

# Consolidated Financial Results for the Year Ended March 31, 2021 (Japanese Generally Accepted Accounting Principles)



May 14, 2021

Name of company	Yakult Honsha Co., Ltd.		
Stock exchange listing	First section in Tokyo Stock Exchange		
Code number	2267		
URL	https://www.yakult.co.jp		
Representative	President and Representative Director	Takashige Negishi	
Contact person	Executive officer	Shuichi Watanabe	TEL +81-3-6625-8960
Scheduled date of ordinary shareholder's meeting	June 23, 2021		
Scheduled date of payment of dividends	June 7, 2021		
Scheduled date of filing annual security report	June 24, 2021		
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, 2021 (April 1, 2020 - March 31, 2021)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2020	385,706	(5.0)	43,694	(4.3)	57,601	(1.5)	39,267	(1.2)
FY2019	406,004	(0.2)	45,675	(0.4)	58,478	2.4	39,735	13.7

(Note) Comprehensive income for FY2020 37,085 million yen {27.8%} FY2019 29,026 million yen {78.4%}

	Basic earnings per Share	Diluted earnings per Share	Return on Equity	Ordinary Profit ratio to Total Assets	Operating Profit ratio margin
	yen	yen	%	%	%
FY2020	244.85	—	10.1	9.1	11.3
FY2019	248.04	—	10.9	9.4	11.2

(Ref.) Share of profit of entities accounted for using equity method for FY2020 3,910 million yen FY 2019 5,065 million yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2020	635,102	439,761	63.8	2,523.81
FY2019	627,871	412,082	59.5	2,330.58

(Ref.) Equity for FY2020 404,951 million yen FY2019 373,379 million yen

### (3) Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash equivalents at end of period
	million yen	million yen	million yen	million yen
FY2020	55,820	(19,623)	(31,254)	122,766
FY2019	62,791	(16,060)	(25,631)	124,561

## 2. Dividends

	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	%	%
FY2019	—	23.00	—	23.00	46.00	7,382	18.5	2.0
FY2020	—	26.00	—	26.00	52.00	8,345	21.2	2.1
FY2021 (Forecast)	—	31.00	—	31.00	62.00		24.3	

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

(Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Basic earnings per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2nd Qrt.	198,500	4.2	22,500	(6.9)	28,000	(16.4)	20,000	(7.9)	124.65
Annual	408,500	5.9	50,000	14.4	60,000	4.2	41,000	4.4	255.53

“Accounting Standard for Revenue Recognition” is applied from fiscal year ending March 31, 2022. Please refer page 6 “Forward Looking Statements” about details.

\*Notes

- (1) Changes of important subsidiaries during the period: No  
(Change in specified subsidiary with change in scope of consolidation)
- (2) Change in accounting policies and estimates, correction of prior period errors
- |   |    |
|---|----|
| (a) Change in accounting policy with revision of accounting standard: | No |
| (b) Change in account policy other than (a):                          | No |
| (c) Change in accounting estimates:                                   | No |
| (d) Correction of prior period errors:                                | No |

(3) Shares issued (common stock)

(a)Number of shares issued (including treasury stocks)	
FY2020	171,045,418
FY2019	171,045,418
(b)Number of treasury stocks	
FY2020	10,593,453
FY2019	10,836,662
(c)Weighted average of number of shares	
FY2020	160,373,030
FY2019	160,198,092

(Ref.) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the year ended March 31, 2021 ( April 1, 2020 - March 31, 2021)

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

	Net sales		Operating Profit		Ordinary Profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2020	167,831	(2.0)	7,641	103.1	30,754	30.4	27,130	23.9
FY2019	171,296	(4.5)	3,761	130.4	23,588	36.2	21,894	52.7

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
FY2020	169.04	—
FY2019	136.42	—

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity to Asset Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2020	333,063	192,198	57.7	1,197.54
FY2019	326,861	168,115	51.4	1,047.48

(Ref.) Equity for FY2020 192,198 million yen FY2019 168,115 million yen

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

(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.	79,000	(7.3)	9,500	(20.0)	9,000	(12.6)	56.08
Annual	157,000	(6.5)	27,500	(10.6)	25,000	(7.9)	155.77

“Accounting Standard for Revenue Recognition” is applied from fiscal year ending March 31, 2022.  
Please refer page 6 “Forward Looking Statements” about details.

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

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

*Note concerning statements about the future, etc.*

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

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

*Procedure for obtaining supplementary information on financial results*

We plan to hold a conference call for analysts and institutional investors on May 14, 2021.

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

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## 1. Business Performance Overview

### (1) Qualitative Information Regarding Consolidated Business Results

#### 1. Performance Overview

During the fiscal year ended March 31, 2021, the Japanese economy was significantly impacted by factors including the rapid deterioration in economic activity resulting from constraints implemented due to the spread of the novel coronavirus pandemic. Thanks to the effects of several policies, as well as improvements in overseas economies, signs of a future recovery are expected, but the situation still demands that attention be paid to the risk of further economic downturn due to a resurgence in coronavirus infections, in Japan and overseas.

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

Despite these efforts, consolidated net sales for the fiscal year under review declined 5.0% from the previous year to 385,706 million yen. Operating profit decreased 4.3% to 43,694 million yen, while ordinary profit declined 1.5% to 57,601 million yen. Profit attributable to owners of parent dropped 1.2% to 39,267 million yen.

#### 2. Overview by Segment

##### • Food and Beverages (Japan)

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

In our home delivery channel, we placed a particular focus on the *Yakult 400* fermented milk drink series including *Yakult 400W*, as well as *Yakult 1000*, as we made use of delivery methods designed to fulfill the customers' needs, in order to encourage existing customers to continue drinking these products while also creating new customers. Meanwhile, we raised the profile of the Yakult Delivery Net online ordering service by conducting proactive advertising, which led to an increase in both users and sales.

The retail store channel felt some impact from the coronavirus, such as the cessation of value dissemination initiatives through sampling activities. However, higher expectations of lactic acid bacteria as an aid to maintaining customers' health led to increased demand for the fermented milk drinks *New Yakult* and *New Yakult Calorie Half*.

In product specific initiatives, we incrementally expanded the sales regions for *Yakult 1000* and *Yakult 400W* and pursued efforts to encourage consumption in conjunction with an advertising campaign. In April 2021 we expanded sales of *Yakult 1000* throughout Japan, and in May 2021 we plan to expand the sales region for *Yakult 400W* to Tokyo and the six other Kanto prefectures in addition to the West Japan area.

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

In other beverages, we worked to increase sales of our *Toughman* series of energy drinks through a brand revitalization which included a television commercial featuring Kazuya Kamenashi, broadcast in October 2020, as well as other initiatives including a consumer campaign. However, sales decreased, particularly from vending machines, due to curtailed operations and business shutdowns in workplaces and leisure facilities.

Consequently, consolidated net sales for the Food and Beverages segment (Japan) declined 1.1% from the previous fiscal year, totaling 207,051 million yen.

##### • Food and Beverages (Overseas)

Yakult's operations outside Japan commenced in March 1964 with the establishment of Yakult Taiwan Co., Ltd., and now the manufacture and sale of *Yakult* outside of Japan spans 39 countries and regions centered around 29 companies and one research center, with average daily bottle sales of approximately 31.59 million bottles as of March 2021.

The impact of the novel coronavirus varies across countries and regions depending on the extent of the infection's spread, as well as the business restrictions implemented by local and national governments, among other factors. We are therefore

taking measures appropriate to each location and following the instructions of governmental agencies as we conduct our operations and manufacturing activities.

### **i. The Americas**

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

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

Despite these efforts, consolidated net sales in the Food and Beverages (The Americas) segment decreased 14.1% from the previous year to 41,877 million yen.

### **ii. Asia and Oceania**

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

In China we took action to further reinforce our sales network in 2020 by starting the construction of Wuxi Plant 2 (Wuxi Yakult Co., Ltd.) and increasing the number of sales offices to 49. However, our revenue was impacted by various factors including the spread of the novel coronavirus pandemic and unseasonable weather.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment declined 6.0% from the previous year to 114,966 million yen.

### **iii. Europe**

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

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

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 7.9% from the previous year to 8,564 million yen.

## **• Pharmaceuticals**

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

Regarding our mainstay, the antineoplastic drug *Elplat*, despite the fact that medical institutions are increasingly switching to available generic versions, we boosted initiatives to encourage customers to continue choosing *Elplat* by leveraging our ability to provide relevant information about it, a Company strength as the developer of the original drug, as well as the relationships of trust we have built with medical professionals. In addition, for the antineoplastic drug *Onivyde*<sup>®</sup> (liposomal irinotecan), which was launched in June 2020 pursuant to a promotional agreement with Nihon Servier Co., Ltd., we undertook aggressive promotional activities, which resulted in the rapid introduction of this product to the market.

However, our revenue was impacted by decreased opportunities to use our products as the spread of the pandemic prompted a postponement of hospitalizations and operations, a decrease in doctor visits, and other developments. This was compounded by revisions to National Health Insurance drug prices in April 2020, which reduced prices for most of Yakult's pharmaceutical products.

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

Despite the above efforts, however, consolidated net sales in the Pharmaceuticals segment declined 7.9% to 18,123 million yen.

• **Others**

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

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

As one specific example of such efforts, we worked to increase sales of our *Lactdew* series of highly moisturizing basic skin care products by launching two new products in July 2020 to broaden the lineup, while at the same time conducting advertising, including a television commercial. In January 2021 we released *Yakult Aroma Moist Hand Cream*, seeking to increase points of contact for customers.

In July 2020, we commenced online sales in China via the e-commerce shopping site Tmall Global, and sought to use this channel to aid in raising the profile of our cosmetic products.

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

Meanwhile, our professional baseball operations were impacted by the spread of the novel coronavirus pandemic, particularly as we were forced to hold games either without or with limited spectators. However, we strove to respond to fans' expectations by creating an environment where they could watch games with peace of mind while also engaging with them in various ways.

Despite our initiatives, however, consolidated net sales in the Others segment declined 22.7% to 17,703 million yen.

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

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

**(2) Financial Position**

Total assets at the fiscal year-end amounted to 635,102 million yen, an increase of 7,231 million yen year on year.

Net assets increased 27,678 million yen from the previous fiscal year-end to 439,761 million yen. This was primarily due to an increase in retained earnings from profit attributable to owners of parent, which outweighed a decrease in foreign currency translation adjustments caused by the yen's appreciation.

The equity to asset ratio was 63.8%, a 4.3 percentage point increase year on year.

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

	Fiscal year ended March 2020	Fiscal year ended March 2021	YoY Change
Cash flow from operating activities	62,791	55,820	(6,971)
Cash flow from investing activities	(16,060)	(19,623)	(3,562)
Cash flow from financing activities	(25,631)	(31,254)	(5,623)
Effect of exchange rate change on cash and cash equivalents	290	(6,736)	(7,026)
Net increase (decrease) in cash and cash equivalents	21,389	(1,794)	(23,184)
Cash and cash equivalents at beginning of period	103,171	124,561	21,389
Cash and cash equivalents at end of period	124,561	122,766	(1,794)

Cash derived from operating activities decreased 6,971 million yen from the previous year to 55,820 million yen. The decrease was primarily the result of 59,336 million yen in profit before income taxes and 22,113 million yen in depreciation, which was partly offset by 14,886 million yen in corporation taxes paid.

Cash used in investing activities increased 3,562 million yen from the previous year, to (19,623) million yen. The main contributing factors were cash used for purchases of fixed assets, particularly for the expansion of production facilities, and payments into time deposits.

Cash used in financing activities increased 5,623 million yen to (31,254) million yen. This outlay mainly reflected repayments of loans payable and cash dividends paid.

**(Cash Flow Related Indices)**

	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Equity to asset ratio	58.6%	56.2%	57.8%	59.5%	63.8%
Equity to asset ratio based on market price	174.5%	201.4%	200.5%	163.0%	141.5%
Debt-to-cash-flow ratio	1.9 years	2.2 years	2.0 years	1.8 years	1.7 years
Interest coverage ratio	85.3	95.6	85.1	71.5	82.1

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 flow from operating activities in the Consolidated Statements of Cash Flows.

“Interest-bearing debt” refers to all liabilities reflected in the consolidated balance sheets that are subject to interest payments. “Interest payments” refer to interest expenses as stated on the Consolidated Statements of Cash Flows.

#### (4) Forward Looking Statements

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

##### 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 ending March 2022	408,500	60,000	41,000	255.53
Fiscal year ended March 2021	385,706	57,601	39,267	244.85
Increase/Decrease	5.9%	4.2%	4.4%	4.4%

##### \* Effects of applying the Accounting Standard for Revenue Recognition

The Company and its domestic consolidated subsidiaries will apply the Accounting Standards Board of Japan’s Accounting Standard for Revenue Recognition starting from the fiscal year ending March 31, 2022 (revenue recognition standards for consolidated subsidiaries overseas were applied in the previous fiscal year or before in accordance with International Financial Reporting Standards or other requirements).

As a result, the forecast for consolidated net sales decreased by 6,500 million yen compared with the forecast calculated under the previous standard. The factors contributing to this decrease include: in the Food and Beverages segment (Japan) sales of equipment must now be indicated on a net basis (as an agent transaction); distribution center fees paid to mass retailers and others must now be deducted from net sales; and in every segment except Food and Beverages (Overseas), certain sales incentives that had previously been recorded as selling expenses must now be deducted from net sales. However, as the decline in sales matches the decline in operating expenses (cost of goods sold and expenses), there is no impact on operating profit.

##### Reference

The forecast for non-consolidated net sales decreased by 19,700 million yen compared with the forecast calculated under the previous standard, to 157,000 million yen. This is because sales from internal transactions with subsidiaries that had previously been eliminated in consolidated accounting were also included within the effects.

##### \* Effects of the novel coronavirus pandemic

Currently, in Japan and many other countries, the novel coronavirus has still not abated; although some nations in our mainstay Food and Beverages segment have areas in which sales activities are restricted, our sales activities are largely continuing as usual. While consumption is sluggish in certain countries, primarily due to the effects of the pandemic, we are expecting bottle sales to increase elsewhere as a result of higher awareness regarding infection prevention, among other factors. For our overseas operations as a whole, therefore, forecasts are based on predicted bottle sales on a par with last year.

Moreover, the professional baseball team operation in the Others segment is still impacted by factors such as restriction of spectator numbers as it was last year, and we are therefore assuming that profits will be at around the same level as last year.

## 2. Forecasts by Segment

### • Food and Beverages (Japan)

In dairy products, Yakult is continuously committed to focusing on the *Yakult* series of fermented milk drinks as its most



important brand, aiming to revitalize the brands of its entire lineup of dairy products by communicating the science that backs *Lactobacillus casei* strain Shirota and by conducting value dissemination initiatives while responding to the changing environment, focusing on the *Yakult 400* series and the high added-value product *Yakult 1000*.

In the home delivery channel, in addition to expanding the sales region for *Yakult 1000* nationwide in April 2021, we will take advantage of our Yakult Delivery Net online ordering service, which has an increasing number of users, to create a point of contact for new customers. In the retail store channel, we will aim to boost revenue for dairy products with a focus on *New Yakult* and *New Yakult Calorie Half* by addressing changes in the environment within individual markets in response to increased health-awareness among customers as they endeavor to prevent infection.

In other beverages, we anticipate impacts due to the coronavirus, primarily as a result of fewer trips outside the home by consumers, but we will aim to boost revenue for our core *Toughman* brand series and other health drinks by continuing to increase sales.

In addition, we will focus on bolstering our home delivery organization, including raising awareness of the nature of the Yakult Ladies' work and making the role more attractive. 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 decide on future new overseas expansions after carefully considering the operating environment inside and outside the company.

#### • Pharmaceuticals

We anticipate a decline in revenue within Japan due to the impact of drug price reductions in accordance with the revisions to NHI drug prices in April 2021, but we will seek to secure operating profit by thoroughly reviewing expenses.

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 also by leveraging the relationships of trust we have developed with professionals in the medical industry to date. In addition, for the antineoplastic drug *Onivyde*<sup>®</sup> (liposomal irinotecan), which was launched in June 2020 pursuant to a promotional agreement with Nihon Servier Co., Ltd., we will work to boost revenue by pursuing initiatives to establish it as a standard therapeutic drug.

In R&D, we will progress with development of new drugs such as *duvelisib* [YHI-1702] and *resminostat* [YHI-1001], while collaborating with licensors to apply promptly for approval to manufacture and sell the drugs.

We will also actively in-license and market new generic drugs for cancer and related fields.

#### • Others

In our cosmetics operations, we will continue to 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.

In Japan, we will continue to encourage regular use of basic skin care products and consider new initiatives including bolstering our online customer services and increasing points of contact for customers. Overseas, we will continue striving to raise the profile of our online sales via the e-commerce shopping site Tmall Global in China to drive further sales growth in the cosmetics business.

Meanwhile, we anticipate that our professional baseball operations will continue to be impacted by the spread of the novel coronavirus pandemic, particularly by limitations on spectator numbers. However, we will continue to take action to meet fans' expectations by creating an environment where they can watch games with peace of mind, while also building up the strength of the team.

**(5) Basic Policy on the Distribution of Profits; Dividends in Fiscal 2020 and 2021**

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 reviewing the need for funds for future business expansion and increasing earnings as well as the Company's financial position and business performance for the year.

Based on this policy, we decided to pay a total dividend of 52.0 yen per share for the fiscal year ended March 2021, up 6.0 yen from the prior fiscal year, to continuously increase the return to shareholders. We have already paid an interim dividend of 26.0 yen per share, and the balance of 26.0 yen per share will be distributed to shareholders as the year-end dividend.

With regard to the dividend policy for the fiscal year ending March 31, 2022 and thereafter, a resolution was passed at the meeting of the Board of Directors held on May 14, 2021 to further enhance our redistribution of profits to shareholders by changing to a dividend policy that places top priority on aiming to continuously increase dividends without setting a base amount. This was in light of the fact that continuous dividend increases have resulted in the actual dividends paid diverging from the established base amount (an annual dividend of 30.0 yen per share).

The dividend policy for the fiscal year ending March 31, 2022 and thereafter is as follows: placing top priority on aiming to continuously increase dividends, we will decide the amount after comprehensively reviewing the need for funds for future business expansion and increasing earnings as well as the Company's financial position and business performance for the year.

For the fiscal year ending March 31, 2022, we plan to raise the annual dividend by 10.0 yen to 62.0 yen per share in line with this policy.

## **2. Group Companies**

The Yakult Group is comprised of Yakult Honsha, 75 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 111 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 24 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 (a consolidated subsidiary).

2. Other beverages : Yakult Honsha purchases products which are primarily sold to 111 Yakult marketing companies across Japan.
3. Other food products : The main product lines are noodles and health foods, which are manufactured by Yakult Food Industry Co., Ltd. and one other company (a consolidated subsidiary) and sold, via Yakult Honsha, to 111 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, : Saleable materials, etc. are purchased by the consolidated subsidiary Yakult Corporation Co., Ltd. and sold, via Yakult Honsha, to Yakult marketing companies, etc.

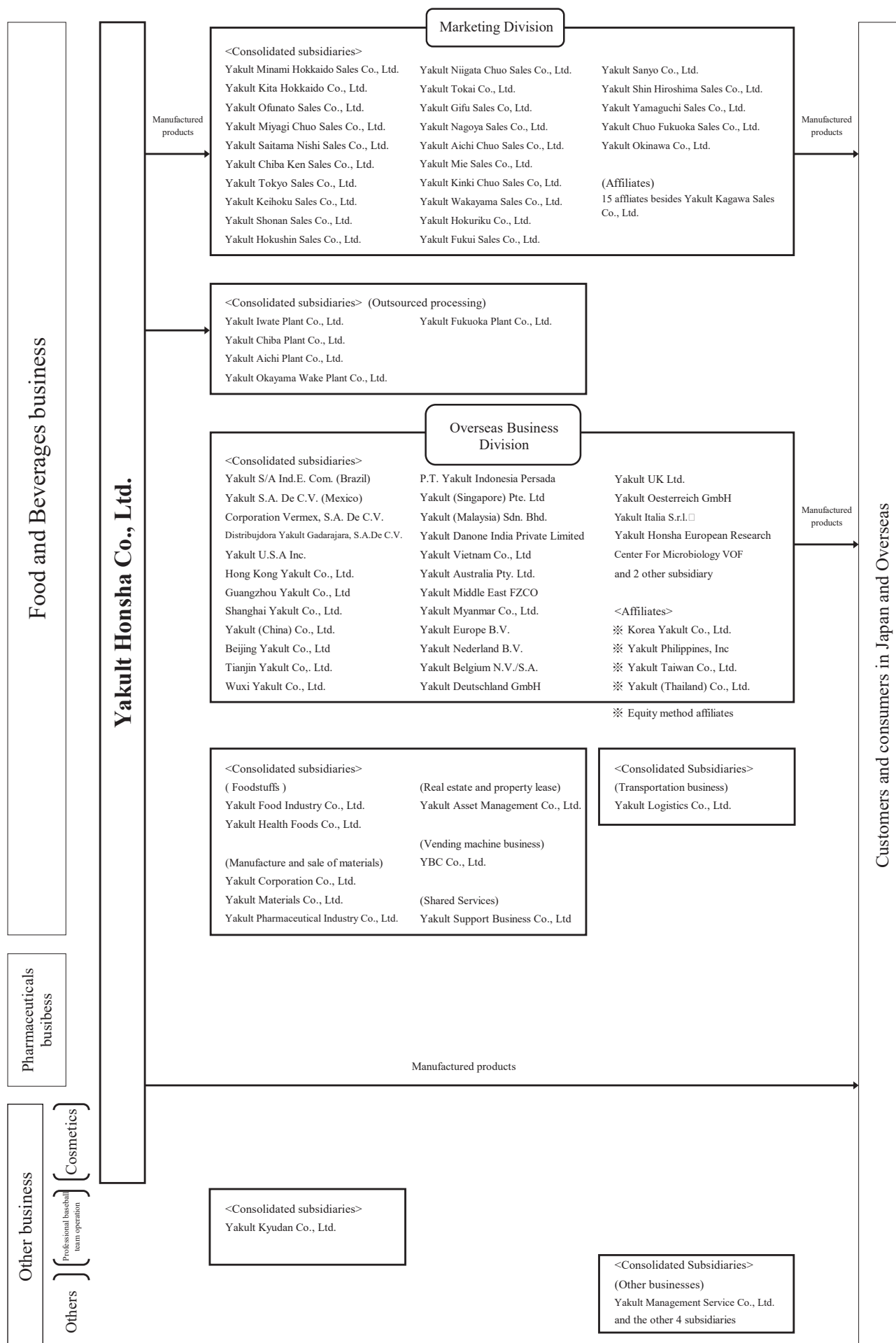
### **[Pharmaceuticals Business]**

- |                         |   |
|-------------------------|---|
| 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 Business]**

1. Cosmetics : Yakult Honsha manufactures products which are sold to 100 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 differences between Japanese GAAP and International Financial Reporting Standards (IFRS) as well as the effect their adoption may have on our financial statements, we have not yet established plans to adopt IFRS.

## 4. Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheet

	(Millions of yen)	
	Fiscal year 2019 As of March 31, 2020	Fiscal year 2020 As of March 31, 2021
<b>Assets</b>		
Current Assets		
Cash and Deposits	175,638	176,254
Notes and accounts receivable-trade	51,832	50,307
Merchandises and Finished goods	10,232	10,018
Work in process	2,165	2,175
Raw materials and supplies	16,374	15,540
Others	9,814	12,712
Allowance for doubtful accounts	(249)	(209)
Total current assets	265,806	266,800
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	174,174	176,573
Accumulated depreciation	(88,092)	(92,208)
Buildings and structures, net	86,081	84,365
Machinery, equipment and vehicles	163,974	165,873
Accumulated depreciation	(110,416)	(114,537)
Machinery, equipment and vehicles, net	53,557	51,336
Land	44,293	44,065
Lease assets	24,576	25,596
Accumulated depreciation	(13,146)	(15,051)
Lease assets, net	11,430	10,545
Construction in progress	5,154	9,237
Others	26,674	27,024
Accumulated depreciation	(23,195)	(23,528)
Others, net	3,479	3,495
Total Property, plant and equipment	203,996	203,045
Intangible assets		
Software	2,121	2,591
Others	2,328	2,789
Total intangible assets	4,450	5,380
Investments and other assets		
Investment securities	77,033	80,238
Shares of subsidiaries and associates	62,747	65,327
Deferred tax assets	4,907	4,156
Net defined benefit asset	528	2,394
Others	8,502	7,846
Allowance for doubtful accounts	(101)	(87)
Total investments and other assets	153,617	159,875
Total non-current assets	362,064	368,301
<b>Total assets</b>	<b>627,871</b>	<b>635,102</b>

(Millions of yen)

	Fiscal year 2019 As of March 31, 2020	Fiscal year 2020 As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	26,210	22,729
Short-term loans payable	27,272	15,372
Current portion of long-term loans payable	5,467	5,467
Lease obligations	3,536	3,372
Income taxes payable	4,430	4,961
Provision for bonuses	5,879	6,000
Notes payable - facilities	2,139	3,036
Others	34,127	32,606
<b>Total current liabilities</b>	<b>109,062</b>	<b>93,546</b>
<b>Non-current liabilities</b>		
Long-term loans payable	70,683	65,716
Lease obligations	6,992	6,289
Deferred tax liabilities	17,528	20,699
Provision for directors' retirement benefits	359	368
Net defined benefit liability	6,408	4,358
Asset retirement obligations	1,676	1,636
Others	3,075	2,726
<b>Total non-current liabilities</b>	<b>106,725</b>	<b>101,794</b>
<b>Total liabilities</b>	<b>215,788</b>	<b>195,341</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	31,117	31,117
Capital surplus	41,475	40,937
Retained earnings	379,948	411,359
Treasury shares	(54,933)	(52,725)
<b>Total shareholders' equity</b>	<b>397,607</b>	<b>430,688</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	19,950	24,773
Foreign currency translation adjustment	(40,150)	(48,482)
Remeasurements of defined benefit plans	(4,028)	(2,028)
<b>Total accumulated other comprehensive income</b>	<b>(24,228)</b>	<b>(25,737)</b>
<b>Non-controlling interests</b>	<b>38,702</b>	<b>34,810</b>
<b>Total net assets</b>	<b>412,082</b>	<b>439,761</b>
<b>Total liabilities and net assets</b>	<b>627,871</b>	<b>635,102</b>

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

## Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2019 to March 31, 2020	Current period From April 1, 2020 to March 31, 2021
Net sales	406,004	385,706
Cost of sales	171,378	158,885
Gross profit	234,625	226,821
Selling, general and administrative expenses		
Selling expenses	90,023	87,228
General and administrative expenses	98,926	95,898
Total selling, general and administrative expenses	188,950	183,127
Operating profit	45,675	43,694
Non-operating income		
Interest income	5,470	3,717
Dividend income	2,062	2,015
Share of profit of entities accounted for using equity method	5,065	3,910
Foreign exchange gains	—	2,611
Others	2,176	3,132
Total non-operating income	14,775	15,388
Non-operating expenses		
Interest expenses	875	758
Commission fee	90	163
Compensation expenses	240	79
Foreign exchange losses	282	—
Others	484	479
Total non-operating expenses	1,972	1,481
Ordinary profit	58,478	57,601
Extraordinary income		
Gain on sales of non-current assets	180	260
Gain on sales of investment securities	2,501	3,754
Others	32	506
Total extraordinary income	2,715	4,520
Extraordinary losses		
Loss on sales of non-current assets	52	45
Loss on retirement of non-current assets	797	450
Impairment loss	457	409
Loss on valuation of investment securities	996	671
Expense related to a novel coronavirus	—	1,147
Others	161	62
Total extraordinary losses	2,465	2,786
Profit before income taxes	58,728	59,336
Income taxes - current	14,675	15,243
Income taxes - deferred	(785)	601
Total income taxes	13,889	15,844
Profit	44,838	43,491
Profit attributable to non-controlling interests	5,103	4,223
Profit attributable to owners of parent	39,735	39,267



## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2019 to March 31, 2020	Current period From April 1, 2020 to March 31, 2021
Profit	44,838	43,491
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,540)	4,852
Foreign currency translation adjustment	(3,849)	(13,016)
Remeasurements of defined benefit plans, net of tax	(1,372)	1,999
Share of other comprehensive income of entities accounted for using equity method	(50)	(241)
Total other comprehensive income	(15,812)	(6,405)
Comprehensive income	29,026	37,085
Comprehensive income attributable to:		
Owners of parent	24,002	37,757
Non-controlling interests	5,024	(672)

## (3) Consolidated Statement of Changes in Equity

Fiscal year 2019 (April 1, 2019 - March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	31,117	41,742	347,740	(54,833)	365,767
Changes of items during period					
Dividends of surplus			(7,528)		(7,528)
Change in ownership of the subsidiary owned by foreign affiliated company		(235)			(235)
Change in ownership interest of parent due to transaction with non-controlling interests		7		16	23
Profit attributable to owners of parent			39,735		39,735
Purchase of treasury shares				(288)	(288)
Disposal of treasury shares		(38)		172	134
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(266)	32,207	(99)	31,840
Balance at end of current period	31,117	41,475	379,948	(54,933)	397,607

	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	30,465	(36,304)	(2,655)	(8,495)	35,007	392,279
Changes of items during period						
Dividends of surplus						(7,528)
Change in ownership of the subsidiary owned by foreign affiliated company						(235)
Change in ownership interest of parent due to transaction with non-controlling interests						23
Profit attributable to owners of parent						39,735
Purchase of treasury shares						(288)
Disposal of treasury shares						134
Net changes of items other than shareholders' equity	(10,514)	(3,846)	(1,372)	(15,733)	3,695	(12,037)
Total changes of items during period	(10,514)	(3,846)	(1,372)	(15,733)	3,695	19,803
Balance at end of current period	19,950	(40,150)	(4,028)	(24,228)	38,702	412,082

Fiscal year 2020 (April 1, 2020 - March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of current period	31,117	41,475	379,948	(54,933)	397,607
Changes of items during period					
Dividends of surplus			(7,856)		(7,856)
Change in ownership of the subsidiary owned by foreign affiliated company					—
Change in ownership interest of parent due to transaction with non-controlling interests		(0)			(0)
Profit attributable to owners of parent			39,267		39,267
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(537)		2,210	1,672
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(538)	31,411	2,207	33,080
Balance at end of current period	31,117	40,937	411,359	(52,725)	430,688

	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	19,950	(40,150)	(4,028)	(24,228)	38,702	412,082
Changes of items during period						
Dividends of surplus						(7,856)
Change in ownership of the subsidiary owned by foreign affiliated company						—
Change in ownership interest of parent due to transaction with non-controlling interests						(0)
Profit attributable to owners of parent						39,267
Purchase of treasury shares						(2)
Disposal of treasury shares						1,672
Net changes of items other than shareholders' equity	4,822	(8,331)	1,999	(1,509)	(3,892)	(5,402)
Total changes of items during period	4,822	(8,331)	1,999	(1,509)	(3,892)	27,678
Balance at end of current period	24,773	(48,482)	(2,028)	(25,737)	34,810	439,761

## (4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Previous period From April 1, 2019 to March 31, 2020	Current period From April 1, 2020 to March 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	58,728	59,336
Depreciation	22,324	22,113
Impairment loss	457	409
Increase (decrease) in provision	(162)	117
Increase (decrease) in net defined benefit liability	(1,577)	(336)
Interest and dividend income	(7,533)	(5,733)
Interest expenses	875	758
Share of loss (profit) of entities accounted for using equity method	(5,065)	(3,910)
Loss (gain) on sales of non-current assets	669	235
Loss (gain) on sales of investment securities	(2,497)	(3,696)
Loss (gain) on valuation of investment securities	996	671
Other loss (gain)	2,319	2,942
Decrease (increase) in notes and accounts receivable - trade	656	1,026
Decrease (increase) in inventories	(651)	(1,584)
Increase (decrease) in notes and accounts payable - trade	(1,589)	(3,239)
Increase/decrease in other assets/liabilities	1,145	(4,629)
Subtotal	69,094	64,478
Interest and dividend income received	8,776	6,908
Interest expenses paid	(878)	(679)
Income taxes paid	(14,200)	(14,886)
Cash flows from operating activities	62,791	55,820
<b>Cash flows from investing activities</b>		
Payment into time deposits	(106,435)	(88,735)
Proceeds from withdraw of time deposits	108,154	85,106
Purchase of non-current assets	(20,585)	(23,663)
Proceeds from sales of non-current assets	454	433
Purchase of long-term investment securities	(15)	(417)
Proceeds from sales of investment securities	4,079	7,361
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(345)	—
Others, net	(1,367)	290
Cash flows from investing activities	(16,060)	(19,623)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(7,317)	(11,900)
Proceeds from long-term loans payable	—	500
Repayments of long-term loans payable	(5,731)	(5,467)
Repayments of lease obligations	(4,216)	(4,969)
Purchase of treasury shares	(2)	(2)
Proceeds from sales of treasury shares	114	1,400
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	(6)
Proceeds from share issuance to non-controlling shareholders	609	190
Cash dividends paid	(7,520)	(7,845)
Dividends paid to non-controlling interests	(1,566)	(3,153)
Cash flows from financing activities	(25,631)	(31,254)
Effect of exchange rate change on cash and cash equivalents	290	(6,736)
Net increase (decrease) in cash and cash equivalents	21,389	(1,794)
Cash and cash equivalents at beginning of period	103,171	124,561
Cash and cash equivalents at end of period	124,561	122,766

## (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: 75

Names of main consolidated subsidiaries:

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

One newly excluded subsidiary: Yakult Owari Sales Co., Ltd. ... Merger with consolidated subsidiary

### 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)

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

Overseas: Yakult Myanmar Co., Ltd. (September 30)

The consolidated financial statements were prepared based on the above subsidiary's financial statements, which had been provisionally settled in line with the requirements for full settlement as of the consolidated balance sheet date.

### 4. Matters related to accounting policies

#### (1) Standards and methods for valuation of significant assets

##### i Investment securities

Other investment securities

Marketable securities: reported at market value as of the end of the accounting period.

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

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: 12 to 50 years

Machinery, equipment and vehicles: 4 to 17 years

ii. Intangible assets (excluding lease assets)

Software

Software for internal use Straight-line method over a useful life of five years

Other intangible assets

Straight-line method

iii. Leased assets

Leased assets relating to finance lease transactions without transfer of ownership

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

Foreign subsidiaries

Tangible fixed assets

Straight-line method

Principal useful lives

Buildings and structures: 5 to 40 years

Machinery, equipment and vehicles: 3 to 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 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 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.

(Consolidated Statement of Income)

Expense Related to the Novel Coronavirus (Extraordinary Losses)

Such expenses primarily comprised compensation for absence from work paid to Yakult Ladies in Japan and overseas, along with fixed costs in our professional baseball operations corresponding to the reduced number of games held during the regular season.

## (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 2019 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Net sales to external customers	186,682	48,746	122,317	7,940
Intersegment net sales or transfers	22,698	—	—	—
Total	209,380	48,746	122,317	7,940
Segment profit (loss)	18,209	12,360	31,853	332
Segment assets	180,889	86,824	229,250	9,511
Other:				
Depreciation and amortization	9,845	2,025	8,247	397
Increased amount of tangible and intangible assets	8,812	1,499	7,953	465

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Net sales to external customers	19,670	20,646	—	406,004
Intersegment net sales or transfers	—	2,265	(24,964)	—
Total	19,670	22,911	(24,964)	406,004
Segment profit (loss)	(811)	2,049	(18,318)	45,675
Segment assets	14,349	14,950	92,094	627,871
Other:				
Depreciation and amortization	224	433	1,149	22,324
Increased amount of tangible and intangible assets	263	437	1,999	21,431

Notes: Adjustments are as follows:

- (1) The (18,318) million yen adjustment in segment profit (loss) includes (13,655) million yen of corporate expenses not allocated to specific segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.
- (2) The 92,094 million yen adjustment in segment assets includes 99,063 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 1,149 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 1,999 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

Fiscal 2020 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Net sales to external customers	186,518	41,877	114,966	8,564
Intersegment net sales or transfers	20,533	—	—	—
Total	207,051	41,877	114,966	8,564
Segment profit (loss)	23,767	10,389	26,384	648
Segment assets	183,235	74,196	237,743	10,158
Other:				
Depreciation and amortization	9,739	1,751	8,636	479
Increased amount of tangible and intangible assets	11,193	915	11,999	485

	Pharmaceuticals	Other	Adjustments	Consolidated results
Net sales				
Net sales to external customers	18,123	15,656	—	385,706
Intersegment net sales or transfers	—	2,047	(22,580)	—
Total	18,123	17,703	(22,580)	385,706
Segment profit (loss)	191	(142)	(17,545)	43,694
Segment assets	12,881	15,827	101,058	635,102
Other:				
Depreciation and amortization	204	387	913	22,113
Increased amount of tangible and intangible assets	177	585	957	26,314

Notes: Adjustments are as follows.

- (1) The (17,545) million yen adjustment in segment profit (loss) includes (12,761) million yen of corporate expenses not allocated to specific segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.
- (2) The 101,058 million yen adjustment in segment assets includes 107,985 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 913 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 957 million yen of capital expenditure of the Company that cannot be attributed to any specific reportable segments.

**4. Information about geographical areas**

Fiscal 2019 (April 1, 2019 - March 31, 2020)

(1) Net sales (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
224,499	48,756	124,806	7,940	406,004

(Notes) Net sales are classified by country or region based on the location of the customer.

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

Japan	The Americas	Asia and Oceania	Europe	Total
114,382	16,079	71,167	2,366	203,996

Fiscal 2020 (April 1, 2020 - March 31, 2021)

(1) Net sales (Millions of yen)

Japan	The Americas	Asia and Oceania	Europe	Total
218,428	41,888	116,826	8,564	385,706

(Notes) Net sales are classified by country or region based on the location of the customer.

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

Japan	The Americas	Asia and Oceania	Europe	Total
114,336	13,294	72,843	2,570	203,045

**(Per Share Information)**

Fiscal 2019 (April 1, 2019 to March 31, 2020)		Fiscal 2020 (April 1, 2020 to March 31, 2021)	
Net assets per share	¥2,330.58	Net assets per share	¥2,523.81
Basic earnings per share	¥248.04	Basic earnings per share	¥244.85

Note: Basis for calculation of basic earnings per share

	Fiscal 2019 (April 1, 2019 to March 31, 2020)	Fiscal 2020 (April 1, 2020 to March 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	39,735	39,267
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent and available to common shareholders (millions of yen)	39,735	39,267
Average number of shares during reporting period (1,000 shares)	160,198	160,373

**(Significant Subsequent Events)**

None.

## 5. Others

### Changes in Directors (Effective on June 23, 2021)

#### (1) Candidates for new directors (three people)

Director

Kouichi Hirano                   **【Managing executive officer of the Company】**

Outside Director

Katsuyoshi Shinbo               **【Lawyer】**

Outside Director

Yumiko Nagasawa               **【Manager, Foster forum(Organization to nurture  
high-quality financial products)】**

#### (2) Retiring directors (three people)

President and Representative Director

Takashige Negishi               **【Scheduled to be Special Consultant of the Company】**

Director

Richard Hall

Outside Director

Pascal Yves de Petrini

### Changes in Executive officers (Effective on June 23, 2021)

#### (1) Candidates for Executive officer (one people)

Executive officer

Masakazu Seino                   **【Executive Manager of Production Division of the Company】**

#### (2) Retiring Executive officer (one people)

President and executive officer

Takashige Negishi