

# Consolidated Financial Results for the 3rd Quarter ended December 31, 2023 (Japanese Generally Accepted Accounting Principles)



February 9, 2024

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	February 13, 2024		
Scheduled date of payment of dividends	—		
Preparation of support documentation of results	: Yes		
Holding of briefing for analysts and institutional investors	: Yes		

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

## 1. Consolidated financial results for the 3rd quarter of FY2023, ended December 31, 2023 (April 1, 2023 - December 31, 2023)

### (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	%
3Q FY2023	387,721	5.4	55,902	(4.2)	68,976	0.7	43,339	(6.4)
3Q FY2022	367,868	16.2	58,342	25.1	68,478	17.1	46,283	10.1

(Note) Comprehensive income for 3Q FY2023 101,761 million yen {(7.9)%} 3Q FY2022 110,536 million yen {98.0%}

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
3Q FY2023	139.09	—
3Q FY2022	148.08	—

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Basic earnings per share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio
	million yen	million yen	%
3Q FY2023	828,334	620,370	67.5
FY2022	749,419	545,496	66.5

(Ref.) Equity for 3Q FY2023 559,526 million yen FY2022 498,659 million yen

## 2. Dividends

	Dividends per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Total
	yen	yen	yen	yen	yen
FY2022	—	45.00	—	45.00	90.00
FY2023	—	55.00	—		
FY2023 (Forecast)				28.00	—

(Note) Revision of the latest dividend forecast : No

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. For this reason, the year-end dividend per share (projected) for the fiscal year ending March 31, 2024 is presented in an amount that takes the impact of this stock split into account. The year-end dividend per share (projected) for the fiscal year ending March 31, 2024 without considering the stock split would be 56 yen.

## 3. Forecast for consolidated financial results for FY2023 (April 1, 2023 - March 31, 2024)

(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	513,000	6.2	67,000	1.4	80,500	3.2	52,000	2.7	168.52

(Note) Revision of the latest financial forecast : No

(Note) The impact of the stock split has been taken into account in the basic earnings per share in the forecast for consolidated financial results for FY2023 (full year). The forecast for basic earnings per share for FY2023 without considering the stock split would be 337.04 yen.

\*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. 10 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)

3Q FY2023 342,090,836

FY2022 342,090,836

(b) Number of treasury stocks

3Q FY2023 33,522,144

FY2022 29,950,190

(c) Weighted average of number of shares (cumulative figure for quarter)

3Q FY2023 311,591,670

3Q FY2022 312,557,563

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Basic earnings per share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

\* 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. 5 under “Disclaimer on Future Outlook Including Consolidated Financial Results Forecast.”

Procedure for obtaining supplementary information on financial results

We plan to hold a conference call for analysts and institutional investors on February 9, 2024.

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

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## 1. Qualitative Information Regarding Quarterly Consolidated Financial Results

### (1) Business Performance Overview

#### 1 Performance Overview

During the third quarter of the fiscal year ending March 31, 2024, despite a gradual recovery in economic conditions, partly as the result of the effects of various policies, the Japanese economy remained susceptible to downward risks due to global monetary tightening, an unclear outlook for the Chinese economy and other factors, and to the impacts of rises in the cost of living and other factors.

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. Guided by our long-term vision, Yakult Group Global Vision 2030, we pursued business activities and sought to improve our performance with the aim of evolving into a healthcare company that continues to contribute to the health of people around the world.

Following these efforts, consolidated net sales for the first nine months of this fiscal year rose 5.4% from the same period of the previous year to 387,721 million yen. Operating profit decreased 4.2% to 55,902 million yen, while ordinary profit increased 0.7% to 68,976 million yen. Profit attributable to owners of parent fell 6.4% to 43,339 million yen.

#### 2 Overview by Segment

##### Food and Beverages (Japan)

In dairy products, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota<sup>1</sup> and *Bifidobacterium breve* strain Yakult by utilizing evidence to proactively conduct grassroots value dissemination initiatives.

In our home delivery channel, we implemented initiatives to attract new customers for the fermented milk drink *Yakult 1000*, as well as *Yakult 400W*, which we released in a revamped form in September 2023. At the same time, we encouraged existing customers to continue their consumption of Yakult products. Meanwhile, we strove to improve our home delivery organization by airing TV commercials promoting the appeal of working as a Yakult Lady, including the diverse ways of working available to them. We also pressed ahead with efforts to conduct recruitment activities and create convenient working conditions for Yakult Ladies.

As for the retail store channel, we sought to increase revenue by creating sales spaces offering high visibility and conducting consumer campaigns with a focus on the *New Yakult* fermented milk drink series and *Y1000*.

In other beverages, we implemented a sales promotion campaign primarily for our *Toughman* series of energy drinks and the *Yakult no Oishii Hakkou Kajitsu* (Yakult Tasty Fermented Fruit Juice) beverage fermented with lactic acid bacteria in an effort to increase sales.

As a result of these efforts, consolidated net sales for the Food and Beverages (Japan) segment increased 6.6% from the same period of the previous fiscal year, totaling 191,614 million yen.

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

## 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 the *Yakult* fermented milk drink outside of Japan spans 39 countries and regions centered around 29 companies and one research center. In December 2023, average daily bottle sales amounted to approximately 24.01 million bottles. Average daily bottle sales from January to December 2023, which corresponds to the fiscal year for Yakult companies overseas, amounted to approximately 28.80 million bottles.

### a. The Americas

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

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

In other regions within the Americas, we strove to increase revenue by reinforcing the sales networks for both the home delivery and retail store sales channels.

As a result of these efforts, consolidated net sales in the Food and Beverages (The Americas) segment increased 28.6% from the same period of the previous year to 61,452 million yen.

### b. Asia and Oceania

In Asia and Oceania, *Yakult* and other products are manufactured and sold by Hong Kong Yakult Co., Ltd.; Yakult (Singapore) Pte. Ltd.; PT. Yakult Indonesia Persada; Yakult Australia Pty. Ltd.; Guangzhou Yakult Co., Ltd.; Yakult (Malaysia) Sdn. Bhd.; Shanghai Yakult Co., Ltd.; Beijing Yakult Co., Ltd.; Yakult (China) Corporation; Yakult Vietnam Co., Ltd.; and Yakult Danone India Pvt. Ltd.; among others. In addition, Yakult Middle East FZCO and other companies import *Yakult* and other products for sale.

At Yakult Vietnam Co., Ltd., aggressive efforts to develop sales promotion initiatives, enhance the home delivery organization and increase the number of stores stocking our products resulted in a steady increase in sales volume.

Guangzhou Yakult Co., Ltd. established the Meizhou Branch in Meizhou, Guangdong Province and began selling *Yakult*, *Yakult Light*, and *Yakult 50 Billion Light* in the retail store channel of the same branch in November 2023. This brought the number of sales locations in China to 53. However, its revenue has been impacted by various factors, including China's delayed economic recovery and a slowdown in consumption. The company is implementing a range of measures over the short- to medium-term to restore its performance.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment declined 4.9% from the same period of the previous year to 104,942 million yen.

### c. Europe

In Europe, *Yakult* and other products are manufactured by Yakult Europe B.V., and sold by Yakult

Nederland B.V., Yakult Belgium N.V./S.A., Yakult Europe B.V., Yakult UK Ltd., Yakult Deutschland GmbH, Yakult Oesterreich GmbH, and Yakult Italia S.r.l.

In this region, we aimed for sustainable growth by conducting sales activities in a manner that takes advantage of heightened health consciousness and that is tailored to the markets in each individual country.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 3.4% from the same period of the previous year to 7,643 million yen.

## Others

This segment encompasses Yakult's cosmetics manufacturing and sales, pharmaceuticals manufacturing and sales, and professional baseball team operations.

In our cosmetics operations, we focused on initiatives that would disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, which is the result of the extensive research on lactic acid bacteria we have conducted since our founding, in order to help customers realize their internal and external beauty and to increase the number of regular users of our cosmetics.

Specific examples of such activities include releasing revamped versions of four items from our *Parabio* series of high-performance basic skin care products in November 2023. In addition, we sought to raise product awareness for the *Parabio* series and *Lactdew* series of basic skin care products by airing TV commercials featuring the singer Chisato Moritaka and the makeup artist IKKO. Furthermore, we launched the new mail-order brand *Lactiful* in November 2023 and released two skin care products.

In our pharmaceuticals operations, we promoted awareness and the proper use of our products, particularly those specializing in oncology and related fields. However, with regard to our mainstay product, the antineoplastic drug *Elplat*, our revenue was impacted by medical institutions increasingly switching to available generic versions and by revisions to National Health Insurance drug prices in April 2023, which reduced prices for most of Yakult's pharmaceutical products.

We are currently progressing with systematic preparations to transfer the marketing authorization for *Elplat* and other drugs to Takata Pharmaceutical Co., Ltd., paying due attention to the interests of all parties concerned.

In our professional baseball operations, attendance increased as a result of proactive fan service engagements that included a variety of events as well as dissemination of a range of information.

As a result of the above factors, consolidated net sales in the Others segment fell 0.7% from the same period of the previous year to 30,606 million yen.

(2) Financial Position

Total assets at the fiscal quarter-end amounted to 828,334 million yen, an increase of 78,915 million yen compared to the previous fiscal year end, nine months prior.

Net assets increased 74,873 million yen from the previous fiscal year-end to 620,370 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. These factors outweighed the effects of repurchase of shares as treasury stock further to a resolution by the Board of Directors at its meeting held on November 14, 2023.

The equity-to-asset ratio was 67.5%, an increase of 1.0 percentage point from the previous fiscal year-end.

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

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

With regard to financial results forecasts, basic earnings per share have been affected by changes in treasury stock, but other forecasts remain unchanged since their announcement on November 14, 2023.

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

(Millions of yen)

	Fiscal year 2022 As of March 31, 2023	Fiscal year 2023 As of December 31, 2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Deposits	241,185	271,046
Notes and accounts receivable-trade	60,139	68,613
Merchandises and Finished goods	10,383	9,917
Work in process	2,578	2,607
Raw materials and supplies	23,741	25,022
Others	16,452	19,260
Allowance for doubtful accounts	(285)	(594)
<b>Total current assets</b>	<b>354,195</b>	<b>395,874</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	93,771	98,300
Others, net	131,351	143,830
<b>Total Property, plant and equipment</b>	<b>225,122</b>	<b>242,130</b>
<b>Intangible assets</b>		
Software	2,269	2,748
Others	3,300	3,294
<b>Total intangible assets</b>	<b>5,570</b>	<b>6,042</b>
<b>Investments and other assets</b>		
Investment securities	66,000	76,066
Shares of subsidiaries and associates	79,673	86,669
Others	18,942	21,639
Allowance for doubtful accounts	(85)	(87)
<b>Total investments and other assets</b>	<b>164,531</b>	<b>184,287</b>
<b>Total non-current assets</b>	<b>395,224</b>	<b>432,460</b>
<b>Total assets</b>	<b>749,419</b>	<b>828,334</b>



(Millions of yen)

	Fiscal year 2022 As of March 31, 2023	Fiscal year 2023 As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	28,958	25,696
Short-term loans payable	3,208	8,994
Current portion of long-term loans payable	45,839	45,565
Income taxes payable	11,539	7,219
Provision for bonuses	6,784	5,025
Others	51,315	54,708
Total current liabilities	147,645	147,210
Non-current liabilities		
Long-term loans payable	14,559	11,726
Provision for directors' retirement benefits	360	245
Net defined benefit liability	4,279	4,445
Asset retirement obligations	1,693	1,696
Others	35,384	42,639
Total non-current liabilities	56,277	60,753
Total liabilities	203,922	207,964
<b>Net assets</b>		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	41,572	42,004
Retained earnings	484,243	511,975
Treasury shares	(81,927)	(93,815)
Total shareholders' equity	475,006	491,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,417	27,534
Foreign currency translation adjustment	3,991	41,332
Remeasurements of defined benefit plans	(756)	(622)
Total accumulated other comprehensive income	23,652	68,244
Non-controlling interests	46,837	60,844
Total net assets	545,496	620,370
Total liabilities and net assets	749,419	828,334

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

## Quarterly Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2022 to December 31, 2022	Current period From April 1, 2023 to December 31, 2023
Net sales	367,868	387,721
Cost of sales	145,631	156,103
Gross profit	222,237	231,617
Selling, general and administrative expenses	163,894	175,715
Operating profit	58,342	55,902
Non-operating income		
Interest income	3,965	8,273
Dividend income	1,851	1,972
Share of profit of entities accounted for using equity method	3,315	3,032
Others	2,517	1,766
Total non-operating income	11,650	15,045
Non-operating expenses		
Interest expenses	504	485
Foreign exchange losses	-	834
Others	1,009	650
Total non-operating expenses	1,514	1,971
Ordinary profit	68,478	68,976
Extraordinary income		
Gain on sales of non-current assets	509	160
Gain on sales of investment securities	49	94
Others	2,382	-
Total extraordinary income	2,940	255
Extraordinary losses		
Loss on sales of non-current assets	21	23
Loss on retirement of non-current assets	270	369
Loss on valuation of investment securities	212	-
Impairment loss	129	-
Others	0	1
Total extraordinary losses	633	394
Profit before income taxes	70,786	68,837
Income taxes	20,418	20,412
Profit	50,368	48,424
Profit attributable to non-controlling interests	4,084	5,084
Profit attributable to owners of parent	46,283	43,339

## Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2022 to December 31, 2022	Current period From April 1, 2023 to December 31, 2023
Profit	50,368	48,424
Other comprehensive income		
Valuation difference on available-for-sale securities	1,334	7,117
Foreign currency translation adjustment	54,650	46,079
Remeasurements of defined benefit plans, net of tax	200	144
Share of other comprehensive income of entities accounted for using equity method	3,982	(4)
Total other comprehensive income	60,168	53,336
Comprehensive income	110,536	101,761
Comprehensive income attributable to:		
Owners of parent	97,291	87,931
Non-controlling interests	13,244	13,829

(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 third quarter of FY2023 (April 1 to December 31, 2023)

Further to a resolution at a meeting of its Board of Directors held on November 14, 2023, the Company repurchased 3,613,100 of its own shares as treasury stock, increasing the value of its treasury stock by 11,999 million yen. The purchase of shares of less than one unit increased the value of the Company's treasury stock by 2 million yen, the value of treasury stock declined by 114 million yen due to the payment of stock remuneration, and the value of the Company's treasury stock on December 31, 2023 was 93,815 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 profit before income taxes for the third quarter under review by the reasonably estimated effective tax rate after applying tax effect accounting to the profit before income taxes for the current consolidated fiscal year, including the third quarter under review.

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

(Segment Information)

I The third quarter of FY2022 (April 1 to December 31, 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	173,197	47,768	110,354	7,388
Other revenues	—	—	—	—
Net sales to external customers	173,197	47,768	110,354	7,388
Intersegment net sales or transfers	6,536	—	—	—
Total	179,733	47,768	110,354	7,388
Segment profit (loss)	37,756	12,341	18,254	303

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	29,159	—	367,868
Other revenues	—	—	—
Net sales to external customers	29,159	—	367,868
Intersegment net sales or transfers	1,653	(8,189)	—
Total	30,813	(8,189)	367,868
Segment profit (loss)	2,463	(12,777)	58,342

Notes: 1. Adjustments are as follows.

The (12,777) million yen adjustment in segment profit (loss) includes (7,973) 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

## II The third quarter of FY2023 (April 1 to December 31, 2023)

## 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	184,808	61,452	104,942	7,643
Other revenues	—	—	—	—
Net sales to external customers	184,808	61,452	104,942	7,643
Intersegment net sales or transfers	6,806	—	—	—
Total	191,614	61,452	104,942	7,643
Segment profit (loss)	39,235	16,726	11,117	(323)

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	28,875	—	387,721
Other revenues	—	—	—
Net sales to external customers	28,875	—	387,721
Intersegment net sales or transfers	1,731	(8,537)	—
Total	30,606	(8,537)	387,721
Segment profit (loss)	2,658	(13,512)	55,902

Notes: 1. Adjustments are as follows.

The (13,512) million yen adjustment in segment profit (loss) includes (8,397) 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

2. Changes to reportable segments, etc.

From this first quarter of the current fiscal year, we have changed the presentation of the pharmaceuticals business, which had previously been presented as a reportable segment, to include it in the Others segment. This was due to the decline in the financial significance of the pharmaceuticals business.

Segment information for the third quarter of the previous fiscal year has been prepared according to the segment categories after the change.