

# Consolidated Financial Results for the 1st Quarter ended June 30, 2022 (Japanese Generally Accepted Accounting Principles)



July 29, 2022

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 filing Statutory quarterly financial report	August 10, 2022		
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 FY2022, ended June 30, 2022 (April 1, 2022 - June 30, 2022)

### (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 FY2022	107,983	12.0	14,770	27.2	18,460	12.1	11,451	(2.5)
1Q FY2021	96,423	4.2	11,614	5.1	16,469	(7.0)	11,742	2.8

(Note) Comprehensive income for 1Q FY2022 37,286 million yen {67.0%} 1Q FY2021 22,323 million yen { - %}

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
1Q FY2022	73.03	—
1Q FY2021	73.20	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio
	million yen	million yen	%
1Q FY2022	705,859	499,801	64.6
FY2021	672,855	484,935	66.3

(Ref.) Equity for 1Q FY2022 456,005 million yen 1Q FY2021 446,068 million yen

## 2. Dividends

	Dividends per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Total
	yen	yen	yen	yen	yen
FY2021	—	36.00	—	36.00	72.00
FY2022	—				
FY2022 (Forecast)		41.00	—	41.00	82.00

(Note) Revision of the latest dividend forecast : No

## 3. Forecast for consolidated financial results for FY 2022 (April 1, 2022 - March 31, 2023)

(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.	228,000	12.3	29,000	4.2	36,500	2.1	24,000	(6.2)	153.71
Annual	467,500	12.6	59,000	10.9	72,500	5.8	48,000	6.9	307.42

(Note) Revision of the latest financial forecast : Yes

\*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. 12 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 : | No |
| (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 FY2022  | 171,045,418 |
| FY2021   | 171,045,418 |
| (b) Number of treasury stocks  |             |
| 1Q FY2022  | 14,908,006  |
| FY2021   | 12,450,484  |
| (c) Weighted average of number of shares (cumulative figure for quarter) |             |
| 1Q FY2022  | 156,801,236 |
| 1Q FY2021  | 160,417,878 |

\* 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. 6 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 29, 2022.

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

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## 1. Qualitative Information Regarding Quarterly Consolidated Financial Results

### (1) Business Performance Overview

#### 1 Performance Overview

During the first quarter of the fiscal year ending March 31, 2023, the Japanese economy remained susceptible to risks including raw material price increases resulting from the prolonged situation in Ukraine and the effects of China's curtailment of economic activities. However, both economic activity and consumer spending showed signs of recovery, largely due to the benefits of various government policy measures.

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

Following these efforts, consolidated net sales for the first quarter of this fiscal year rose 12.0% from the same period of the previous year to 107,983 million yen. Operating profit increased 27.2% to 14,770 million yen, while ordinary profit increased 12.1% to 18,460 million yen. Profit attributable to owners of parent declined 2.5% to 11,451 million yen.

#### 2 Overview by Segment

##### Food and Beverages (Japan)

In dairy products, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota<sup>1</sup> and *Bifidobacterium breve* strain Yakult by proactively conducting grassroots value dissemination initiatives, while also taking measures to prevent novel coronavirus infection.

In our home delivery channel, we made use of evidence in initiatives to encourage existing customers to continue drinking Yakult products and create new customers, focusing on the fermented milk drink *Yakult 1000* and the *Yakult 400* series while strengthening efforts to create points of contact for new customers through initiatives such as online campaigns. As a result, users of our Yakult Delivery Net online ordering service and revenue both increased, substantially surpassing initial projections.

As for the retail store channel, we worked to increase revenue from the *New Yakult* fermented milk drink series and *Joie* fermented milk by conducting consumer campaigns, and using displays and other means to create sales spaces offering high visibility for these products.

In product-specific initiatives, we addressed in-store stock shortages of *Yakult 1000* and *Y1000* by taking action to increase production capacity. We also sought to boost the hard-type yogurt brand *Sofuhl* by launching *Sofuhl Apple* as a limited-time item. In addition, we sought to raise the profile of *Yakult 400W* and *Joie* by airing television commercials featuring the actor Yo Oizumi and the actress Riisa Naka.

In other beverages, we worked to increase sales for our *Toughman* series of energy drinks through

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<sup>1</sup> Classified as *Lacticaseibacillus paracasei* strain Shirota as of April 2020.

various initiatives, including consumer campaigns.

As a result of these efforts, consolidated net sales for the Food and Beverages (Japan) segment increased 10.2% from the same period of the previous fiscal year, totaling 55,812 million yen.

### **Food and Beverages (Overseas)**

Yakult's operations outside Japan commenced in March 1964 with the establishment of Yakult Taiwan Co., Ltd., and now the manufacture and sale of *Yakult* outside of Japan spans 39 countries and regions centered around 29 companies and one research center, with average daily bottle sales of approximately 33.81 million bottles as of June 2022.

The impact of the novel coronavirus varies across countries and regions depending on the extent of the infection's spread, as well as the policies and official guidance of 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.

#### **a. The Americas**

In the Americas, the fermented milk drink *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., boosting support for sales through publicity campaigns and other initiatives, as well as making efforts to increase the number of new partner stores resulted in a steady improvement in sales figures.

As a result of these efforts, consolidated net sales in the Food and Beverages (The Americas) segment increased 27.6% from the same period of the previous year to 13,878 million yen.

#### **b. Asia and Oceania**

In Asia and Oceania, the fermented milk drink *Yakult* and other products are manufactured and sold by Hong Kong Yakult Co., Ltd., Yakult (Singapore) Pte., Ltd., P.T. Yakult Indonesia Persada, Yakult Australia Pty. Ltd., Guangzhou Yakult Co., Ltd., Yakult (Malaysia) Sdn. Bhd., Shanghai Yakult Co., Ltd., Yakult Vietnam Co., Ltd., and Yakult Danone India Pvt. Ltd, manufactured by Tianjin Yakult Co., Ltd. and Wuxi Yakult Co., Ltd., and sold by Beijing Yakult Co., Ltd. and Yakult (China) Corporation. Yakult Middle East FZCO imports *Yakult* and other products for sale. Yakult Myanmar Co., Ltd. has temporarily suspended its sales and manufacturing activities in light of the political situation, among other considerations.

At P.T. Yakult Indonesia Persada and Yakult Vietnam Co., Ltd. sales increased steadily as a result of our efforts to enhance the home delivery organization and increase the number of stores receiving deliveries.

Guangzhou Yakult Co., Ltd.; Shanghai Yakult Co., Ltd.; Beijing Yakult Co., Ltd.; and the Yakult (China) Corporation were impacted by the effects of lockdowns and other measures in response to the spread of the novel coronavirus, and operations at the Shanghai Plant and sales activities in many districts were restricted.

Once the Shanghai lockdown was lifted in June 2022, we steadily resumed production at the Shanghai Plant, as well as sales activities in various districts, but given the lingering effects of the lockdown, we will be monitoring the situation as we continue to respond.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 11.6% from the same period of the previous year to 29,282 million yen.

### c. Europe

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

In the European market, where the promotion of probiotics faces strict regulation, we engaged in a variety of initiatives in our efforts to receive approval for health claims related to our products, while aiming for sustainable growth by conducting sales activities tailored to each individual country's market and pursuing initiatives taking advantage of heightened health consciousness.

Meanwhile, the prolongation of the conflict between Russia and Ukraine means that, although we do not operate in either country, we will be paying close attention to the impact of the conflict on Europe as a whole.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 4.6% from the same period of the previous year to 2,574 million yen.

### Pharmaceuticals

Due to restrictions on visits to medical institutions to prevent the spread of the novel coronavirus, it remains impossible to hold face-to-face meetings with medical personnel in many facilities. To address this issue, we made use of online meetings and presentations, among other methods, to promote awareness and the proper use of our products, particularly those specializing in oncology and related fields.

Regarding our mainstay, the antineoplastic drug *Elplat*, while medical institutions are increasingly switching to available generic versions in line with government policy, we leveraged our ability to provide relevant information about it, a Company strength as the developer of the original drug. In addition, we continued with strong promotional activities looking to increase the market penetration of the antineoplastic drug *Onivyde*<sup>®</sup>, for which we have a promotional agreement with Nihon Servier Co., Ltd.

However, our revenue was impacted by revisions to National Health Insurance drug prices in April 2022, 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], licensed 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 11.1% from the same period of the previous year to 3,855 million yen.

## Others

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

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

As a specific example of such activities, we undertook a brand-boosting campaign for our *Lact dew* series of basic skin care products, aiming to encourage regular use of products in the series. We also worked to increase sales for our *Parabio* series of high-performance basic skin care products by implementing a sales promotion campaign focused on *Parabio AC Serum Saj*, released in March 2022.

In our professional baseball operations, the restriction on game attendance due to the novel coronavirus was lifted, and as the team continued to perform well, we strived to increase attendance and revenue by improving the various fan service engagements and disseminating a range of information.

As a result of the above factors, consolidated net sales in the Others segment rose 25.3% from the same period of the previous year to 5,652 million yen.

## (2) Financial Position

Total assets at the fiscal quarter-end amounted to 705,859 million yen, an increase of 33,003 million yen compared to the previous fiscal year end, three months prior.

Net assets increased 14,866 million yen from the previous fiscal year-end to 499,801 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 effects of repurchase of shares as treasury stock.

The equity to asset ratio was 64.6%, a 1.7 percentage point decrease from the previous fiscal year-end.

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

With regard to earnings forecasts, we revised the consolidated earnings forecasts announced on May 13, 2022 based on factors including business performance during the first quarter and the recent business environment.

## Consolidated Financial Results Forecast for the First Six Months of FY2022

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previously announced forecast (A)	218,000	26,500	33,500	22,000
Revised forecast (B)	228,000	29,000	36,500	24,000
Difference (B – A)	10,000	2,500	3,000	2,000
Difference (%)	4.6%	9.4%	9.0%	9.1%

## Consolidated Financial Results Forecast for FY2022

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previously announced forecast (A)	446,500	55,000	68,000	45,500
Revised forecast (B)	467,500	59,000	72,500	48,000
Difference (B – A)	21,000	4,000	4,500	2,500
Difference (%)	4.7%	7.3%	6.6%	5.5%

In Food and Beverages (Japan), the number of bottles of dairy products sold has surpassed the level projected, particularly for *Yakult 1000*, and in Food and Beverages (Overseas) we are expecting to benefit from favorable exchange rates due to the weaker yen. As a result, net sales and profits at all levels are expected to be higher than originally forecast.

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



Reference: Non-consolidated Financial Results Forecast for the First Six Months of FY2022

(Millions of yen)

	Net sales	Ordinary profit	Profit
Previously announced forecast (A)	81,500	15,000	13,000
Revised forecast (B)	86,000	18,500	15,000
Difference (B – A)	4,500	3,500	2,000
Difference (%)	5.5%	23.3%	15.4%

Reference: Non-consolidated Financial Results Forecast for FY2022

(Millions of yen)

	Net sales	Ordinary profit	Profit
Previously announced forecast (A)	161,500	38,500	33,000
Revised forecast (B)	169,000	43,000	35,000
Difference (B – A)	7,500	4,500	2,000
Difference (%)	4.6%	11.7%	6.1%

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	Fiscal year 2021 As of March 31, 2022	Fiscal year 2022 As of June 30, 2022
<b>Assets</b>		
Current Assets		
Cash and Deposits	202,941	211,029
Notes and accounts receivable-trade	52,581	59,241
Merchandises and Finished goods	10,312	10,994
Work in process	2,170	2,478
Raw materials and supplies	18,166	20,474
Others	14,463	16,646
Allowance for doubtful accounts	(236)	(243)
Total current assets	300,398	320,620
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	84,139	85,904
Others, net	127,017	133,872
Total Property, plant and equipment	211,156	219,777
Intangible assets		
Software	2,447	2,466
Others	2,938	3,011
Total intangible assets	5,386	5,477
Investments and other assets		
Investment securities	67,628	68,959
Shares of subsidiaries and associates	73,044	74,913
Others	15,325	16,199
Allowance for doubtful accounts	(84)	(88)
Total investments and other assets	155,913	159,983
Total non-current assets	372,456	385,238
<b>Total assets</b>	<b>672,855</b>	<b>705,859</b>

(Millions of yen)

	Fiscal year 2021 As of March 31, 2022	Fiscal year 2022 As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	26,039	26,905
Short-term loans payable	4,822	18,822
Current portion of long-term loans payable	5,417	5,390
Income taxes payable	4,324	4,973
Provision for bonuses	6,211	3,723
Others	42,465	46,636
Total current liabilities	89,281	106,450
Non-current liabilities		
Long-term loans payable	60,298	59,057
Provision for directors' retirement benefits	345	321
Net defined benefit liability	4,280	4,350
Asset retirement obligations	1,674	1,675
Others	32,039	34,201
Total non-current liabilities	98,639	99,606
<b>Total liabilities</b>	<b>187,920</b>	<b>206,057</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	41,116	41,116
Retained earnings	446,331	452,073
Treasury shares	(64,395)	(81,098)
Total shareholders' equity	454,169	443,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,327	19,261
Foreign currency translation adjustment	(24,086)	(4,177)
Remeasurements of defined benefit plans	(2,342)	(2,286)
Total accumulated other comprehensive income	(8,101)	12,797
Non-controlling interests	38,867	43,796
<b>Total net assets</b>	<b>484,935</b>	<b>499,801</b>
<b>Total liabilities and net assets</b>	<b>672,855</b>	<b>705,859</b>

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

## Quarterly Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2021 to June 30, 2021	Current period From April 1, 2022 to June 30, 2022
Net sales	96,423	107,983
Cost of sales	38,041	42,531
Gross profit	58,381	65,452
Selling, general and administrative expenses	46,767	50,681
Operating profit	11,614	14,770
Non-operating income		
Interest income	763	1,078
Dividend income	975	980
Share of profit of entities accounted for using equity method	2,230	850
Others	1,202	1,178
Total non-operating income	5,171	4,088
Non-operating expenses		
Interest expenses	187	177
Others	128	220
Total non-operating expenses	315	398
Ordinary profit	16,469	18,460
Extraordinary income		
Gain on sales of non-current assets	18	128
Gain on sales of investment securities	1,161	-
Gain on step acquisitions	1,180	-
Others	0	30
Total extraordinary income	2,360	158
Extraordinary losses		
Loss on sales of non-current assets	916	1
Loss on retirement of non-current assets	53	61
Others	0	0
Total extraordinary losses	970	63
Profit before income taxes	17,860	18,555
Income taxes	4,948	5,952
Profit	12,912	12,602
Profit attributable to non-controlling interests	1,169	1,151
Profit attributable to owners of parent	11,742	11,451

## Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2021 to June 30, 2021	Current period From April 1, 2022 to June 30, 2022
Profit	12,912	12,602
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,932)	925
Foreign currency translation adjustment	13,088	23,801
Remeasurements of defined benefit plans, net of tax	81	57
Share of other comprehensive income of entities accounted for using equity method	172	(100)
Total other comprehensive income	9,410	24,684
Comprehensive income	22,323	37,286
Comprehensive income attributable to:		
Owners of parent	20,298	32,349
Non-controlling interests	2,024	4,937

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

None.

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

The first quarter of FY2022 (April 1 to June 30, 2022)

Further to a resolution at a meeting of its Board of Directors held on February 10, 2022, the Company repurchased 2,457,400 of its own shares as treasury stock, increasing the value of its treasury stock by 16,702 million yen. The purchase of shares of less than one unit increased the value of the Company's treasury stock by 0 million yen, and the value of the Company's treasury stock on June 30, 2022 was 81,098 million yen.

(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.

(Segment Information)

I 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 FY2021, based on the long-term vision formulated in that fiscal term, the details of corporate expenses were 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 Netherlands, The United Kingdom, Germany, Belgium, Austria, Italy

## II The first quarter of FY2022 (April 1 to June 30, 2022)

## 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	53,297	13,878	29,282	2,574
Other revenues	—	—	—	—
Net sales to external customers	53,297	13,878	29,282	2,574
Intersegment net sales or transfers	2,514	—	—	—
Total	55,812	13,878	29,282	2,574
Segment profit (loss)	10,484	3,778	3,795	98

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Revenue from contracts with customers	3,855	5,093	—	107,983
Other revenues	—	—	—	—
Net sales to external customers	3,855	5,093	—	107,983
Intersegment net sales or transfers	—	558	(3,072)	—
Total	3,855	5,652	(3,072)	107,983
Segment profit (loss)	570	606	(4,564)	14,770

Notes: 1. Adjustments are as follows.

The (4,564) million yen adjustment in segment profit (loss) includes (2,799) 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 Netherlands, The United Kingdom, Germany, Belgium, Austria, Italy