

Consolidated Financial Results for the Year Ended March 31, 2019
(Japanese Generally Accepted Accounting Principles)



May 14, 2019

Name of company	Yakult Honsha Co., Ltd.
Stock exchange listing	First section in Tokyo Stock Exchange
Code number	2267
URL	https://www.yakult.co.jp/
Representative	President and Representative Director Takashige Negishi
Contact person	Executive officer Shuichi Watanabe TEL +81-3-3574-8960
Scheduled date of filing ordinary shareholder's meeting	June 19, 2019
Scheduled date of payment of dividends	June 3, 2019
Scheduled date of filing Annual security report	June 20, 2019
Preparation of support documentation of results: Yes	
Holding of briefing for analysts and institutional investors: Yes	

(Figures less than 1 million yen have been rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (April 1, 2018–March 31, 2019)

(1) Consolidated Financial Results (Accumulated) (Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year 2018	407,017	1.4	45,846	5.5	57,121	7.7	34,935	2.6
Fiscal year 2017	401,569	6.1	43,463	16.6	53,054	7.5	34,064	13.0

(Note) Comprehensive income for Fiscal year 2018 16,271 million yen {(70.1%)} Fiscal year 2017 54,364 million yen (180.3%)

	Basic earnings per Share	Diluted earnings per Share	Return on Equity	Return on Asset	Operating profit margin
	yen	yen	%	%	%
Fiscal year 2018	217.89	—	9.8	9.2	11.3
Fiscal year 2017	207.02	—	9.8	8.7	10.8

(Ref.) Share of profit of entities accounted for using equity method for Fiscal year 2018 3,557 million yen Fiscal year 2017 3,883 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	yen
Fiscal year 2018	618,532	392,279	57.8	2,229.80
Fiscal year 2017	627,031	386,674	56.2	2,194.32

(Ref.) Equity for Fiscal year 2018 357,272 million yen Fiscal year 2017 352,178 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year 2018	62,125	(37,012)	(22,980)	103,171
Fiscal year 2017	61,989	(30,285)	(21,969)	105,936

2. Dividends

(Base date)	Dividends per Share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividends Ratio to Net Assets (Consolidated)
	1st Qrt.	2nd Qrt.	3rd Qrt.	Year End	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year 2018	—	17.00	—	17.00	34.00	5,539	16.4	1.6
Fiscal year 2017	—	20.00	—	24.00	44.00	7,061	20.2	2.0
FY2019 (Forecast)	—	23.00	—	23.00	46.00		20.2	

3. Forecast for consolidated financial results for Fiscal year 2019 (April 1, 2019 - March 31, 2020)

(Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Basic earnings per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2nd Qrt.	211,000	3.7	25,500	7.2	31,500	6.7	20,000	(6.2)	124.82
Annual	420,000	3.2	48,500	5.8	59,500	4.2	36,500	4.5	227.80

※Note

(1) Changes of important subsidiaries during the period: No
(Change in specified subsidiary with change in scope of consolidation)

(2) Change in accounting policies and estimates, correction of prior period error

- ①Change in accounting policy with revision of accounting standard: Yes
②Change in account policy other than ①: No
③Changes in accounting estimate: No
④Correction of prior period error: No

(3) Shares issued (common stock)

- ①Number of shares issued (Including treasury stocks)
②Number of treasury stocks
③Weighted average of number of shares

Fiscal year 2018	171,045,418	Fiscal year 2017	171,045,418
Fiscal year 2018	10,819,582	Fiscal year 2017	10,549,711
Fiscal year 2018	160,332,850	Fiscal year 2017	164,550,031

(Ref.) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(1) Non-consolidated financial results

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year 2018	179,430	1.1	1,632	(26.3)	17,323	14.3	14,342	3.1
Fiscal year 2017	177,535	2.2	2,215	183.1	15,151	19.8	13,908	37.9

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
Fiscal year 2018	89.37	—
Fiscal year 2017	84.53	—

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	yen
Fiscal year 2018	336,616	164,336	48.8	1,023.93
Fiscal year 2017	350,029	160,529	45.9	1,000.21

(Ref.) Equity for Fiscal year 2018 164,336 million yen Fiscal year 2017 160,529 million yen

2. Forecast for Non-consolidated financial results for FY 2019 (April 1, 2019 - March 31, 2020)

(Percentage figures presents year-on-year changes)

	Net Sales		Ordinary Profit		Profit attributable to owners of parent		Basic earnings per Share
	million yen	%	million yen	%	million yen	%	yen
2nd Qrt.	88,000	(5.9)	4,500	1.0	5,000	(8.7)	31.15
Annual	171,000	(4.7)	16,500	(4.8)	15,500	8.1	96.58

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

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

Note concerning statements about the future, etc.

The statements about the future, including earnings projections, included in this report are based on information currently available and certain assumptions considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors.

Procedure for obtaining supplementary information on financial results

We plan to hold a briefing for analysts and institutional investors on May 14, 2019.

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

Table of Contents

1. Business Performance Overview.....	2
(1) Qualitative Information Regarding Consolidated Business Results.....	2
(2) Financial Position.....	6
(3) Cash Flows.....	6
(4) Forward Looking Statements.....	7
(5) Basic Policy on the Distribution of Profits; Dividends in Fiscal 2018 and 2019.....	9
2. Group Companies.....	10
3. Basic Policy Regarding Selection of Accounting Standards.....	13
4. Consolidated Financial Statements and Notes.....	14
(1) Consolidated Balance Sheet.....	14
(2) Consolidated Statement of Income and Comprehensive Income.....	16
(3) Consolidated Statement of changes in equity.....	18
(4) Consolidated Statement of Cash Flows.....	20
(5) Notes on Consolidated Financial Statements.....	21
(Notes Related to Going Concern Assumption).....	21
(Significant Accounting Policies for the Consolidated Financial Statements).....	21
(Change in Accounting Policy).....	23
(Change in Method of Presentation).....	23
(Segment Information).....	25
(Per Share Information).....	28
(Significant Subsequent Events).....	28
5. Other Matters.....	29
(1) Changes in Directors.....	29
(2) Changes in Executive Officers.....	29

1. Business Performance Overview

(1) Qualitative Information Regarding Consolidated Business Results

1. Performance Overview

During the fiscal year ended March 31, 2019, the Japanese economy maintained its gradual recovery amid continued improvement in the income environment, but the need to be mindful of the potential impact of volatility in the global economy and the financial and capital markets remained.

Against this background, the Yakult Group (the “Group”) worked to build awareness and understanding of the probiotics that constitute the bedrock of our operations, while striving to communicate the superiority of our products. The Group also sought to improve its performance by enhancing its sales organization, developing new products, upgrading its production facilities, and actively engaging in its international business and pharmaceuticals business.

As a result of these efforts, consolidated net sales for this fiscal year rose 1.4% from the previous year to 407,017 million yen. Operating profit increased 5.5% to 45,846 million yen, while ordinary profit climbed 7.7% to 57,121 million yen. Profit attributable to owners of parent increased 2.6% to 34,935 million yen.

2. 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 proactively conducted grassroots value dissemination initiatives utilizing scientific evidence.

Through our home delivery channel, we again worked to encouraged existing customers to continue drinking our mainstay fermented milk drinks *Yakult 400* and *Yakult 400LT*, taking advantage of the 20th anniversary of *Yakult 400s* launch, in January of this year. In addition, we stepped up efforts to create a point of contact for new customers through Yakult Delivery Net, the online home-delivery ordering system which commenced nationwide operation in September of last year. We also aimed to further enhance our home delivery organization by improving the working environment of Yakult Ladies, while continuing with hiring initiatives.

In the retail store channel, during July 2018 we ran the “2018 Pro Baseball Support” campaign for the fermented milk drinks *New Yakult* and *New Yakult Calorie Half*, while in February and March 2019 we ran the consumer campaign “Yakult: Keep Drinking to Feel the Difference!”, on top of which we unveiled revamped designs of both products in March 2019. In the same month, we sought to revitalize our brand with initiatives that included the launch of the fermented milk drink *Yakult Five*, a combination of *Lactobacillus casei* strain Shirota and five key nutrients.

In product specific initiatives, we took steps to promote the consumption of the *Mil-Mil* fermented milk series following the September 2018 release of a new design with continuous campaigns with the aim of increasing sales. In addition, in January 2019 we launched our limited time product, *Cup de Yakult*.

In other beverages, we strove to increase sales with a focus on health drinks, including through strengthening sales for the lactobacillus-fermented fruit drink, *Yakult Oishii Hakkou Kajitsu* (Yakult Tasty Fermented Fruit Juice), which is made using our proprietary fermentation techniques.

As a result, consolidated net sales for the food and beverages segment (Japan) increased 2.3% from the previous fiscal year, totaling 214,957 million yen.

- Food and Beverages (Overseas)

Yakult's operations outside Japan commenced in March 1964 with the establishment of Yakult Taiwan Co., Ltd., and now the manufacture and sale of *Yakult* outside of Japan spans 38 countries and regions centered around 28 companies and one research center with average daily bottle sales of 29.85 million bottles as of March 2019.

- i. The Americas

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

During the year under review we worked to enhance our sales network in the region, including both our home delivery and retail store channels, and to achieve sales growth.

Despite these efforts, consolidated net sales in the food and beverages (The Americas) segment decreased 2.5% to 48,907 million yen.

- ii. Asia and Oceania

Yakult manufactures and sells the fermented milk drink *Yakult* and other products in Hong Kong, Singapore, Indonesia, Australia, Malaysia, Vietnam, India, and China, among others, while also conducting import sales of *Yakult* in the United Arab Emirates among other nations.

In China, in line with increased demand for *Yakult* and other products, production at the Foshan Plant commenced in March 2019 under Guangzhou Yakult Co., Ltd. Meanwhile, we aim to start production in the second plant building at our Wuxi Plant (Wuxi Yakult Co., Ltd.) in June 2019.

In Myanmar, we are proceeding with preparations for the manufacture and sale of *Yakult*.

As a result of the above, consolidated net sales in the food and beverages (Asia and Oceania) segment rose 10.0% from the previous year to 120,784 million yen.

iii. Europe

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

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

We started the sale of *Yakult* in Denmark in January 2019, expanding our overseas sales network to 38 countries and regions.

As a result, consolidated net sales in the food and beverages (Europe) segment rose 4.0% from the previous year to 8,673 million yen.

● Pharmaceuticals

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

Regarding our mainstay, the antineoplastic drug *Elplat*, we proactively conducted presentations targeting medical professionals in order to maintain our market share. Although medical institutions are increasingly switching to generic versions of *Elplat*, we boosted initiatives to encourage customers to continue choosing *Elplat* by leveraging our ability to provide relevant information about the drug, a Company strength as the developer of the original drug, as well as the relationships of trust we have built with medical professionals. We also proactively provided information on the antineoplastic drug *ZALTRAP*[®], for which we conducted joint promotion with Sanofi S.A., in order to achieve market penetration in the colorectal cancer field. In addition, we sought to expand sales channels for our core generic product, the antineoplastic metabolite *Gemcitabine [Yakult]* and other products. However, the revision of NHI Drug Price Standards in April 2018 resulted in a decline in the price of most of our drug products, and this had a major impact on our revenue.

Meanwhile, in research and development, we continued to progress with the clinical development of items under development, including the PI3K inhibitor duvelisib [YHI-1702], for which we concluded an exclusive licensing agreement for development and commercialization in Japan with Verastem Oncology (U.S.) in June 2018, and the HDAC inhibitor resminostat [YHI-1001], in-licensed from 4SC AG (Germany).

Furthermore, in February 2019 we obtained approval for the manufacture and sale of the generic antineoplastic drugs *Capecitabine Tablets [Yakult]* and *Gefitinib Tablets [Yakult]*, and we are preparing to launch these in June. Through these efforts, we aim to further strengthen our position in oncology and related fields.

As a result, consolidated net sales in the Pharmaceuticals segment declined 15.5% to 21,696 million yen.

- Others

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

In our cosmetics operations, we worked to help customers realize their 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.

One specific initiative involved an effort to expand opportunities for engagement with new customers by releasing a revamped version of our *Yakult Medicated APACOAT S.E. Nanotechnology* toothpaste in May 2018.

Additionally, we revamped and rereleased both *BECYCLE Lift Repair Essence* serum, in November 2018, and our *Revecy White* series of highly moisturizing basic skin-care products with lightening effects in March 2019, aiming to increase customer satisfaction and boost sales.

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

In our professional baseball operations, the Tokyo Yakult Swallows advanced to the Climax Series, while diverse events and promotions were laid on at Tokyo's Jingu Stadium in conjunction with active information dissemination. As a result of this active fan service the attendance at the stadium rose from the previous fiscal year.

As a result, consolidated net sales in the Others segment rose 8.0% to 22,447 million yen.

Sales figures for each segment do not include consumption tax, etc.

Note: Consolidated sales for each segment include inter-segment sales.

(2) Financial Position

Total assets at the fiscal year-end amounted to 618,532 million yen, a decrease of 8,498 million yen year on year.

Net assets rose 5,605 million yen from the previous fiscal year end to 392,279 million yen. This was primarily due to an increase in retained earnings from profit attributable to owners of parent. This offset the impact of a decrease in foreign currency translation adjustment due to yen appreciation and a decrease in valuation difference on available-for-sale securities resulting from declining share prices.

The equity to asset ratio was 57.8%, a 1.6 percentage point increase year on year.

(3) Cash Flows

(Status of Cash Flows)

	Fiscal year ended March 2018	Fiscal year ended March 2019	YoY Change
Cash flows from operating activities	61,989	62,125	135
Cash flows from investing activities	(30,285)	(37,012)	(6,727)
Cash flows from financing activities	(21,969)	(22,980)	(1,011)
Effect of exchange rate change on cash and cash equivalents	1,070	(4,896)	(5,966)
Net increase (decrease) in cash and cash equivalents	10,805	(2,764)	(13,570)
Cash and cash equivalents at beginning of period	95,130	105,936	10,805
Cash and cash equivalents at end of period	105,936	103,171	(2,764)

Cash derived from operating activities increased 135 million yen from the previous year to 62,125 million yen. The increase primarily resulted from 55,801 million yen in profit before income taxes and 21,237 million yen in depreciation, which was partly offset by 13,881 million yen in income taxes paid.

Cash used in investing activities increased 6,727 million yen from the previous year, to (37,012) million yen. Cash was mainly used for payments into time deposits and purchases of non-current assets, particularly for the expansion of production facilities.

Cash used in financing activities increased 1,011 million yen to (22,980) million yen. This outlay mainly reflected repayments of long-term loans payable and cash dividends paid.

(Cash Flow Related Indices)

	Fiscal year ended March 2015	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019
Equity to asset ratio	56.1%	57.5%	58.6%	56.2%	57.8%
Equity to asset ratio based on	238.8%	142.6%	174.5%	201.4%	200.5%

market price					
Debt-to-cash-flow ratio	2.2 years	1.9 years	1.9 years	2.2 years	2.0 years
Interest coverage ratio	69.5	66.9	85.3	95.6	85.1

Equity to asset ratio: Shareholders' equity / total assets

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

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

Interest coverage ratio: Operating cash flow / interest payments

* All figures are calculated using consolidated financial data

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

* "Operating cash flow" refers to cash flows from operating activities in the Consolidated Statements of Cash Flows. "Interest-bearing debt" refers to all liabilities reflected on the consolidated balance sheets that are subject to interest payments. "Interest payments" refer to interest expenses as stated on the Consolidated Statements of Cash Flows.

(4) Forward Looking Statements

1. Consolidated Forecast for the Next Fiscal Year

	Net Sales (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (yen)
Fiscal year ended March 2020	420,000	59,500	36,500	227.80
Fiscal year ended March 2019	407,017	57,121	34,935	217.89
Increase/Decrease	3.2%	4.2%	4.5%	4.5%

2. Forecasts by Segment

● Food and Beverages (Japan)

For dairy products in Japan, Yakult is continuously committed to focusing on the *Yakult* series of fermented milk drinks as its most important brand, aiming to further vitalize the brand by communicating the scientifically verified benefits of *Lactobacillus casei* strain Shirota and by conducting community-based value dissemination initiatives.

Regarding products, we will strive to further invigorate our brands with a particular focus on *Yakult 400* and *Yakult 400LT* in the home delivery channel. In order to achieve this we will strengthen our evidence based value dissemination activities as well as convey our research and development and technological achievements. Meanwhile, in our retail store channel we will aim to improve visibility, with a particular focus on *New Yakult* and *New Yakult Calorie Half*, as well as communicate the health-promotion benefits of our products through sampling activities by promotion staff with the aim of further expanding sales.

In other beverages, we will strive to increase sales by focusing on improving the sales of our core *Toughman* brand series and *Kurozu Drink* as well as other health drinks.

In addition, we will continue striving to increase awareness of the nature of the work of the Yakult Ladies, and make the role more attractive in order to bolster our home delivery organization. We will also strive to strengthen our response to markets with future growth potential in order to achieve further sales growth.

- Food and Beverages (Overseas)

Our existing business offices will work to further expand business, enhance our financial strength, and raise profitability. We will place particular focus on strengthening our management base and achieving business growth at our business offices in Vietnam, India, China, the United States, and the Middle East. We will also push forward with preparations for our business launch in Myanmar.

We will decide on future new overseas expansions after carefully considering the environments both in Japan and abroad.

- Pharmaceuticals

We anticipate a decline in revenue within Japan due to the impact of drug price reductions in accordance with the revision of NHI Drug Price Standards slated for October 2019. In addition, it is inevitable that medical institutions will continue to switch to generic versions of our mainstay antineoplastic drug *Elplat*. However, we will work to expand the market and achieve our sales targets by drawing on our ability as the drug's original creator to employ a proposal-oriented sales approach underpinned by the provision of relevant information and by leveraging the relationships of trust we have developed with professionals in the medical industry to date. Furthermore, we will endeavor to achieve sales growth by working to ensure smooth market releases for two new generic products: the antineoplastic drugs *Capecitabine Tablets [Yakult]* and *Gefitinib Tablets [Yakult]*, which are due to go on sale in June 2019.

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

- Others

In our cosmetics operations, we will aim to help customers realize their internal and external beauty and to increase the number of regular users of our cosmetics by focusing on initiatives to disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, derived from our long history of research on lactic acid bacteria since the Company's foundation.

Furthermore, we will endeavor to increase customer satisfaction and drive further sales growth in the cosmetics business by releasing new products that offer greater product appeal in the form of enhanced functional benefits and new added ingredients, and by providing product-related counselling services personalized for each customer.

(5) Basic Policy on the Distribution of Profits; Dividends in Fiscal 2018 and 2019

We place top priority on the continuous payment of stable dividends to shareholders by setting the annual dividend at a base of 30.0 yen per share. The total dividend is decided after comprehensively taking into account the need for funds for future business expansion and increasing earnings as well as the Company's financial position and business performance for the year.

Based on this policy, we decided to pay a total dividend of 44.0 yen per share for the fiscal year ended March 2019, up 10.0 yen from the prior fiscal year to continuously increase the return to shareholders. We have already paid an interim dividend of 20.0 yen per share, and the balance of 24.0 yen per share will be distributed to shareholders as the year-end dividend.

For the year ending March 31, 2020, we plan to raise the annual dividend by 2.0 yen to 46.0 yen per share in an effort to offer higher returns to shareholders in addition to continuously paying stable dividends, in line with the policy described above.

2. Group Companies

The Yakult Group is comprised of Yakult Honsha, 76 subsidiaries, and 20 affiliates. The Group's main businesses and the positioning of each are outlined below.

Food and Beverages Business

1. Dairy products : Yakult Honsha manufactures dairy products which are primarily sold to 113 Yakult marketing companies across Japan (including one subsidiary of Yakult Miyagi Chuo Sales Co., Ltd., one subsidiary of Yakult Tokyo Sales Co., Ltd., four subsidiaries of Yakult Tokai Co., Ltd., one subsidiary of Yakult Hokuriku Co., Ltd., and two subsidiaries of Yakult Sanyo Co., Ltd. Among these, Yakult Tokyo Sales Co., Ltd. and 25 others are consolidated subsidiaries, while Yakult Kagawa Sales Co., Ltd. and 15 others are affiliates to which the equity method is not applied).

Certain parts of the manufacturing process are outsourced to Yakult Iwate Plant Co., Ltd. and four other companies (consolidated subsidiaries), while raw materials used in production are supplied by Yakult Materials Co., Ltd. and one other company (consolidated subsidiary).
2. Other beverages : Yakult Honsha purchases products which are primarily sold to 113 Yakult marketing companies across Japan.
3. Other food products : The Group's main product lines are noodles and health foods, which are manufactured by Yakult Food Industry Co., Ltd. and one other company (consolidated subsidiary) and sold, via Yakult Honsha, to 113 Yakult marketing companies across Japan.
4. Logistics : The transportation of manufactured products falls under the remit of Yakult Logistics Co., Ltd., a consolidated subsidiary.
5. Overseas business : Yakult (China) Corporation and 26 other companies (consolidated subsidiaries), as well as four affiliates, manufacture and sell dairy products outside Japan.
6. Saleable materials, etc. : Saleable materials, etc. are purchased by the consolidated subsidiary Yakult Corporation Co., Ltd. and sold, via Yakult Honsha, to Yakult marketing companies, etc.

Pharmaceuticals Business

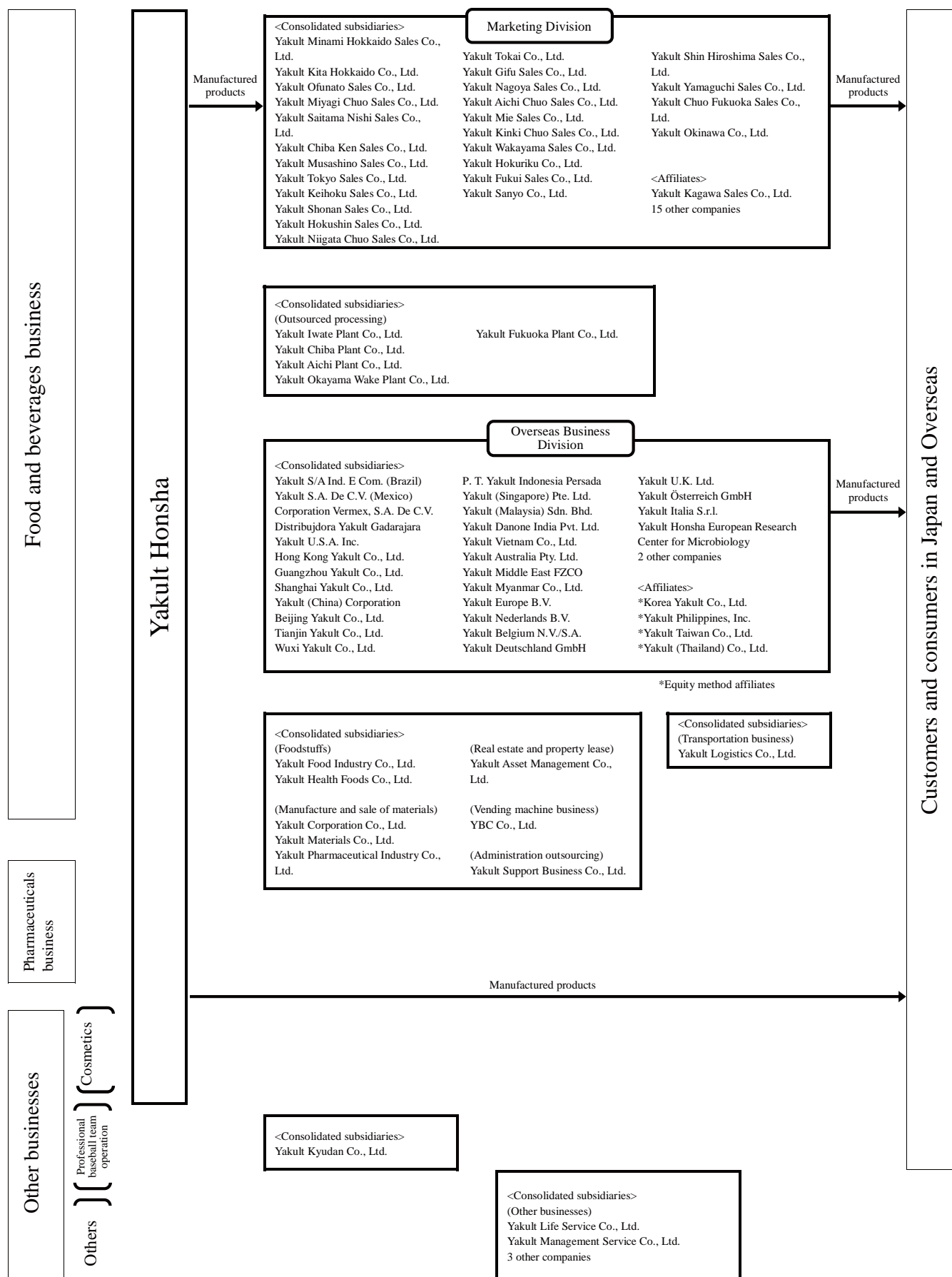
- Pharmaceutical products : Yakult Honsha manufactures products which are sold to hospitals and pharmacies in Japan via pharmaceutical wholesalers. Outside Japan, products manufactured by the Company are sold to partner pharmaceutical companies.

Other Businesses

1. Cosmetics : Yakult Honsha manufactures products which are sold to 101 Yakult marketing companies across Japan.

2. Professional baseball team operation : Yakult's professional baseball team is operated by the consolidated subsidiary Yakult Kyudan Co., Ltd.

Yakult Honsha's business organization is outlined below:



3. Basic Policy Regarding Selection of Accounting Standards

The Company applies Japanese Generally Accepted Accounting Principles (GAAP) in the preparation of its consolidated financial statements.

Although we are currently working to ascertain the discrepancies between Japanese GAAP and International Financial Reporting Standards (IFRS) as well as the effect of adoption on our financial statements, we have not yet established a plan to adopt IFRS.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Millions of yen)	
	Fiscal year 2017 As of March 31, 2018	Fiscal year 2018 As of March 31, 2019
Assets		
Current Assets		
Cash and Deposits	151,788	156,484
Notes and accounts receivable - trade	56,479	52,880
Merchandise and Finished goods	9,089	9,404
Work in process	2,449	2,143
Raw materials and supplies	16,598	17,565
Others	9,129	9,421
Allowance for doubtful accounts	(254)	(262)
Total current assets	245,281	247,637
Non-Current Assets		
Property, plant and equipment		
Buildings and structures (net)	165,406	165,641
Accumulated depreciation	(78,019)	(82,887)
Buildings and structures, net	87,387	82,753
Machinery, equipment and vehicles	151,058	151,994
Accumulated depreciation	(102,099)	(106,095)
Machinery, equipment and vehicles, net	48,958	45,898
Land	44,561	44,415
Lease assets	17,993	17,405
Accumulated depreciation	(10,812)	(11,218)
Lease assets, net	7,180	6,187
Construction in progress	9,406	17,468
Others	25,692	25,898
Accumulated depreciation	(21,989)	(22,550)
Others, net	3,703	3,348
Total property, plant and equipment	201,198	200,071
Intangible assets		
Software	3,050	2,463
Others	2,676	2,318
Total Intangible assets	5,727	4,782
Investments and other assets		
Investment securities	163,591	155,306
Deferred tax assets	2,803	2,560
Net defined benefit asset	638	675
Others	7,918	7,613
Allowance for doubtful accounts	(129)	(114)
Total investments and other assets	174,823	166,040
Total non-current assets	381,749	370,895
Total assets	627,031	618,532

Yakult Honsha Co.,Ltd. (2267) Financial Report for year ended March 31, 2019

(Millions of yen)

	Fiscal year 2017 As of March 31, 2018	Fiscal year 2018 As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,528	27,983
Short-term loans payable	41,643	34,598
Current portion of long-term loans payable	45,570	5,542
Lease obligations	2,098	1,989
Income taxes payable	3,404	3,984
Provision for bonuses	5,840	6,023
Notes payable - facilities	1,633	1,776
Others	32,079	33,556
Total current liabilities	161,800	115,455
Non-current liabilities		
Long-term loans payable	41,898	76,344
Lease obligations	4,614	3,712
Deferred tax liabilities	22,151	21,075
Provision for directors' retirement benefits	395	392
Net defined benefit liability	5,346	5,463
Asset retirement obligations	966	981
Others	3,183	2,829
Total non-current liabilities	78,557	110,798
Total liabilities	240,357	226,253
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	41,528	41,742
Retained earnings	318,580	347,740
Treasury shares	(52,322)	(54,833)
Total shareholders' equity	338,903	365,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,215	30,465
Foreign currency translation adjustment	(20,721)	(36,304)
Remeasurements of defined benefit plans	(1,218)	(2,655)
Total accumulated other comprehensive income	13,274	(8,495)
Non-controlling interests	34,495	35,007
Total net assets	386,674	392,279
Total liabilities and net assets	627,031	618,532

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

(Millions of yen)

	Previous period From April 1, 2017 to March 31, 2018	Current period From April 1, 2018 to March 31, 2019
Net sales	401,569	407,017
Cost of sales	171,639	171,107
Gross profit	229,930	235,910
Selling, general and administrative expenses		
Selling expenses	90,070	91,230
General and administrative expenses	96,396	98,834
Total selling, general and administrative expenses	186,466	190,064
Operating profit	43,463	45,846
Non-operating income		
Interest income	3,945	4,574
Dividend income	1,867	1,988
Share of profit of entities accounted for using equity method	3,883	3,557
Others	2,112	2,759
Total non-operating income	11,808	12,880
Non-operating expenses		
Interest expenses	652	728
Commission fee	334	444
Compensation expenses	945	136
Others	285	295
Total non-operating expenses	2,217	1,604
Ordinary profit	53,054	57,121
Extraordinary income		
Gain on sales of non-current assets	164	122
Gain on sales of investment securities	660	2,203
Reversal of provision for retirement benefits	-	569
Gain on bargain purchase	-	381
Others	1	162
Total extraordinary income	825	3,439
Extraordinary losses		
Loss on sales of non-current assets	55	36
Loss on retirement of non-current assets	327	525
Impairment loss	12	4,187
Others	4	10
Total extraordinary losses	399	4,760
Profit before income taxes	53,481	55,801
Income taxes - current	13,096	15,240
Income taxes - deferred	1,724	378
Total income taxes	14,820	15,619
Profit	38,660	40,182
Profit attributable to non-controlling interests	4,595	5,247
Profit attributable to owners of parent	34,064	34,935

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2017 to March 31, 2018	Current period From April 1, 2018 to March 31, 2019
Profit	38,660	40,182
Other comprehensive income		
Valuation difference on available-for-sale securities	8,950	(4,652)
Foreign currency translation adjustment	5,487	(17,539)
Remeasurements of defined benefit plans, net of tax	1,151	(1,436)
Share of other comprehensive income of entities accounted for using equity method	114	(282)
Total other comprehensive income	15,703	(23,910)
Comprehensive income	54,364	16,271
Comprehensive income attributable to:		
Owners of parent	50,191	13,283
Non-controlling interests	4,173	2,987

(3) Consolidated Statement of changes in equity

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	31,117	41,581	314,101	(40,446)	346,354
Cumulative effects of changes in accounting policies					-
Restated balance	31,117	41,581	314,101	(40,446)	346,354
Changes of items during period					
Dividends of surplus			(5,456)		(5,456)
Change in ownership interest of parent due to transactions with non-controlling interests		(52)			(52)
Profit attributable to owners of parent			34,064		34,064
Purchase of treasury shares				(36,005)	(36,005)
Disposal of treasury shares					-
Retirement of treasury shares			(24,129)	24,129	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(52)	4,478	(11,876)	(7,450)
Balance at end of current period	31,117	41,528	318,580	(52,322)	338,903

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	26,117	(26,598)	(2,370)	(2,851)	33,378	376,880
Cumulative effects of changes in accounting policies						
Restated balance	26,117	(26,598)	(2,370)	(2,851)	33,378	376,880
Changes of items during period						
Dividends of surplus						(5,456)
Change in ownership interest of parent due to transactions with non-controlling interests						(52)
Profit attributable to owners of parent						34,064
Purchase of treasury shares						(36,005)
Disposal of treasury shares						-
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	9,097	5,876	1,151	16,216	1,117	17,243
Total changes of items during period	9,097	5,876	1,151	16,216	1,117	9,793
Balance at end of current period	35,215	(20,721)	(1,218)	13,274	34,495	386,674

Yakult Honsha Co.,Ltd. (2267) Financial Report for year ended March 31, 2019

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

(Millions of yen)

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

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	35,215	(20,721)	(1,218)	13,274	34,495	386,674
Cumulative effects of changes in accounting policies	(117)			(117)		39
Restated balance	35,097	(20,721)	(1,218)	13,156	34,495	386,713
Changes of items during period						
Dividends of surplus						(5,931)
Change in ownership interest of parent due to transactions with non-controlling interests						244
Profit attributable to owners of parent						34,935
Purchase of treasury shares						(2,913)
Disposal of treasury shares						371
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	(4,631)	(15,582)	(1,436)	(21,651)	511	(21,140)
Total changes of items during period	(4,631)	(15,582)	(1,436)	(21,651)	511	5,566
Balance at end of current period	30,465	(36,304)	(2,655)	(8,495)	35,007	392,279

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous period From April 1, 2017 to March 31, 2018	Current period From April 1, 2018 to March 31, 2019
Cash flows from operating activities		
Profit before income taxes	53,481	55,801
Depreciation	21,532	21,237
Impairment loss	12	4,187
Increase (decrease) in provision	101	189
Increase (decrease) in net defined benefit liability	(1,706)	(2,290)
Interest and dividend income	(5,812)	(6,562)
Interest expenses	652	728
Share of loss (profit) of entities accounted for using equity method	(3,883)	(3,557)
Loss (gain) on sales of non-current assets	217	439
Loss (gain) on valuation of investment securities	(660)	(2,203)
Other loss (gain)	2,599	2,463
Decrease (increase) in notes and accounts receivable - trade	(1,499)	2,196
Decrease (increase) in inventories	389	(2,247)
Increase (decrease) in notes and accounts payable - trade	4,679	(908)
Increase/decrease in other assets/liabilities	(746)	(320)
Subtotal	69,358	69,151
Interest and dividend income received	7,220	7,584
Interest expenses paid	(648)	(729)
Income taxes paid	(14,331)	(13,881)
Income taxes refund	391	-
Cash flows from operating activities	61,989	62,125
Cash flows from investing activities		
Payments into time deposits	(63,711)	(77,652)
Proceeds from withdrawal of time deposits	55,970	67,373
Purchase of non-current assets	(22,332)	(29,384)
Proceeds from sales of non-current assets	269	406
Purchase of investment securities	(1,143)	(916)
Proceeds from sales of investment securities	1,800	4,439
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,089)
Other, net	(1,138)	(188)
Cash flows from investing activities	(30,285)	(37,012)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	668	(7,135)
Proceeds from long-term loans payable	30,000	40,000
Repayments of long-term loans payable	(5,644)	(45,790)
Repayments of lease obligations	(2,421)	(2,182)
Purchase of treasury shares	(36,005)	(5)
Proceeds from sales of treasury shares	-	385
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,183)	(489)
Cash dividends paid	(5,450)	(5,923)
Proceeds from share issuance to non-controlling shareholders	(1,932)	(1,840)
Dividends paid to non-controlling interests	(21,969)	(22,980)
Cash flows from financing activities	1,070	(4,896)
Effect of exchange rate change on cash and cash equivalents	10,805	(2,764)
Net increase (decrease) in cash and cash equivalents	95,130	105,936
Cash and cash equivalents at beginning of period	105,936	103,171
Cash and cash equivalents at end of period		

(5) Notes on Consolidated Financial Statements

(Notes Related to Going Concern Assumption)
None.

(Significant Accounting Policies for the Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 76

Names of main consolidated subsidiaries:

Yakult Tokyo Sales Co., Ltd., Yakult Okayama Wake Plant Co., Ltd., Yakult Corporation Co., Ltd., Yakult Materials, Co., Ltd., Yakult Health Foods Co., Ltd., Yakult Logistics Co., Ltd., Yakult Kyudan Co., Ltd., Yakult (China) Corporation

Two newly consolidated subsidiaries:

Yakult Musashino Sales Co., Ltd.	...	Additional shares acquired
Yakult Shonan Sales Co., Ltd.	...	Shares newly acquired

2. Application of the equity method

Number of affiliates to which the equity method is applied: 4

Name of main equity method affiliate:

Korea Yakult Co., Ltd.

Investments in Yakult Kagawa Sales Co., Ltd. and 15 other affiliates to which the equity method is not applied are valued at cost as they are small in scale and their respective profit/loss and retained earnings corresponding to the equity have no significant impact on these account items in the consolidated financial statements. The financial statements for each company's most recent fiscal year have been used when applying the equity method.

3. Matters related to the fiscal year of consolidated subsidiaries

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

Japan:	Yakult Kyudan Co., Ltd.	(December 31)
Overseas:	Yakult (China) Corporation, 26 other companies	(December 31)

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

4. Matters related to accounting policies

(1) Standards and methods for valuation of significant assets

i. Investment securities

Other investment securities

Marketable securities: reported at market value as of end of consolidated accounting period. (Net unrealized gains (losses) are booked directly on net assets, and the costs of securities sold are primarily calculated based on the moving-average method.)

Non-marketable securities: primarily stated at cost based on the moving-average method

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

(2) Depreciation Methods Applied to Significant Depreciable Assets

The Company and its domestic subsidiaries

i. Tangible fixed assets (excluding leased assets)

Buildings (excluding building fixtures)

Acquired on or before March 31, 1998 Declining balance method

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

Building fixtures and structures

Acquired on or before March 31, 2016 Declining balance method

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

Other tangible fixed assets

Declining balance method

Principal useful lives

Buildings and structures: 7 to 50 years

Machinery, equipment and vehicles: 4 to 17 years

ii. Intangible assets (excluding lease assets)

Software

Software for internal use

Straight-line method over a useful life of five years

Other intangible assets

Straight-line method

iii. Leased assets

Leased assets relating to finance lease transactions without transfer of ownership

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

Foreign subsidiaries

Tangible fixed assets

Straight-line method

Principal useful lives

Buildings and structures: 5 to 40 years

Machinery, equipment and vehicles: 3 to 21 years

Intangible assets

Straight-line method

(3) Accounting Standards for Significant Allowances

1. Allowance for doubtful accounts

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

2. Provision for bonuses

To provide for future payment of bonuses to employees, the Company and its main consolidated subsidiaries book the estimated amounts to be paid during the consolidated fiscal year under review.

3. Provision for directors' retirement benefits

To provide for future payments of retirement benefits to directors/officers, the Company's main consolidated subsidiaries book the entire amount to be needed at the end of the fiscal period based on their internal regulations.

(4) Accounting Method for Retirement Benefits

1. Service period basis for projected retirement benefits

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

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

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

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

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

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

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

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

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

(7) Accounting for Consumption Taxes

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

Accrued consumption tax is included in 'Current liabilities – Others'.

(Change in Accounting Policy)

In the consolidated fiscal year under review, the Company applied IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) to overseas consolidated subsidiaries.

The impact of this change on the consolidated financial statements for the fiscal year under review is negligible.

(Change in Method of Presentation)

(Change accompanying the application of the Partial Amendments to the Accounting Standard for Deferred tax Accounting, etc.)

From the start of the consolidated fiscal year under review, the Company applied the Partial Amendments to the Accounting Standard for Deferred tax Accounting, etc. (Accounting Standard No. 28 of February 16, 2018). Accordingly, the Company changed its method of presentation to categorize deferred tax assets as "investments and other assets" and to categorize deferred tax liabilities as "non-current liabilities."

As a result, 849 million yen of the 5,059 million yen in deferred tax assets presented under "current assets" in the consolidated balance sheets for the fiscal year ended March 31, 2018 is included in the 2,803 million yen of deferred tax assets presented under "investments and other assets" for the fiscal year under review. Furthermore, 4,210 million yen of the 5,059 million yen in deferred tax assets presented under "current assets" and the 0 million yen of

deferred tax liabilities presented under “current liabilities” in the previous fiscal year is included in the 22,151 million yen of deferred tax liabilities presented under “non-current liabilities” for the fiscal year under review.

(Segment Information)

1. Overview of Reportable Segments

The Company's reportable segments are structural components which are evaluated regularly by the Company's Board of Directors in order to assess performance and decide how resources are allocated among the Group.

The Company is primarily engaged in the manufacture and sales of dairy products, pharmaceuticals, and other products. In Japan, the Group's dairy and other products business involves manufacture and sales by the Company and its production and marketing subsidiaries, while outside Japan, the business is operated by the Group's overseas entities in the respective regions. In the pharmaceuticals business, the Company manufactures products and sells them in Japan and overseas.

Therefore, the reportable segments by product and service consist of the Food and Beverages segment and the Pharmaceuticals segment. The Food and Beverages segment is further broken down into regional segments consisting of Japan, the Americas, Asia and Oceania, and Europe.

Food and Beverages (Japan) primarily consists of the manufacture and sale of dairy products and noodles, and the sale of other beverages.

Food and Beverages (The Americas) primarily consists of the manufacture and sale of dairy products.

Food and Beverages (Asia and Oceania) primarily consists of the manufacture and sale of dairy products.

Food and Beverages (Europe) consists of the manufacture and sale of dairy products.

Pharmaceuticals consists of the manufacture and sale of anticancer drugs and other pharmaceuticals.

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

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

The accounting methods of each reportable segment are generally consistent with those disclosed in "Significant Accounting Policies for the Consolidated Financial Statements."

Profit in the reportable segments is based on operating profit.

Intersegment sales and transfers are based on prevailing market prices.

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

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Sales				
Sales to external customers	189,213	50,158	109,852	8,342
Intersegment sales or transfers	20,808	—	—	—
Total	210,022	50,158	109,852	8,342
Segment profit (loss)	17,029	11,279	30,093	664
Segment assets	181,670	72,971	200,697	10,481
Other:				
Depreciation and amortization	10,942	1,957	5,946	282
Increase in tangible and intangible assets	7,951	1,042	10,833	675

	Pharmaceuticals	Others	Adjustments	Consolidated results
Sales				
Sales to external customers	25,661	18,340	—	401,569
Intersegment sales or transfers	—	2,437	(23,246)	—
Total	25,661	20,778	(23,246)	401,569
Segment profit (loss)	1,322	950	(17,876)	43,463
Segment assets	25,203	14,268	121,739	627,031
Other:				
Depreciation and amortization	950	460	992	21,532
Increase in tangible and intangible assets	665	326	3,629	25,123

Notes: Adjustments are as follows.

- (1) The (17,876) million yen adjustment in segment profit (loss) includes (13,297) million yen of corporate expenses not allocated to specific segments. Corporate expenses include expenses of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.
- (2) The 121,739 million yen adjustment in segment assets includes 127,635 million yen of corporate assets not allocated to specific segments. Corporate assets include cash and deposits, long-term investment funds (investment securities), deferred tax assets, and assets related to administrative divisions of the Company, that cannot be attributed to any specific reportable segments.
- (3) Adjustment in depreciation consists of 992 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increase in tangible and intangible assets consists of 3,629 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments

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

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

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

Notes: Adjustments are as follows.

- (1) The (17,474) million yen adjustment in segment profit (loss) includes (12,866) million yen of corporate expenses not allocated to specific segments. Corporate expenses include expenses of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.
- (2) The 112,032 million yen adjustment in segment assets includes 117,047 million yen of corporate assets not allocated to specific segments. Corporate assets include cash and deposits, long-term investment funds (investment securities), deferred tax assets, and assets related to administrative divisions of the Company, that cannot be attributed to any specific reportable segments.
- (3) Adjustment in depreciation consists of 1,261 million yen of depreciation of the Company that cannot be attributed to any specific reportable segments.
- (4) Adjustment in increase in tangible and intangible assets consists of 1,480 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

4. Information about geographical areas

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(1) Net sales (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
231,088	50,177	111,960	8,342	401,569

Note: Net sales are classified by country or region based on the location of the customer

(2) Property, plant and equipment (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
124,591	15,808	58,542	2,255	201,198

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

(1) Net sales (Millions of yen)

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

Note: Net sales are classified by country or region based on the location of the customer

(2) Property, plant and equipment (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
115,459	14,949	67,569	2,092	200,071

(Per Share Information)

Fiscal 2017 (April 1, 2017 to March 31, 2018)		Fiscal 2018 (April 1, 2018 to March 31, 2019)	
Net assets per share	¥2,194.32	Net assets per share	¥2,229.80
Basic earnings per share	¥207.02	Basic earnings per share	¥217.89

Note: Basis for calculation of basic earnings per share

	Fiscal 2017 (April 1, 2017 to March 31, 2018)	Fiscal 2018 (April 1, 2018 to March 31, 2019)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	34,064	34,935
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent and available to common shareholders (millions of yen)	34,064	34,935
Average number of shares during reporting period (1,000 shares)	164,550	160,332

(Significant Subsequent Events)

None.

5. Other Matters

- (1) Changes in Directors (Effective from June 19, 2019)
- (i) Candidates for new directors (two people)
- Director Masao Imada (Managing Executive Officer of the Company)
- Outside Director Naoko Tobe (Lawyer)
- (ii) Retiring directors (two people)
- Director Yoshihiro Kawabata (Plans to take up office as Senior Advisor to the International Business Division of the Company)
- Director Masaki Tanaka (Will continue current role as Chairman of Yakult Dojin Association)
- (2) Changes in Executive Officers (Effective from June 19, 2019)
- (i) Candidate for new Executive Officer
- Executive officer Masato Nagaoka (Associate Director of the Research & Development Division of the Company)

Reference: Changes of Responsibilities for Divisional General Managers (Effective on June 19, 2019)

Name	Position	Current Responsibilities	Post-Change Responsibilities
Hiroshi Narita	Director Senior Managing Executive Officer	Divisional General Manager of Management Support Division	Divisional General Manager of Management Support Division <u>Divisional General Manager of International Business Division</u>
Tetsuya Hayashida	Director Managing Executive Officer	Divisional General Manager of Food and Beverages Business Division	Divisional General Manager of Food and Beverages Business Division <u>Divisional General Manager of Cosmetics Business Division</u>

Note: Positions above are as of May 14, 2019