	4,213	(3,932)
Foreign currency translation adjustment	(27,112)	13,088
Remeasurements of defined benefit plans, net of tax	128	81
Share of other comprehensive income of entities accounted for using equity method	(119)	172
Total other comprehensive income	(22,889)	9,410
Comprehensive income	(9,686)	22,323
Comprehensive income attributable to:		
Owners of parent	(4,462)	20,298
Non-controlling interests	(5,224)	2,024

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

None.

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

None.

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

Calculation of Tax Expenses

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

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

(Changes in Accounting Policies)

Application of Accounting Standard for Revenue Recognition

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

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

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

As a result, sales in the first quarter consolidated cumulative period were lower by 2,061 million yen, cost of sales was lower by 1,184 million yen, and selling, general and administrative expenses were lower by 877 million yen. There was no impact on operating profit, ordinary profit, quarterly profit before income taxes, or retained earnings (balance at beginning of year).

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

Application of Accounting Standard for Fair Value Measurement

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

(Quarterly Consolidated Statement of Income)

Gain (Loss) on Step Acquisition (Extraordinary Income)

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

(Segment Information)

I The first quarter of FY2020 (April 1 to June 30, 2020)

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

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Net sales to external customers	44,849	11,544	25,807	2,230
Intersegment net sales or transfers	6,611	—	—	—
Total	51,461	11,544	25,807	2,230
Segment profit (loss)	6,004	2,901	6,250	276

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Net sales to external customers	4,442	3,653	—	92,528
Intersegment net sales or transfers	—	486	(7,098)	—
Total	4,442	4,139	(7,098)	92,528
Segment profit (loss)	223	82	(4,693)	11,046

Notes: 1. Adjustments are as follows.

The (4,693) million yen of adjustment in segment profit (loss) includes (3,462) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.

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

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

II The first quarter of FY2021 (April 1 to June 30, 2021)

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

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Revenue from contracts with customers	48,549	10,875	26,246	2,461
Other revenues	—	—	—	—
Net sales to external customers	48,549	10,875	26,246	2,461
Intersegment net sales or transfers	2,093	—	—	—
Total	50,643	10,875	26,246	2,461
Segment profit (loss)	6,909	2,945	4,591	343

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Revenue from contracts with customers	4,336	3,953	—	96,423
Other revenues	—	—	—	—
Net sales to external customers	4,336	3,953	—	96,423
Intersegment net sales or transfers	—	557	(2,651)	—
Total	4,336	4,511	(2,651)	96,423
Segment profit (loss)	604	156	(3,936)	11,614

Notes: 1. Adjustments are as follows.

The (3,936) million yen adjustment in segment profit (loss) includes (2,547) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments. Starting from the first quarter of the current fiscal year, based on the long-term vision formulated in this term, the details of corporate expenses have been subjected to a review, with some of them being attributed to individual segments. Compared to the previous method, this change reduced the reported profits in each of the Food and Beverages regional segments by 608 million yen (Japan), 84 million yen (The Americas), 277 million yen (Asia and Oceania), and 20 million yen (Europe), while the adjustment amount for corporate expenses was 991 million yen lower.

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

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

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

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

Compared to the previous method, this change reduced reported net sales for the first quarter of the current fiscal year in the Food and Beverages (Japan) segment by 5,409 million yen, in the Pharmaceuticals segment by 140 million yen, and in the Others segment by 222 million yen. There is no impact from these changes on segment profits.