



Consolidated Financial Results for the 2nd Quarter (First Six Months) ended September 30, 2024 (Japanese Generally Accepted Accounting Principles)

November 12, 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 Executive officer Tadashi Oogo TEL +81-3-6625-8960
 Scheduled date of filing Statutory semi-annual financial report November 13, 2024
 Scheduled date of payment of dividends November 29, 2024
 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 FY2024, ended September 30, 2024 (April 1, 2024 - September 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	%
2Q FY2024	255,093	0.9	33,777	(4.3)	45,256	7.2	27,472	5.4
2Q FY2023	252,829	8.6	35,305	0.0	42,233	0.6	26,074	(3.1)

(Note) Comprehensive income for 2Q FY2024 62,670 million yen {(19.7)%} 2Q FY2023 78,070 million yen {(4.3)%}

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
2Q FY2024	90.61	—
2Q FY2023	83.53	—

(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	%
2Q FY2024	883,107	660,253	67.5
FY2023	833,286	605,946	65.9

(Ref.) Equity for 2Q FY2024 596,277 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	—	32.00	—	—	—
FY2024 (Forecast)	—	—	—	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
Annual	512,000	1.8	61,500	(3.0)	81,500	2.8	52,000	1.9	171.50

(Note) Revision of the latest financial forecast : Yes

*Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Special Accounting Treatment for Preparation of the Semi-Annual Consolidated Financial Statements : Yes
(Note) Details are stated on pg. 10 under “Notes on Semi-Annual 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) Number of issued shares (common shares)
- | | |
|---|-------------|
| (a) Total number of issued shares at the end of the period (including treasury shares) | |
| 2Q FY2024 | 342,090,836 |
| FY2023 | 342,090,836 |
| (b) Number of treasury shares at the end of the period | |
| 2Q FY2024 | 38,879,969 |
| FY2023 | 38,948,401 |
| (c) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year) | |
| 2Q FY2024 | 303,176,657 |
| 2Q FY2023 | 312,161,582 |

(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.

* This financial report is not included in 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 briefing for analysts and institutional investors on November 12, 2024.

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

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1. Qualitative Information Regarding Semi-Annual Consolidated Financial Results

(1) Business Performance Overview

1 Performance Overview

During the first six months 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 economic conditions overseas, 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 six months of this fiscal year rose 0.9% from the first six months of the previous fiscal year to 255,093 million yen. Operating profit decreased 4.3% to 33,777 million yen, while ordinary profit rose 7.2% to 45,256 million yen. Profit attributable to owners of parent increased 5.4% to 27,472 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 implemented initiatives to attract new customers for the fermented milk drinks *Yakult 1000* and *Yakult 400W*. 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 pressing ahead with efforts to conduct recruitment activities and create convenient working conditions for Yakult Ladies.

As for the retail store channel, we focused on the *New Yakult* fermented milk drink series and *Y1000*, seeking to increase revenue by designing sales spaces offering high visibility and continuing to implement consumer campaigns beginning in May 2024, using promotion staff to conduct focused in-store value dissemination activities.

In product-specific initiatives, we sought to boost the *Joie* fermented milk series brand by conducting social media campaigns beginning in August 2024.

In other beverages, we strove to increase sales by conducting consumer campaigns for vending machine products in collaboration with Kirin Beverage Company, Limited from July 2024.

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

Consequently, consolidated net sales for the Food and Beverages (Japan) segment decreased 3.3% from the first six months of the previous fiscal year, totaling 123,857 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 30.47 million bottles in September 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. set new records for monthly bottle sales in July and September 2024 as a result of initiatives including efforts to increase the number of stores stocking our products. The company is moving forward with preparations for building a second U.S. plant to cater to growth in demand going forward.

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 25.5% from the first six months of the previous fiscal year to 49,430 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.

Yakult Vietnam Co., Ltd. achieved its highest average daily bottle sales ever in July 2024 as a result of aggressive efforts to develop sales promotion initiatives, enhance the home delivery organization and increase the number of new partner stores.

Yakult Danone India Pvt. Ltd. strove to increase revenue by launching a new product incorporating a flavor popular in India, *Yakult Light Mango Flavor*, in July 2024.

Yakult (China) Corporation launched *Yakult Peach Flavor (Iron Plus)* in May 2024 and the product performed well, but revenue was impacted by various factors including China's delayed economic recovery and a slowdown in consumption. The company will continue working to restore its performance by implementing appropriate 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 2.4% from the first six months of the previous fiscal year to 65,968 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, performance was robust due to revamped products and more aggressive sales promotion employing advertising campaigns, as well as publicity campaigns employing social media and other methods.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 22.6% from the first six months of the previous fiscal year to 6,248 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 included releasing a limited quantity of the *Parabio AC Serum Saj* special program set from our *Parabio* series of high-performance basic skin care products in September 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. We will continue transferring the marketing authorization for these drugs, paying due attention to the interests of all parties concerned.

In our professional baseball team 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 16.1% from the first six months of the previous fiscal year to 15,690 million yen.

(2) Financial Position

Total assets in the first six months of the fiscal year ending March 31, 2025 rose to 883,107 million yen, an increase of 49,820 million yen compared to the previous fiscal year-end, three months prior.

Net assets increased 54,307 million yen from the previous fiscal year-end to 660,253 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 semi-annual profit attributable to owners of parent.

The equity to asset ratio was 67.5%, an increase of 1.6 percentage point 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 May 14, 2024 based on factors including business performance during the two quarters and the recent business environment.

Consolidated Financial Results Forecast for FY2024

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previously announced forecast (A)	533,500	68,500	86,500	55,500
Revised forecast (B)	512,000	61,500	81,500	52,000
Difference (B – A)	(21,500)	(7,000)	(5,000)	(3,500)
Difference (%)	(4.0)%	(10.2)%	(5.8)%	(6.3)%

In Food and Beverages (Japan), we expect the number of bottles sold to fall short of our initial projections. Likewise, in Food and Beverages (Overseas), we expect that the number of bottles sold will fall short of our initial projections, while the yen will be stronger than originally estimated. As a result, net sales and profits at all levels are expected to be lower than the forecasts previously announced.

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)	185,000	27,500	50,000	42,500
Revised forecast (B)	177,000	20,000	46,500	42,500
Difference (B – A)	(8,000)	(7,500)	(3,500)	–
Difference (%)	(4.3)%	(27.3)%	(7.0)%	–

2. Semi-Annual Consolidated Financial Statements and Notes**(1) Semi-Annual Consolidated Balance Sheet**

(Millions of yen)

	Fiscal year 2023 As of March 31, 2024	Fiscal year 2024 As of September 30, 2024
Assets		
Current Assets		
Cash and Deposits	255,257	274,265
Notes and accounts receivable-trade	61,218	63,127
Merchandises and Finished goods	9,963	9,950
Work in process	2,436	2,564
Raw materials and supplies	24,689	23,782
Others	19,330	21,988
Allowance for doubtful accounts	(733)	(800)
Total current assets	372,161	394,878
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	100,715	104,883
Others, net	160,282	181,117
Total Property, plant and equipment	260,998	286,001
Intangible assets		
Software	2,887	3,447
Others	3,682	4,165
Total intangible assets	6,569	7,613
Investments and other assets		
Investment securities	78,573	72,136
Shares of subsidiaries and associates	87,126	92,282
Others	27,942	30,281
Allowance for doubtful accounts	(83)	(85)
Total investments and other assets	193,558	194,614
Total non-current assets	461,125	488,228
Total assets	833,286	883,107

(Millions of yen)

	Fiscal year 2023 As of March 31, 2024	Fiscal year 2024 As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	25,338	22,244
Short-term loans payable	41,834	39,784
Current portion of long-term loans payable	5,565	5,565
Income taxes payable	6,672	9,402
Provision for bonuses	6,352	8,980
Others	59,805	58,009
Total current liabilities	145,567	143,986
Non-current liabilities		
Long-term loans payable	30,335	26,952
Provision for directors' retirement benefits	254	248
Net defined benefit liability	4,517	4,573
Asset retirement obligations	1,740	1,697
Others	44,923	45,393
Total non-current liabilities	81,772	78,866
Total liabilities	227,340	222,853
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	42,090	42,053
Retained earnings	519,641	538,625
Treasury shares	(111,235)	(111,040)
Total shareholders' equity	481,613	500,756
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,920	27,287
Foreign currency translation adjustment	34,198	65,669
Remeasurements of defined benefit plans	2,552	2,563
Total accumulated other comprehensive income	67,671	95,520
Non-controlling interests	56,661	63,976
Total net assets	605,946	660,253
Total liabilities and net assets	833,286	883,107

(2) Semi-Annual Consolidated Statement of Income and Comprehensive Income

Semi-Annual Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2023 to September 30, 2023	Current period From April 1, 2024 to September 30, 2024
Net sales	252,829	255,093
Cost of sales	102,323	102,218
Gross profit	150,505	152,874
Selling, general and administrative expenses	115,200	119,097
Operating profit	35,305	33,777
Non-operating income		
Interest income	5,157	6,903
Dividend income	1,124	1,217
Share of profit of entities accounted for using equity method	1,718	520
Others	1,052	3,886
Total non-operating income	9,053	12,528
Non-operating expenses		
Interest expenses	320	380
Foreign exchange losses	1,342	—
Taxes and dues	71	214
Others	391	453
Total non-operating expenses	2,125	1,048
Ordinary profit	42,233	45,256
Extraordinary income		
Gain on sales of non-current assets	111	174
Gain on sales of investment securities	—	2,007
Total extraordinary income	111	2,181
Extraordinary losses		
Loss on sales of non-current assets	12	7
Loss on retirement of non-current assets	145	222
Others	0	1
Total extraordinary losses	158	231
Profit before income taxes	42,186	47,206
Income taxes	13,375	14,725
Profit	28,810	32,480
Profit attributable to non-controlling interests	2,736	5,008
Profit attributable to owners of parent	26,074	27,472

Semi-Annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2023 to September 30, 2023	Current period From April 1, 2024 to September 30, 2024
Profit	28,810	32,480
Other comprehensive income		
Valuation difference on available-for-sale securities	8,928	(3,636)
Foreign currency translation adjustment	40,254	32,045
Remeasurements of defined benefit plans, net of tax	104	15
Share of other comprehensive income of entities accounted for using equity method	(27)	1,765
Total other comprehensive income	49,260	30,190
Comprehensive income	78,070	62,670
Comprehensive income attributable to:		
Owners of parent	67,005	55,321
Non-controlling interests	11,065	7,349

(3) Notes on Semi-Annual 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 Semi-Annual 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 second quarter (first six months) 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 second quarter (first six months) under review.

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

(Segment Information, etc.)

I The second quarter of FY2023 (April 1 to September 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	123,207	39,373	67,620	5,095
Other revenues	—	—	—	—
Net sales to external customers	123,207	39,373	67,620	5,095
Intersegment net sales or transfers	4,898	—	—	—
Total	128,106	39,373	67,620	5,095
Segment profit (loss)	27,258	10,830	5,812	(273)

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	17,532	—	252,829
Other revenues	—	—	—
Net sales to external customers	17,532	—	252,829
Intersegment net sales or transfers	1,172	(6,071)	—
Total	18,705	(6,071)	252,829
Segment profit (loss)	1,155	(9,478)	35,305

Notes: 1. Adjustments are as follows.

The (9,478) million yen adjustment in segment profit (loss) includes (5,754) 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 semi-annual 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 second quarter of FY2024 (April 1 to September 30, 2024)

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	119,005	49,430	65,968	6,248
Other revenues	—	—	—	—
Net sales to external customers	119,005	49,430	65,968	6,248
Intersegment net sales or transfers	4,851	—	—	—
Total	123,857	49,430	65,968	6,248
Segment profit (loss)	22,511	14,850	5,465	261

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	14,441	—	255,093
Other revenues	—	—	—
Net sales to external customers	14,441	—	255,093
Intersegment net sales or transfers	1,249	(6,101)	—
Total	15,690	(6,101)	255,093
Segment profit (loss)	492	(9,803)	33,777

Notes: 1. Adjustments are as follows.

The (9,803) million yen adjustment in segment profit (loss) includes (6,088) 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 semi-annual 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