

Consolidated Financial Results for the 1st Quarter ended June 30, 2024 (Japanese Generally Accepted Accounting Principles)



July 30, 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	Hiroschi Narita	
Contact person	Executive officer	Tadashi Oogo	TEL +81-3-6625-8960
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 1st quarter of FY2024, ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(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	%
1Q FY2024	122,644	0.4	16,098	(5.2)	22,288	6.9	14,089	7.5
1Q FY2023	122,115	13.1	16,981	15.0	20,859	13.0	13,111	14.5

(Note) Comprehensive income for 1Q FY2024 38,177 million yen {30.2%} 1Q FY2023 29,320 million yen {21.4%}

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
1Q FY2024	46.48	—
1Q FY2023	42.00	—

(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 FY2023.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio
	million yen	million yen	%
1Q FY2024	857,259	635,568	66.8
FY2023	833,286	605,946	65.9

(Ref.) Equity for 1Q FY2024 572,733 million yen FY2023 549,284 million yen

2. Dividends

	Dividends per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Total
	yen	yen	yen	yen	yen
FY2023	—	55.00	—	28.00	—
FY2024	—				
FY2024 (Forecast)		32.00	—	32.00	64.00

(Note) Revision of the latest dividend forecast : None.

(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 for the fiscal year ended March 31, 2024 is presented in an amount that takes the impact of this stock split into account. The dividend per share at the end of the second quarter of the same year would have been 27.5 yen and the total dividend per share for the year would have been 55.5 yen if the stock split was also taken into account with regard to these figures.

3. Forecast for consolidated financial results for FY2024 (April 1, 2024 - March 31, 2025)

(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 Qtr.	267,000	5.6	35,500	0.6	45,000	6.6	28,500	9.3	94.02
Annual	533,500	6.0	68,500	8.0	86,500	9.1	55,500	8.8	183.08

(Note) Revision of the latest financial forecast : None.

*Notes

(1) Significant changes in the scope of consolidation during the period: None

(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 : | None. |
| (b) Change in account policy other than (a) : | None. |
| (c) Change in accounting estimates : | None. |
| (d) Correction of prior period errors : | None. |

(4) Shares issued (common stock)

(a) Number of shares issued (including treasury stocks)

1Q FY2024	342,090,836
FY2023	342,090,836

(b) Number of treasury stocks

1Q FY2024	38,948,401
FY2023	38,948,401

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

1Q FY2024	303,142,435
1Q FY2023	312,140,646

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Number of shares issued, Number of treasury stocks and Weighted average of number of shares have been calculated on the presumption that the stock split was carried out at the beginning of FY2023.

* Review of attached quarterly consolidated financial statements by external auditors: None.

* 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 July 30, 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 first quarter of the fiscal year ending March 31, 2025, 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 arising from factors including an unclear outlook for the Chinese economy, as well as to the impacts of rises in the cost of living and other developments.

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 three months of this fiscal year rose 0.4% from the same period of the previous year to 122,644 million yen. Operating profit decreased 5.2% to 16,098 million yen, while ordinary profit increased 6.9% to 22,288 million yen. Profit attributable to owners of parent rose 7.5% to 14,089 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 conducting grassroots value dissemination initiatives based on evidence.

In our home delivery channel, we utilized consumer campaigns for the fermented milk drink *Yakult 1000* and *Yakult 400W* in initiatives to encourage continued consumption of these products and create new customers. Meanwhile, we strove to improve our home delivery organization by pressing ahead with our efforts to conduct recruitment activities and create convenient working conditions for Yakult Ladies.

As for the retail store channel, we concentrated on the *New Yakult* fermented milk drink series and *Y1000*, seeking to increase revenue by creating sales displays offering high visibility and using promotion staff to conduct focused in-store value dissemination activities alongside implementing consumer campaigns.

In product-specific initiatives, we aired a new television commercial for the *New Yakult* series featuring the actor Yo Oizumi. We also sought to boost the *Joie* fermented milk series brand by revamping related package designs from April 2024.

In other beverages, we worked to increase sales by conducting a consumer campaign for our *Toughman Super* energy drink and by revamping the package design for our *Milouge Soda* carbonated white lactic drink from June.

However, despite such efforts to bolster sales, performance resulted in figures lower than those of the previous year.

Consequently, consolidated net sales for the Food and Beverages (Japan) segment decreased 2.0% from the same period of the previous fiscal year, totaling 62,616 million yen.

¹ 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 28 companies and one research center, with average daily bottle sales of approximately 28.91 million bottles in June 2024.

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.

Yakult U.S.A. Inc. achieved the highest average daily bottle sales in its history in May as a result of boosting support for sales through publicity campaigns and other initiatives, and making efforts to increase the number of stores stocking our products.

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 26.7% from the same period of the previous year to 23,627 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.; 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.

In the Philippines, Yakult El Salvador Manufacturing Corp., a wholly owned subsidiary of the Company's equity method affiliate Yakult Philippines, Inc., began production of *Yakult* in May 2024.

Yakult Vietnam Co., Ltd. launched sales of *Yakult Light* in April, with its efforts to increase sales resulting in it achieving in the same month the highest average daily bottle sales in its history.

Guangzhou Yakult Co., Ltd.; Shanghai Yakult Co., Ltd.; and Yakult (China) Corporation also sought to increase revenue by launching sales of *Yakult Peach Flavor (Iron Plus)*, a new product catering to local demand, in May 2024. However, their revenue was impacted by various factors, including China's delayed economic recovery and a slowdown in consumption. All three companies will continue working to restore their performance by implementing their respective measures from a short- to medium-term perspective.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment declined 7.8% from the same period of the previous year to 29,335 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, sales volume increased steadily due to an aggressive advertising campaign and sales promotion initiatives at mass retailers, among other measures.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 20.0% from the same period of the previous year to 3,166 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 *Lactdew S.E. Cleansing (Oil)* and *Lactdew S.E. Washing* from our *Lactdew* series of basic skin care products in April 2024. We also implemented a sales promotion campaign for our *Yakult Medicated Apacoat S.E. Nanotechnology* toothpaste in an effort to increase sales.

In our pharmaceuticals operations, we proceeded with transferring marketing authorization for one product at a time pursuant to the basic agreement regarding the transfer of marketing authorization for certain anticancer drugs to Takata Pharmaceutical Co., Ltd.

Specifically, we completed the transfer of marketing authorization for the antineoplastic drug *Elplat* in May and have been transferring marketing authorization for other products one at a time since April. We will continue transferring the marketing authorization for these drugs, paying due attention to the interests of all parties concerned.

In our professional baseball operations, we strove to increase attendance and revenue through 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 13.1% from the same period of the previous year to 7,198 million yen.

(2) Financial Position

Total assets at the fiscal quarter-end amounted to 857,259 million yen, an increase of 23,972 million yen compared to the previous fiscal year-end, three months prior.

Net assets increased 29,621 million yen from the previous fiscal year-end to 635,568 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.

The equity to asset ratio was 66.8 %, an increase of 0.9 percentage point from the previous fiscal year-end.

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

The aforementioned 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.

We have made no changes to our financial results forecasts from those announced on May 14, 2024.

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

(Millions of yen)

	Fiscal year 2023 As of March 31, 2024	Fiscal year 2024 As of June 30, 2024
Assets		
Current Assets		
Cash and Deposits	255,257	263,826
Notes and accounts receivable-trade	61,218	66,195
Merchandises and Finished goods	9,963	9,949
Work in process	2,436	2,355
Raw materials and supplies	24,689	24,031
Others	19,330	22,697
Allowance for doubtful accounts	(733)	(769)
Total current assets	372,161	388,285
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	100,715	102,052
Others, net	160,282	166,134
Total Property, plant and equipment	260,998	268,187
Intangible assets		
Software	2,887	2,833
Others	3,682	4,082
Total intangible assets	6,569	6,916
Investments and other assets		
Investment securities	78,573	75,205
Shares of subsidiaries and associates	87,126	89,646
Others	27,942	29,102
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	193,558	193,870
Total non-current assets	461,125	468,973
Total assets	833,286	857,259

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(Millions of yen)

	Fiscal year 2023 As of March 31, 2024	Fiscal year 2024 As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	25,338	24,385
Short-term loans payable	41,834	44,784
Current portion of long-term loans payable	5,565	5,565
Income taxes payable	6,672	9,425
Provision for bonuses	6,352	4,382
Others	59,805	53,088
Total current liabilities	145,567	141,630
Non-current liabilities		
Long-term loans payable	30,335	28,344
Provision for directors' retirement benefits	254	234
Net defined benefit liability	4,517	4,602
Asset retirement obligations	1,740	1,701
Others	44,923	45,178
Total non-current liabilities	81,772	80,060
Total liabilities	227,340	221,691
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	42,090	42,056
Retained earnings	519,641	525,243
Treasury shares	(111,235)	(111,235)
Total shareholders' equity	481,613	487,182
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,920	29,374
Foreign currency translation adjustment	34,198	53,609
Remeasurements of defined benefit plans	2,552	2,567
Total accumulated other comprehensive income	67,671	85,551
Non-controlling interests	56,661	62,834
Total net assets	605,946	635,568
Total liabilities and net assets	833,286	857,259

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2023 to June 30, 2023	Current period From April 1, 2024 to June 30, 2024
Net sales	122,115	122,644
Cost of sales	49,425	48,921
Gross profit	72,689	73,722
Selling, general and administrative expenses	55,708	57,624
Operating profit	16,981	16,098
Non-operating income		
Interest income	2,426	3,488
Dividend income	1,030	1,101
Share of profit of entities accounted for using equity method	412	812
Others	550	1,204
Total non-operating income	4,419	6,606
Non-operating expenses		
Interest expenses	152	181
Foreign exchange losses	158	—
Others	231	234
Total non-operating expenses	542	416
Ordinary profit	20,859	22,288
Extraordinary income		
Gain on sales of non-current assets	49	76
Gain on sales of investment securities	—	1,949
Total extraordinary income	49	2,026
Extraordinary losses		
Loss on sales of non-current assets	1	2
Loss on retirement of non-current assets	37	27
Others	0	0
Total extraordinary losses	39	30
Profit before income taxes	20,869	24,284
Income taxes	6,393	8,064
Profit	14,475	16,219
Profit attributable to non-controlling interests	1,364	2,129
Profit attributable to owners of parent	13,111	14,089

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2023 to June 30, 2023	Current period From April 1, 2024 to June 30, 2024
Profit	14,475	16,219
Other comprehensive income		
Valuation difference on available-for-sale securities	4,420	(1,549)
Foreign currency translation adjustment	9,899	22,929
Remeasurements of defined benefit plans, net of tax	48	23
Share of other comprehensive income of entities accounted for using equity method	477	555
Total other comprehensive income	14,845	21,958
Comprehensive income	29,320	38,177
Comprehensive income attributable to:		
Owners of parent	25,583	31,970
Non-controlling interests	3,737	6,207

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

None.

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

None.

(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 first 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 first quarter under review.

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

(Notes Related to Quarterly Consolidated Statement of Cash Flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the first quarter of the fiscal year ending March 31, 2025. Depreciation and amortization (including amortization expenses relating to intangible fixed assets other than goodwill) for the first quarters of the previous and current fiscal years are as shown below.

	1Q of previous fiscal year (April 1 to June 30, 2023)	1Q of current fiscal year (April 1 to June 30, 2024)
Depreciation and amortization	6,643 million yen	7,346 million yen

(Segment Information, etc.)

I The first quarter of Fiscal year 2023 (April 1 to June 30, 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	61,299	18,652	31,827	2,638
Other revenues	—	—	—	—
Net sales to external customers	61,299	18,652	31,827	2,638
Intersegment net sales or transfers	2,587	—	—	—
Total	63,887	18,652	31,827	2,638
Segment profit (loss)	13,438	5,180	3,049	(79)

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	7,696	—	122,115
Other revenues	—	—	—
Net sales to external customers	7,696	—	122,115
Intersegment net sales or transfers	585	(3,173)	—
Total	8,281	(3,173)	122,115
Segment profit (loss)	218	(4,825)	16,981

Notes: 1. Adjustments are as follows.

The (4,825) million yen adjustment in segment profit (loss) includes (2,946) 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.

II The first quarter of Fiscal year 2024 (April 1 to June 30, 2024)

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	59,941	23,627	29,335	3,166
Other revenues	—	—	—	—
Net sales to external customers	59,941	23,627	29,335	3,166
Intersegment net sales or transfers	2,675	—	—	—
Total	62,616	23,627	29,335	3,166
Segment profit (loss)	12,659	7,165	1,650	(201)

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	6,573	—	122,644
Other revenues	—	—	—
Net sales to external customers	6,573	—	122,644
Intersegment net sales or transfers	624	(3,299)	—
Total	7,198	(3,299)	122,644
Segment profit (loss)	79	(5,255)	16,098

Notes: 1. Adjustments are as follows.

The (5,255) million yen adjustment in segment profit (loss) includes (3,258) 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