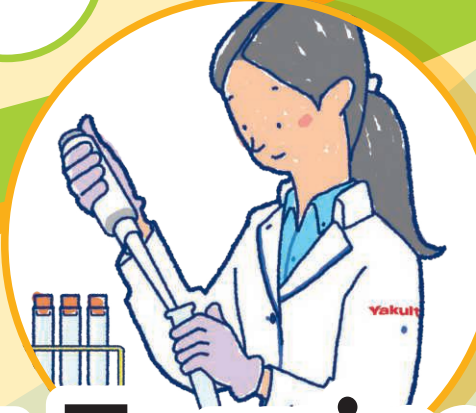
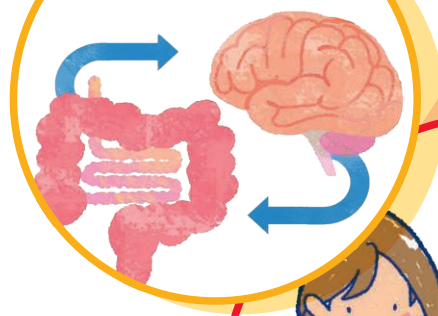


Yakult

ANNUAL REPORT 2023

Year ended March 31, 2023



Record-Breaking Earnings:

Early Achievement of Medium-Term Goals Sparks Transformation in Growth Scenario



Growing from

Contents

- 01 Growing from Our Roots
- 03 Yakult Consumption around the World / Taking Good Health Global
- 05 To Our Shareholders
- 07 Interview with the President
- 11 **Special Feature:**
Record-Breaking Earnings:
Early Achievement of Medium-Term
Goals Sparks Transformation in
Growth Scenario
- 15 Review of Operations
- 21 Research and Development
- 23 CSR Activities
- 25 Corporate Governance
- 28 Management Members
- 29 Financial Section
- 65 Global Network
- 66 Corporate Data

Forward-Looking Statements

Statements contained in the Annual Report 2023 regarding business results for fiscal 2023 represent judgments based on currently available information. It should be noted that there is a possibility that actual results could differ significantly from those anticipated due to such factors as exchange rate fluctuations.



Corporate philosophy

We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular.

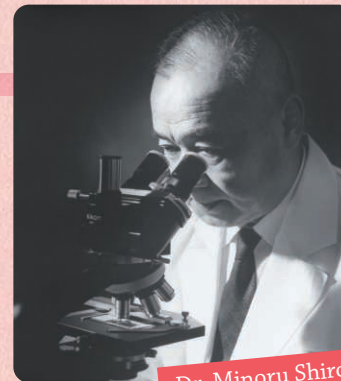
In the nearly 90 years since then,

Yakult has conducted its business activities around the world in accordance with Dr. Shirota's philosophy—Shirota-ism (preventive medicine, the idea that a healthy intestinal tract leads to a long life, and offering products at a price anyone can afford)—as explained on the right.

Our founder,

Dr. Minoru Shirota, successfully strengthened and cultivated *Lactobacillus casei* strain Shirota* while at Kyoto Imperial University School of Medicine (now Kyoto University). In 1935, he began sales of a fermented milk drink under the brand name *Yakult*.

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



Dr. Minoru Shirota

Preventive
medicine

Shirota-ism

A healthy
intestinal
tract leads to
a long life

A price
anyone can
afford

As a probiotics* pioneer,

We help to protect people's health in 40 countries and regions, including Japan. In addition to fermented milk drinks, Yakult operations in Japan today include a pharmaceutical business, in which we handle anti-cancer drugs, as well as a cosmetics business.

* Live microorganisms that, when administered in adequate amounts, confer a health benefit on the host (ISAPP modified FAO/WHO definition, 2013).

Our Roots



The Yakult Lady System:

Everywhere Is Local

Yakult's products are offered mainly through two channels, home delivery and retail sales. Our Yakult Ladies are an essential part of our home delivery sales. The strength of the Yakult Ladies lies in their ability to communicate directly with customers, which allows them to convey the value and appeal of our proprietary living *Lactobacillus casei* strain Shirota and recommend continued consumption of one bottle of Yakult per day. From its beginnings in Japan, our unique Yakult Lady home-delivery system has expanded to and been highly successful in many countries and regions around the world.



The Sources of Yakult's Strength

Yakult has three unique sources of strength: ● ● ●

Dynamic R&D:

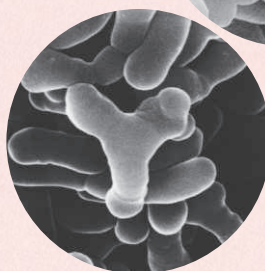
The Wellspring of Future Competitiveness

For Yakult, R&D activities vitally underpin its ability to create products that promote good health, today and in the future. The R&D Division pursues fundamental research in life science aimed at developing and applying new ingredients in food, pharmaceuticals, cosmetics and other areas.

Electron micrograph of *Lactobacillus casei* strain Shirota



Electron micrograph of *Bifidobacterium breve* strain Yakult



Product Power:

Nearly 90 years as a Probiotics Pioneer

Since its founding nearly 90 years ago, Yakult has been a pioneer in the field of probiotics, providing products that contribute to good health. Today, Yakult has expanded beyond food and beverages to play an active role in the fields of pharmaceuticals and cosmetics as well.

Yakult Consumption around the World

*Other countries and regions where sales are conducted: Brunei, France, Luxembourg, Spain, Uruguay, New Zealand, Ireland, Canada, Belize, Malta, Switzerland, the United Arab Emirates, Oman, Bahrain, Qatar, Kuwait, and Denmark

Taking Good Health Global

THE AMERICAS

Yakult S/A Ind. E Com. (Brazil)




1,410
Thousands of bottles/day

Yakult S.A. De C.V. (Mexico)



3,684
Thousands of bottles/day


Yakult U.S.A. Inc.



632
Thousands of bottles/day


EUROPE

Yakult Nederland B.V.



169
Thousands of bottles/day

Yakult UK Ltd.




227
Thousands of bottles/day

Yakult Europe B.V.




25
Thousands of bottles/day

Yakult Deutschland GmbH




75
Thousands of bottles/day

Yakult Oesterreich GmbH




10
Thousands of bottles/day

Yakult Belgium N.V./S.A.



55
Thousands of bottles/day

Yakult Italia S.r.l.



92
Thousands of bottles/day

Financial Highlights

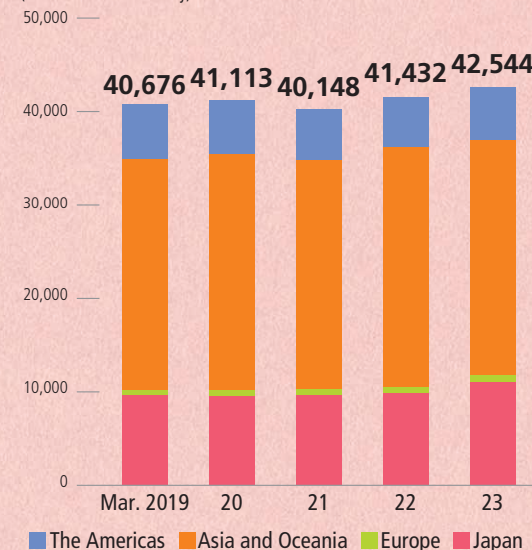
YAKULT HONSHA CO., LTD. and its consolidated subsidiaries
March 31, 2023, 2022, 2021, 2020 and 2019

	2019	2020	2021	2022	2023	Thousands of U.S. dollars (Note 2) 2023
For the year:						
Net sales	¥ 407,017	¥ 406,004	¥ 385,707	¥ 415,116	¥ 483,071	\$ 3,632,113
Operating income	45,846	45,675	43,694	53,202	66,068	496,755
Net income attributable to owners of the parent	34,935	39,736	39,267	44,918	50,641	380,762
At the year-end:						
Total assets	¥ 618,533	¥ 627,871	¥ 635,102	¥ 672,856	¥ 749,419	\$ 5,634,732
Total liabilities	226,254	215,789	195,341	187,920	203,922	1,533,252
Total equity	392,279	412,082	439,761	484,936	545,497	4,101,480
Financial ratio:						
Return on equity (ROE) (%)	9.8	10.9	10.1	10.6	10.7	
Yen						
Per share of common stock:						
Basic net income	¥ 217.89	¥ 248.04	¥ 244.85	¥ 280.36	¥ 324.18	\$ 2.44
Total equity (Note 3)	2,229.80	2,330.58	2,523.81	2,812.63	3,195.09	24.02
Cash dividends applicable to the year	44.00	46.00	52.00	72.00	90.00	0.68

Notes: 1. Figures are rounded to the nearest million.
2. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥133 to U.S.\$1, the approximate rate of exchange at March 31, 2023.
3. Noncontrolling interests are not included in equity on process of calculation.

Sales Volume by Region

(Thousands of bottles/day)



Yakult Middle East FZCO



17
Thousands of bottles/day

Yakult Australia Pty. Ltd.



316
Thousands of bottles/day

Korea Yakult (hy Co., Ltd.)



2,409
Thousands of bottles/day

Yakult Myanmar Co., Ltd.

—
Thousands of bottles/day

*In Myanmar, we have temporarily suspended our sales and manufacturing activities in light of the political situation, among other considerations.

Yakult (Singapore) Pte. Ltd.



242
Thousands of bottles/day

Yakult (Thailand) Co., Ltd.



2,323
Thousands of bottles/day

PT. Yakult Indonesia Persada



7,276
Thousands of bottles/day

Yakult (China) Corporation



2,974
Thousands of bottles/day

Beijing Yakult Co., Ltd.



315
Thousands of bottles/day

Guangzhou Yakult Co., Ltd.



2,596
Thousands of bottles/day

Shanghai Yakult Co., Ltd.



372
Thousands of bottles/day

Yakult Taiwan Co., Ltd.



645
Thousands of bottles/day

Hong Kong Yakult Co., Ltd.



351
Thousands of bottles/day

Yakult Vietnam Co., Ltd.



904
Thousands of bottles/day

Yakult Philippines, Inc.



3,777
Thousands of bottles/day

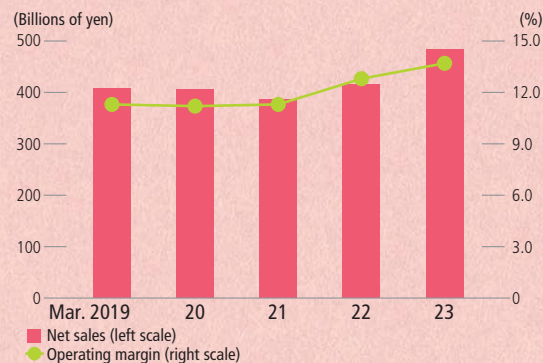
Yakult Honsha Co., Ltd.



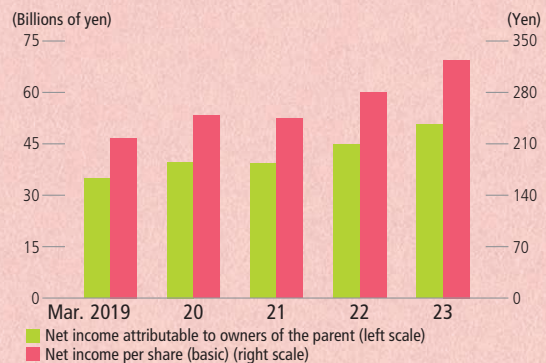
10,997
Thousands of bottles/day

ASIA AND OCEANIA

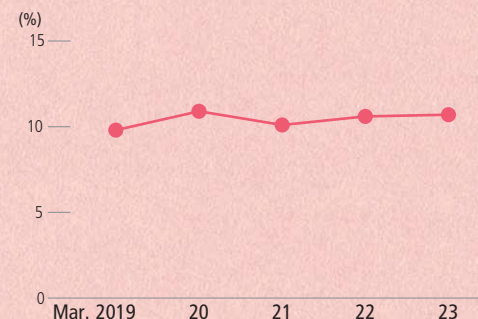
Net Sales and Operating Margin



Net Income Attributable to Owners of the Parent and Net Income per Share (Basic)



ROE



Both Sales and Profits Reached Record Highs. We Revised Upwardly the Targets of Our Medium-Term Management Plan.

In the fiscal year ended March 31, 2023, sales of dairy products in Japan as a whole increased significantly, surpassing 10 million bottles per day for the first time in 23 years, led by *Yakult* products, with a particular focus on high-value-added products such as *Yakult 1000* and *Y1000*. As a result, sales and profits of all stages reached record highs.

For the fiscal year ending in March 2024, we have plans to boost the overall sales and operating income of the Company through the steady growth of our domestic business.

Regarding dividends, under our policy which prioritizes a continuous increase in dividends, we plan to raise dividends for the fiscal year ending March 31, 2024, taking into account the progress of our business performance. We have decided to carry out a stock split, effective from October 1, 2023. Consequently, our declared dividend per

share for the end of the second quarter of the current fiscal year is ¥55, and the year-end forecast is set at ¥28 per share (which is equivalent to ¥56 per share prior to the stock split).

In addition, the Medium-Term Management Plan announced in 2021 for the period up to fiscal year ending March 31, 2025 includes several items that have already achieved their quantitative targets due to the strong performance of dairy products in Japan. As a result, we have updated the target figures of the Medium-Term Management Plan. (For more details, please refer to the special featured page.)

We will also continue to pursue ESG-aware management. As a pioneer in the health industry, the Yakult Group regards the strength of human resources and the spirit of harmony it has emphasized since its founding as its greatest driving forces. We endeavor to create working

environments in which our employees, Yakult Ladies, and other human resources can work enjoyably and in good health for a long time. To maintain and improve employee health, we set up a dedicated department to promote Health-Focused Management, and we have been certified as a White 500 Health and Productivity Management Organization for six consecutive years now.

As a company that delivers good health to its customers, we will continue pursuing Health-Focused Management and striving to increase our corporate value.

We look forward to the continued understanding and cooperation of our shareholders and investors.

September 2023



Hiroshi Narita

President and Representative Director



Interview with the President

Reflecting on the Fiscal Year Ended March 31, 2023.

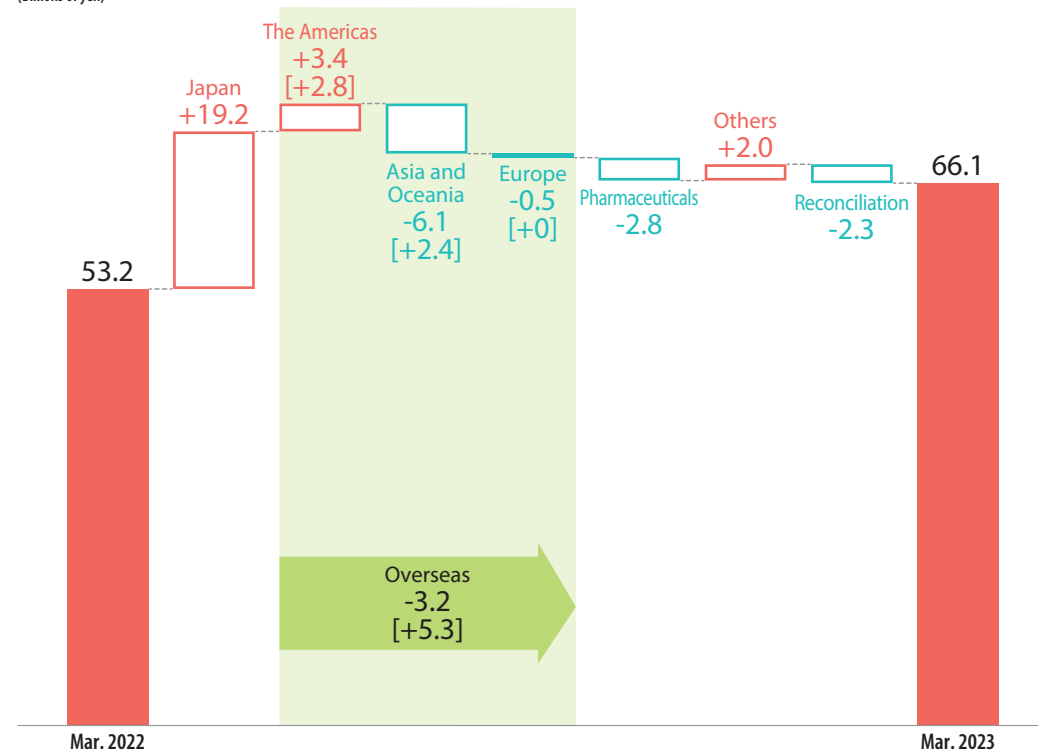
Q Please summarize the business results for the fiscal year ended March 31, 2023.

A We recorded our highest-ever growth in net sales as well as profits of all stages.

We achieved record-breaking net sales, as well as set new records for profits of all stages during the fiscal year under view.

The domestic food and beverage business experienced an increase in both sales and profits. This growth was primarily driven by the strong performance of the *Yakult 1000* and *Y1000*, which elevated the brand value of Yakult and resulted in a rise in the overall sales volume of dairy products. In the overseas market, although sales quantity slightly declined, revenue increased due to the favorable effect of a weaker yen. However, higher expenses and rising raw material costs led to a decrease in profits. The pharmaceuticals business saw a decline in both sales and profits due to factors such as the impact of the National Health Insurance (NHI) drug price revisions.

Operating Income: Factor Analysis (YoY change)
(Billions of yen)



Notes: 1. Japan, the Americas, Asia and Oceania, and Europe fall under the remit of the Food and Beverages business.
2. The amounts in brackets are the increase/decrease of exchange rate fluctuations.

Strategy and Initiatives for the Fiscal Year Ending March 31, 2024.

Q Please describe the planned initiatives for the domestic food and beverage business in the fiscal year ending March 31, 2024.

A To achieve further revenue expansion, we will prioritize efforts to enhance the supply system, taking into consideration the balance among all our dairy products. We will also focus on expanding our Yakult Ladies organization.

Our plan for the domestic food and beverage business in the fiscal year ending March 31, 2024, is to achieve net sales of ¥264.7 billion (up 10.1% from the previous fiscal year) and operating income of ¥53.4 billion (up 12.6%).

Yakult 1000 and *Y1000* have continued to perform well, driving increased brand value for Yakult, which has enabled us to sell more bottles of dairy products as a whole. However, with parts of our supply system still experiencing stock shortages, we are considering how we can expand supply capacity, focusing not only on *Yakult 1000* and *Y1000*, but on the balance among all our dairy products. We plan to start operations at Fuji Oyama Yakult Plant in March 2024. This is our first attempt to set up a production subsidiary on the grounds of a partner company; it is one of various methods we will explore as we seek to improve our supply system.

Through our home delivery channel, we have set a target of selling 2.5 million bottles of *Yakult 1000* per day in the fiscal year ending March 31, 2024. We expanded production capacity in late March 2023, but the volume supplied cannot yet be described as sufficient. We are extremely sorry to have caused inconvenience to a large number of customers who are waiting

for supplies of *Yakult 1000* to become available. We will make progress in expanding our supply system as soon as possible.

We will also make it a priority to invest effort in expanding the Yakult Ladies organization, which is the linchpin of Yakult's home delivery operations. Over the last few years, the number of Yakult Ladies has remained largely unchanged. The number who quit work is declining thanks to progress in enhancing employment conditions, improving work environments, and providing better training. From now on, therefore, we intend to provide more job opportunities by offering worker-oriented terms of employment and ways of working. Moreover, we will seek to encourage long-term employment by increasing the core group of Yakult Ladies who generate substantial sales and earn higher incomes. The fiscal year ending March 31, 2024 marks the 60th anniversary of the Yakult Ladies organization. During this year, we will strengthen the foundation of our home delivery system and invest effort in creating an organization that can communicate Yakult's appeal to even

more people.

In the retail store channel, we have set a target of selling 950 thousand bottles of *Y1000* per day. We expanded production capacity in April 2023, but as is the case for *Yakult 1000*, the volume supplied remains insufficient and stock shortages persist in some stores. However, the launch of *Y1000* did enliven sales spaces and increase customer numbers. Meanwhile, as sales of *New Yakult* series and *Yakult Five* are also growing steadily in terms of the number of bottles sold, we will continue efforts to transition customers from trial purchasing to increased repeat purchasing, primarily by deploying strategies attuned to market needs.

Targets

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024:

- Net sales: **¥531.0 billion (YoY 109.9%)**
- Operating income: **¥75.5 billion (YoY 114.3%)**
- Net income attributable to owners of the parent: **¥ 58.5 billion (YoY 115.5%)**
- Basic net income per share: **¥374.83 (YoY 115.6%)**

Domestic Food and Beverage Business

Overseas Food and Beverages Business

Q Please explain the initiatives you plan to take in the overseas food and beverage business in the fiscal year ending March 31, 2024.

A **With an eye towards the post-corona era, we will solidify our return to the growth trajectory through initiatives such as price revisions and proactive introduction of high-value-added products.**

Our plan in the overseas business for the fiscal year ending March 31, 2024 is to achieve net sales of ¥243.0 billion (up 13.0% from the previous fiscal year) and operating income of ¥40.0 billion (up 14.9%).

Individual overseas companies are working to resume business activities and bolster their organizations in response to the easing of COVID-19 related restrictions. In both 2022 and 2023, we raised prices according to each country's circumstances, taking economic trends and other factors into account. Meanwhile, we are actively launching high value-added products incorporating more lactic acid bacteria, in addition to regular *Yakult* products and *Yakult Light* products. I regard the current fiscal year—the first genuinely “post COVID-19” fiscal year—as a crucial period for resuming our usual activities and returning to a growth trajectory.

I will explain the efforts of the major operating companies.

The Yakult Group in China and Guangzhou Yakult Co., Ltd.: During the fiscal year ended March 31, 2023, China maintained its strict zero COVID-19 policy, and our operations were seriously impacted as a result. Since the start of the fiscal

year ending March 31, 2024, economic activities have resumed in stages, but I believe the positive effects of reopening will not emerge until later. For three years the COVID-19 pandemic prevented us from operating as we wanted to, but China now provides an environment in which we can conduct sales activities free from restrictions again. In the short term, we will pursue the in-person approaches to prospective customers that are our forte, such as in-store sampling campaigns, dispatch of guest lecturers, health-related classes, and plant tours. In conjunction with this, we will further increase opportunities to provide information via social media by, for example, posting Key Opinion Consumers' product reviews or using live commerce. In the long term, we will also focus on home delivery, in which we have a competitive edge, and press ahead with initiatives such as expanding the Yakult Ladies organization and cultivating existing markets. Meanwhile, as the areas that spearheaded sales in China have produced a number of success stories, we will disseminate the know-how thus acquired across other areas.

PT. Yakult Indonesia Persada: Since the second quarter

of the fiscal year ended March 31, 2023, the number of bottles sold has been lower year-on-year. An external factor contributing to this decline is the slowdown in consumption due to inflation, while an internal factor is reduced sales capabilities resulting from our inability to conduct in-person training during the COVID-19 pandemic. However, we resumed in-person training for Yakult Ladies and sales personnel around the end of 2022 and our sales force is now steadily returning; I believe this will eventually lead to more bottles being sold. Our strength as an organization, built up over many years, remains robust, and both Yakult Ladies and the stores we supply to are steadily increasing in number, so we will continue expanding our sales channels.

The Americas: In the fiscal year ended March 2023, Yakult S/A Ind. E Com. (Brazil), Yakult S.A. De C.V. (Mexico), and Yakult U.S.A. Inc., all achieved higher sales volumes compared to the previous year. For Yakult S.A. De C.V. (Mexico), The number of bottles sold has been higher year-on-year for six consecutive quarters, so I believe we are now in a recovery phase. As sales volumes and the number of Yakult Ladies have returned to

their pre COVID-19 levels, and the number of stores we supply is also increasing steadily, I want us to build up the type of growth trajectory we achieved previously and increase sales volumes further.

Yakult U.S.A. Inc.: In the fiscal year ended March 31, 2023, the number of bottles sold by Yakult U.S.A. Inc. again

achieved double-digit growth. In the six states centered on California where the company first conducted sales activities, continuous growth in the number of bottles sold per store attests to successful cultivation of the market. The number of stores supplied is also increasing steadily, as the business is developed through a combination of cultivation and expansion.

The company resumed in-person sampling campaigns around the middle of the fiscal year, and can be expected to grow continuously in future.

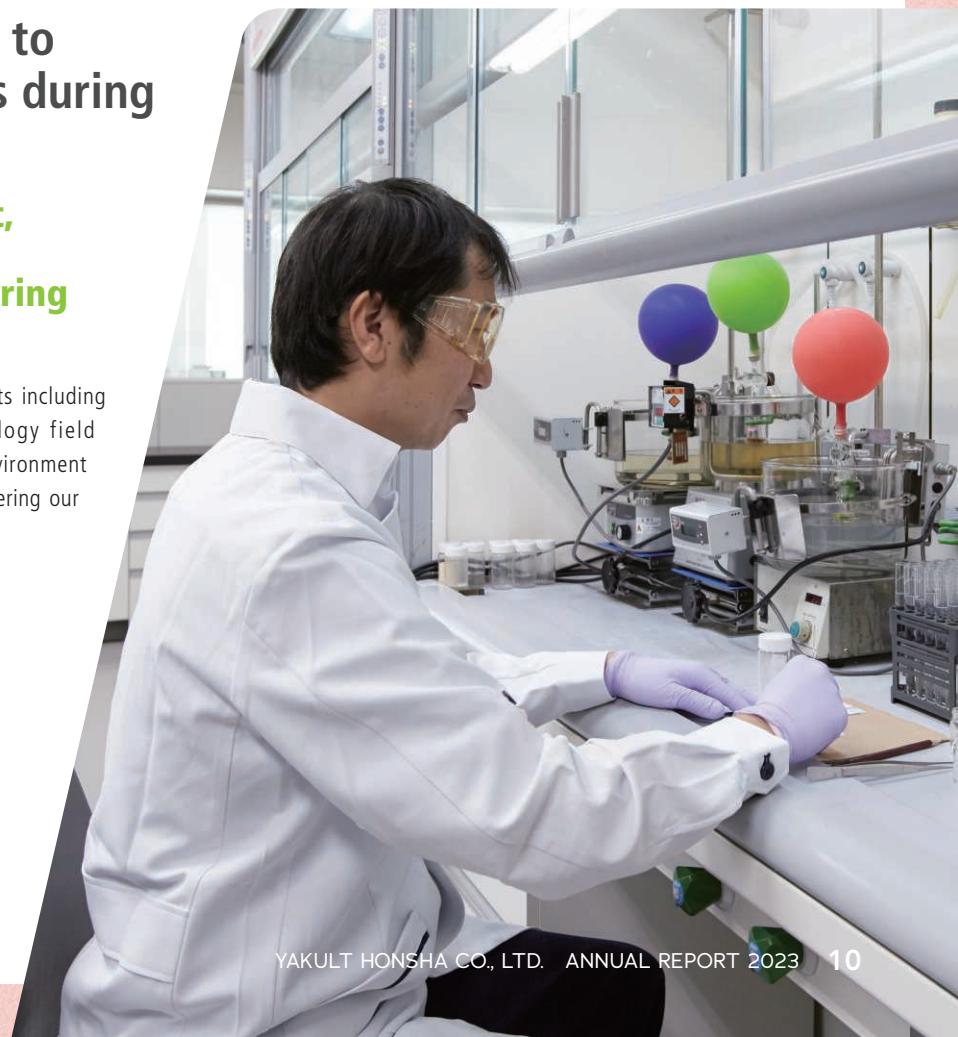
Q Please explain the initiatives that you plan to implement in the pharmaceuticals business during the fiscal year ending March 31, 2024.

A In the face of a challenging business environment, including drug price revisions and intensified competition in the oncology field, we are considering our future direction.

Japan's NHI drug prices were revised again in April 2023, resulting in a reduction of around 10% in the prices for most of Yakult's pharmaceutical products. We will continue to thoroughly review expenses, improve operational efficiency, and leverage our expertise in information provision gained as a leading company to engage in proposal-based sales for our

mainstay product, *Elplat*. As developments including intensifying competition in the oncology field increase the severity of our business environment from one year to the next, we are considering our future direction.

Pharmaceutical Business



Upward Revision of Medium-Term Management Plan

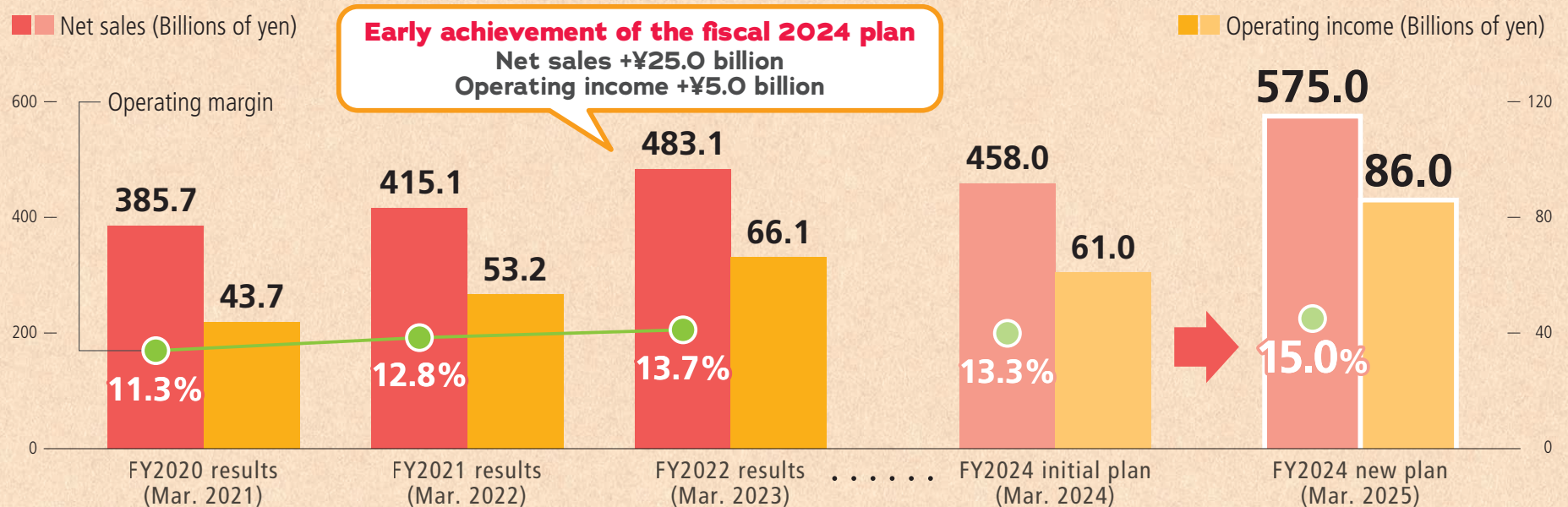
The Medium-Term Management Plan is a specific strategy for the first four years of our Long-Term Vision, *Yakult Group Global Vision 2030*.

Background to the Upward Revision

- The number of bottles of dairy products sold increased, close to the plan.
- In Food and Beverages (Japan), sales and profits grew significantly due to an increase in bottles sold for *Yakult 1000* and *Y1000*.
- In Food and Beverages (Overseas), the number of bottles sold was unchanged largely from the previous year, but the value of sales grew, primarily due to yen depreciation.

As a result, both sales and operating income had grown robustly by the end of FY2022, achieving the levels planned for FY2024 ahead of schedule.

Revise the goals of the Medium-Term Management Plan (FY2024)



Revision of Fiscal 2024 Goals

Food and Beverages (Japan)

- Increase production capacity for all dairy products (Fuji Oyama Yakult Plant to start operating in March 2024).
Production capacity: 4.25 million bottles/day for *Yakult 1000* and *Y1000* combined, as of April 2024
- Increase earnings by expanding *Yakult 1000* and *Y1000* trial users.

Change from initial plan	Net sales	+¥68.0 billion
	Operating income	+¥26.0 billion

Food and Beverages (Overseas)

- Expect an increase in revenue centered in the Asia region, based on cultivation and expansion with the introduction of high-value-added products and pricing strategy.
Strategy of China → Price revision (January 2023), Launch *Yakult 50 Billion Light* (February 2023)
- Reboot from the deceleration caused by the COVID-19 pandemic and aim for early recovery beyond the pre-COVID level.
- Review foreign exchange assumptions:
Initial plan: US\$1=¥106.44
→ New plan: ¥133.45
(rate as of 2023 January–March average rate)

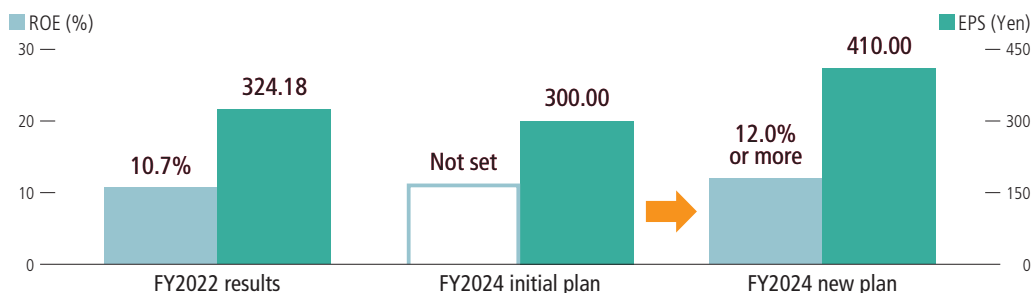
Change from initial plan	Net sales	+¥61.0 billion
	Operating income	+¥1.0 billion

Others

- Regarding pharmaceuticals, maintain a stable supply of anti-cancer drugs and work to optimize the business.

Change from initial plan	Net sales	-¥8.5 billion
	Operating income	-¥1.2 billion

Management Indicator Targets



Cash Flow and Capital Allocation (2021–2024)

- Operating cash flow (2021–2024) is expected to exceed the initial plan of ¥260.0 billion and reach approx. ¥330.0 billion.
- Capital investment is expected to be approx. ¥170.0 billion due to enhancement of dairy product plants in Japan and overseas.
- Shareholder return will assume a continuous increase in dividends.
- Aim at ROE of 12% or more.

Operating cash flow:
Approx. ¥330.0 billion

Capital investment Approx. ¥170.0 billion

Enhancement of dairy product plants in Japan and overseas Environmental measures for Japanese and overseas production facilities, etc.

Investment for expanding field of operations:
Approx. ¥100.0 billion

Shareholder return: Approx. ¥90.0 billion

Significance of Growth of Yakult 1000 and Y1000

Yakult has so far targeted the areas of "Wellness" that contribute to health, such as intestinal regulation and immunity. However, the market for stress and sleep captured by *Yakult 1000* represents the realm of "Well-Being," which aims to enhance the health of already healthy individuals. Tapping into this new market has expanded the proportion of consumers aged 20 to 50 and broadened the customer base. Furthermore, Yakult believes that the market for stress and sleep represents a significant potential market beyond Japan, including in Western countries.

Helping healthy people to become even healthier

Feeling at ease, healthy, and happy



Well-Being

A state of complete physical, mental, and social well-being



Feeling physically and mentally healthy

Wellness

A socially healthy and secure state



Stress and Sleep

Potential of Probiotics

The gut-brain axis



Immunity



Intestinal regulation



1935:
Founding of
Yakult



Medium- to Long-Term Growth Scenarios



Strengthen growth platform

Enhancement of dairy product plants in Japan and overseas, and expand sales for *Yakult 1000* and *Y1000*

Pursue measures to expand business fields

Continue active investment for business expansion to realize sustainable growth

Food and Beverages (Japan)

- Expansion across dairy products
- Increase production capacity for dairy products
- Grow sales of high-value-added products



Food and Beverages (Overseas)

- Pursue measures to leverage the Asian region's return to growth
- Bolster production capacity and create markets in the United States
- Consider introducing high-value-added products in the United States and Europe

Expand into new business fields

- Development/launch of food products based on plant ingredients in Japan and overseas
- New business development using functional ingredients developed by the Company
- New channel development for the Cosmetics business



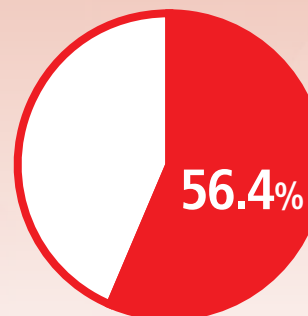
Review of Operations

JAPAN

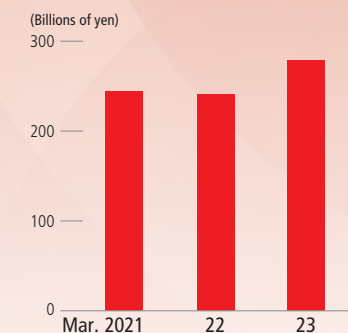
Yakult pursues several businesses in Japan. In addition to the Food and Beverages business centered largely on dairy products, our Pharmaceuticals business specializes in the treatment of cancer. Cosmetics and a professional baseball team, meanwhile, are central operations in our “Others” business segment. For the fiscal year ended March 31, 2023, net sales in Japan came to ¥278.7 billion.

Note: Sales by business segment and percentage of net sales by region include intersegment transactions.

Percentage of Net Sales



Net Sales



Food and Beverages



New Yakult



Yakult 400



Yakult 1000



Mil-Mil



Sofuhl



In dairy products, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain Yakult by proactively conducting grassroots value dissemination initiatives, while also taking measures to prevent COVID-19 infection.

In our home delivery channel, we utilized evidence in initiatives

to encourage customers to drink Yakult products, focusing on the fermented milk drink *Yakult 1000* and the *Yakult 400* series. Further, we strengthened our customer contact points through our online ordering service, Yakult Delivery Net, and through the dissemination of information on our website and other means. 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 conducted social media campaigns for the New Yakult fermented milk drink series and introduced limited-time packaging designs to encourage families to consume products from the series together. We also worked to

increase revenue by using displays and other means to create sales spaces offering high visibility for these products.

In product-specific initiatives, we addressed rising demand for *Yakult 1000* and *Y1000* by increasing production capacity for both products. We will continue taking action to ensure stable supply going forward. Meanwhile, our initiatives to boost the hard-type yogurt brand *Sofuhl* included launching *Sofuhl Lemon* as a limited-time item in January 2023 in collaboration with Pokka Sapporo Food & Beverage Ltd.

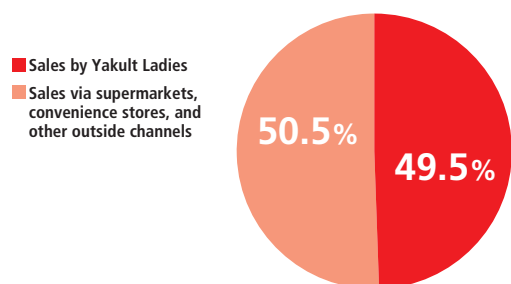
In other beverages, we implemented price revisions in November 2022 in response to rising raw material costs and the sudden sharp rise in logistics, fuel, and other costs. We also worked to increase sales for our *Toughman* series of energy drinks through various initiatives, including consumer campaigns.

In addition, we conducted activities to commemorate the Tokyo Yakult Swallows winning the Central League championship and to thank everyone for their support.

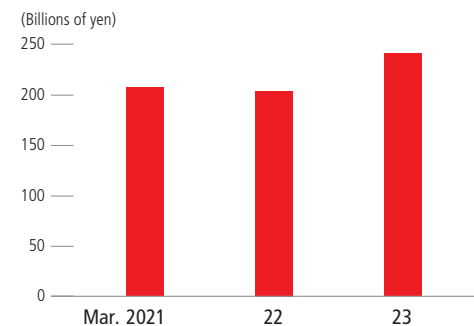
As a result of these and other efforts to bolster sales, the results for both dairy products and other beverages surpassed those of the previous year.

Consequently, consolidated net sales for the Food and Beverages (Japan) segment increased 18.3% from the previous fiscal year, totaling ¥240.5 billion.

Breakdown of Dairy Products Sales by Channel (volume-based)



Net Sales of Food and Beverages



Pharmaceuticals



Campto 40mg for I.V. Infusion



Eplat I.V. Infusion Solution 100mg



Gemcitabine for I.V. Infusion 200mg Yakult

Due to restrictions on visits to medical institutions to prevent the spread of the COVID-19, it remained difficult to hold face-to-face meetings with medical personnel in many facilities. However, we

made use of the internet, among other methods, to promote awareness and the proper use of our products, particularly those specializing in oncology and related fields.



Live webinar

Regarding our mainstay, the antineoplastic drug *Eplat*, while medical institutions are increasingly switching to available generic versions in line with government policy, we leveraged our ability to

Review of Operations

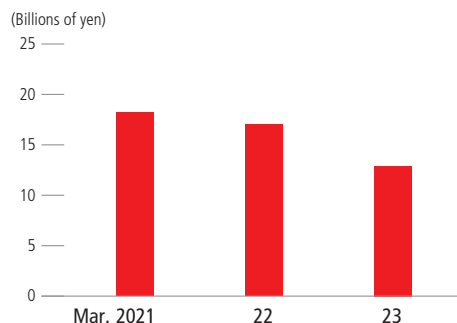
provide relevant information about it, a Company strength as the developer of the original drug.

However, our revenue was impacted by revisions to NHI drug prices in April 2022, which reduced prices for most of Yakult's pharmaceutical products, and by the ending of the promotional agreement with Nihon Servier Co., Ltd. for the antineoplastic drug, *Onivyde*[®], in September 2022.

As a result of the above factors, consolidated net sales in the Pharmaceuticals segment declined 24.9% to ¥12.8 billion.

Due to its insignificant monetary importance, this segment has been included in Others segment since the fiscal year ending March 31, 2024.

Net Sales of Pharmaceuticals



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 internal and external beauty, and to increase the number of regular users of our cosmetics by focusing on initiatives to disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, which is the result of our extensive research on lactic acid bacteria since the Company's foundation.



Lactdew series



Tokyo's Jingu Stadium filled with Tokyo Yakult Swallows fans

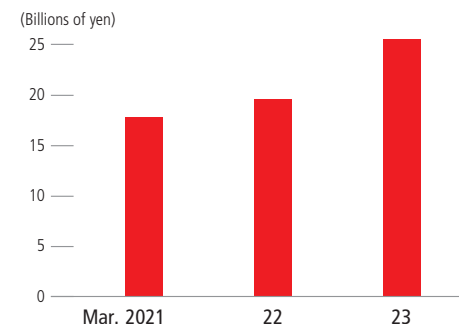
As specific examples of such activities, for our *Lactdew* series of skincare products containing moisturizing ingredients derived from lactic acid bacteria, in November 2022 we released a new product, *Lactdew S.E. Lotion 2*, released a revamped version of our *Lactdew S.E. Milk*, and aired TV commercials featuring the singer Chisato Moritaka. We also released a revamped version of our medicated moisturizing serum *Bellefin Moisture Essence* in January 2023.

Following such initiatives, the results of the cosmetics operation as a whole were broadly unchanged year-on-year. Meanwhile, in our professional baseball operations, cheered on by their fans, the Tokyo Yakult Swallows clinched their second consecutive Central League championship and proceeded to the Japan Series. Along with the lifting of restrictions on entry to Jingu Stadium, our efforts to improve the various fan service engagements and disseminate a

range of information resulted in an increase in attendance.

As a result of the above factors, consolidated net sales in the Others segment rose 30.7% from the previous year to ¥25.4 billion.

Net Sales of Others

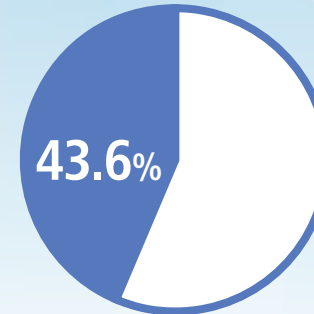


INTERNATIONAL BUSINESS

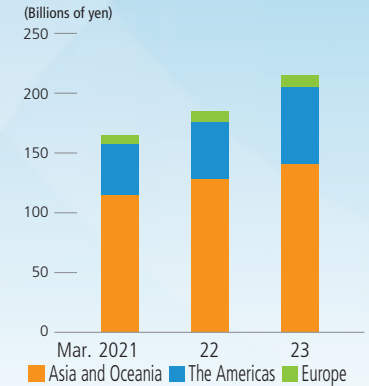
Yakult's operations outside Japan commenced in March 1964 with the establishment of Yakult Taiwan Co., Ltd., and now the manufacture and sale of Yakult outside of Japan spans 39 countries and regions centered around 29 companies and one research center, with average daily bottle sales of approximately 31.55 million bottles for the fiscal year ended March 31, 2023.

For the fiscal year ended March 31, 2023, the International Business recorded net sales of ¥215.1 billion.

Percentage of Net Sales



Net Sales



Asia and Oceania

Countries and regions in Asia and Oceania where sales are conducted
Taiwan, Hong Kong, Thailand, South Korea, the Philippines, Singapore, Brunei, Indonesia, Australia, China, Malaysia, New Zealand, Vietnam, India, the United Arab Emirates, Oman, Bahrain, Qatar, Kuwait, and Myanmar.



PT. Yakult Indonesia Persada



Hong Kong Yakult Co., Ltd.



Yakult (China) Corporation



Yakult Vietnam Co., Ltd.



Yakult Middle East FZCO



Yakult Vietnam Co., Ltd.

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., PT. Yakult Indonesia Persada, Yakult Australia Pty. Ltd., Guangzhou Yakult Co., Ltd., Yakult (Malaysia) Sdn. Bhd., Shanghai Yakult Co., Ltd., Beijing Yakult Co., Ltd., Yakult

(China) Corporation Yakult Vietnam Co., Ltd., and Yakult Danone India Pvt. Ltd. among other. In addition, 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 Yakult Vietnam Co., Ltd., sales rose steadily as a result of efforts to enhance the home delivery organization and increase the number of stores stocking our products, in combination with value dissemination initiatives.

However, sales were significantly impacted at Guangzhou

Review of Operations

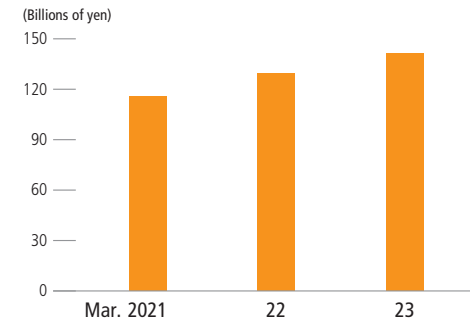
Yakult Co., Ltd., Shanghai Yakult Co., Ltd., Beijing Yakult Co., Ltd., and Yakult (China) Corporation, as the effects of lockdowns and other measures in response to the spread of COVID-19 caused activities in many districts to be restricted.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 9.6% from the previous year to ¥140.5 billion.



Yakult Danone India Pvt. Ltd.

Net Sales in Asia and Oceania



The Americas

Countries and regions in the Americas where sales are conducted
Brazil, Mexico, Uruguay, the United States, Canada, and Belize.



Yakult S/A Ind. E Com. (Brazil)



Yakult S.A. De C.V. (Mexico)



Yakult U.S.A. Inc.



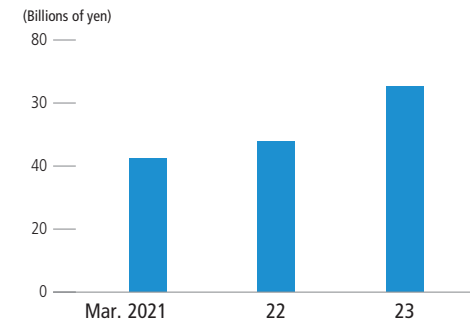
Yakult S.A. De C.V. (Mexico)

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 dealing with our products. In other regions within the Americas, we strived to increase revenue

Net Sales in the Americas

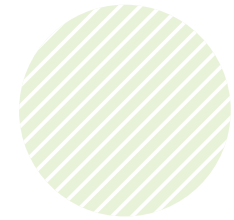


by reinforcing the sales networks for both the home delivery and retail store sales channels.

As a result of these efforts, consolidated net sales in the Food and Beverages (The Americas) segment increased 37.0% from the previous year to ¥64.9 billion.



Yakult S/A Ind. E Com. (Brazil)



Europe

Countries and regions in Europe where sales are conducted
 The Netherlands, Belgium, France, the United Kingdom, Germany, Luxembourg, Spain, Ireland, Austria, Italy, Malta, Switzerland, and Denmark.



Shared bottle design used in Europe



Paper carton packaging used in Europe

Yakult Nederland B.V.



Yakult UK Ltd.



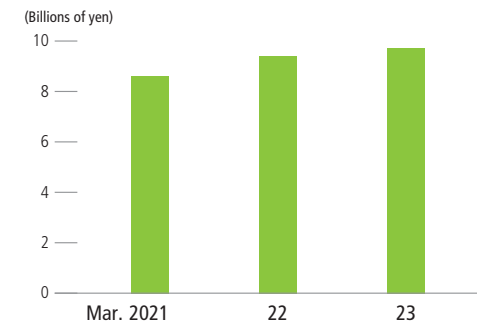
In Europe, *Yakult* and other products are manufactured by Yakult Europe B.V., and sold by Yakult Nederland B.V., Yakult Belgium N.V./S.A., Yakult Europe B.V., Yakult UK Ltd., Yakult Deutschland GmbH, Yakult Oesterreich GmbH, and Yakult Italia S.r.l.

In this region, 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. At the same time, taking advantage of heightened health consciousness, we aimed for sustainable growth by conducting sales activities tailored to each individual country's market.

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

As a result of the above efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 3.3% from the previous year to ¥9.7 billion.

Net Sales in Europe



Research and Development

Since the Company's foundation, the work conducted in R&D has been the cornerstone of its ability to create products that contribute to people's health. The R&D Division pursues basic research in life science aimed at developing and applying new ingredients in food, pharmaceuticals, and cosmetics.

The Yakult Central Institute and the Yakult Honsha European Research Center for Microbiology VOF

The Yakult Central Institute is a cutting-edge research facility in the field of probiotics that pursues life science in the aim to contribute to human health. Their research concentrates on the study of beneficial microorganisms, particularly within the intestinal microbiota, and has realized numerous achievements, starting with the discovery and utilization of lactic acid bacteria with high levels of functionality.

The Yakult Central Institute consists of seven separate research departments, each with their own research function and state-of-the-art research facilities. Supporting the work of the research departments are: the Administration Department, responsible for managing the Institute; the Research Management Center which is in charge of planning research strategies, promoting domestic and overseas research activities, as well as controlling and communicating information; the Quality Assurance Unit, which was set up as a specialized department in charge of ensuring the validity of our studies, research operations, and research data. Outside of Japan, the Yakult Honsha European Research Center for Microbiology VOF was established in Technologiepark in Ghent, Belgium, to accumulate scientific evidence on the benefits of the consumption of probiotic products. By establishing a research base in Europe, an advanced region in the study of microorganisms, our goal is to support global business expansion, not only in Europe but also in the Americas, and the Asia and Oceania region.

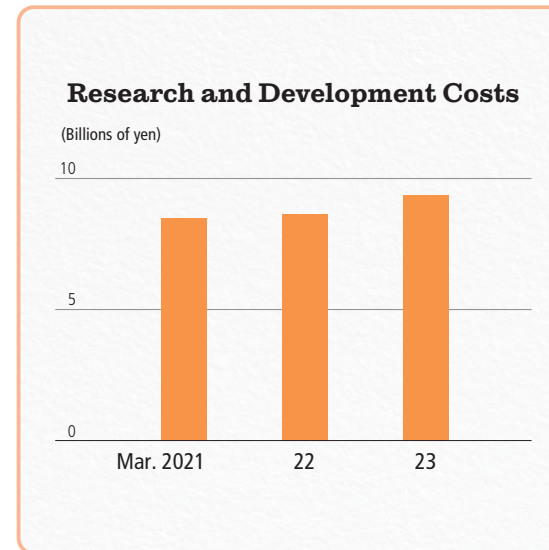
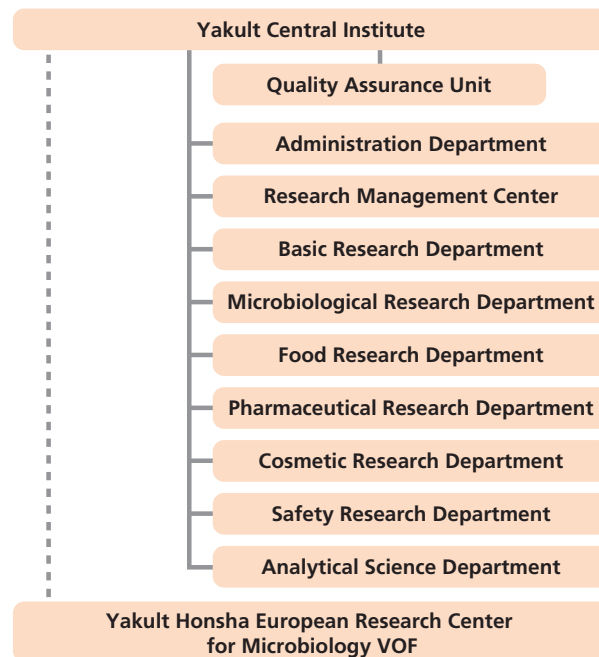
Steps in R&D Activities

Before a product can be marketed, there are a great many steps that need to be taken. The Yakult Central Institute is responsible for the development of functional ingredients, which proceeds in three steps: basic research, ingredient development research, and commercialization

research. Prospective ingredients undergo full-scale product development within each of the business divisions.

Each product segment concentrates on specific research themes, conducting research and development proprietary to Yakult: the food segment focuses on ingredients which maintain or promote health and contribute to QOL; the pharmaceutical segment focuses on ingredients utilizing the microbiome, which are useful in the medical field; the cosmetics segment focuses on safe and effective ingredients based on dermatology and microbiology.

Organization of the Yakult Central Institute



Recent R&D Activities

Confirmation in healthy male office workers that consumption of a fermented milk drink containing *L. paracasei* strain Shirota activates phagocytic cells (monocytes/macrophages, dendritic cells), which play a role in modulating immune effector cells such as T cells, B cells, and NK cells.

The effect of the consumption of fermented milk containing "*Lacticaseibacillus paracasei* strain Shirota (*L. paracasei* strain Shirota)" on phagocytes (monocytes/macrophages and dendritic cells), which are responsible for directing immune cells such as T cells, B cells and Natural Killer cells, was examined on office workers. The group that consumed fermented milk containing *L. paracasei* strain Shirota exhibited significantly higher CD40 expression, which is an activation marker of phagocytes, in monocytes, plasmacytoid dendritic cells and conventional dendritic cells among peripheral blood mononuclear cells than the group that consumed unfermented milk that did not contain lactic acid bacteria. This study indicated that *L. paracasei* strain Shirota activate the phagocytes with an increase of CD40 expression and this may potentially affect both innate and acquired immunity in healthy adults. The result of this study was published in the academic journal *Bioscience of Microbiota, Food and Health*.



Confirmation that the administration of synbiotics (*L. paracasei* strain Shirota and *B. breve* strain Yakult + galacto-oligosaccharides) improves the balance of the gut microbiota and the intestinal environment as well as reduces adverse events caused by neoadjuvant chemotherapy in patients with esophageal cancer.

In a joint study with the Osaka International Cancer Institute, the impact of the administration of synbiotics (*Yakult BL Seichoyaku* and *Oligomate S-HP*) on the incidence of adverse events in patients with esophageal cancer undergoing neoadjuvant chemotherapy was verified in a multicenter randomized controlled study. Results indicated that patients who were administered synbiotics combined with enteral nutrition (synbiotics group) had a lower incidence of febrile neutropenia, the primary endpoint, compared with patients who were administered prophylactic antibiotics (antibiotics group). There was also a significant decrease in the incidence of the secondary endpoints of severe neutropenia and severe diarrhea in the synbiotics group. In addition, the relative dose intensity (= ratio of actual dose administered to planned dose) was significantly higher in the synbiotics group than in the antibiotics group, and the number of *Bifidobacterium* and certain lactobacilli (genus *Lacticaseibacillus*) in the intestine after chemotherapy as well as the concentration of organic acids such as acetic acid were significantly higher. This study indicates that the administration of synbiotics combined with enteral nutrition during neoadjuvant chemotherapy may improve the intestinal microbiota and intestinal environment, and improve chemotherapy tolerance by suppressing adverse events during chemotherapy. The results of this study were published in the academic journal *Clinical Nutrition*.

CSR Activities

As a pioneer of probiotics, Yakult believes that the key to fulfilling our social responsibilities is to apply the principles of Shirota-ism, as passed down from Yakult’s founding, in order to realize our corporate philosophy of: “We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular.”



The Yakult Group’s Materiality

Following the advice of independent experts, as well as reports from groups such as the Intergovernmental Panel on Climate Change (IPCC) and the World Economic Forum (WEF), the Yakult Group (the “Group”) has identified six material themes that should be prioritized within the value chain in order to continue contributing to the Sustainable Development Goals (SDGs). Using these themes we will realize our corporate philosophy, and our goal to unite both “People and Planet as One” by establishing strategies and plans that work to improve the sustainability, not only of our own Group, but also that of the planet and society.

● Six Material Themes to Achieve Sustainability

	Innovation		Value co-creation with communities
	Supply chain management		Climate change
	Plastic containers and packaging		Water

The Yakult Group Environmental Vision

In March 2021, we formulated the *Yakult Group Environmental Vision*, to be a concrete set of guidelines for the three materiality issues related to the environment, maintaining our course towards the goal of uniting both “People and Planet as One.” Our ideal vision for the future is set out in *Environmental Vision 2050*, which details our plans to achieve net-zero carbon emissions (in scopes 1, 2 and 3) on our way to a value chain with zero environmental impact. To ensure effective progress toward this vision, we have used backcasting to establish both *Environmental Targets 2030* and *Environmental Actions (2021–2024)*. In the fiscal year ended March 31, 2023, the results of major Environmental Actions activities and the medium- to long-term outlook are summarized below.

● Major Activities in the Fiscal Year Ended March 31, 2023

Key themes	Action plans	Main activity results (2022)	Progress*
Achieve a zero-carbon society	Reduce GHG emissions (in Japan, scopes 1 + 2) by 10% compared to fiscal 2018 levels	Reduce CO ₂ emissions by approximately 42% compared to fiscal 2018 levels	◎
Convert to fully-recyclable containers and packaging	Reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or convert to make them recyclable	Volume of plastic containers and packaging used increased by approximately 24% (not recyclable)	×
Reduce water consumption	Reduce water consumption (at dairy product plants in Japan, per production unit) by 3% compared to fiscal 2018 levels	Reduce water consumption (per production unit) by approximately 14% compared to fiscal 2018 levels	◎
Reduce waste	<ul style="list-style-type: none"> Reduce the amount of waste generated by 20% compared to fiscal 2010 levels Maintain a 95% or higher recycling rate for food waste 	<ul style="list-style-type: none"> Reduce amount of waste generated by 22.3% compared to fiscal 2010 levels Recycling rate of 88.9% for food waste 	◎ ○
Conserving and utilizing biodiversity	<ul style="list-style-type: none"> Support and participate in conservation activities Promote biodiversity education 	<ul style="list-style-type: none"> Tree planting activities (13 plants and laboratories across Japan) Support OISCA’s “Children’s Forest Program” 	○

* ◎: Achieved ○: Partly achieved ×: Unachieved

● Medium- to Long-Term Outlook

Key themes	Future outlook
Achieve a zero-carbon society	<p>[Japan]</p> <ul style="list-style-type: none"> With regard to CO₂ emissions and water consumption, continue to make efforts to achieve or exceed the action targets set initially. <p>[Overseas]</p> <ul style="list-style-type: none"> Consider new targets focused on the future, and work to improve our environmental friendliness by switching to renewable energy-derived power, installing solar panels, and actively introducing water recycling systems at our plants.
Convert to fully-recyclable containers and packaging	<p>[Response regarding containers and packaging]</p> <ul style="list-style-type: none"> Review container materials based on the plastic regulations of each country, and proceed in stages with the necessary investments related to manufacturing equipment. (Predicted investment: Approx. ¥30.0 billion until 2024) In Japan, also consider options including bottle-to-bottle recycling through creation of a collection scheme for plastic containers.
Reduce water consumption	
Reduce waste	<ul style="list-style-type: none"> Maintain reduction of the amount of waste generated by 20% compared to fiscal 2010 levels. Maintain a 95% recycling rate for food waste.
Conserving and utilizing biodiversity	<p>Engage in zero deforestation and preserving biodiversity with responsible procurement of relevant ingredients based on our commitment to “deforestation and conversion-free supply chains.”</p> <ul style="list-style-type: none"> Conversion to internationally certified products, etc. (paper/pulp, palm oil) * 100% by the end of fiscal 2025 Establish traceability (palm oil, soybeans, dairy products) * Targeting 100% by the end of fiscal 2030

Please refer to the special website for details of the Yakult Group Environmental Vision.



<https://www.yakult.co.jp/english/csr/environment/vision/>



CSR Topics

White 500 Certification for the Sixth Consecutive Year

Yakult Honsha (the “Company”) has been certified for the sixth consecutive year as a “White 500” company in the large corporation category, recognized for outstanding health and productivity management. This certification program is jointly promoted by the Japanese Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council). The Company believes that maintaining and enhancing the health of its employees is crucial for realizing its corporate philosophy. In 2017, we established a “Health Declaration” and appointed the President and Representative Director as the Chief Health Officer, while also creating a dedicated department within the Human Resources Department to promote health initiatives. This certification was awarded in recognition of our efforts, including the implementation of the Yakult Stretch program, a daily workplace stretching routine, as well as the encouragement of male employees to take parental leave.



Health-Related Classes

Health-related classes are given mainly by marketing company employees in each region at Yakult centers (Yakult Ladies sales hubs) and community facilities, and address a broad range of topics, including the importance of the intestines, probiotics and seasonal ailments. Recently the scope of these activities has extended to our business partners (such as chain stores and school lunch contractors), and nutrition consultations are now being offered in addition to health-related classes.

Continuing from last year, the health-related classes were held both on and offline in fiscal 2022. As a result, there were 31,477 classes conducted nationwide in Japan for 223,136 participants. Overseas, the classes were held 240,907 times for 9,415,776 participants.

Note: Some marketing companies in Japan have conducted online lectures. Outside of Japan, online lectures are being held in Hong Kong Yakult Co., Ltd., Yakult Philippines, Inc., Yakult (Singapore) Pte. Ltd., PT. Yakult Indonesia Persada, Yakult Australia Pty. Ltd., Yakult Danone India Pvt. Ltd., Guangzhou Yakult Co., Ltd., Yakult (China) Corporation, Yakult S/A Ind. E Com. (Brazil), Yakult S.A. De C.V. (Mexico), Yakult UK Ltd., Yakult Deutschland GmbH and Yakult Nederland B.V.



A health-related class organized by PT. Yakult Indonesia Persada

Corporate Governance

1. Basic Stance

Our basic approach to corporate governance is to promote highly transparent management that is committed to the steady development of operations in our core business domain.

Our corporate philosophy is: "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." In the pursuit of this philosophy, we believe it is important to implement transparent management with an emphasis on well-developed internal control functions. This includes efforts to ensure an appropriate management organization and decision-making processes. Corporate governance at the Company is also underpinned by the company "Audit & Supervisory Board."

2. Capital Composition

The distribution of ownership among shareholders (on a number of shares basis) and major shareholders is as follows:

Distribution of Ownership Among Shareholders

(As of March 31, 2023)



Major Shareholders

(As of March 31, 2023)

	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust account)	13.05%
Custody Bank of Japan, Ltd. (Trust account)	3.96
Fuji Media Holdings, Inc.	3.80
Mizuho Trust & Banking Co., Ltd. (retirement benefit trust (Mizuho Bank Account))	2.90
Kyoshinkai	2.27
Matsusho Co., Ltd.	2.00
STATE STREET BANK WEST CLIENT-TREATY 505234	1.51
GOVERNMENT OF NORWAY	1.07
SSBTC CLIENT OMNIBUS ACCOUNT	1.04
JP MORGAN CHASE BANK 385781	1.02

Note: In addition to the above, the Company holds 14,975,095 shares (8.75%) of its own shares.

3. Governing Bodies, Organizational Operations and Operational Execution

Board of Directors

The Board of Directors is composed of 15 members, including six outside directors, two of whom are female. The five members of the Audit & Supervisory Board, which includes three outside members, one of whom is female, also attend meetings. The Board of Directors adopts resolutions and receives reports on matters within its jurisdiction as defined by law and the

Rules of the Board of Directors, and is responsible for supervising the business execution of the directors and executive officers. The Board of Directors holds meetings, in principle, nine times per year, in addition to convening special meetings as required.

As a system of support for outside directors, the General Affairs Department functions as the secretariat for the Board of Directors, and serves in this capacity as a point of contact for each outside director.

The six outside directors are listed in the chart below.

(As of June 21, 2023)

Name	Outside Positions as Representative	Reason for Appointment as Outside Director
Ryuji Yasuda	Outside Director, Kansai Mirai Financial Group, Inc.; Chairman, Tokyo Woman's Christian University	Mr. Yasuda was appointed on the expectation that he would offer pertinent advice regarding the overall management and appropriately supervise the execution of business, which would further strengthen and enrich its management structure based on the expertise in business strategy he has accumulated over the years in wide-ranging positions including university professor, consultant and business manager.
Naoko Tobe	Lawyer	Ms. Tobe was appointed on the expectation that she would offer pertinent advice from an objective viewpoint to the Company's management and appropriately supervise the execution of business, which would lead to further reinforcement and enhancement of the management structure, based on her advanced knowledge and insight and abundant experience as a lawyer.
Katsuyoshi Shinbo	Lawyer; Outside Director, Sumitomo Mitsui Financial Group, Inc.; Outside Audit & Supervisory Board Member, Mitsui Chemicals, Inc.	Mr. Shinbo was appointed on the expectation that he would offer pertinent advice from an objective viewpoint to the Company's management and appropriately supervise the execution of business, which would lead to further reinforcement and enhancement of the management structure, based on his advanced knowledge and insight as a lawyer and experience as an outside officer of another company.
Yumiko Nagasawa	Facilitator of Foster Forum (Association for the Development of High Quality Financial Products); Outside Director, Yamaguchi Financial Group, Inc.; Outside Director, GL Sciences Inc.	Ms. Nagasawa was appointed on the expectation that she would offer pertinent advice from an objective viewpoint to the Company's management and appropriately supervise the execution of business, which would lead to further reinforcement and enhancement of the management structure, based on her expertise in finance and her experience as an outside officer of another company.
Satoshi Akutsu	Professor, Graduate School of Business Administration, Hitotsubashi University; Outside Director, Adastria Co., Ltd.	Mr. Akutsu was appointed on the expectation that he would offer useful advice regarding the overall management and pertinent advice from an objective viewpoint to the Company's management and appropriately supervise the execution of business, which would lead to further reinforcement and enhancement of the management structure, based on his many achievements as a marketing professional.
Matthew Digby	Lawyer	Mr. Digby was appointed on the expectation that he would offer pertinent advice from an objective viewpoint to the Company's management and appropriately supervise the execution of business, which would lead to further reinforcement and enhancement of the management structure for the Company, as a global company, based on his advanced knowledge and insight as a lawyer and his extensive experience overseas.

Note: Mr. Ryuji Yasuda, Ms. Naoko Tobe, Mr. Katsuyoshi Shinbo, Ms. Yumiko Nagasawa, Mr. Satoshi Akutsu, and Mr. Matthew Digby are independent Directors as specified by the Tokyo Stock Exchange.

The Management Policy Council, the Executive Officers Committee, and the Nomination and Compensation Advisory Committee

The Company established the Management Policy Council as a meeting

body designed to promote effective management activities and accelerate decision making. The council is chaired by Representative Director Hiroshi Narita and includes Director Hiroshi Wakabayashi, seven divisional general managers, and one senior Audit & Supervisory Board member. Meetings



Corporate Governance

4. Internal Control Systems and Policies

The Company resolved at the Board of Directors' meeting on May 19, 2006 to establish an internal control system as mandated for a large company with a Board of Directors by the Companies Act and its enforcement regulations. The Company revises the details of this resolution as necessary in response to changes inside and outside the Company. At the current time, the details are as follows:

The Company aims to proceed with its business activities in accordance with its corporate philosophy: "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." To achieve this, the Company believes that it is important to implement management that places emphasis on strengthening and enhancing internal control functions as a company that is widely trusted by society.

Based on this perspective, the Company has made the resolutions listed below on basic policies regarding building internal control systems after reconfirming the current situation at the Company in relation to the development of internal control systems.

The contents of the resolutions will be revised on a timely basis in line with revisions to laws and environmental changes inside and outside the Company, aiming to further strengthen and enhance internal control systems.

5. Other Corporate Governance Systems

(1) Basic approach regarding timely disclosure

• With respect to information disclosure, especially in a timely manner, in the Yakult Code of Ethics and Code of Practice, the Company makes the following commitment: "The Company will actively disclose all relevant information to all stakeholders, including our customers, shareholders, employees, business partners, local communities, industry groups, government, non-profit organizations and non-government organizations, and increase the transparency of management, to gain the full trust of society through our corporate activities." Based on this approach, the Company discloses information in a timely manner.

(2) Internal structure related to timely disclosure

• Facts and data appropriate for public disclosure from each department within the Company (including subsidiaries) are compiled by the Public

ii) Systems to ensure that the performance of duties by directors and employees complies with laws and articles of incorporation

As standards for executives and workers to properly perform business activities, the Company has established the Yakult Code of Ethics and Code of Practice. The Yakult Code of Ethics and Code of Practice has been distributed to all persons concerned, aiming to familiarize them with the details of the codes. At the same time, the Company is continuously offering in-house training programs regarding compliance.

In addition, a meeting of the Compliance Committee, which consists of external knowledgeable persons, is held on a regular basis to receive advice regarding the development of the Company's compliance system.

Furthermore, the Company has established an "internal reporting system," aiming to improve the self-cleaning functions by which it detects its own violations of law and takes corrective actions.

In addition, the Company will resolutely block and repudiate anti-social forces that pose a threat to business activities. We will also maintain a close relationship with the police under normal circumstances. At the same time, we will endeavor to supervise transactions through the Corporate Ethics Committee, which consists of external experts as the main committee members, and will tackle any unreasonable claims organizationally and take all possible legal measures.

iii) Systems regarding preservation and management of information related to the performance of duties by directors

Minutes of general shareholders meetings and Board of Directors meetings are preserved properly in accordance with law.

In addition, in line with the Rules for Handling Documents, information related to the performance of duties by directors is recorded and preserved in documents or electromagnetic media (hereinafter referred to as "documents and other media").

Directors and Audit & Supervisory Board members can look through the minutes and the documents and other media at any time.

Furthermore, the Rules for Handling Documents include rules regarding maintaining confidentiality and we are taking preventive measures against information leakage.

iiii) Rules and other systems regarding the management of risks for losses

The Administrative Division plays a central role in supervising the conditions of cross-sectional risk and making company-wide responses. The department concerned handles the management of risks related to the operations of each department.

In addition, to respond to crises that appear suddenly, there are the Risk Management Rules, which include a rule to have the Company's President or Divisional Managers serve as the head of various task forces set up in accordance with the details of crisis situations.

Furthermore, to provide safe products to customers and establish a quality assurance system, the Quality Assurance Committee has been established and its meetings are being held. In addition, the Food & Beverages Quality Assurance Department has been established as an independent department to carry out

exclusive company-wide supervisory operations related to food quality assurance.

iv) Systems to ensure that the performance of duties by directors is efficient

The Company has introduced the Executive Officer System to strengthen the functions of the Board of Directors to make decisions and supervise as well as to define the responsibilities in executing operations, and ultimately to improve the efficiency of these functions.

In addition, the Company's decision-making methods are stipulated in the Rules for Decision-Making, aiming to make decisions in line with the level of importance. At the same time, a management policy meeting and the Executive Officers Committee are held every week in principle, aiming to speed up decision making.

Moreover, to carry out business operations efficiently, the organizational structure of the Company and its management standards are stipulated in the Organization Rules and the Table of Division of Duties.

v) Systems to ensure that operations at the corporate group consisting of the Company and subsidiaries are appropriate

The Company seeks to ensure that operations at its subsidiaries are appropriate and efficiently executed by sending its executives or employees to the subsidiaries and having them serve as executives of the subsidiaries.

In addition, the Rules for the Management of Affiliates and the Rules for the Management of Overseas Operations include provisions to require the subsidiaries and affiliates to obtain advance approval and provide reports. At the same time, the Auditing Department, which is the Company's internal auditing department, carries out audits.

Furthermore, the Company has secured the appropriate operations throughout the Group by drawing up the Group's strategies and targets in the medium-term management plan as well as establishing an internal support system by setting up a department in charge of the management of the subsidiaries, in addition to implementing training and education programs for its subsidiaries. At the same time, the Rules for Risk Management include provisions to respond to any crisis that suddenly occurs throughout the Group.

vi) Matters regarding employees who support the duties of Audit & Supervisory Board members in cases in which Audit & Supervisory Board members make a request to assign such employees

Employees who have a thorough knowledge of the Company's business operations and can properly support the duties of Audit & Supervisory Board members serve as full-time staff members who support Audit & Supervisory Board members. In terms of the organizational structure, the staff members serve as "auditing officers" and are independent of the Auditing Department, which is an internal auditing department. They carry out operations under the direct supervision of Audit & Supervisory Board members.

vii) Matters regarding the independence of employees who support the duties of Audit & Supervisory Board members, who are mentioned in the previous item, from directors, and systems to ensure the effectiveness of instructions given to these employees by Audit & Supervisory Board members

To secure the independence and effectiveness of instructions of full-time employees who support the duties of Audit & Supervisory Board members from directors, such employees do not belong to any department in the organization and are not under the supervision of directors.

In addition, full-time Audit & Supervisory Board members directly evaluate the performance of such employees to respect their independence.

viii) Systems for directors and employees to provide reports to Audit & Supervisory Board members and other systems regarding reports provided to Audit & Supervisory Board members

Audit & Supervisory Board members attend Board of Directors meetings and other important meetings and read minutes of such meetings on an as-needed basis. In addition, Audit & Supervisory Board members confirm the details of important requests. There is a system in which Audit & Supervisory Board members can be apprised of the details of such requests.

Furthermore, reports regarding the results of internal audits of the Company and subsidiaries are provided to Audit & Supervisory Board members on a regular basis. The Rules for Audits by Audit & Supervisory Board members also stipulate that members can request directors to provide business reports and request related departments, subsidiaries, and other parties to provide reports if necessary.

ix) Systems to ensure that reporting parties do not receive unfair treatment as a result of such reports

The Company prohibits any retaliation against the directors and employees who provide reports to Audit & Supervisory Board members as a result of such reports. At the same time, the Rules for the Internal Reporting System include provisions to prohibit any other actions or behavior that infringe the whistleblower's rights.

x) Other systems to ensure that audit operations of Audit & Supervisory Board members are carried out effectively

The Rules for Audits by Audit & Supervisory Board members ensure that members effectively exercise the authority to "attend Board of Directors meetings and other important meetings," "ask for explanations in cases of failure to attend meetings and read minutes and documents," "read documents necessary to investigate business conditions and request related departments to provide reports," and "request subsidiaries and affiliates to provide reports and investigate business and asset conditions."

In addition, they can request opinions from lawyers, certified public accountants, consultants, and other outside experts if necessary. Expenses related to obtaining such opinions from these outside experts and other audits are the responsibility of the Company.



Management Members

Relations Department. In parallel, each department within the Company, pursuant to the Rules for Decision-Making, decides items for disclosure based on prescribed decision-making procedures. Facts and data not vetted in this manner are not publicly disclosed. When making final decisions, the disclosing department liaises with the General Affairs Department, the body responsible for coordinating timely disclosure, as it moves decision-making procedures forward, during which time a determination is made regarding the necessity for timely disclosure. The General Affairs Department refers to two standards in making this determination: the Rules for Timely Disclosure and the status of other finalized disclosure decisions within the Company. The decision is then made to officially conduct the timely disclosure of facts and data meeting these criteria.

- The Company is listed on the Tokyo Stock Exchange (TSE). Any information from the Company marked for timely disclosure is registered on TDnet, a system for timely disclosure provided by the TSE. The registration of information for timely disclosure and responses to inquiries from TSE personnel are conducted by the General Affairs Department, the body responsible for coordinating timely disclosure. Following registration, information targeted for timely disclosure is quickly transmitted simultaneously to all relevant media outlets, with related materials disclosed at the same time on the Company's website.

(3) Check functions to mitigate risks associated with the improper execution of timely disclosure

- The Company has considered a variety of risk scenarios, including those in which information marked for timely disclosure is inadvertently overlooked; information is prematurely disclosed; and data pertaining to sudden crises are not promptly disclosed. A single department, the General Affairs Department, which is responsible for coordinating timely disclosure, acquires and shares information about the criteria for determining the necessity of timely disclosure, and checks information pertaining to final decisions made internally, as well as primary information when sudden crises and incidents arise. This configuration allows check functions to work and enables timely disclosure without any omissions.

Board of Directors and Audit & Supervisory Board Members

President and Representative Director
Hiroshi Narita

Directors
Hiroshi Wakabayashi
Akifumi Doi
Masao Imada
Koichi Hirano
Masatoshi Nagira
Hideaki Hoshiko
Junichi Shimada

Directors (Part-Time)
Ryuji Yasuda (Outside Director)
Naoko Tobe (Outside Director)
Katsuyoshi Shinbo (Outside Director)
Yumiko Nagasawa (Outside Director)
Satoshi Akutsu (Outside Director)
Matthew Digby (Outside Director)
Manabu Naito

Senior Audit & Supervisory Board Members
Hiroshi Yamakami
Hideyuki Kawana

Audit & Supervisory Board Members
Seijuro Tanigawa (Outside Audit & Supervisory Board Member)
Seno Tezuka (Outside Audit & Supervisory Board Member)
Emi Machida (Outside Audit & Supervisory Board Member)

Executive Officers

President and Executive Officer
Hiroshi Narita

Deputy President and Executive Officer
Hiroshi Wakabayashi

Senior Managing Executive Officers
Akifumi Doi
Divisional General Manager of Production Division
Masao Imada
Divisional General Manager of Management Support Division
Koichi Hirano
Divisional General Manager of Research & Development Division
Masanobu Nanno

Managing Executive Officers
Masatoshi Nagira
Divisional General Manager of Food and Beverages Division
Divisional General Manager of Cosmetics Business Division
Hideaki Hoshiko
Divisional General Manager of Administrative Division
Junichi Shimada
Divisional General Manager of International Business Division
Yasuyuki Suzuki
Shuichi Watanabe
Divisional General Manager of Pharmaceuticals Business Division

Takao Goto
Hiroyuki Kawabata
Akira Kishimoto

Executive Officers
Masahiko Satomi
Masato Nagaoka
Hiroaki Nagaoka
Hiroshi Natsume
Masakazu Seino
Yoshinobu Asakura
Noriyuki Umehara
Osamu Chonan
Kan Shida
Shunichi Uekusa
Masaki Kaiya
Ken Nishikawa
Motoki Yamamoto
Naoki Komachi

(As of June 21, 2023)

Financial Section

Consolidated Five-Year Summary

YAKULT HONSHA CO., LTD. and its subsidiaries
Years ended March 31, 2023, 2022, 2021, 2020, and 2019

	Millions of yen					Thousands of U.S. dollars (Note 2)
	2019	2020	2021	2022	2023	2023
For the year:						
Net sales	¥ 407,017	¥ 406,004	¥ 385,707	¥ 415,116	¥ 483,071	\$3,632,113
Selling, general and administrative expenses.....	190,064	188,951	183,127	195,214	222,410	1,672,251
Operating income	45,846	45,675	43,694	53,202	66,068	496,755
Net income attributable to owners of the parent.....	34,935	39,736	39,267	44,918	50,641	380,762
Research and development costs	10,564	8,969	8,488	8,655	9,382	70,538
Capital investments	29,505	20,631	23,638	26,093	32,580	244,961
Depreciation and amortization	21,238	22,324	22,114	23,769	25,334	190,480
At the year-end:						
Total assets.....	¥ 618,533	¥ 627,871	¥ 635,102	¥ 672,856	¥ 749,419	\$5,634,732
Net property, plant and equipment.....	200,072	203,996	203,045	211,157	225,123	1,692,654
Total liabilities.....	226,254	215,789	195,341	187,920	203,922	1,533,252
Total equity	392,279	412,082	439,761	484,936	545,497	4,101,480
Yen						
Per share of common stock:						
Basic net income	¥ 217.89	¥ 248.04	¥ 244.85	¥ 280.36	¥ 324.18	\$ 2.44
Total equity	2,229.80	2,330.58	2,523.81	2,812.63	3,195.09	24.02
Cash dividends applicable to the year	44.00	46.00	52.00	72.00	90.00	0.68
Financial ratios:						
Return on equity (ROE) (%)	9.8	10.9	10.1	10.6	10.7	
Equity ratio (%).....	57.8	59.5	63.8	66.3	66.5	

Notes: 1. Figures are rounded to the nearest million.

2. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥133 to U.S. \$1, the approximate rate of exchange on March 31, 2023.

3. Noncontrolling interests are not included in equity for the calculation.

Financial Section

Contents

30 Management's Discussion and Analysis

39 Consolidated Balance Sheet

40 Consolidated Statement of Income

Consolidated Statement of Comprehensive Income

41 Consolidated Statement of Changes in Equity

42 Consolidated Statement of Cash Flows

43 Notes to Consolidated Financial Statements

59 Independent Auditors' Report

Management's Discussion and Analysis

OVERVIEW

In the fiscal year ended March 31, 2023, despite expectations of an economic recovery, the Japanese economy remained in a situation that demanded careful attention to the downside risks to the economy due to factors such as global monetary tightening and the impact of rising prices.

Against this backdrop, the Yakult Group (the "Group") promoted awareness and dissemination of probiotics, the foundation of its business, and promoted the superiority of its products.

Furthermore, driven by our long-term vision, "Yakult Group Global Vision 2030," we pursued our corporate activities with the goal of becoming a healthcare company that continues to contribute to the health of people worldwide and made efforts to improve our business performance.

On a consolidated basis, net sales increased 16.4% from the previous fiscal year, to ¥483.1 billion. Operating income jumped 24.2%, to ¥66.1 billion and net income attributable to owners of the parent increased 12.7%, to ¥50.6 billion.

SALES, COSTS, EXPENSES, AND EARNINGS

SALES

Net sales rose 16.4%, to ¥483.1 billion.

Looking at net sales by reporting segment (before reconciliation), Food and Beverages (Japan) accounted for 48.7% of sales, up 0.8 percentage points from the previous fiscal year. Food and Beverages (Overseas) accounted for 43.6% of sales, the same as the previous fiscal year. Pharmaceuticals generated 2.6%, down 1.4 percentage points, and Others contributed 5.1%, up 0.6 percentage points.

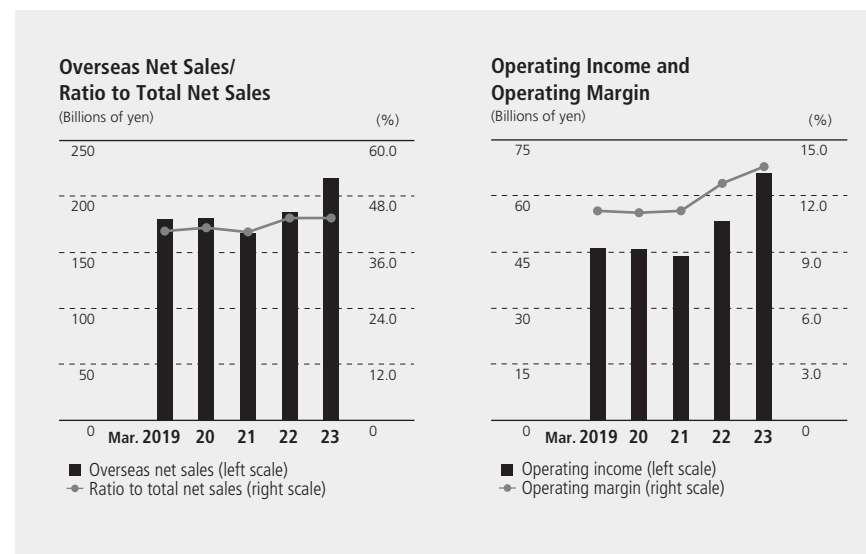
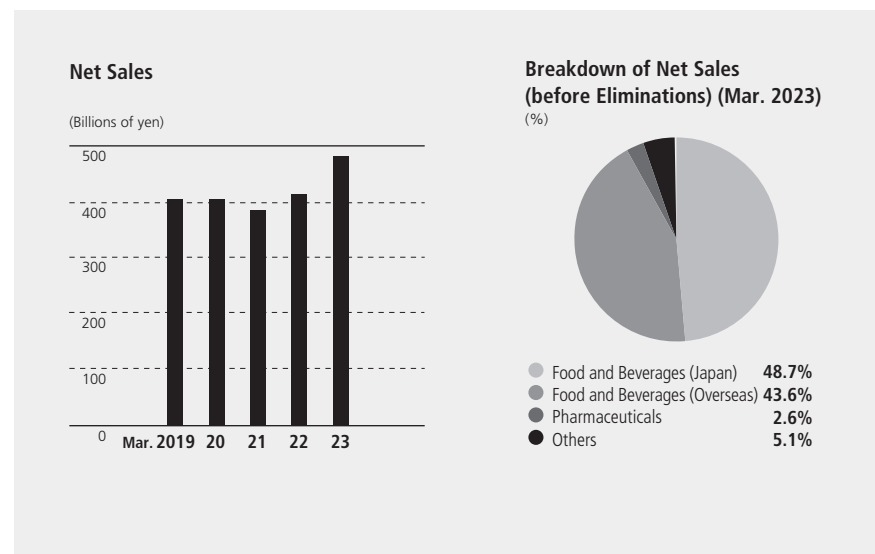
COSTS, EXPENSES, AND EARNINGS

Consolidated cost of sales increased 16.7%, to ¥194.6 billion. As a result, the cost of sales ratio rose 0.1 percentage points, to 40.3%. Gross profit climbed 16.1%, to ¥288.5 billion, while the gross profit margin declined 0.1 percentage points, to 59.7%.

Selling, general and administrative (SG&A) expenses increased 13.9%, to ¥222.4 billion, mainly reflecting higher sales commission and salaries.

The SG&A expense ratio fell 1.0 percentage points, to 46.0%. R&D expenses rose ¥0.7 billion year on year, to ¥9.4 billion. As a percentage of net sales, R&D expenses dropped 0.2 percentage points, to 1.9%.

As a result, operating income jumped 24.2%, to ¥66.1 billion, impacted by an increase in currency exchange rate fluctuations amounting to ¥5.4 billion, and the operating margin improved 0.9 percentage points, to 13.7%. Other income—net amounted



to ¥12.5 billion, down ¥3.8 billion from a year earlier, due mainly to a decrease of ¥ 3.8 billion in equity in earnings of associated companies from the previous fiscal year. Income taxes amounted to ¥22.6 billion. Consequently, net income attributable to owners of the parent increased 12.7%, to ¥50.6 billion, and return on sales fell 0.3 percentage points, to 10.5%.

OVERVIEW BY SEGMENT

FOOD AND BEVERAGES (JAPAN): In dairy products for the Japanese market, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain Yakult and conducting grassroots value dissemination initiatives in conjunction with an advertising campaign, taking measures to prevent the spread of COVID-19.

In the delivery channel, we focused on promoting the consumption of the *Yakult 1000* fermented milk drink products, and *Yakult 400* series, as we conducted evidence-based value dissemination activities, leveraged the Yakult Delivery Net online ordering service, and enhanced information provision on the website, to strengthen our contact with customers. We also aimed to further enhance our home delivery organization by conducting hiring initiatives, while improving the working environment of Yakult Ladies.

In the retail store channel, we conducted a campaign leveraging social media for the fermented milk drink *New Yakult* series, and introduced limited-time packages aimed at promoting family consumption. We also made efforts to boost revenue by deploying visually prominent displays using staging materials.

In product-specific initiatives, we enhanced production capacity for the high-value-added products *Yakult 1000* and *Y1000* to meet the growing demand. We will continue to take steps to ensure a stable supply. We also worked to revitalize the hard-type yogurt *Sofuhl* by launching a limited-time item, *Sofuhl Lemon*, in January 2023 as a collaboration product with POKKA SAPPORO FOOD & BEVERAGE LTD.

In beverages, we implemented a price revision in November 2022 due to the increase in raw material costs, as well as significant hikes in logistics and fuel expenses. We also made efforts to boost revenue, such as the launch of a campaign for the *Toughman* series of energy drinks.

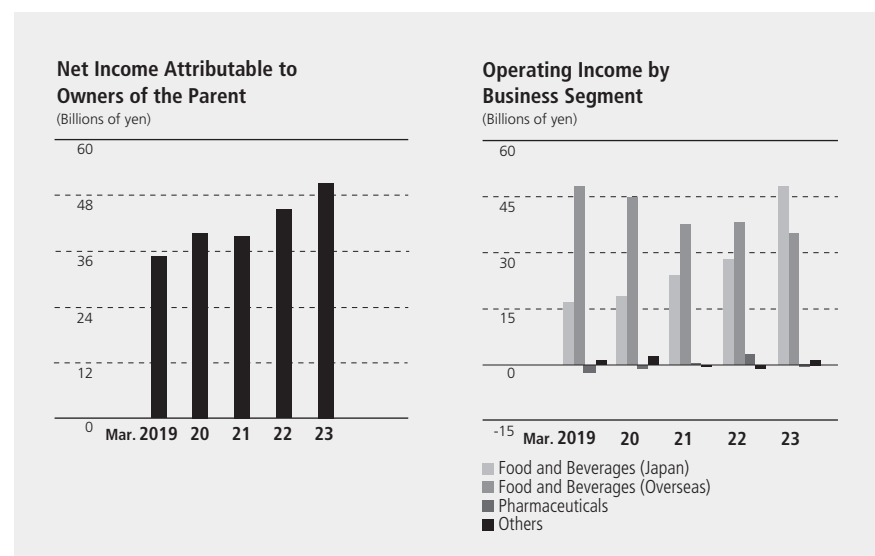
In addition, commemorative measures were taken to commemorate the Tokyo Yakult Swallows' Central League victory and to express our gratitude to those who supported us. As a result of the above, consolidated net sales for the Food and Beverages segment (Japan) increased 18.3% from the previous fiscal year, to ¥240.5 billion, while segment profit jumped 68.0%, to ¥47.4 billion.

FOOD AND BEVERAGES (OVERSEAS): Yakult's overseas operations commenced in March 1964 with the establishment of Yakult Co., Ltd. (Taiwan). Operations now extend to 39 countries and regions outside Japan and are centered on 29 business bases and one research center. The operations focus primarily on the production and sale of the fermented milk drink *Yakult*. Average daily sales of all Yakult products overseas in March 2023 amounted to approximately 29.91 million bottles.

Although the impact of COVID-19 has varied depending on the state of the spread of the infection in countries and regions and the policies and business restriction orders of national and local governments, we have taken measures for each of the orders, and we are conducting sales and production activities in accordance with the instructions of administrative agencies.

In Asia and Oceania, Yakult manufactures and sells the fermented milk drink *Yakult* and other products in Singapore, Indonesia, Australia, Malaysia, Vietnam, India, and China, among others, while also importing *Yakult* and other products for sale in the United Arab Emirates.

In Vietnam, diligent efforts to expand the home delivery organization and increase the number of partner stores have yielded promising results for us. Coupled with a focused



campaign to promote value dissemination activities, we have witnessed a notable upswing in sales performance.

In China, the widespread impact of the COVID-19 outbreak has led to stringent lock-down measures and other factors that have severely curtailed business activity across multiple districts. Accordingly, sales in the region have experienced a significant downturn.

Consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 9.6% from the previous year, to ¥140.5 billion, and segment profit fell 24.6%, to ¥18.7 billion.

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

In the United States, sales were steady as a result of aggressive expansion of the number of retail stores to which we deliver product, mainly in the eastern part of the country, resulting in record sales in the fiscal year under review. In the rest of the Americas, we worked to boost revenue by reinforcing our sales network in both home delivery and retail channels.

Consolidated net sales in the Food and Beverages (The Americas) segment increased 37.0% from the previous year, to ¥64.9 billion, and segment profit jumped 27.2%, to ¥16.0 billion.

In Europe, Yakult manufactures *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 region, 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. In 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 growing health awareness.

On the other hand, due to the prolonged Russian-Ukrainian issue, the Company will continue to monitor the impact on the entire European region, although it has no business operations in either country.

As a result of the above, consolidated net sales in the Food and Beverages (Europe) segment increased 3.3% from the previous year, to ¥9.7 billion, and segment profit fell 81.2%, to ¥0.1 billion.

PHARMACEUTICALS: During the fiscal year under review, as a way to reduce visits to medical institutions during the spread of COVID-19, we made use of online meetings, among other methods, to promote awareness and the proper use of our products that specialize in the oncology and related fields.

The fiscal year under review presented challenges in the healthcare industry as measures to prevent the spread of COVID-19 limited direct interviews with healthcare professionals in

numerous facilities. However, in response to these circumstances, we leveraged online meetings and other methods to raise awareness and promote the proper use of its specialized products in the field of oncology and related areas.

Regarding our mainstay, the antineoplastic drug *Elplat*, despite the fact that there is an increasing trend of medical institutions switching to generic versions, we took advantage of our ability to provide relevant information on it.

However, sales were affected by the NHI drug price revisions implemented in April 2022, which reduced the NHI drug prices of most our products, and the termination of a promotional agreement with Nihon Servier Co., Ltd. for antineoplastic drug *Onivyde*® (liposomal irinotecan) in September.

Despite the above efforts, however, net sales in the Pharmaceuticals segment fell to ¥12.8 billion, down 24.9% from the previous fiscal year. The segment loss was ¥0.2 billion (compared with a segment income of ¥2.6 billion in the previous fiscal year).

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 boost the number of regular users of our cosmetics by focusing on initiatives to disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, which is the result of our extensive research on lactic acid bacteria since the Company's foundation.

As one specific example of such efforts, we launched *Lactdew S.E. Lotion 2* in November 2022 and introduced the revamped version of *Lactdew S.E. Milk* as well as a television commercial featuring singer Chisato Moritaka. Additionally, in January 2023, we released the revamped version of our medicated moisturizing serum, *BELLEFIN Moisture Essence*.

Through these initiatives, the results achieved by the cosmetics operation as a whole remained almost unchanged from the previous fiscal year.

Meanwhile, thanks to the support of our fans, the Tokyo Yakult Swallows clinched back-to-back Central League Championships and secured a place in the prestigious Japan Series. Additionally, the recent relaxation of entry restrictions at Jingu Stadium, coupled with our enhanced fan services and effective communication of information, resulted in a boost in attendance figures.

Through these initiatives, consolidated net sales in the Others segment rose 30.7%, to ¥25.4 billion, with a segment profit of ¥1.2 billion (compared with a segment loss of ¥0.7 billion in the previous fiscal year).

FINANCIAL POSITION

Total assets at the fiscal year-end amounted to ¥749.4 billion, up 11.4% year on year.

Current assets increased ¥53.8 billion, or 17.9%, from the previous fiscal year-end, to ¥354.2 billion, mainly due to an increase in cash and cash equivalents at the head office and domestic subsidiaries, as well as at overseas subsidiaries as a result of yen depreciation.

Net property, plant and equipment rose ¥14.0 billion, to ¥225.1 billion, mainly due to an increase in machinery, equipment and vehicles.

Investments and other assets climbed ¥8.8 billion, or 5.5%, to ¥170.1 billion, mainly due to an increase in investments in and advances to associated companies as a result of the depreciation of the yen.

During the fiscal year under review, capital investment rose 24.9%, to ¥32.6 billion.

Total liabilities rose 8.5%, to ¥203.9 billion. The major component of this increase was an increase in notes and accounts payable and income taxes payable, despite a decrease in borrowings (the total of short-term and long-term debt). As a result, the debt-to-equity ratio fell 3.1 percentage points, to 15.0%.

Equity (excluding noncontrolling interests) increased 11.8%, to ¥498.7 billion, from ¥446.1 billion a year earlier. This result was primarily attributable to an increase in foreign currency translation adjustments due to the depreciation of the yen.

As a result, the equity ratio improved 0.2 percentage points, to 66.5%. Return on equity

(ROE) rose 0.1 percentage points, to 10.7%. Return on assets (ROA) increased 1.2 percentage points, to 9.3%.

CASH FLOWS

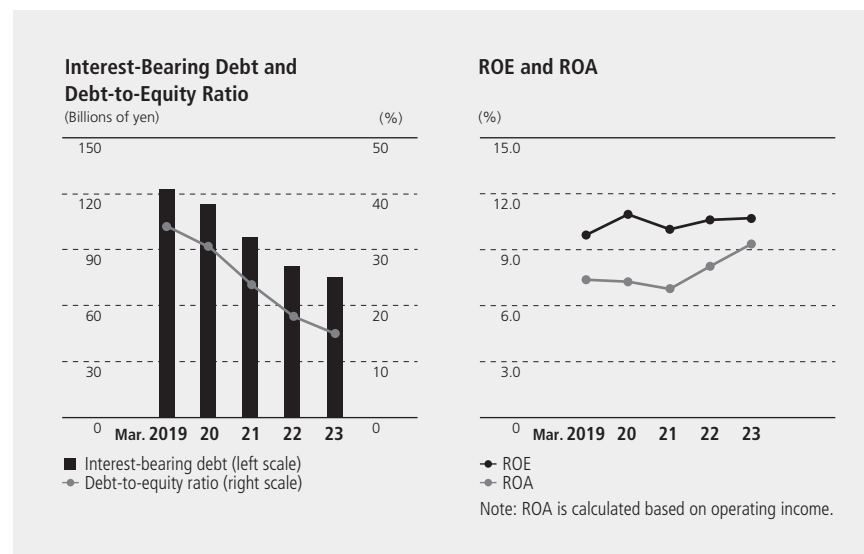
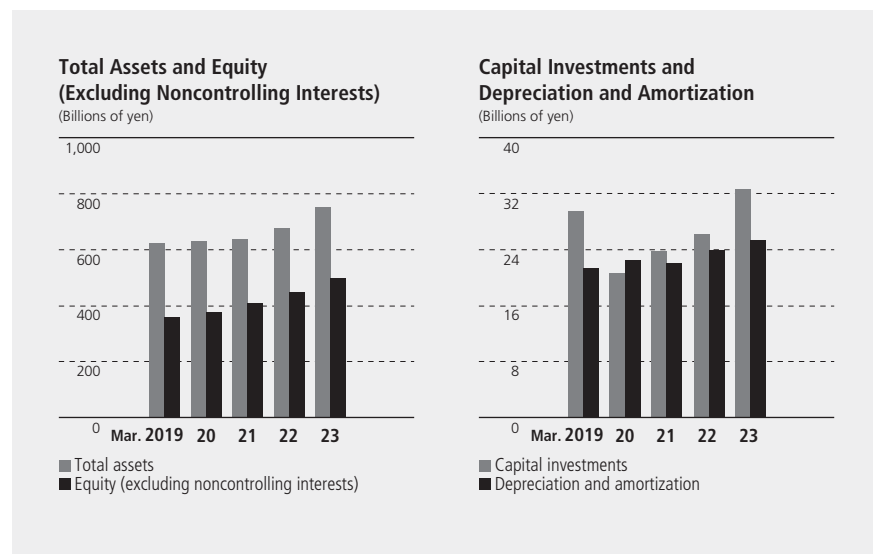
Net cash provided by operating activities rose ¥13.1 billion from the previous fiscal year, to ¥86.5 billion. This primarily resulted from ¥78.5 billion in income before income taxes, up ¥9.1 billion year on year.

Net cash used in investing activities increased ¥7.1 billion, to ¥19.0 billion. This was mainly attributable to an increase in purchases of property, plant and equipment and decreases in proceeds from sales of investment securities and proceeds from sales of property, plant and equipment.

Net cash used in financing activities decreased ¥0.6 billion, to ¥44.5 billion. This expenditure mainly reflected a decrease in loan repayments, along with the payment of treasury stock and an increase in dividends paid.

DIVIDENDS

The Company's top priority is to continuously increase dividends, with the total dividend determined by comprehensively taking into account the funding needs for future business expansion and earnings growth, as well as the Company's financial position and business performance for the fiscal year under review.



Based on this policy, we decided to pay a total dividend of ¥90.0 per share for the fiscal year ended March 31, 2023, up ¥18.0 from the previous fiscal year. We have already paid an interim dividend of ¥45.0 per share, and the balance of ¥45.0 per share will be distributed to our shareholders as the year-end dividend.

For the fiscal year ending March 31, 2024, we plan to pay an annual dividend of ¥110 per share, an increase of ¥20 from the current fiscal year, to further return profits to shareholders.

FORWARD LOOKING STATEMENT

FOOD AND BEVERAGES

In dairy products for the Japanese market, we are steadfastly committed to focusing on the *Yakult* series of fermented milk drinks as our most important brand and broadening the recognition of the science behind our proprietary living *Lactobacillus casei* strain Shirota. To meet the growing demand for high-value-added products *Yakult 1000* and *Y1000*, we are committed to bolstering our production capacity for both products. Furthermore, we are proactively adjusting to shifts in the social landscape by consistently implementing strategic marketing investments and channel strategies, with the goal of propelling growth in the sales of our dairy products.

Through our home delivery channel, we will enhance our home delivery organization by fostering the growth of the *Yakult 1000* and *Yakult 400 W* brands. This will be achieved

through initiatives such as recruiting Yakult ladies and promoting the creation of a conducive and comfortable workplace environment.

In addition, through our retail store channel, we will develop measures tailored to meet the diverse needs of customers in each market, and aim to expand the performance of dairy products, particularly the *New Yakult* series and the high-value-added product *Y1000*.

In beverages, we will strive to boost revenue by strengthening sales, particularly of health drinks such as the *Toughman* series.

Outside Japan, at existing business offices, we will further expand business, enhance our financial strength and raise profitability. With respect to the offices located particularly in Vietnam, India, China, the United States, and the Middle East, we will promote both the strengthening of management bases and business growth.

We will decide on further new overseas expansions after carefully considering the external and internal environment.

OTHERS

In our cosmetics operations, we will work to help customers realize their inner and outer beauty and to win new customers 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.

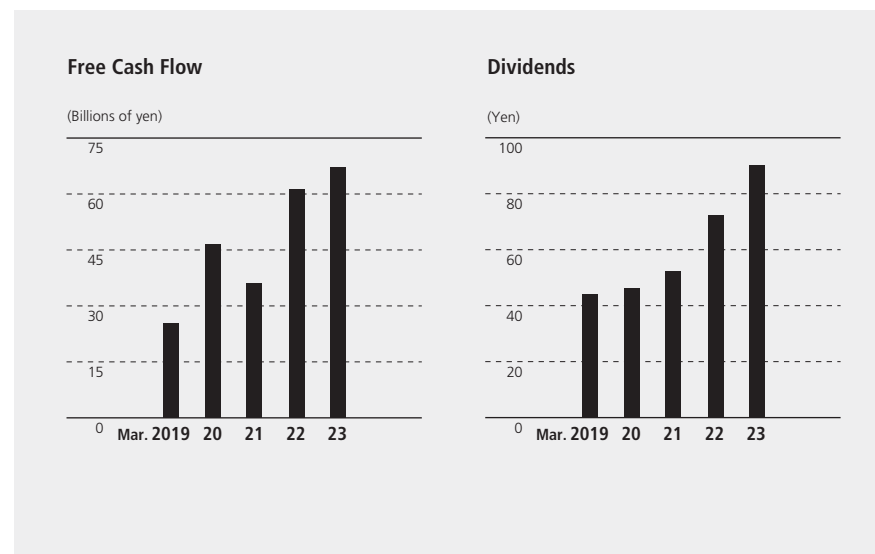
In domestic home-visit sales, we will continue to promote the regular use of basic skin-care products through the provision of more personalized services to each customer. We will also work to expand contact points with customers by improving the convenience of purchasing through the internet/mail order.

Overseas, we will continue to work to raise brand awareness and boost revenue in China through the e-commerce shopping site Tmall Global.

In the pharmaceuticals business, we will conduct a thorough expense review and advance operational efficiency. We will also employ a proposal-based sales approach for our flagship product, the antineoplastic drug *Epllat*, leveraging our expertise as a pioneer in the field and our ability to provide informative information. Although we anticipate a decrease in revenue due to the drug price reduction in the April 2023 revision, we will strive to secure results through these initiatives.

Furthermore, starting from the fiscal year ending in March 2024, this particular segment, previously disclosed as the pharmaceuticals business division, will be included in the other business division due to its lack of significant financial impact.

In our professional baseball operations, we will work to strengthen the team's capabilities and enhance various fan services in order to meet the expectations of our fans.



BUSINESS RISKS

This section includes an explanation of business risks associated with business conditions, accounting, and other factors stated in our securities report. This discussion will focus on factors that may have a material impact on investor decisions.

Forward-looking statements contained herein are based on the Group's judgment as of the date of filing of our securities report.

Risks Related to Dependency on Yakult products and Competitive Environment, Etc.

The Group's core products are the *Yakult* products containing *Lactobacillus casei* Shirota strain, the sales of which make up the majority of the sales of the Group. We strive to boost sales of *Yakult* products to contribute to the health and happiness of people around the world. As we expand overseas businesses, which greatly depend on the sales of *Yakult* products, the Group's dependency on *Yakult* products is likely to increase.

While we implement R&D investment to develop high-value-added products, there is uncertainty as to whether the Group's new products will attract customers and gain and maintain significant advantages over competitors' products. Amid intensified competition in the food and beverage industry, including drinks containing probiotics, if events occur that might adversely affect the sales of *Yakult* products, including even greater competition caused by the appearance of competitive products that are assumed to have superior health effects or are sold at lower prices than the Group's dairy products, or a change in consumer recognition and preference for the safety and effects of probiotics, our dependency on *Yakult* products could have a significant adverse impact on the Group's business results and financial condition.

Risks Accompanying Global Business Operations

The Group conducts business operations worldwide, and is involved in production and sales activities overseas.

Abroad, the cultural and competitive environment differs from country to country. In certain countries and regions where the Group develops business (including countries and regions where the Group will develop business in the future), political or economic changes may have significant impacts on the Group's business environment. Despite our utmost efforts, we might be unable to seize the opportunity for growth and achieve the expected return on investment due to changes in such external environments. Moreover, given the underlying differences of social backgrounds and legal restrictions

between many overseas countries and regions and Japan, there is a risk that the execution of contractual rights and protection of intellectual property rights could be more difficult compared to in Japan, and an unforeseen establishment, amendment, or abolition of certain laws and regulations could provoke problems with respect to the Group's business activities. For example, we are not allowed to indicate the health effects of probiotics in Europe, which restricts the options for advertising the Group's products. There is no guarantee that we would be free from relevant restrictions in other countries. An occurrence of such issues could adversely impact our business results and financial condition.

The Group plans to expand its business to overseas markets, including China, and make a major capital investment in new plants and sales sites as well as upgrading existing facilities. However, there is a possibility that factors including the above-mentioned issues could prevent the Group from achieving the expected growth and generating earnings sufficient to recover the investment, which could have a significant adverse impact on our business results and financial condition.

Risks Related to Product Safety

Amid growing concerns regarding food safety and quality assurance among consumers, companies in Japan and overseas are under intense pressure to provide reliable and safe food products. The Group recognizes that this trend demands greater levels of safety and quality assurance for the products it handles, which are subject to Japan's Food Sanitation Act, Pharmaceuticals and Medical Devices Act, and other laws and regulations in Japan and overseas. As a Group, we also strive to strengthen our quality assurance system, with the provision of safe products as our highest priority.

However, in the event of unexpected circumstances associated with product safety and other factors, we could be forced to suspend manufacturing and sales, or to recall such products. Costs resulting from the occurrence of such issues and the damage to the reputation and brand image of the Group's products could have a significant adverse impact on our business results and financial condition. Moreover, regardless of whether it is a factual problem or a rumor with no grounds, or whether it is about the Group's product or a competitor's product, the occurrence of incidents that could weaken the safety of and consumer confidence in the health effects of products containing probiotics could have an adverse impact on the sales of the Group's products, resulting in a significant adverse impact on the Group's business results and financial condition.

Risks Accompanying the Group's Sales System

The sales channels of the Group's food and beverage business are divided into the Group's unique Yakult Lady home delivery channels and retail store channels. Given the importance of home delivery channels in disseminating probiotics, we put high priority on improving the work environment of Yakult Ladies and enhancing their network, as well as offering them well-developed training programs for conducting the Group's sales activities in Japan and overseas.

Most sales activities in the Domestic Food and Beverages business, both through the home delivery channel and the retail store channel, are conducted by sales companies throughout Japan, from which each Yakult Lady is entrusted with sales activities. In addition, approximately half of sales in Japan are from sales companies that are neither our subsidiaries nor affiliates companies and have no capital relationship with the Company. In the event that we are unable to maintain a good relationship between sales companies and the Company, and Yakult Ladies and their sales companies, or to secure appropriate human resources, including Yakult Ladies, such trends could pose a serious problem to the sale of the Group's products and have a significant adverse impact on the Group's business results and financial condition.

In addition, in the event that sales companies stop selling or are unable to sell the Group's products, it could pose a serious problem to the sales of the Group's products and a significant amount of expenses and losses incurred related to the support of sales companies and system improvements could have a significant adverse impact on the Group's business results and financial condition.

In principle, our subsidiaries conduct all the operations from manufacturing to sales in the Overseas Food and Beverages business, except in certain countries and regions where our affiliate companies conduct business. While the importance of home delivery channels depends on countries and regions, the Group's business in countries, such as Thailand, South Korea, Indonesia, and Mexico, depends largely on the Yakult Lady home delivery system. In the event that the Group is unable to manage local affiliate companies properly, maintain good relationships with Yakult Ladies, or secure appropriate human resources, including Yakult Ladies, needed for the cultivation and expansion of overseas businesses, such trends could have a significant adverse impact on the Group's business results and financial condition.

Business through retail store channels may face competition with other companies' products, including retailers' private brand products and newly introduced sales methods

including e-commerce. These trends could have an adverse impact on the sale of the Group's products.

Risks Pertaining to Increases in Raw Material Prices and Labor Costs

Sharp increases in procurement prices for the raw materials required for the Group's products, including the mainstay dairy products and lactobacillus-based drinks in particular, due to the market supply and demand situation, currency fluctuations, and so forth, could affect manufacturing costs, including costs for containers and other packaging. Moreover, sharp price increases in the crude oil market, especially those sustained over extended periods, could adversely affect transportation costs related to our products. In addition, in Japan, a decrease in the labor force is spurring improvement of working environments and so forth, and may cause a hike in labor costs, and so forth. Overseas, especially in developing countries, economic growth could push up comparatively low labor costs. In addition, in the event that we have to pay additional fees for Yakult Ladies because of a hike in labor costs, the Group's cost burden could grow or have an adverse impact on the product sale prices we offer sales companies. In the event that our cost reduction efforts are unable to cover the direct or indirect effects of heightened raw material prices and labor costs, or we are prevented from enacting price revisions due to market conditions, these trends could have a significant adverse impact on the Group's business results and financial condition.

Risks Accompanying Pharmaceuticals

Our pharmaceutical business depends largely on the sales of the antineoplastic drug *Elplat*, and sales have been decreasing since the launch of a generic drug. Moreover, drug prices under the National Health Insurance System have been periodically lowered, causing prices of our ethical drugs to decline. As a result, sales in the Group's pharmaceutical business have been decreasing in recent years, and the trend could continue into the future.

Risks of Deterioration of the "Yakult" Brand

The Group places high priority on maintaining its brand image. "Yakult" is the name of the brand, common to the name of the Company and the name of our core products, and therefore, a problem related to *Yakult* products and other products bearing the name "Yakult," especially regarding quality and safety, could have a significant adverse impact on the brand image of the Group and its products. A scandal involving concerned parties using the name "Yakult," including domestic

sales companies and Yakult Ladies, could have a significant adverse impact on the Group's brand image.

Risks in Intellectual Property Rights

Each of the Group's products and technologies is protected for a certain period by patents and other intellectual property rights, but an infringement of the intellectual property rights by a third party may reduce the Group's expected revenue. Moreover, trademarks of product containers similar to the Group's products have already been registered by competitors in certain countries, and this could adversely affect the sale of our products in such countries. In addition, if the Group were to infringe the intellectual property rights of a third party, it may be required to recall, terminate manufacturing and sales of relevant products, or pay compensation for damages, or royalties.

Risks Related to Litigation, Compliance, Etc.

The Group is subject to various laws and regulations of Japan and overseas countries where it conducts business. Changes in laws and regulations applicable to the Group have the potential to adversely affect the economic situation and consumer behavior, or could oblige the Group to pay additional costs or make additional capital investment. The Group takes the utmost care to comply with such laws and regulations, but if the Company were to violate laws and regulations, it could face administrative punishment or be subject to compensation for damages or other legal actions.

Risks Accompanying Business Alliances, M&As, Joint Ventures, Etc.

The Group always seeks opportunities, including those of large scale and high importance, for business alliances, mergers and acquisitions, and joint ventures. In fact, our overseas affiliate companies include a company jointly established with our local partner. However, it is impossible to guarantee that the Group will acquire such opportunities, reach agreement with counterparties, or raise the necessary capital. Even if the Group were able to execute a transaction, it could fail to obtain the expected profits or results.

Risks Related to Currency Fluctuations

The Group's consolidated financial statements are expressed in Japanese yen. Accordingly, financial conditions and earnings of overseas consolidated subsidiaries and companies accounted for by the equity method are subject to currency fluctuations when they are

converted into yen for consolidation purposes. In particular, fluctuations in the Chinese yuan, Indonesian rupiah, Mexican peso, and Brazilian real could have a significant adverse impact on the Group's performance and financial condition.

Risks in Investment Securities

The Group holds investment securities, including specified equity securities, mainly for forming cooperative relationships in business. Fluctuations in market prices of marketable listed stocks, and so forth, of the aforementioned securities could have an adverse impact on the Group's financial condition. Moreover, a significant decline in book values of the investment securities we hold could have a significant adverse impact on the Group's business results due to the recording of impairment losses, etc.

Risks in Interest-Bearing Debt

The Group partly finances its business via bank borrowings. Deterioration of market conditions, such as an interest rate hike, could increase the interest burden or prevent the Group from obtaining financing with preferable terms, causing a significant adverse impact on the Group's business results and financial condition. In addition, the Group lacks diversity in its funding methods as it relies on borrowings from specific banks.

Risks Related to Information Systems and Information Security

Since the Group's business operations rely on information systems, the failure of information devices, software, or networks could disrupt or interrupt operations, causing a significant adverse impact on the Group's business results and financial condition. For preventing a breach of customer information and other confidential information, the Group enforces system management, employee education, and so forth, as a means to implement security measures. However, breaches of such information caused by unexpected events including theft and cyber-attacks by an external party could damage the Group's credibility and result in a significant amount of compensation for damages, resulting in a significant adverse impact on the Group's business results and financial condition.

Risks of Natural Disasters, Geopolitical Factors, Etc.

The Group extends its business to various countries and regions throughout the world. The occurrence of large-scale natural disasters, such as earthquakes, or a terrorist attack and

conflict could restrict the Group's business activities directly or indirectly, having a significant, adverse impact on the Group's business results and financial condition.

Risk of an Epidemic of Infection

The Group does business in countries and regions around the world. If a large-scale infectious disease outbreak such as the novel virus occurs, domestic and overseas supply chains might be disrupted and consumption negatively affected. To better respond to a crisis, the Group has established a company-wide response system based on the Crisis Management Regulations and is working to improve its production and supply systems. However, the pandemic could have a significant and adverse impact on the Group's business results and financial position if the Group were forced to stop manufacturing or selling its products.

Risks Related to Environmental Issues

The Group operates globally, and its supply chain for raw material procurement also extends worldwide. According to the United Nations' Intergovernmental Panel on Climate Change (IPCC) and other organizations, there is no doubt that global warming is progressing. For the Group, as global warming progresses, there is a risk that adverse effects on dairy cattle and agricultural products will worsen, making it difficult to procure important raw materials. As for water, which is extremely important for its business activities, various risks may arise due to the occurrence of water disasters related to global warming, restrictions on the amount of water that can be extracted as a result of disorderly water use, and water pollution. Accordingly, the Group has formulated its Environmental Vision 2050, the ideal vision for 2050, and has identified three material themes related to the environment: climate change, plastic containers and packaging, and water. In its Environmental Vision, the Group aims to realize a value chain that has zero environmental impact to achieve its goal of uniting both "People and Planet as One." However, failure to implement the Action Plan at a global standard or an increase in response costs could lead to difficulties in sustaining the business and a loss of confidence in the Group, with a significant, adverse impact on business performance and financial position.

Risks Related to Marine Plastic Problems

Plastic containers are used for many products, including the Yakult series, the Group's main products. In addition, to contribute to healthy and enjoyable lives for people around the world, we aim to expand sales of the Yakult series and other products in the years ahead.

However, due to growing international concern about marine pollution caused by microplastics, the problem of plastic containers and packaging has gained attention. The Group aims to establish basic technologies for eco-friendly containers and packaging by switching to materials that are easy to recycle, reducing the amount of plastic used in containers and packaging, and reusing plastic packaging materials employed in the production process. If the problems are not addressed appropriately, however, sales of the Yakult series and other products, which are the Group's main products, could be constrained, and legal compliance costs could be incurred, and this might have a significant, adverse impact on the Group's business results.

Risks Related to Human Rights

The Group is aware of the potential for direct and indirect violations of the human rights of various stakeholders in the course of its business and value chain. Therefore, to fulfill its responsibility to respect human rights, the Group will establish and implement a human rights due diligence system based on the Yakult Group Human Rights Policy. However, if risks related to human rights materialize due to forced labor or child labor in the supply chain, health damage caused by environmental pollution, or the transmission of incorrect information regarding health to customers, the occurrence of such issues could have a significant, adverse impact on the Group's businesses, including lawsuits, suspension of operations, and boycotts of products.

Risks Related to Management Strategy and Business Plan

The Group established its long-term vision, Yakult Group Global Vision 2030 in June 2021, and will promote the business to increase corporate value. However, due to risk factors including the items in this Business Risks, changes in the Group's policy, and changes in the economic situation and business environment, it is possible that the Group may be unable to implement these measures or achieve the targets set out in the plan.

Consolidated Balance Sheet

YAKULT HONSHA CO., LTD. and its subsidiaries
March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
ASSETS			
Current assets:			
Cash and cash equivalents (Note 14).....	¥ 190,489	¥ 150,726	\$ 1,432,252
Time deposits (Notes 7 and 14).....	50,696	52,216	381,171
Receivables (Note 14):			
Notes and accounts receivable.....	54,803	47,977	412,055
Associated companies.....	5,923	5,171	44,533
Other.....	2,350	2,766	17,665
Inventories (Note 4).....	36,703	30,649	275,963
Other current assets.....	13,517	11,131	101,631
Allowance for doubtful accounts (Note 14).....	(286)	(237)	(2,149)
Total current assets.....	354,195	300,399	2,663,121
Property, plant and equipment:			
Land (Note 7).....	46,054	43,085	346,272
Buildings and structures (Note 7).....	197,724	180,803	1,486,648
Machinery, equipment and vehicles.....	201,814	180,412	1,517,400
Furniture and fixtures.....	30,504	28,685	229,351
Lease assets (Note 12).....	30,700	28,061	230,825
Construction in progress.....	6,151	15,865	46,252
Total.....	512,947	476,911	3,856,748
Accumulated depreciation (Note 7).....	(287,824)	(265,754)	(2,164,094)
Net property, plant and equipment.....	225,123	211,157	1,692,654
Investments and other assets:			
Investment securities (Notes 5 and 14).....	66,000	67,629	496,242
Investments in and advances to associated companies (Note 14) ..	79,674	73,044	599,050
Long-term loans.....	24	34	181
Deferred tax assets (Note 10).....	4,052	3,822	30,467
Other assets (Note 8).....	20,351	16,771	153,017
Total investments and other assets.....	170,101	161,300	1,278,957
Total (Note 21).....	¥ 749,419	¥ 672,856	\$ 5,634,732

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings (Notes 7 and 14).....	¥ 3,208	¥ 4,822	\$ 24,120
Current portion of long-term debt (Notes 7, 12, and 14)....	49,097	8,777	369,148
Payables (Note 14):			
Notes and accounts payable.....	28,958	26,040	217,733
Associated companies.....	172	132	1,293
Other.....	9,269	7,729	69,694
Income taxes payable.....	11,539	4,324	86,760
Accrued expenses.....	30,869	25,247	232,097
Other current liabilities.....	14,533	12,210	109,270
Total current liabilities.....	147,645	89,281	1,110,115
Long-term liabilities:			
Long-term debt (Notes 7, 12, and 14).....	22,397	67,047	168,399
Liability for retirement benefits (Note 8).....	4,641	4,626	34,893
Asset retirement obligations.....	1,693	1,674	12,729
Deferred tax liabilities (Note 10).....	24,535	22,425	184,476
Other long-term liabilities.....	3,011	2,867	22,640
Total long-term liabilities.....	56,277	98,639	423,137
Commitments (Note 12)			
Equity (Notes 9 and 20):			
Common stock—			
authorized, 700,000,000 shares;			
issued, 171,045,418 shares in 2023 and			
171,045,418 shares in 2022.....	31,118	31,118	233,967
Capital surplus.....	41,573	41,116	312,579
Retained earnings.....	484,244	446,332	3,640,930
Treasury stock—at cost			
14,975,095 shares in 2023 and 12,450,484 shares in 2022....	(81,928)	(64,396)	(615,997)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities.....	20,417	18,327	153,512
Foreign currency translation adjustments.....	3,992	(24,086)	30,013
Defined retirement benefit plans.....	(757)	(2,342)	(5,686)
Total.....	498,659	446,069	3,749,318
Noncontrolling interests.....	46,838	38,867	352,162
Total equity.....	545,497	484,936	4,101,480
Total.....	¥749,419	¥672,856	\$5,634,732

Consolidated Statement of Income

YAKULT HONSHA CO., LTD. and its subsidiaries
Year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Net sales (Note 21)	¥483,071	¥415,116	\$3,632,113
Cost of sales (Notes 8, 12, and 17).....	194,593	166,700	1,463,107
Gross profit	288,478	248,416	2,169,006
Selling, general and administrative expenses (Notes 8, 12, 16, and 17)	222,410	195,214	1,672,251
Operating income (Note 21).....	66,068	53,202	496,755
Other income (expenses):			
Interest and dividend income	8,007	5,225	60,205
Interest expense	(666)	(680)	(5,011)
Foreign exchange gain	428	2,417	3,217
Equity in earnings of associated companies	2,638	6,432	19,835
Gain on sales of investment securities (Note 5).....	1,268	2,399	9,533
Gain on step acquisitions		1,181	
Loss on sales of investment securities (Note 5).....	(1,128)		(8,482)
Loss on valuation of investment securities (Note 5)....		(2)	
Loss on impairment (Note 6)	(1,325)	(1,623)	(9,958)
Other—net (Note 18).....	3,239	928	24,352
Other income—net	12,461	16,277	93,691
Income before income taxes	78,529	69,479	590,446
Income taxes (Note 10):			
Current	21,959	14,925	165,108
Deferred	677	5,272	5,093
Total income taxes.....	22,636	20,197	170,201
Net income	55,893	49,282	420,245
Net income attributable to noncontrolling interests.....	5,252	4,364	39,483
Net income attributable to owners of the parent	¥ 50,641	¥ 44,918	\$ 380,762
Per share of common stock (Note 19):	Yen		U.S. dollars (Note 1)
Basic net income	¥324.18	¥ 280.36	\$ 2.44
Cash dividends applicable to the year.....	90.00	72.00	0.68

Diluted net income per share of common stock for 2023 and 2022 was not calculated due to the absence of dilutive securities.
See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

YAKULT HONSHA CO., LTD. and its subsidiaries
Year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Net income	¥ 55,893	¥ 49,282	\$ 420,245
Other comprehensive income (Note 15):			
Unrealized gain (loss) on available-for-sale securities...	2,084	(6,443)	15,669
Foreign currency translation adjustments.....	34,080	26,315	256,238
Defined retirement benefit plans	1,591	(313)	11,967
Share of other comprehensive income in associates	367	600	2,761
Total other comprehensive income	38,122	20,159	286,635
Comprehensive income	¥ 94,015	¥ 69,441	\$ 706,880
Total comprehensive income attributed to:			
Owners of the parent.....	¥ 82,395	¥ 62,554	\$ 619,514
Noncontrolling interests	11,620	6,887	87,366

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

YAKULT HONSHA CO., LTD. and its subsidiaries
Year ended March 31, 2023

	Thousands		Millions of yen								
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)			Total	Noncontrolling interests	Total equity
						Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans			
Balance, March 31, 2021	160,452	31,118	40,938	411,359	(52,726)	24,773	(48,482)	(2,029)	404,951	34,810	439,761
Net income attributable to owners of the parent				44,918					44,918		44,918
Change in ownership interest in a subsidiary owned by a foreign associated company			164						164		164
Change in the parent's ownership interest due to transactions with noncontrolling interests			14						14		14
Cash dividends, ¥72.0 per share				(9,945)					(9,945)		(9,945)
Repurchase of treasury stock	(1,857)				(11,670)				(11,670)		(11,670)
Net change in the year						(6,446)	24,396	(313)	17,637	4,057	21,694
Balance, March 31, 2022	158,595	¥31,118	¥41,116	¥446,332	¥(64,396)	¥18,327	¥(24,086)	¥(2,342)	¥446,069	¥38,867	¥484,936
Net income attributable to owners of the parent				50,641					50,641		50,641
Change in the parent's ownership interest due to transactions with noncontrolling interests			152						152		152
Cash dividends, ¥90.0 per share				(12,729)					(12,729)		(12,729)
Repurchase of treasury stock	(2,525)				(18,525)				(18,525)		(18,525)
Disposal of treasury stock			305		993				1,298		1,298
Net change in the year						2,090	28,078	1,585	31,753	7,971	39,724
Balance, March 31, 2023	156,070	¥31,118	¥41,573	¥484,244	¥(81,928)	¥20,417	¥ 3,992	¥ (757)	¥498,659	¥46,838	¥545,497

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)			Total	Noncontrolling interests	Total equity	
					Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans				
Balance, March 31, 2022	\$233,967	\$309,145	\$3,355,876	\$(484,179)	\$137,799	\$(181,101)	\$(17,610)	\$3,353,897	\$292,234	\$3,646,131	
Net income attributable to owners of the parent			380,762					380,762		380,762	
Change in the parent's ownership interest due to transactions with noncontrolling interests		1,143						1,143		1,143	
Cash dividends, \$0.68 per share			(95,708)					(95,708)		(95,708)	
Repurchase of treasury stock				(139,288)				(139,288)		(139,288)	
Disposal of treasury stock		2,291		7,470				9,761		9,761	
Net change in the year					15,713	211,114	11,924	238,751	59,928	298,679	
Balance, March 31, 2023	\$233,967	\$312,579	\$3,640,930	\$(615,997)	\$153,512	\$ 30,013	\$ (5,686)	\$3,749,318	\$352,162	\$4,101,480	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

YAKULT HONSHA CO., LTD. and its subsidiaries
Year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Operating activities:			
Income before income taxes.....	¥ 78,529	¥ 69,479	\$ 590,446
Adjustments for:			
Income taxes—paid.....	(15,174)	(15,595)	(114,092)
Depreciation and amortization (Note 21).....	25,334	23,769	190,480
Loss on Impairment.....	1,325	1,623	9,958
Loss on disposals and sales of property, plant and equipment.....	639	1,607	4,805
Equity in earnings of associated companies.....	(2,638)	(6,432)	(19,835)
Gain on sales of investment securities.....	(140)	(2,399)	(1,052)
Loss on valuation of investment securities.....		2	
Gain on step acquisitions.....		(1,181)	
Changes in operating assets and liabilities:			
Increase in receivables.....	(5,788)	(634)	(43,522)
Increase in inventories.....	(5,437)	(1,218)	(40,880)
Increase in payables.....	2,132	2,276	16,028
Decrease in liability for retirement benefits.....	(68)	(76)	(509)
Other—net.....	7,799	2,170	58,650
Total adjustments.....	7,984	3,912	60,031
Net cash provided by operating activities.....	86,513	73,391	650,477

Investing activities:

Transfers to time deposits.....	(88,183)	(91,272)	(663,032)
Proceeds from withdrawing time deposits.....	94,276	97,943	708,843
Purchases of property, plant and equipment.....	(30,285)	(26,725)	(227,710)
Proceeds from sales of property, plant and equipment....	776	1,654	5,833
Purchases of investment securities.....	(19)	(119)	(140)
Proceeds from sales of investment securities.....	4,875	5,913	36,652
Acquisition of controlling interest in a company.....		943	
Other—net (Note 5).....	(464)	(213)	(3,487)
Net cash used in investing activities.....	(19,024)	(11,876)	(143,041)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Financing activities:			
Net decrease in short-term loans.....	(1,614)	(10,550)	(12,135)
Proceeds from long-term debt.....	100		752
Payments for settlement of long-term debt.....	(9,582)	(10,894)	(72,047)
Repurchase of treasury stock.....	(18,525)	(11,480)	(139,288)
Sales of treasury stock.....	1,317		9,905
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.....	(95)		(716)
Dividends paid.....	(12,713)	(9,934)	(95,582)
Dividends paid to noncontrolling interests.....	(3,420)	(2,299)	(25,715)
Net cash used in financing activities.....	(44,532)	(45,157)	(334,826)
Foreign currency translation adjustments on cash and cash equivalents.....	16,806	11,601	126,364
Net increase in cash and cash equivalents.....	39,763	27,959	298,974
Cash and cash equivalents, beginning of year.....	150,726	122,767	1,133,278
Cash and cash equivalents, end of year.....	¥ 190,489	¥ 150,726	\$1,432,252

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

YAKULT HONSHA CO., LTD. and its subsidiaries
Year ended March 31, 2023

NOTE 1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which YAKULT HONSHA CO., LTD. (the “Company”) is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133 to U.S. \$1, the approximate rate of exchange at March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) CONSOLIDATION

The consolidated financial statements as of March 31, 2023 include the accounts of the Company and its seventy one (74 in 2022) subsidiaries (together, the “Group”).

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in four (4 in 2022) associated companies are accounted for by the equity method.

Investments in the remaining associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

(B) UNIFICATION OF ACCOUNTING POLICIES APPLIED TO FOREIGN SUBSIDIARIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Under Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (PITF) No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements,” the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted

in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss on pensions that has been recorded in equity through other comprehensive income; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and 5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an equity instrument.

(C) UNIFICATION OF ACCOUNTING POLICIES APPLIED TO FOREIGN ASSOCIATED COMPANIES FOR THE EQUITY METHOD

ASBJ Statement No. 16, “Accounting Standard for Equity Method of Accounting for Investments,” requires adjustments to be made to conform the associate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate’s financial statements are used in applying the equity method, unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss on pensions that has been recorded in equity through other comprehensive income; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and 5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an equity instrument.

(D) BUSINESS COMBINATIONS

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent’s ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent’s ownership interest in its

subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(E) CASH EQUIVALENTS

Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, all of which mature or become due within three months of the date of acquisition.

(F) INVENTORIES

Inventories are stated at the lower of cost, mainly determined by the moving-average method, or net selling value.

(G) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is mainly computed by the declining-balance method based on the estimated useful lives of assets. On the other hand, the straight-line method is principally applied to the property, plant and equipment of foreign subsidiaries.

Estimated useful lives are as follows:

- The Company and its domestic subsidiaries
 - Buildings and structures 12 to 50 years
 - Machinery, equipment, and vehicles 4 to 17 years
- Foreign subsidiaries
 - Buildings and structures 5 to 40 years
 - Machinery, equipment, and vehicles 3 to 20 years

(H) LONG-LIVED ASSETS

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(I) INVESTMENT SECURITIES

The Group classified all securities as available-for-sale securities, and reports marketable securities at fair value, with unrealized gains and losses (net of applicable taxes) as a separate component of equity.

Nonmarketable available-for-sale equity securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(J) RETIREMENT AND PENSION PLANS

The Company and certain subsidiaries have noncontributory and contributory funded pension plans covering substantially all of their employees. Certain subsidiaries have unfunded retirement benefit plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years, no longer than the expected average remaining service period of the employees. Past service costs are accounted for as expenses in the periods in which the costs are incurred. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement benefits to directors and Audit and Supervisory Board members of certain subsidiaries are provided at the amount which would be required if all directors and Audit and Supervisory Board members retired at each balance sheet date.

(K) ASSET RETIREMENT OBLIGATIONS

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(L) REVENUE RECOGNITION

The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers. The nature of performance obligations for each of the Group's major industry and when such obligations are satisfied are as follows:

In food and beverages business, revenue from the sale of products is recognized at the time the products are delivered to customers as control of products are transferred to customers and performance obligations are satisfied.

In Pharmaceuticals business, revenue is recognized at the time of shipment because the period from the time of shipment of goods or products to the time when control of the goods or products are transferred to customers is the normal period.

(M) RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged to income as incurred.

(N) LEASES

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet. All other leases are accounted for as operating leases.

(O) INCOME TAXES

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

(P) FOREIGN CURRENCY TRANSACTIONS

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

(Q) FOREIGN CURRENCY FINANCIAL STATEMENTS

The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of foreign subsidiaries and associated companies are translated into Japanese yen at the average exchange rate.

(R) PER SHARE INFORMATION

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share for the years ended March 31, 2023 and 2022, is not disclosed due to the absence of dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

(S) ACCOUNTING CHANGES AND ERROR CORRECTIONS

Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows:

(1) Changes in Accounting Policies:

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation:

When the presentation of consolidated financial statements is changed, prior-period consolidated financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors:

When an error in prior-period consolidated financial statements is discovered, those statements are restated.

NOTE 3 SIGNIFICANT ACCOUNTING ESTIMATES

Impairment of property, plant and equipment in foreign subsidiaries

(1) Carrying amount

	Millions of yen				Thousands of U.S. dollars	
	2023		2022		2023	
Carrying amount of	(Foreign Subsidiaries)	(Consolidated Financial Statements)	(Foreign Subsidiaries)	(Consolidated Financial Statements)	(Foreign Subsidiaries)	(Consolidated Financial Statements)
Land	¥ 3,730	¥46,054	¥ 3,216	¥43,085	\$ 28,046	\$346,272
Buildings and structures (Net)	46,788	93,771	35,582	84,139	351,787	705,045
Machinery and vehicles (Net)	45,489	62,509	39,142	52,965	342,022	469,989
Lease assets (Net) ..	7,372	12,474	6,978	11,447	55,431	93,787
Construction in progress	5,228	6,151	14,600	15,865	39,310	46,252
Others (Net)	2,040	4,164	1,818	3,656	15,338	31,309

(2) Information on the significant accounting estimate

The Group operates in 39 countries and regions outside Japan, and built and operates 27 factories, including 20 factories held by subsidiaries, and has production facilities in 17 countries and regions. In assessing the recoverability of impairment of property, plant and equipment, the indications of impairment of property, plant and equipment evaluated in each cash-generation unit or asset group basically based on sales area.

The performance of each foreign subsidiary is affected by many external environmental factors, such as politics, economics, social backgrounds, legal restrictions, natural disasters, and infectious diseases in each operating country and region. In addition, there is a possibility that those foreign subsidiaries, which have recently started their operations, could not achieve their business plans. Such possibility exists when the foreign subsidiaries enter countries or regions especially where probiotics are not recognized because it may take long time for their products to penetrate the markets.

As a result, there may be indications of impairment of property, plant and equipment, and there is a possibility that impairment loss of property, plant and equipment is recorded if their planned future cash flows cannot be obtained.

NOTE 4 INVENTORIES

Inventories at March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Merchandise and finished products	¥10,383	¥10,312	\$ 78,069
Work in process	2,579	2,170	19,388
Raw materials and supplies	23,741	18,167	178,506
Total	¥36,703	¥30,649	\$275,963

NOTE 5 INVESTMENT SECURITIES

Investment securities at March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Investment securities:			
Equity securities	¥62,396	¥64,066	\$469,146
Other	3,604	3,563	27,096
Total	¥66,000	¥67,629	\$496,242

The costs and aggregate fair values of investment securities at March 31, 2023 and 2022 were as follows:

	Millions of yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2023				
Securities classified as—				
Available-for-sale:				
Equity securities.....	¥33,258	¥29,469	¥ 331	¥62,396
March 31, 2022				
Securities classified as—				
Available-for-sale:				
Equity securities.....	¥37,925	¥27,907	¥1,766	¥64,066

Thousands of U.S. dollars

	Thousands of U.S. dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2023				
Securities classified as—				
Available-for-sale:				
Equity securities.....	\$250,060	\$221,572	\$2,486	\$469,146

Available-for-sale securities whose fair value cannot be reliably determined at March 31, 2023 and 2022, were ¥3,604 million (\$27,096 thousand) and ¥3,563 million, respectively.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2023 and 2022, were ¥4,875 million (\$36,652 thousand) and ¥5,816 million, respectively. Gross realized gain on these sales for the year ended March 31, 2023 and 2022, computed on the moving-average cost basis, was ¥1,268 million (\$9,533 thousand) and ¥2,399 million, respectively. Gross realized loss on these sales for the year ended March 31, 2023 and 2022, computed on the moving-average cost basis, was ¥1,128 million (\$8,482 thousand) and ¥0 million, respectively.

The valuation loss on available-for-sale equity securities for the year ended March 31, 2022, was ¥2 million.

NOTE 6 LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2023. As a result, the Group recognized an impairment loss of ¥1,325 million (\$9,958 thousand) as other expense for Food and Beverages segment, ¥747 million (\$5,615 thousand), due to continuing operating losses and for idle assets due to decrease of fair market value. The carrying amount of the relevant fixed assets was written down to the recoverable amount for the year ended March 31, 2023. The recoverable amount of each segment was measured at its fair market value. An impairment loss of ¥1,623 million was recognized in 2022.

NOTE 7 SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings consisting of bank loans, which include bank overdrafts, at March 31, 2023 and 2022 were ¥3,208 million (\$24,120 thousand) and ¥4,822 million, respectively. The annual interest rates applicable to short-term bank loans outstanding at March 31, 2023 and 2022 ranged from 0.20% to 0.57% and 0.25% to 0.57%, respectively.

Long-term debt at March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Loans from banks and other financial institutions, 0.37% to 1.05% (0.37% to 1.13% in 2022), due serially to 2037:			
Collateralized	¥ 1,722	¥ 1,986	\$ 12,944
Unsecured.....	58,677	63,730	441,182
Obligations under finance leases (Note 12).....	11,095	10,108	83,421
Total.....	71,494	75,824	537,547
Less current portion	(49,097)	(8,777)	(369,148)
Long-term debt, less current portion	¥22,397	¥67,047	\$168,399

Annual maturities of long-term debt as of March 31, 2023 were as follows:

Year ending March 31	Millions of yen	Thousands of
		U.S. dollars
2024.....	¥49,097	\$369,148
2025.....	7,881	59,255
2026.....	7,267	54,641
2027.....	4,155	31,240
2028.....	1,188	8,931
2029 and thereafter.....	1,906	14,332
Total.....	¥71,494	\$537,547

The carrying amounts of assets pledged as collateral for long-term debt at March 31, 2023 were as follows:

March 31, 2023	Millions of yen	Thousands of
		U.S. dollars
Time deposits	¥ 123	\$ 923
Land	3,536	26,588
Buildings and structures—net of accumulated depreciation.....	1,499	11,268
Total.....	¥5,158	\$38,779

As is customary in Japan, the Company maintains substantial deposit balances with banks with which it has borrowings. Such deposit balances are not legally or contractually restricted as to withdrawal. General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Company has never been requested to provide any additional collateral.

NOTE 8 RETIREMENT AND PENSION PLANS

The Company and certain subsidiaries have severance payment plans for employees. Certain subsidiaries have severance payment plans for directors and Audit & Supervisory Board members.

The plans provide benefits based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments by voluntary retirement at certain specific ages prior to the mandatory retirement age. The liability for retirement benefits at March 31, 2023 and 2022, included the amounts of ¥361 million (\$2,713 thousand) and ¥345 million, respectively, for directors and Audit & Supervisory Board members. The retirement benefits for directors and Audit & Supervisory Board members are paid subject to the approval of the shareholders.

The Company and certain subsidiaries have various noncontributory and contributory plans and other retirement benefit plans.

1. The changes in defined benefit obligations for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Balance at beginning of year.....	¥65,476	¥66,579	\$492,301
Current service cost.....	3,061	3,362	23,013
Interest cost.....	603	551	4,535
Actuarial losses.....	(3,497)	(1,085)	(26,295)
Benefits paid.....	(3,732)	(4,009)	(28,059)
Others.....	22	78	166
Balance at end of year.....	¥61,933	¥65,476	\$465,661

2. The changes in plan assets for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Balance at beginning of year.....	¥64,654	¥64,615	\$486,121
Expected return on plan assets.....	1,516	1,604	11,398
Actuarial losses.....	(1,978)	(2,083)	(14,870)
Contributions from the employer.....	3,530	3,888	26,540
Benefits paid.....	(3,250)	(3,597)	(24,438)
Others.....	109	227	820
Balance at end of year.....	¥64,581	¥64,654	\$485,571

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligations and plan assets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Defined benefit obligations.....	¥ 59,420	¥ 63,087	\$ 446,769
Plan assets.....	(64,581)	(64,654)	(485,571)
Total.....	(5,161)	(1,567)	(38,802)
Unfunded defined benefit obligations.....	2,513	2,389	18,892
Net liability arising from defined benefit obligations.....	¥ (2,648)	¥ 822	\$ (19,910)

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Liability for retirement benefits.....	¥ 4,280	¥ 4,281	\$ 32,180
Asset for retirement benefits.....	(6,928)	(3,459)	(52,090)
Net liability arising from defined benefit obligations.....	¥ (2,648)	¥ 822	\$ (19,910)

4. The components of net periodic benefit costs for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Service cost.....	¥ 3,061	¥ 3,362	\$ 23,013
Interest cost.....	603	551	4,535
Expected return on plan assets.....	(1,516)	(1,603)	(11,398)
Recognized actuarial losses.....	705	400	5,299
Others.....	547	38	4,113
Net periodic benefit costs.....	¥ 3,400	¥ 2,748	\$ 25,562

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Actuarial gains (losses).....	¥2,275	¥(451)	¥17,106
Total.....	¥2,275	¥(451)	¥17,106

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Unrecognized actuarial losses.....	¥1,113	¥3,388	\$8,367
Total	¥1,113	¥3,388	\$8,367

7. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2023 and 2022 consisted of the following:

	2023	2022
Bonds	16%	17%
Stocks.....	18	19
Cash and Deposits	26	26
General accounts	28	27
Others	12	11
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2023 and 2022 are set forth as follows:

	2023	2022
Discount rate	1.32%	0.79%
Expected rate of return on plan assets.....	2.50	2.50

NOTE 9 EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(A) DIVIDENDS

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors,

(3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(B) INCREASES/DECREASES AND TRANSFER OF COMMON STOCK, RESERVE, AND SURPLUS

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(C) TREASURY STOCK AND TREASURY STOCK ACQUISITION RIGHTS

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

NOTE 10 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, result in a normal effective statutory tax rate of approximately 30.62% and 30.62% for each of the years ended March 31, 2023 and 2022. Foreign subsidiaries were subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Deferred tax assets:			
Pension and severance costs.....	¥ 1,473	¥ 1,300	\$ 11,078
Tax loss carryforwards	2,691	3,602	20,232
Accrued bonuses.....	2,086	1,820	15,684
Long-lived assets (Impairment loss).....	1,330	1,067	9,996
Others.....	9,307	7,224	69,981
Total of tax loss carryforwards and temporary differences...	16,887	15,013	126,971
Less valuation allowance for tax loss carryforwards	(1,908)	(2,073)	(14,344)
Less valuation allowance for temporary differences.....	(1,843)	(1,411)	(13,857)
Total valuation allowance	(3,751)	(3,484)	(28,201)
Total.....	¥ 13,136	¥ 11,529	\$ 98,770
Deferred tax liabilities:			
Net unrealized gain on available-for-sale securities	¥ 8,863	¥ 8,121	\$ 66,641
Undistributed earnings of foreign subsidiaries and associated companies.....	17,264	16,512	129,806
Unrealized gain on land held by subsidiaries.....	1,387	1,390	10,426
Others.....	6,105	4,109	45,906
Total.....	¥ 33,619	¥ 30,132	\$ 252,779
Net deferred tax liabilities.....	¥(20,483)	¥(18,603)	\$ (154,009)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2023 and 2022 was as follows:

	2023	2022
Normal effective statutory tax rate	30.62%	30.62%
Equity in earnings of associated companies.....	(1.03)	(2.84)
Tax exemption.....	(1.46)	(1.04)
Undistributed earnings of foreign consolidated subsidiaries and associated companies	2.78	4.66
Social expenses not deductible for income tax purposes.....	0.75	0.54
Tax rate differences in foreign subsidiaries.....	(3.43)	(4.34)
Others—net.....	0.60	1.47
Actual effective tax rate	28.83%	29.07%

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2023 and 2022 were as follows:

	Millions of yen						Total
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	
March 31, 2023							
Deferred tax assets relating to tax loss carryforwards	¥ 242	¥ 153	¥ 205	¥ 173	¥ 135	¥ 1,783	¥ 2,691
Less valuation allowances for tax loss carryforwards	(222)	(153)	(205)	(173)	(135)	(1,020)	(1,908)
Net deferred tax assets relating to tax loss carryforwards	20					763	783

	Millions of yen						Total
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	
March 31, 2022							
Deferred tax assets relating to tax loss carryforwards	¥ 233	¥ 242	¥ 160	¥ 212	¥ 76	¥ 2,679	¥ 3,602
Less valuation allowances for tax loss carryforwards	(219)	(242)	(156)	(212)	(76)	(1,168)	(2,073)
Net deferred tax assets relating to tax loss carryforwards	14	1	4			1,511	1,529

	Thousands of U.S. dollars						Total
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	
March 31, 2023							
Deferred tax assets relating to tax loss carryforwards	\$ 1,822	\$ 1,152	\$ 1,544	\$ 1,298	\$ 1,016	\$ 13,400	\$ 20,232
Less valuation allowances for tax loss carryforwards	(1,667)	(1,152)	(1,544)	(1,298)	(1,016)	(7,667)	(14,344)
Net deferred tax assets relating to tax loss carryforwards	155					5,733	5,888

NOTE 11 REVENUE

(1) INFORMATION DISAGGREGATED REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers on a disaggregated basis are as described in "NOTE 21 (SEGMENT INFORMATION)."

(2) BASIC INFORMATION TO UNDERSTAND REVENUE FROM CONTRACTS WITH CUSTOMERS

The main businesses of the Group are Food and beverages business and Pharmaceuticals business.

In Food and beverages business, when merchandise and finished products are delivered, profits are recognized, because at that point, control of the merchandise and finished products are transferred to customers and performance obligations are satisfied. Regarding the profit from that sales, mainly in the home delivery department, the selling price at the time the merchandise and finished products are delivered is used, and in the mass retailer, etc., the selling price promised in the contract with a customer is used, and they are measured by the amount after deducting the amount paid to a customer such as the sales incentive and the center fee.

Regarding sales of materials and equipment in Food and beverages business, the Company determines that the role in providing goods or services to customers corresponds to agency transactions, and recognizes the revenue in net amounts.

In Pharmaceuticals business, revenue is recognized at the time of shipment because the period from the time of shipment of merchandise and finished products to the time when control of the merchandise and finished products are transferred to customers is the normal period. Revenues from such sales are measured at the selling price promised in the contract with a customer, after deducting sales incentives. The promised amount is paid in about one month in the Food and beverages business and in about four months in the Pharmaceuticals business from the time when the performance obligations are satisfied, which does not include the significant financial elements.

In addition, there are no transactions or significant contract balances that have significant residual performance obligations, and no material changes in the opening and closing balances of receivables from contracts with customers and contract liabilities.

NOTE 12 LEASES

The Group leases certain machinery, research equipment, vending machines, computer equipment, and other assets.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2023		2023	
	Finance leases	Operating leases	Finance leases	Operating leases
Due within one year.....	¥ 3,257	¥170	\$24,489	\$1,276
Due after one year.....	7,838	157	58,932	1,181
Total.....	¥11,095	¥327	\$83,421	\$2,457

	Millions of yen	
	2022	
	Finance leases	Operating leases
Due within one year.....	¥ 3,360	¥155
Due after one year.....	6,748	213
Total.....	¥10,108	¥368

NOTE 13 RELATED PARTY DISCLOSURES

Transactions of the Company with related parties that are owned by directors, Audit & Supervisory Board members, and their close relatives for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Sales.....	¥2,171	¥3,970	\$16,326
Sales discounts and rebates.....	62	96	463
Collection of loans.....			
Rent of vending machines.....	9	28	71
Temporary receipts.....	881	1,893	6,626
Subsidy of sales expenses.....	13	10	99

The balances due to or from these related parties at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Notes and accounts receivable.....	¥351	¥981	\$2,639
Other receivables.....	1	8	10
Other payables.....	9	25	70
Accrued expenses.....	3	5	19
Other long-term liabilities.....	7	27	50

NOTE 14 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) GROUP POLICY FOR FINANCIAL INSTRUMENTS

The Group uses bank loans based on its capital investment plan mainly for the food and beverages business.

Temporal surplus funds are invested in short-term investments exposed to an insignificant risk of changes in value such as bank deposits. The Group does not invest in speculative instruments in compliance with the Group policy.

(2) NATURE, EXTENT OF RISK, AND RISK MANAGEMENT SYSTEM FOR FINANCIAL INSTRUMENTS

Notes and accounts receivable are exposed to customer credit risk. To manage such credit risk, the Group monitors payment terms and credit information of major customers. Investment securities, mainly held for business-related purposes, are exposed to the risk of market price fluctuations. To manage such market risk, the fair value of the investments are obtained regularly and reported to the Company's Board of Directors.

Payment terms of notes and accounts payable are usually within one year.

Loans are made principally in connection with capital investments. Most of the loans are at variable interest rates and exposed to the risk of interest rate fluctuations. It is the Group's policy not to hedge such market risk with derivatives such as interest-rate swaps as a result of considering the financial market situation and outstanding balance.

Payables and loans are exposed to liquidity risk. The Group manages the risk by reviewing cash flow projections prepared by accounting and related departments.

(3) FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of financial instruments are based on the quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. The estimation might differ if other valuation techniques were used.

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
March 31, 2023			
Investment securities.....	¥ 62,396	¥ 62,396	
Total.....	¥366,389	¥366,389	

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
March 31, 2023			
Long-term debt (excluding obligations under finance leases).....	¥ 60,399	¥ 60,429	¥30
Total.....	¥102,007	¥102,037	¥30

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
March 31, 2022			
Investment securities.....	¥ 64,066	¥ 64,066	
Total.....	¥322,702	¥322,702	

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
March 31, 2022			
Long-term debt (excluding obligations under finance leases).....	¥ 65,716	¥ 65,757	¥41
Total.....	¥104,439	¥104,480	¥41

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
March 31, 2023			
Investment securities.....	\$ 469,146	\$ 469,146	
Total.....	\$2,754,806	\$2,754,806	

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
March 31, 2023			
Long-term debt (excluding obligations under finance leases).....	\$ 454,126	\$ 454,348	\$222
Total.....	\$ 766,966	\$ 767,188	\$222

Cash and cash equivalents, Time deposits, Receivables, Payables and Short-term borrowings

The fair values of cash and cash equivalents, time deposits, receivables, payables and short-term borrowings are not disclosed because their maturities are short and the carrying values approximate fair value.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for investment securities by classification is included in Note 5.

Long-term debt (including current portion of long-term debt)

The fair value of long-term borrowings is determined by discounting the cash flows related to the debt at the Group's assumed corporate discount rate.

(4) FINANCIAL INSTRUMENTS WHOSE FAIR VALUE CANNOT BE RELIABLY DETERMINED

	Carrying amount		Thousands of U.S. dollars
	Millions of yen	2022	
Investments in equity instruments that do not have a quoted market price in an active market and investments in associated companies.....	2023	2022	2023
	¥83,277	¥76,607	\$626,146

(5) MATURITY ANALYSIS FOR FINANCIAL ASSETS

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31, 2023				
Cash and cash equivalents	¥190,489			
Time deposits	50,696			
Receivables	63,076			
Total.....	¥304,261			

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31, 2022				
Cash and cash equivalents	¥150,726			
Time deposits	52,216			
Receivables	55,914			
Total.....	¥258,856			

	Thousands of U.S. dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31, 2023				
Cash and cash equivalents	\$1,432,252			
Time deposits	381,171			
Receivables	474,252			
Total.....	\$2,287,675			

(6) FINANCIAL INSTRUMENTS CATEGORIZED BY FAIR VALUE HIERARCHY

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of yen			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Investment securities:				
Others	¥62,396			¥62,396
Total.....	¥62,396			¥62,396

	Millions of yen			
	Level 1	Level 2	Level 3	Total
March 31, 2022				
Investment securities:				
Others	¥64,066			¥64,066
Total.....	¥64,066			¥64,066

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Investment securities:				
Others	\$469,146			\$469,146
Total.....	\$469,146			\$469,146

(2) The financial assets and liabilities other than the financial assets and liabilities measured in the consolidated balance sheet

	Millions of yen			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Long-term debt (Less current portion)		¥60,429		¥60,429
Total liabilities.....		¥60,429		¥60,429

	Millions of yen			
	Level 1	Level 2	Level 3	Total
March 31, 2022				
Long-term debt (Less current portion)		¥65,757		¥65,757
Total liabilities.....		¥65,757		¥65,757

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Long-term debt (Less current portion)		\$454,348		\$454,348
Total liabilities.....		\$454,348		\$454,348

Note: The evaluation technique used to calculate the fair value and the inputs related to the calculation of the fair value

Investment securities

All investment securities are listed securities and are evaluated by the market price. Listed securities are traded in active markets, so their fair value is classified as Level 1 fair value.

Long-term debt (Less current portion)

The fair value of long-term debt is calculated by the present value of the total amount of principal and interest discounted by the interest rate obtained by adding the credit spread to an appropriate index such as the yield of government bonds, and the fair value is classified as Level 2 fair value.

NOTE 15 OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Unrealized gain on available-for-sale securities:			
Gain (loss) arising during the year.....	¥ 3,078	¥ (6,892)	\$ 23,140
Reclassification adjustments to profit or loss.....	(66)	(2,396)	(493)
Amount before income tax effect.....	3,012	(9,288)	22,647
Income tax effect	(928)	2,845	(6,978)
Total.....	¥ 2,084	¥ (6,443)	\$ 15,669
	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 34,080	¥26,315	\$256,238
Total.....	¥ 34,080	¥26,315	\$256,238
	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 1,570	¥ (852)	\$ 11,807
Reclassification adjustments to profit or loss.....	705	401	5,299
Amount before income tax effect.....	2,275	(451)	17,106
Income tax effect	(684)	138	(5,139)
Total.....	¥ 1,591	¥ (313)	\$ 11,967
	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Share of other comprehensive loss in associates:			
Gain arising during the year	¥ 367	¥ 600	\$ 2,761
Total.....	¥ 367	¥ 600	\$ 2,761
Total other comprehensive income	¥38,122	¥20,159	\$286,635

NOTE 16 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The major components of selling, general and administrative expenses for the years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Advertising	¥18,149	¥17,459	\$136,457
Sales subsidies	8,011	7,085	60,235
Freight expense.....	15,339	13,378	115,333
Sales commission	31,281	28,357	235,195
Salaries	55,454	47,354	416,944
Provision for bonuses	4,514	4,062	33,937
Net periodic benefit costs.....	2,180	2,102	16,393
Depreciation and amortization	4,590	4,564	34,509
Research and development	9,339	8,617	70,215

NOTE 17 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥9,382 million (\$70,538 thousand) and ¥8,655 million for the years ended March 31, 2023 and 2022, respectively.

NOTE 18 OTHER INCOME

Other Extraordinary Income

This is mainly the receipt of compensation revenue of ¥2,352 million (\$17,687 thousand) accompanying the ending of the promotional agreement in the Pharmaceuticals business.

NOTE 19 NET INCOME PER SHARE

A reconciliation of the differences between basic and diluted net income per share (“EPS”) for the years ended March 31, 2023 and 2022 is as follows:

Diluted net income per share for the years ended March 31, 2023 and 2022 is not disclosed due to the absence of dilutive securities.

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income attributable to owners of the parent	Weighted-average shares		EPS
Year ended March 31, 2023				
Basic EPS:				
Net income available to common shareholders	¥50,641	156,214	¥324.18	\$2.44

	Millions of yen	Thousands of shares	Yen
	Net income attributable to owners of the parent	Weighted-average shares	EPS
Year ended March 31, 2022			
Basic EPS:			
Net income available to common shareholders	¥44,918	160,217	¥280.36

NOTE 20 SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2022 was approved at the Company's Board of Directors' meeting held on May 12, 2023:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥45.00 (\$0.34) per share	¥7,023	\$52,806

NOTE 21 SEGMENT INFORMATION

Under ASBJ Statement No. 17, “Accounting Standard for Disclosures about Segment of an Enterprise and a Related Information,” and ASBJ Guidance No. 20, “Guidance on Accounting Standard for Disclosures about Segment of an Enterprise and a Related Information,” an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) DESCRIPTION OF REPORTABLE SEGMENTS

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of Food and Beverages (Japan), Food and Beverages (The Americas), Food and Beverages (Asia and Oceania), Food and Beverages (Europe), Pharmaceuticals, and Others.

Food and Beverages (Japan) consists of fermented milk drinks, juice, and noodles, etc.

Food and Beverages (The Americas) consists of fermented milk drinks, etc.

Food and Beverages (Asia and Oceania) consists of fermented milk drinks, etc.

Food and Beverages (Europe) consists of fermented milk drinks, etc.

Pharmaceuticals consists of anticancer drugs and other pharmaceuticals.

Others consist of cosmetics and professional baseball team operation.

(2) METHODS OF MEASUREMENT FOR THE AMOUNTS OF SALES, PROFIT (LOSS), ASSETS, AND OTHER ITEMS FOR EACH REPORTABLE SEGMENT

The accounting policies of each reportable segment are consistent with those disclosed in “Note 2 (Summary of Significant Accounting Policies).”

(3) INFORMATION ABOUT SALES, PROFIT (LOSS), ASSETS, AND OTHER ITEMS

	Millions of yen							
	2023							
	Food and Beverages				Pharmaceuticals	Others	Reconciliation	Consolidated
Japan	The Americas	Asia and Oceania	Europe					
Sales								
Sales to external customers.....	¥231,860	¥ 64,920	¥140,465	¥ 9,724	¥12,764	¥23,338		¥483,071
Intersegment sales or transfers.....	8,596					2,107	¥(10,703)	
Total	240,456	64,920	140,465	9,724	12,764	25,445	(10,703)	483,071
Segment profit (loss)	47,444	15,974	18,711	117	(192)	1,242	(17,228)	66,068
Segment assets	216,884	112,126	287,756	11,374	6,701	16,671	97,907	749,419
Other:								
Depreciation and amortization.....	10,283	2,329	11,456	384	19	372	491	25,334
Investment in associates.....			77,961					77,961
Increase in property, plant and equipment and intangible assets ...	14,987	2,882	13,747	649	59	301	653	33,278

	Thousands of U.S. dollars							
	2023							
	Food and Beverages				Pharmaceuticals	Others	Reconciliation	Consolidated
Japan	The Americas	Asia and Oceania	Europe					
Sales								
Sales to external customers.....	\$1,743,308	\$488,123	\$1,056,128	\$73,115	\$95,966	\$175,473		\$3,632,113
Intersegment sales or transfers.....	64,629					15,845	\$(80,474)	
Total	1,807,937	488,123	1,056,128	73,115	95,966	191,318	(80,474)	3,632,113
Segment profit (loss)	356,720	120,107	140,689	878	(1,446)	9,342	(129,535)	496,755
Segment assets	1,630,706	843,053	2,163,581	85,519	50,387	125,343	736,143	5,634,732
Other:								
Depreciation and amortization.....	77,319	17,508	86,138	2,886	140	2,800	3,689	190,480
Investment in associates.....			586,174					586,174
Increase in property, plant and equipment and intangible assets ...	112,682	21,666	103,364	4,878	443	2,266	4,909	250,208

- Notes: 1. Reconciliation in segment profit (loss) mainly consists of ¥10,933 million (\$82,204 thousand) of corporate expense that is not allocated to each segment.
2. Reconciliation in segment assets mainly consists of ¥105,319 million (\$791,874 thousand) of corporate assets that is not allocated to each segment.
3. Reconciliation in depreciation consists of ¥491 million (\$3,689 thousand) of depreciation of the head office.
4. Reconciliation in capital expenditure consists of ¥653 million (\$4,909 thousand) of capital expenditure of the head office.

	Millions of yen							
	2022							
	Food and Beverages				Pharmaceuticals	Others	Reconciliation	Consolidated
Japan	The Americas	Asia and Oceania	Europe					
Sales								
Sales to external customers.....	¥195,725	¥47,388	¥128,199	¥ 9,414	¥16,993	¥17,397		¥415,116
Intersegment sales or transfers.....	7,568						2,076	¥ (9,644)
Total	203,293	47,388	128,199	9,414	16,993	19,473	(9,644)	415,116
Segment profit (loss)	28,244	12,555	24,809	623	2,634	(746)	(14,917)	53,202
Segment assets	190,151	85,858	272,381	10,867	8,498	16,159	88,942	672,856
Other:								
Depreciation and amortization.....	10,716	1,847	9,749	442	24	443	548	23,769
Investment in associates.....			71,255					71,255
Increase in property, plant and equipment and intangible assets ...	9,253	2,329	15,085	186	108	324	538	27,823

- Notes: 1. Reconciliation in segment profit (loss) mainly consists of ¥9,447 million of corporate expense that is not allocated to each segment. The corporate expense is the administrative expense of the parent company, which is not attributed to each reportable segment. The Company changed the corporate expense to allocate a portion to each reportable segment based on the company's long vision in this year. As a result, each segment profit of food and beverages in Japan, in The Americas, in Asia and Oceania and in Europe decreased ¥2,234 million, ¥333 million, ¥1,087 million and ¥75 million, respectively, and the adjustment (the corporate expense) decreased ¥3,730 million.
2. Reconciliation in segment assets mainly consists of ¥95,308 million of corporate assets that is not allocated to each segment.
3. Reconciliation in depreciation consists of ¥548 million of depreciation of the head office.
4. Reconciliation in capital expenditure consists of ¥538 million of capital expenditure of the head office.

(4) INFORMATION ABOUT GEOGRAPHICAL AREAS

a. Sales

Millions of yen				
2023				
Japan	The Americas	Asia and Oceania	Europe	Total
¥263,674	¥64,932	¥144,741	¥9,724	¥483,071
Millions of yen				
2022				
Japan	The Americas	Asia and Oceania	Europe	Total
¥227,910	¥47,399	¥130,393	¥9,414	¥415,116
Thousands of U.S. dollars				
2023				
Japan	The Americas	Asia and Oceania	Europe	Total
\$1,982,513	\$488,206	\$1,088,279	\$73,115	\$3,632,113

Note: Sales are classified by country or region based on the location of customers.

b. Property, plant and equipment

Millions of yen				
2023				
Japan	The Americas	Asia and Oceania	Europe	Total
¥114,476	¥17,859	¥89,662	¥3,126	¥225,123
Millions of yen				
2022				
Japan	The Americas	Asia and Oceania	Europe	Total
¥109,821	¥14,786	¥83,933	¥2,617	¥211,157
Thousands of U.S. dollars				
2023				
Japan	The Americas	Asia and Oceania	Europe	Total
\$860,720	\$134,279	\$674,151	\$23,504	\$1,692,654

(5) LOSS ON IMPAIRMENT OF LONG-LIVED ASSETS

Millions of yen							
2023							
Food and Beverages							
Japan	The Americas	Asia and Oceania	Europe	Pharmaceuticals	Others	Reconciliation	Consolidated
¥747				¥153	¥425		¥1,325
Millions of yen							
2022							
Food and Beverages							
Japan	The Americas	Asia and Oceania	Europe	Pharmaceuticals	Others	Reconciliation	Consolidated
		¥1,381		¥84	¥158		¥1,623
Thousands of U.S. dollars							
2023							
Food and Beverages							
Japan	The Americas	Asia and Oceania	Europe	Pharmaceuticals	Others	Reconciliation	Consolidated
\$5,615				\$1,151	\$3,192		\$9,958

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan
Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yakult Honsha Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Yakult Honsha Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Member of
Deloitte Touche Tohmatsu Limited

Determination of Indications of Impairment of Property, Plant and Equipment in Foreign Subsidiaries	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As described in Note 3 to the consolidated financial statements "Significant Accounting Estimates," the Group operates in 39 countries and regions outside Japan. The Group built and operates 27 factories, including 20 factories held by subsidiaries, and has production facilities in 17 countries and regions. The total amount of property, plant and equipment recorded by foreign subsidiaries is ¥110,647 million out of ¥225,123 million of the Group's property, plant and equipment as of March 31, 2023, which represented approximately 14.8% of the Group's consolidated total assets.</p> <p>The performance of each foreign subsidiary is affected by many external environmental factors, such as politics, economics, social backgrounds, legal restrictions, natural disasters, and infectious diseases in each operating country and region. In addition, there is a possibility that those foreign subsidiaries, which have recently started their operations, could not achieve their business plans. Such possibility exists when the foreign subsidiaries enter countries or regions especially where probiotics are not recognized because it may take a long time for their products to penetrate the markets. As a result, there may be indications of impairment of property, plant and equipment.</p> <p>Each foreign subsidiary's financial statements is prepared in accordance with either International Financial Reporting Standards ("IFRS") or generally accepted accounting principles in the United States of America ("US-GAAP") and the consolidated financial statements are prepared based on the financial statements of these foreign subsidiaries. Furthermore, Yakult Honsha Co., Ltd. (the "Company") evaluates whether there are any indications that property, plant and equipment of foreign subsidiaries may be impaired by each cash-generating-unit (IFRS) or asset group (US-GAAP).</p> <p>We identified the determination of indications of impairment of property, plant and equipment in foreign subsidiaries as a key audit matter because of the following:</p> <ul style="list-style-type: none"> • The total amount of each foreign subsidiary's property, plant and equipment is significant. • There is a risk that indications of impairment might not be completely identified due to a wide range of internal and external factors affecting the business activities of the foreign subsidiaries located in many countries and regions where they operate as described above. 	<p>We performed the following audit procedures, among others, to assess the Company's determination of whether there were any indications of impairment of property, plant and equipment in each foreign subsidiary:</p> <p><u>Evaluation of Internal Controls</u></p> <ul style="list-style-type: none"> • We evaluated the design and operating effectiveness of the Company's internal controls over the determination of impairment indicators of property, plant and equipment in each foreign subsidiary, especially including the process to test and approve whether cash-generating units or an asset group based on sales areas were identified in accordance with IFRS or US-GAAP and the process to test and approve each foreign subsidiary's result of identifying whether there were any indications of impairment with collected local market environment and other information. <p><u>Evaluation of Reasonableness of Judgment regarding Indications of Impairment of Property, Plant and Equipment</u></p> <ul style="list-style-type: none"> • Based on the Company's result of determination of impairment, we tested whether any indications of impairment of the property, plant and equipment were identified by analyzing trends of sales, operating incomes, and other information of each cash-generating unit or asset group. • We made inquiries of management and inspected related documents to determine whether each foreign subsidiary prepared the business plan for the following years based on the local condition and its historical financial result, and whether the Company evaluated the reasonableness of its business plan. Furthermore, we evaluated the reasonableness of various assumptions included in the prepared business plan by comparing them with the historical results, etc. • For foreign subsidiaries with significant amounts of property, plant and equipment, we obtained an understanding of the business situations surrounding the foreign subsidiaries as well as we evaluated the reasonableness of the Company's and each foreign subsidiary's determination of indications of impairment of property, plant and equipment under IFRS or US-GAAP with the assistance of the auditors of the subsidiaries.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2023

OVERSEAS OPERATIONS AND RESEARCH AND DEVELOPMENT INSTITUTE

(As of March 31, 2023)

Company name	Start of Sales	Location
ASIA AND OCEANIA		
Yakult Taiwan Co., Ltd.	March 1964	Taipei
Hong Kong Yakult Co., Ltd.	June 1969	Hong Kong
Yakult (Thailand) Co., Ltd.	June 1971	Bangkok
Korea Yakult (hy Co., Ltd.)	August 1971	Seoul
Yakult Philippines, Inc.	October 1978	Manila
Yakult (Singapore) Pte. Ltd.	July 1979	Singapore
PT. Yakult Indonesia Persada	January 1991	Jakarta
Yakult Australia Pty. Ltd. • New Zealand Branch	February 1994	Dandenong
Guangzhou Yakult Co., Ltd.	June 2002	Guangzhou
Yakult (Malaysia) Sdn. Bhd.	February 2004	Shah Alam
Shanghai Yakult Co., Ltd.	May 2005	Shanghai
Beijing Yakult Co., Ltd.	June 2006	Beijing
Yakult (China) Corporation	April 2007	Shanghai
Yakult Vietnam Co., Ltd.	September 2007	Ho Chi Minh
Yakult Danone India Pvt. Ltd.	January 2008	New Delhi
Tianjin Yakult Co., Ltd.	August 2011	Tianjin
Wuxi Yakult Co., Ltd.	June 2015	Wuxi
Yakult Middle East FZCO	March 2017	Dubai
Yakult Myanmar Co., Ltd.	August 2019	Yangon

Company name	Start of Sales	Location
The AMERICAS		
Yakult S/A Ind. E Com. (Brazil)	October 1968	São Paulo
Yakult S.A. De C.V. (Mexico)	October 1981	Mexico City
Yakult U.S.A. Inc.	October 1999	Fountain Valley
EUROPE		
Yakult Nederland B.V.	April 1994	Amstelveen
Yakult Belgium N.V./S.A.	April 1995	Brussels
Yakult Europe B.V.	March 1996	Almere, The Netherlands
Yakult UK Ltd. • Ireland Branch	April 1996	London
Yakult Deutschland GmbH	April 1996	Neuss
Yakult Oesterreich GmbH	December 2005	Vienna
Yakult Italia S.r.l.	February 2007	Milan
Yakult Honsha European Research Center for Microbiology VOF	May 2005	Ghent, Belgium

Note: Other countries and regions where sales are conducted: Brunei, France, Luxembourg, Spain, Uruguay, Canada, Belize, Malta, Switzerland, Oman, Bahrain, Qatar, Kuwait, and Denmark



Corporate Data

(As of March 31, 2023)

CORPORATE NAME	YAKULT HONSHA CO., LTD.
DATE FOUNDED	1935
DATE INCORPORATED	April 9, 1955
HEAD OFFICE	10-30, Kaigan, 1-chome, Minato-ku, Tokyo, 105-8660, Japan URL: https://www.yakult.co.jp/
PAID-IN CAPITAL	¥31,117,654,815
ANNUAL ACCOUNT SETTLEMENT DATE	March 31
NUMBER OF EMPLOYEES	29,880 (Consolidated)
NUMBER OF ISSUED SHARES	171,045,418
NUMBER OF SHAREHOLDERS	30,315*

*Including shareholders who own shares of less than one unit

OFFICES

One head office, One institute, Five branches, Seven plants

- Head Office
- ★ Yakult Central Institute

Branches

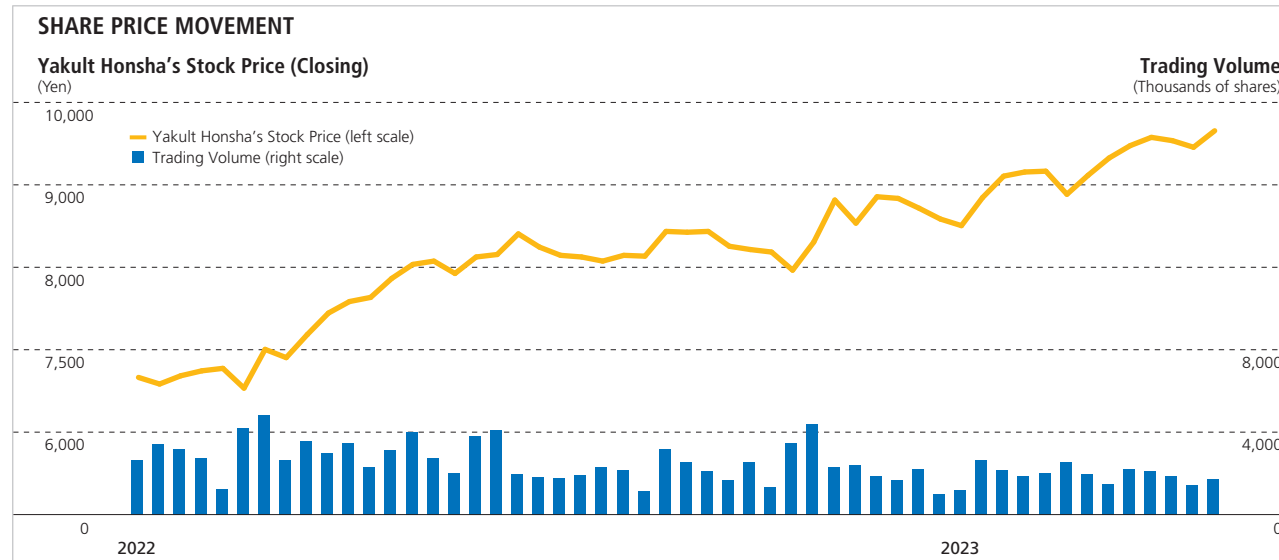
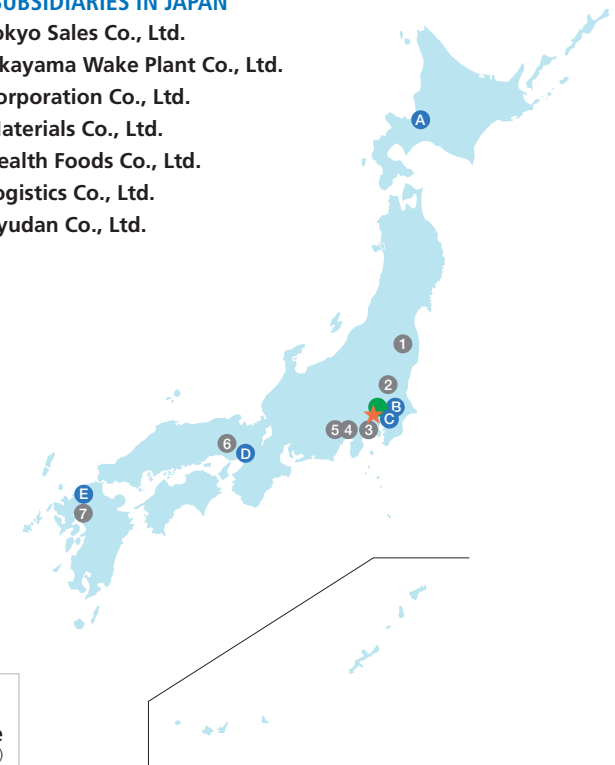
- A Hokkaido Branch
- B East Japan Branch
- C Metropolitan Branch
- D Central Japan Branch
- E West Japan Branch

Plants

- ① Fukushima Plant
- ② Ibaraki Plant
- ③ Shonan Cosmetics Plant
- ④ Fuji Susono Plant
- ⑤ Fuji Susono Pharmaceuticals Plant
- ⑥ Hyogo Miki Plant
- ⑦ Saga Plant

MAJOR SUBSIDIARIES IN JAPAN

- 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

YAKULT HONSHA CO., LTD.

10-30, Kaigan, 1-chome,
Minato-ku, Tokyo, 105-8660, Japan
Telephone: +81-3-6625-8960
URL: <https://www.yakult.co.jp/english/>



報2309RV110(宝)
Printed in Japan