



Consolidated Financial Results for the 2nd Quarter ended September 30, 2022 (Japanese Generally Accepted Accounting Principles)

November 11, 2022

Name of company	Yakult Honsha Co., Ltd.		
Stock exchange listing	Prime Market in Tokyo Stock Exchange		
Code number	2267		
URL	https://www.yakult.co.jp		
Representative	President and Representative Director	Hiroshi Narita	
Contact person	Managing Executive officer	Shuichi Watanabe	TEL +81-3-6625-8960
Scheduled date of filing Statutory quarterly financial report	November 11, 2022		
Scheduled date of payment of dividends	December 2, 2022		
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 2nd quarter of FY2022, ended September 30, 2022 (April 1, 2022 - September 30, 2022)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
2Q FY2022	232,785	14.7	35,296	26.9	41,968	17.4	26,918	5.2
2Q FY2021	202,996	6.6	27,822	15.1	35,741	6.7	25,576	17.8

(Note) Comprehensive income for 2Q FY2022 81,548 million yen {91.4%} 2Q FY2021 42,605 million yen {710.4%}

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
2Q FY2022	172.09	—
2Q FY2021	159.44	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio
	million yen	million yen	%
2Q FY2022	745,449	542,878	66.3
FY2021	672,855	484,935	66.3

(Ref.) Equity for 2Q FY2022 494,484 million yen FY2021 446,068 million yen

2. Dividends

	Dividends per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Total
	yen	yen	yen	yen	yen
FY2021	—	36.00	—	36.00	72.00
FY2022	—	45.00			
FY2022 (Forecast)			—	45.00	90.00

(Note) Revision of the latest dividend forecast : Yes

3. Forecast for consolidated financial results for FY2022 (April 1, 2022 - March 31, 2023)

(Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Basic earnings per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Annual	481,000	15.9	64,000	20.3	79,000	15.2	50,000	11.3	320.52

(Note) Revision of the latest financial forecast : Yes

*Notes

- (1) Changes of important subsidiaries during the period : No
(Change in specified subsidiary with change in scope of consolidation)
- (2) Special Accounting Treatment for Preparation of the Quarterly Consolidated Financial Statements : Yes
(Note) Details are stated on pg. 11 under “Notes on Quarterly Consolidated Financial Statements.”
- (3) Change in accounting policies and estimates, correction of prior period errors
- | | |
|--|----|
| (a) Change in accounting policy with revision of accounting standard : | No |
| (b) Change in account policy other than (a) : | No |
| (c) Change in accounting estimates : | No |
| (d) Correction of prior period errors : | No |
- (4) Shares issued (common stock)
- | | |
|--|-------------|
| (a) Number of shares issued (including treasury stocks) | |
| 2Q FY2022 | 171,045,418 |
| FY2021 | 171,045,418 |
| (b) Number of treasury stocks | |
| 2Q FY2022 | 15,049,898 |
| FY2021 | 12,450,484 |
| (c) Weighted average of number of shares (cumulative figure for quarter) | |
| 2Q FY2022 | 156,420,425 |
| 2Q FY2021 | 160,417,811 |

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

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

Note concerning statements about the future, etc.

The statements about the future, including earnings projections, contained in this report are based on information currently available as well as certain assumptions considered reasonable. Actual results may vary considerably from these projections owing to a range of factors.

Assumptions upon which the forecast is based and notes on the use of the forecast are stated on pg. 6 under “Disclaimer on Future Outlook Including Consolidated Financial Results Forecast.”

Procedure for obtaining supplementary information on financial results

We plan to hold a briefing for analysts and institutional investors on November 11, 2022.

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

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1. Qualitative Information Regarding Quarterly Consolidated Financial Results

(1) Business Performance Overview

1 Performance Overview

During the second quarter of the fiscal year ending March 31, 2023, despite expectations of a recovery in economic conditions as economic and social activities proceeded to return to normal, the Japanese economy remained susceptible to downward risks due to global monetary tightening and other factors and to the impacts of rises in the cost of living.

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

Following these efforts, consolidated net sales for the first half of this fiscal year rose 14.7% from the same period of the previous year to 232,785 million yen. Operating profit increased 26.9% to 35,296 million yen, while ordinary profit increased 17.4% to 41,968 million yen. Profit attributable to owners of parent increased 5.2% to 26,918 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 Shirota¹ and *Bifidobacterium breve* strain Yakult by proactively conducting grassroots value dissemination initiatives, while also taking measures to prevent novel coronavirus infection.

In our home delivery channel, we utilized evidence in initiatives to encourage existing customers to continue drinking Yakult products and create new customers, focusing on the fermented milk drink *Yakult 1000* and the *Yakult 400* series. Further, to strengthen our home delivery organization, we proceeded with the development of a more comfortable working environment for Yakult Ladies and used the internet to conduct recruitment activities.

As for the retail store channel, we worked to increase revenue from the *New Yakult* fermented milk drink series by introducing a limited-time packaging to encourage families to drink the product. We also used displays and other tools to create sales spaces offering high visibility for these products.

In product-specific initiatives, we addressed in-store stock shortages of *Yakult 1000* and *Y1000* by increasing production capacity from September for *Yakult 1000* and from July for *Y1000*. Preparations are also underway for a further increase in production capacity for *Y1000* before the end of this year. We also sought to boost the hard-type yogurt brand *Sofuhl* by launching *Sofuhl White Peach* as a limited-time item in July.

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

¹ Classified as *Lactocaseibacillus paracasei* strain Shirota as of April 2020.

As a result of these efforts, consolidated net sales for the Food and Beverages (Japan) segment increased 15.8% from the same period of the previous fiscal year, totaling 117,322 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 34.77 million bottles as of September 2022.

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

a. The Americas

In the Americas, the fermented milk drink Yakult and other products are manufactured and sold by Yakult S/A Ind. E Com. (Brazil), Yakult S.A. De C.V. (Mexico), and Yakult U.S.A. Inc.

At Yakult U.S.A. Inc., boosting support for sales through publicity campaigns and other initiatives, as well as making efforts to increase the number of new partner stores resulted in a steady increase in sales figures.

As a result of these efforts, consolidated net sales in the Food and Beverages (The Americas) segment increased 32.8% from the same period of the previous year to 30,344 million yen.

b. Asia and Oceania

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

At P.T. Yakult Indonesia Persada, we made efforts to increase sales revenue by launching sales of 10-bottle packs of *Yakult* in the retail store channel in August.

At Yakult Vietnam Co., Ltd., as the result of sales promotion strategies, including a joint home delivery/retail store channel consumer campaign in July, we achieved the highest monthly average number of bottles sold per day on record.

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

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 8.6% from the same period of the previous year to 66,429 million yen.

c. Europe

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

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

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

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 4.1% from the same period of the previous year to 5,032 million yen.

Pharmaceuticals

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

Regarding our mainstay, the antineoplastic drug *Elplat*, while medical institutions are increasingly switching to available generic versions in line with government policy, we leveraged our ability to provide relevant information about it, a Company strength as the developer of the original drug.

However, our revenue was impacted by revisions to National Health Insurance drug prices in April 2022, which reduced prices for most of Yakult's pharmaceutical products.

The promotional agreement that we had with Nihon Servier Co., Ltd. for the antineoplastic drug, *Onivyde*®, ended on September 30, 2022 due to changes in Servier's business strategies.

In R&D, we continued to progress with the clinical development of items in our pipeline, including the HDAC inhibitor resminostat [YHI-1001], licensed from 4SC AG (Germany).

The Company had filed an application for approval to manufacture and market duvelisib in Japan as a treatment for relapsed/refractory chronic lymphocytic leukemia and small lymphocytic lymphoma, but based on discussions with the regulatory authorities, we withdrew this application on September 28, 2022.

Despite these efforts, however, consolidated net sales in the Pharmaceuticals segment declined 16.1% from the same period of the previous year to 7,233 million yen.

Others

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

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

As a specific example of such activities, we undertook a brand-boosting campaign for our *Parabio* series of high-performance basic skin care products, aiming to encourage regular use of products in the series. Further, in July, from our *Lactdew* series of highly moisturizing basic skin care products, we released a limited number of *Lactdew S.E. Lotion (with Milky Lotion mini-bottle)* in an effort to increase contact points with new customers. Moreover, we also worked to increase sales by implementing sales promotion campaigns for products including the medicinal toothpaste, *Yakult Medicated Apacoat S.E. Nanotechnology*.

In our professional baseball operations, cheered on by their fans, the Tokyo Yakult Swallows clinched their second consecutive Central League championship. We also strived to increase attendance and revenue by improving the various fan service engagements and disseminating a range of information.

As a result of the above factors, consolidated net sales in the Others segment rose 32.4% from the same period of the previous year to 12,242 million yen.

(2) Financial Position

Total assets at the fiscal quarter-end amounted to 745,449 million yen, an increase of 72,594 million yen compared to the previous fiscal year-end, six months prior.

Net assets increased 57,943 million yen from the previous fiscal year-end to 542,878 million yen. The main factors were an increase in foreign currency translation adjustments due to a weaker yen and an increase in retained earnings due to quarterly profit attributable to owners of parent, outweighing the effects of repurchase of shares as treasury stock.

The equity to asset ratio was 66.3%, which was unchanged from the previous fiscal year-end.

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

With regard to earnings forecasts, we revised the full-year consolidated earnings forecasts announced on July 29, 2022 based on factors including business performance during the first two quarters and the recent business environment.

Consolidated Financial Results Forecast for FY2022

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previously announced forecast (A)	467,500	59,000	72,500	48,000
Revised forecast (B)	481,000	64,000	79,000	50,000
Difference (B – A)	13,500	5,000	6,500	2,000
Difference (%)	2.9%	8.5%	9.0%	4.2%

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

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

Reference: Non-consolidated Financial Results Forecast

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit
Previously announced forecast (A)	169,000	18,000	43,000	35,000
Revised forecast (B)	175,000	22,000	48,500	39,000
Difference (B – A)	6,000	4,000	5,500	4,000
Difference (%)	3.6%	22.2%	12.8%	11.4%

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

(Millions of yen)

	Fiscal year 2021 As of March 31, 2022	Fiscal year 2022 As of September 30, 2022
Assets		
Current Assets		
Cash and Deposits	202,941	223,557
Notes and accounts receivable-trade	52,581	65,423
Merchandises and Finished goods	10,312	11,924
Work in process	2,170	2,871
Raw materials and supplies	18,166	22,181
Others	14,463	18,068
Allowance for doubtful accounts	(236)	(208)
Total current assets	300,398	343,819
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	84,139	87,214
Others, net	127,017	140,505
Total Property, plant and equipment	211,156	227,720
Intangible assets		
Software	2,447	2,406
Others	2,938	3,268
Total intangible assets	5,386	5,675
Investments and other assets		
Investment securities	67,628	69,429
Shares of subsidiaries and associates	73,044	82,013
Others	15,325	16,879
Allowance for doubtful accounts	(84)	(88)
Total investments and other assets	155,913	168,234
Total non-current assets	372,456	401,629
Total assets	672,855	745,449

Yakult Honsha Co., Ltd. (2267) Financial Report for the 2nd Quarter of FY2022 Ended September 30, 2022

(Millions of yen)

	Fiscal year 2021 As of March 31, 2022	Fiscal year 2022 As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,039	31,371
Short-term loans payable	4,822	5,702
Current portion of long-term loans payable	5,417	5,380
Income taxes payable	4,324	9,070
Provision for bonuses	6,211	7,627
Others	42,465	42,855
Total current liabilities	89,281	102,007
Non-current liabilities		
Long-term loans payable	60,298	57,716
Provision for directors' retirement benefits	345	334
Net defined benefit liability	4,280	4,319
Asset retirement obligations	1,674	1,676
Others	32,039	36,516
Total non-current liabilities	98,639	100,563
Total liabilities	187,920	202,571
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	41,116	41,152
Retained earnings	446,331	467,540
Treasury shares	(64,395)	(82,336)
Total shareholders' equity	454,169	457,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,327	19,582
Foreign currency translation adjustment	(24,086)	19,665
Remeasurements of defined benefit plans	(2,342)	(2,239)
Total accumulated other comprehensive income	(8,101)	37,009
Non-controlling interests	38,867	48,394
Total net assets	484,935	542,878
Total liabilities and net assets	672,855	745,449

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2021 to September 30, 2021	Current period From April 1, 2022 to September 30, 2022
Net sales	202,996	232,785
Cost of sales	80,398	91,479
Gross profit	122,597	141,306
Selling, general and administrative expenses	94,775	106,009
Operating profit	27,822	35,296
Non-operating income		
Interest income	1,526	2,346
Dividend income	1,052	1,057
Share of profit of entities accounted for using equity method	4,083	2,113
Others	1,890	1,885
Total non-operating income	8,554	7,402
Non-operating expenses		
Interest expenses	352	337
Others	283	393
Total non-operating expenses	635	731
Ordinary profit	35,741	41,968
Extraordinary income		
Gain on sales of non-current assets	50	450
Gain on sales of investment securities	1,193	0
Gain on step acquisitions	1,180	—
Others	—	30
Total extraordinary income	2,425	480
Extraordinary losses		
Loss on sales of non-current assets	934	9
Loss on retirement of non-current assets	96	160
Others	2	2
Total extraordinary losses	1,033	172
Profit before income taxes	37,132	42,276
Income taxes	9,434	12,945
Profit	27,698	29,331
Profit attributable to non-controlling interests	2,122	2,413
Profit attributable to owners of parent	25,576	26,918

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2021 to September 30, 2021	Current period From April 1, 2022 to September 30, 2022
Profit	27,698	29,331
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,928)	1,246
Foreign currency translation adjustment	17,346	47,799
Remeasurements of defined benefit plans, net of tax	163	107
Share of other comprehensive income of entities accounted for using equity method	325	3,063
Total other comprehensive income	14,906	52,216
Comprehensive income	42,605	81,548
Comprehensive income attributable to:		
Owners of parent	38,225	72,029
Non-controlling interests	4,379	9,519

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

None.

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

The second quarter of FY2022 (April 1 to September 30, 2022)

Further to a resolution at a meeting of its Board of Directors held on February 10, 2022, the Company repurchased 2,675,500 of its own shares as treasury stock, increasing the value of its treasury stock by 18,523 million yen. The purchase of shares of less than one unit increased the value of the Company's treasury stock by 1 million yen, the value of treasury stock declined by 583 million yen due to the divestment of shares in the parent company held by subsidiaries, and the value of the Company's treasury stock on September 30, 2022 was 82,336 million yen.

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

Calculation of Tax Expenses

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

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

(Segment Information)

I The second quarter of FY2021 (April 1 to September 30, 2021)

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

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Revenue from contracts with customers	97,399	22,842	61,171	4,834
Other revenues	—	—	—	—
Net sales to external customers	97,399	22,842	61,171	4,834
Intersegment net sales or transfers	3,955	—	—	—
Total	101,355	22,842	61,171	4,834
Segment profit (loss)	14,938	6,174	12,527	712

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Revenue from contracts with customers	8,618	8,130	—	202,996
Other revenues	—	—	—	—
Net sales to external customers	8,618	8,130	—	202,996
Intersegment net sales or transfers	—	1,112	(5,068)	—
Total	8,618	9,243	(5,068)	202,996
Segment profit (loss)	1,328	(119)	(7,738)	27,822

Notes: 1. Adjustments are as follows.

The (7,738) million yen adjustment in segment profit (loss) includes (4,878) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments. Starting from the first quarter of FY2021, based on the long-term vision formulated in that fiscal term, the details of corporate expenses were subjected to a review, with some of them being attributed to individual segments. Compared to the previous method, this change reduced the reported profits in each of the Food and Beverages regional segments by 1,185 million yen (Japan), 165 million yen (The Americas), 536 million yen (Asia and Oceania), and 39 million yen (Europe), while the adjustment amount for corporate expenses was 1,925 million yen lower.

2. Segment profits are adjusted with operating profit under the quarterly consolidated statement of income.

3. Countries / regions in each geographic segment outside Japan.

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

II The second quarter of FY2022 (April 1 to September 30, 2022)

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

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Revenue from contracts with customers	112,626	30,344	66,429	5,032
Other revenues	—	—	—	—
Net sales to external customers	112,626	30,344	66,429	5,032
Intersegment net sales or transfers	4,696	—	—	—
Total	117,322	30,344	66,429	5,032
Segment profit (loss)	24,897	8,028	9,258	224

	Pharmaceuticals	Others	Adjustments	Consolidated results
Net sales				
Revenue from contracts with customers	7,233	11,118	—	232,785
Other revenues	—	—	—	—
Net sales to external customers	7,233	11,118	—	232,785
Intersegment net sales or transfers	—	1,123	(5,819)	—
Total	7,233	12,242	(5,819)	232,785
Segment profit (loss)	727	1,141	(8,981)	35,296

Notes: 1. Adjustments are as follows.

The (8,981) million yen adjustment in segment profit (loss) includes (5,392) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.

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

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

(Significant Subsequent Events)

(Significant Capital Investment)

At a meeting of its Board of Directors held on November 11, 2022, a resolution was passed for a plan for the construction of a new plant due to the relocation of the plant of subsidiary, Yakult Chiba Plant Co., Ltd.

1. Purpose of capital investment

A new plant will be built as a next-generation plant for the future (model plant) to respond to customers diversifying needs and increasingly severe environmental regulations, including further reductions in CO₂ emissions and the active promotion of plastic resources recycling.

2. Details of capital investment

- | | |
|-----------------------|---|
| (1) Locations | Inside Chiba Research Park
424-5 Kamiizumicho, Wakaba-ku, Chiba-shi, Chiba Prefecture
361-8 Nishimikado, Sakura-shi, Chiba Prefecture |
| (2) Land area | 109,707.56 m ² |
| (3) Total floor area | 33,824.8 m ² |
| (4) Investment amount | 35.0 billion yen (plan) |
| (5) Products | Yakult products, with a focus on <i>Yakult 1000</i> , <i>Y1000</i> (at time of commencement of operations) |

3. Timing of investment

- | | |
|----------------------------|--------------------|
| (1) Construction commences | Summer 2024 (plan) |
| (2) Operation commences | Spring 2027 (plan) |

4. Significant impacts of the new plant on sales and production activities

- | | |
|--------------------------------|---|
| (1) Production capacity | 2.6 million bottles per day at time of commencement of operations |
| (2) Impact on business results | The impact on profit (loss) in the fiscal year ending March 2023 will be minimal. |