

The slide features two thick, curved lines that sweep across the top and bottom. The top line is blue on the left and yellow on the right, while the bottom line is yellow on the left and blue on the right. They meet at the center, creating a frame for the text.

Partial Revision of Medium-term Management Plan (2021–2024)

May 12, 2023

Yakult

- The number of bottles of dairy products sold increased, close to the plan.
- In Food and Beverages (Japan), sales and profits grew significantly due to an increase in bottles sold for *Yakult 1000* and *Y1000*.
- In Food and Beverages (Overseas), the number of bottles sold was unchanged largely from the previous year, but the value of sales grew, primarily due to yen depreciation.

As a result, both sales and operating income had grown robustly by the end of FY2022, achieving the levels planned for FY2024 ahead of schedule.

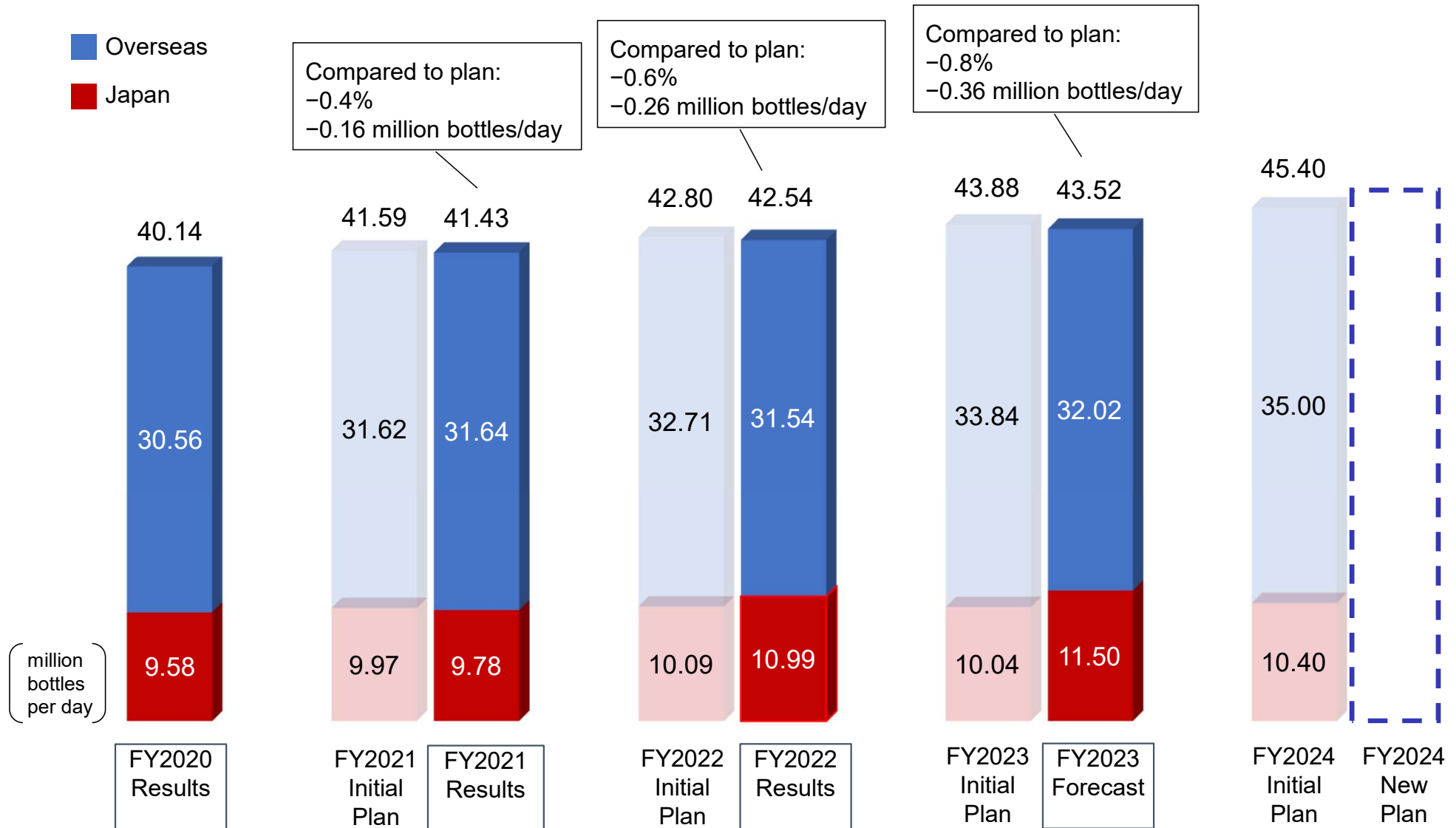


**Revise the goals of the Medium-term Management Plan
(FY2024)**

2

Progress Compared with Initial Plans

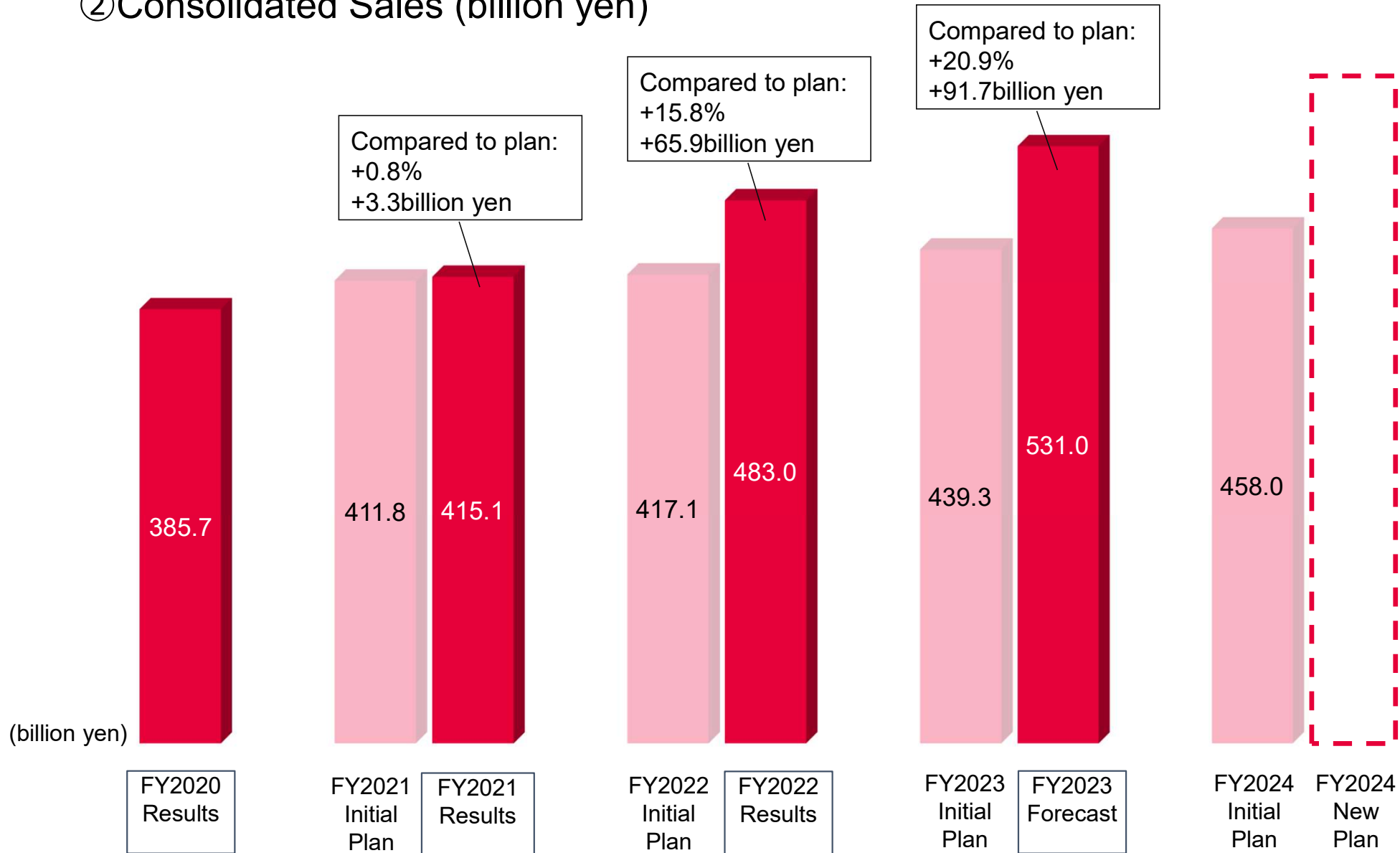
① Number of bottles of dairy products sold worldwide (million bottles/day)



2

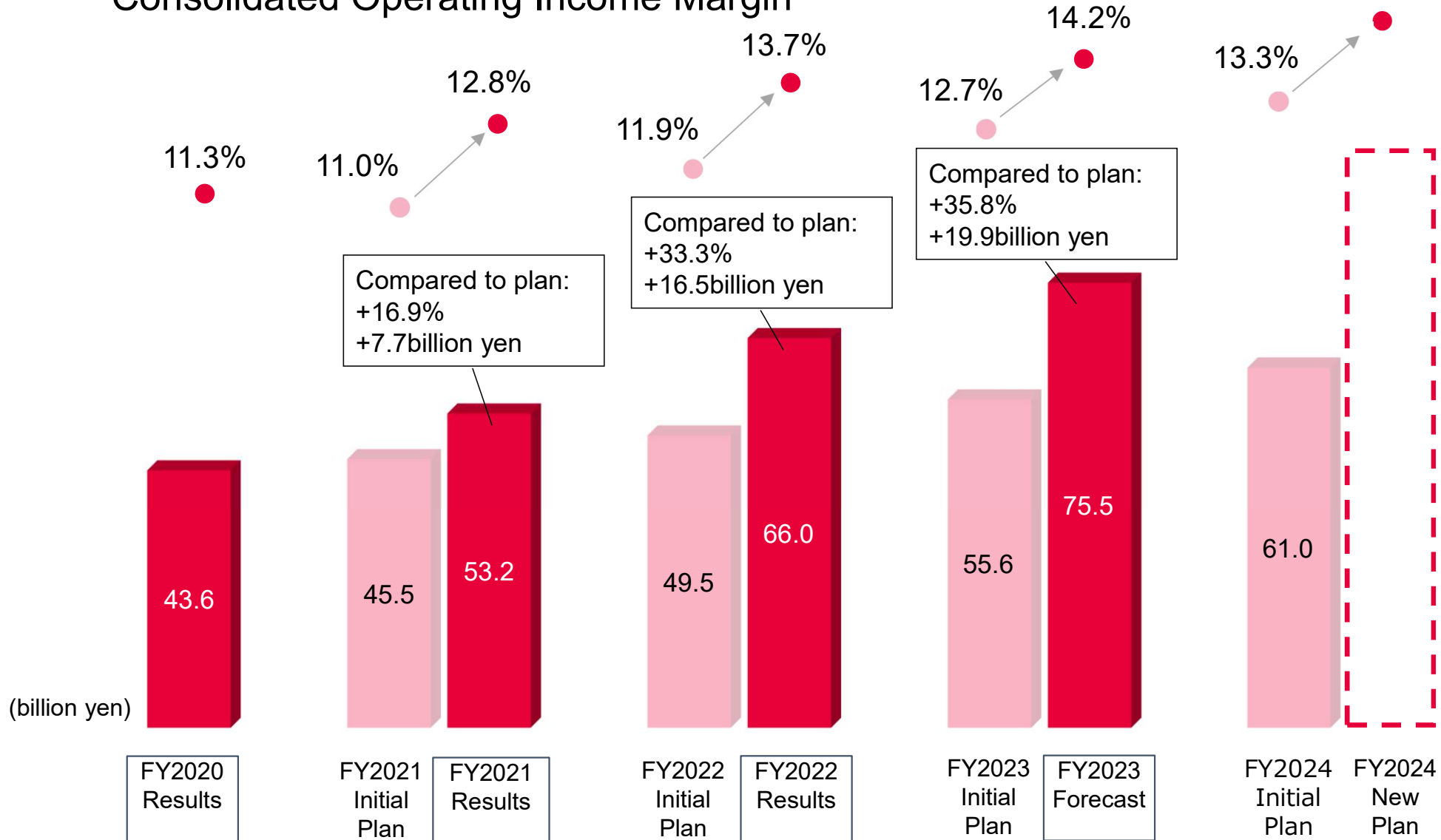
Progress Compared with Initial Plans

② Consolidated Sales (billion yen)



2 Progress Compared with Initial Plans

③ Consolidated Operating Income (billion yen) Consolidated Operating Income Margin



④ By segment (billion yen)

| | | FY2022 Results | FY2024 Medium-Term Management Plan (Initial) |
|-------------------------------|-------------------------------|----------------|--|
| Consolidated Sales | Food and Beverages (Japan) | 240.4 | 223.0 |
| | Food and Beverages (Overseas) | 215.1 | 200.0 |
| | Pharmaceuticals | 12.7 | 15.5 |
| | Others | 25.4 | 29.0 |
| | Adjustments | -10.7 | -9.5 |
| | Total | 483.0 | 458.0 |
| Consolidated Operating Income | Food and Beverages (Japan) | 47.4 | 31.0 |
| | Food and Beverages (Overseas) | 34.8 | 46.0 |
| | Pharmaceuticals | -0.1 | 1.0 |
| | Others | 1.2 | 3.2 |
| | Adjustments | -17.2 | -20.2 |
| | Total | 66.0 | 61.0 |

Early achievement of the Fiscal 2024 plan**Consolidate Sales**

Food and Beverages (Japan)
+ 17.4 billion yen
Food and Beverages (Overseas)
+ 15.1 billion yen
Total
+ 25.0 billion yen

Consolidated Operating Income

Food and Beverages (Japan)
+ 16.4 billion yen
Total
+ 5.0 billion yen

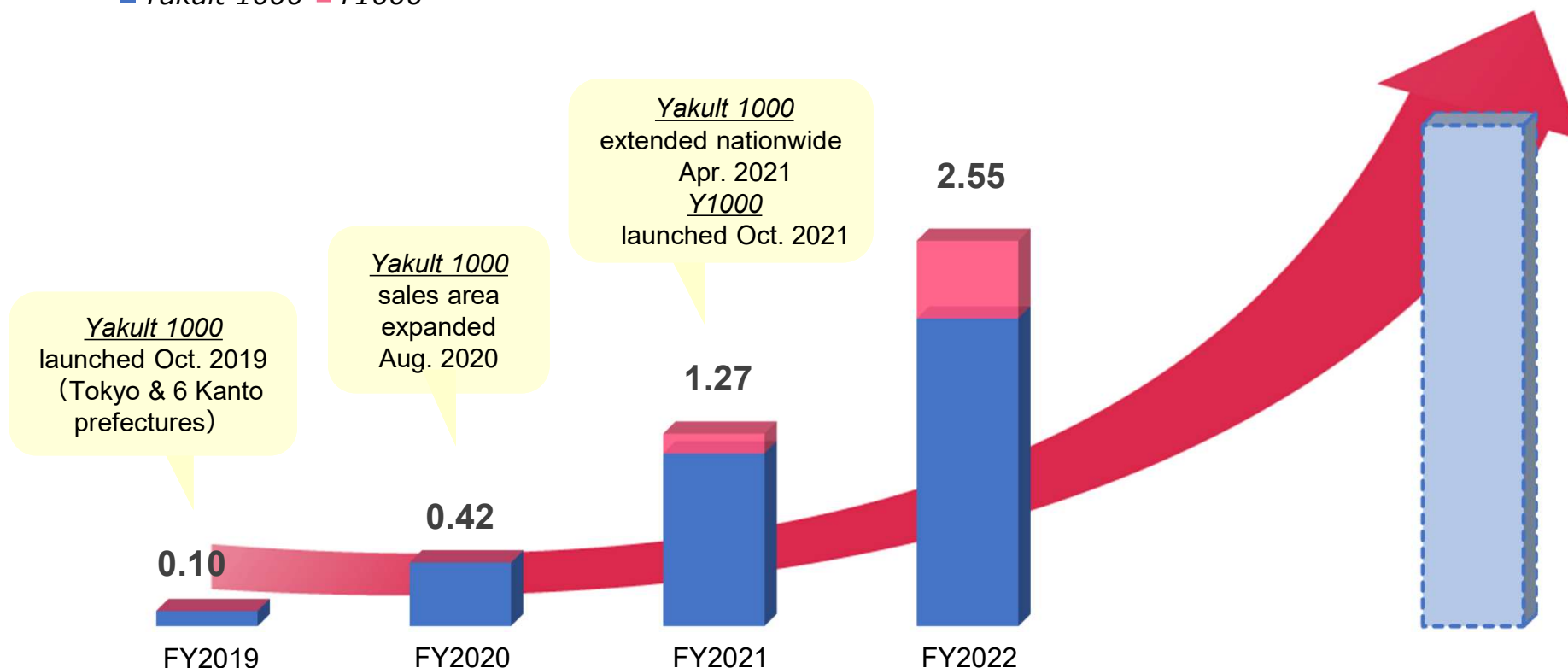
*Cosmetics is included in "Others".

3

Significance of Growth of *Yakult 1000* and *Y1000*

① Growth in sales of *Yakult 1000* and *Y1000* (million bottles per day)

■ *Yakult 1000* ■ *Y1000*

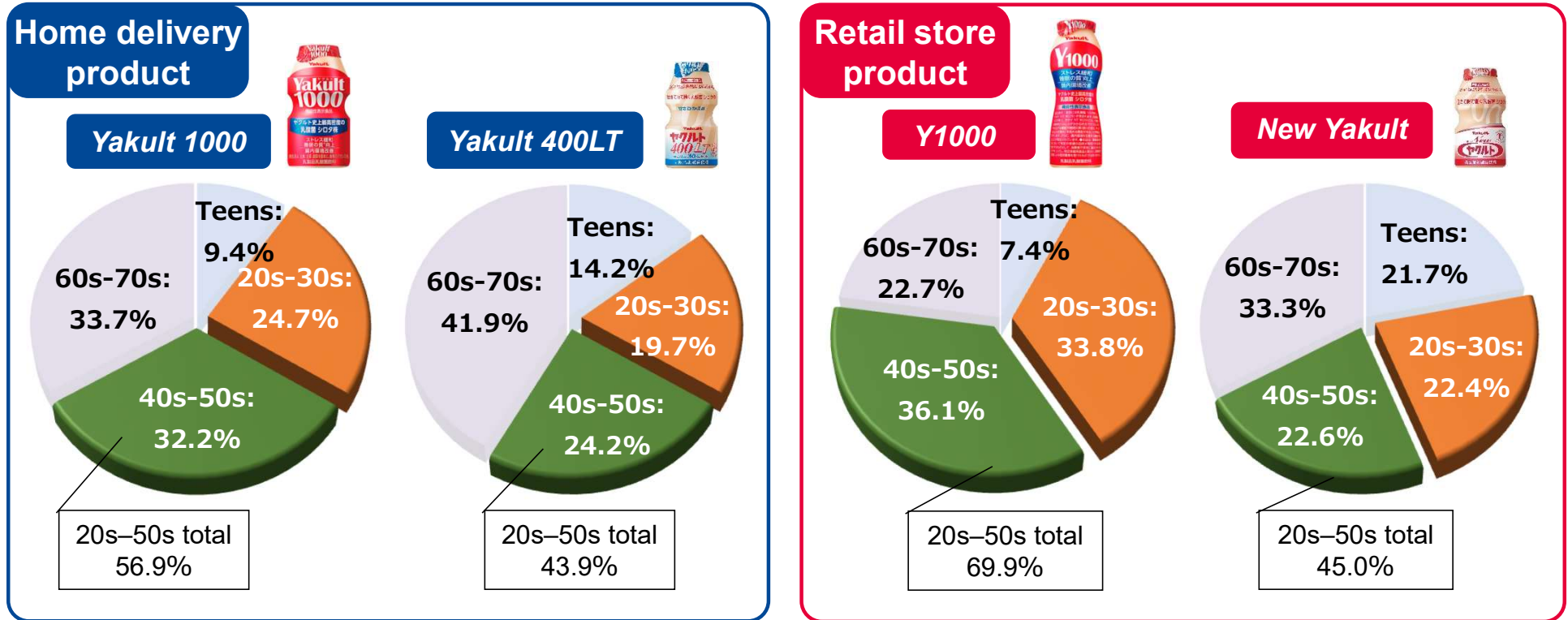


In October 2019, *Yakult 1000* was launched in Tokyo and six other Kanto prefectures (Ibaraki, Tochigi, Gunma, Saitama, Chiba, and Kanagawa); its sales area was subsequently steadily expanded until it extended nationwide in April 2021.
 In October 2021, *Y1000* was launched for sale in retail stores.

3

Significance of Growth of *Yakult 1000* and *Y1000*

② Breakdown of *Yakult* drink consumers by age



Source: The Company's own survey of *Yakult* drink consumers (May 2022)

Regular consumers of *Yakult 1000* and *Y1000* are increasing, with consumers in their 20s to 50s accounting for a higher proportion of consumption for these drinks than for *Yakult 400LT* and *New Yakult*.

3

Significance of Growth of Yakult 1000 and Y1000

Well-being

Helping healthy people to become even healthier

Wellness

Feeling at ease, healthy, and happy

A state of complete physical, mental, and social well-being

Feeling physically and mentally healthy

A socially healthy and secure state



Stress and Sleep

Potential of Probiotics



1935:
Founding of
Yakult



Revise the goals of the Medium-term Management Plan (for FY2024) and medium- to long-term growth scenarios based on the current situation

Food and Beverages (Japan)

- Increase production capacity for all dairy products (Fuji Oyama Yakult Plant to start operating in March 2024).
Production Capacity: 4.25 million bottles/day for *Yakult 1000* and *Y1000* combined, as of April 2024
- Increase earnings by expanding *Yakult 1000* and *Y1000* trial users.

Food and Beverages (Overseas)

- Expect increase in revenue centering in Asia region, based on cultivation and expansion with the introduction of high value-added products and pricing strategy.
strategy of China ⇒ Price revision (January 2023), launch *Yakult 50 Billion Light* (February 2023)
- Reboot from the deceleration caused by the COVID-19 pandemic and aim for early recovery beyond the pre-COVID level.
- Review foreign exchange assumptions:
Initial plan: 1USD = JPY106.44 → New plan: JPY133.45 (rate as of 2023 January-March average rate)

Others

- Regarding pharmaceuticals, maintain a stable supply of anti-cancer drugs and work to optimize the business.

① Consolidated Sales, Consolidated Operating Income

(billion yen)

| | | FY2022 Results | FY2024 Medium-Term Management Plan (Initial) | FY2024 Medium-Term Management plan (New) | Change from Initial Plan |
|----------------------------------|----------------------------------|-------------------|---|---|-----------------------------|
| Consolidated Sales | Food and Beverages (Japan) | 240.4 | 223.0 | 291.0 | +68.0 |
| | Food and Beverages (Overseas) | 215.1 | 200.0 | 261.0 | +61.0 |
| | Others | 38.2 | 44.5 | 36.0 | -8.5 |
| | Adjustments | -10.7 | -9.5 | -13.0 | -3.5 |
| | Total | 483.0 | 458.0 | 575.0 | +117.0 |
| Consolidated Operating Income | Food and Beverages (Japan) | 47.4 | 31.0 | 57.0 | +26.0 |
| | Food and Beverages (Overseas) | 34.8 | 46.0 | 47.0 | +1.0 |
| | Others | 1.0 | 4.2 | 3.0 | -1.2 |
| | Adjustments | -17.2 | -20.2 | -21.0 | -0.8 |
| | Total | 66.0 | 61.0 | 86.0 | +25.0 |

* "Others" include Pharmaceuticals, Cosmetics and Professional baseball operations.

② Management Indicators

| | FY2022 Results | FY2024 Medium-Term Management Plan (Initial) | FY2024 Medium-Term Management plan (New) | Change from Initial Plan |
|---|----------------|--|--|--------------------------|
| Consolidated Operating Income Margin | 13.7% | 13.3% | 15.0% | +1.7%pt |
| EPS (Earnings Per Share) | 324.18yen | 300yen | 410yen | +110yen |
| ROE (Return On Equity) | 10.7% | — | 12%+ | — |
| Number of bottles of dairy products sold worldwide (million bottles/day) | 42.54 | 45.40 | 45.70 | +0.30 |
| Japan | 10.99 | 10.40 | 12.20 | +1.80 |
| Overseas | 31.54 | 35.00 | 33.50 | -1.50 |
| Population ratio *1 | | | | |
| Japan | 8.7% | 8.5% | 10.2% | +1.7%pt |
| Overseas | 1.3% | 1.4% | 1.4% | — |
| Marketing Population *2 | 2.49billion | 2.59billion | 2.59billion | — |

Prior to Management Plan (FY2020): 11.3%

*1 Population ratio = Number of bottles of dairy products sold per day / Marketing population

*2 Marketing population = Total of marketing population in Japan and overseas

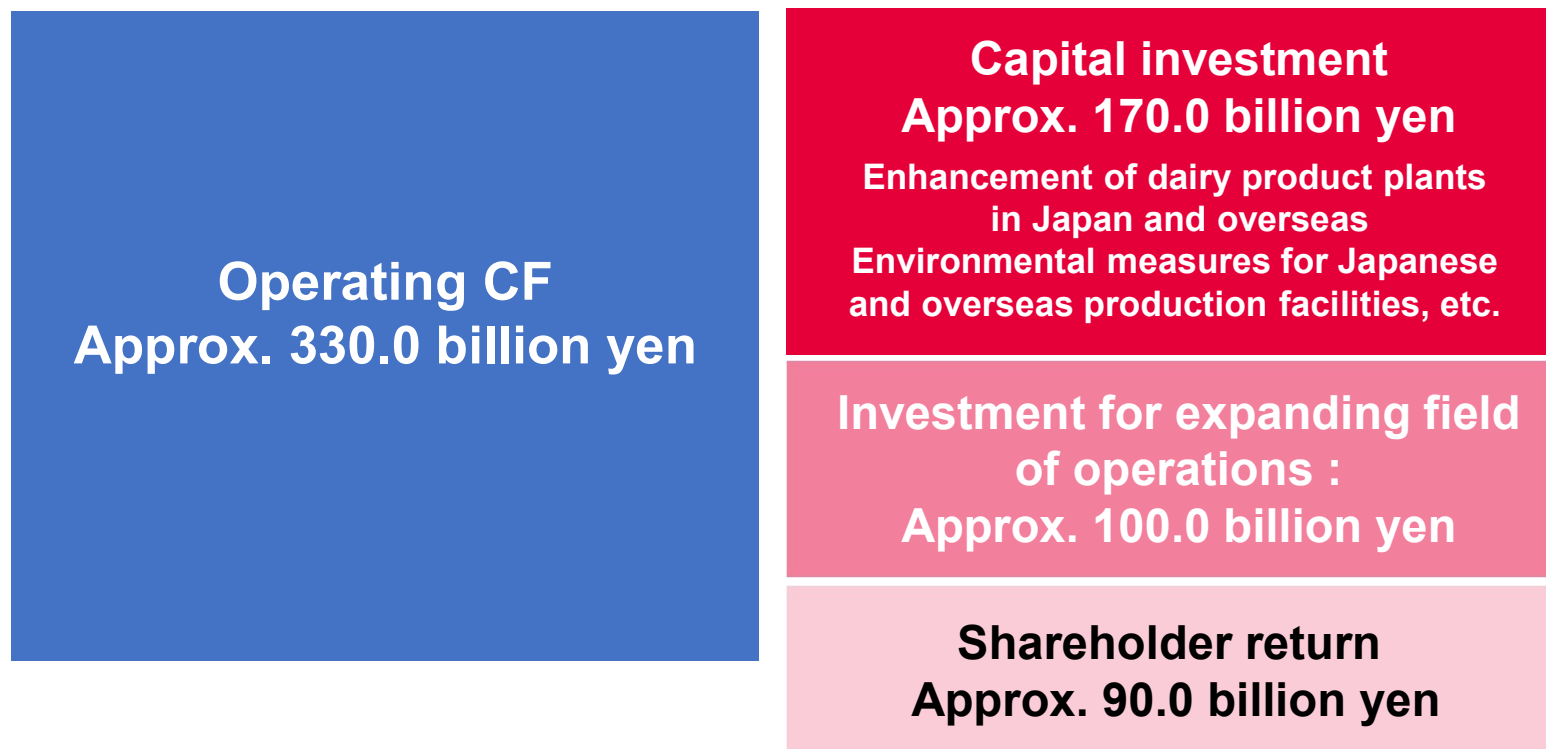
Calculated population of FY2024 (Japan) : 0.12 billion people Reference : "Future calculated population (FY2017)" (National Institute of Population and Social Security Research)
(Overseas) : 2.47 billion people Reference : "United Nations Population Prospects 2019"

4

Revision of FY2024 Goals

③ Cash flow and capital allocation (2021- 2024)

- Operating cash flow (2021-2024) is expected to exceed initial plan of 260.0 billion yen and reach approx. 330.0 billion yen.
- Capital investment is expected to be approx. 170.0 billion yen due to enhancement of dairy product plants in Japan and overseas.
- Shareholder return will assume continuous increase of dividends.
- Aim at 12% or more ROE.



Strengthen growth platform

Enhancement of dairy product plants in Japan and overseas

Expand sales for *Yakult 1000* and *Y1000*

Pursue measures to expand business fields

Continue active investment for business expansion
to realize sustainable growth

① Food and Beverages (Japan)

- Expansion across dairy products
- Increase production capacity for dairy products (Operation of Chiba Plant (2027))
- Grow sales of high value-added products



② Food and Beverages (Overseas)

- Pursue measures to leverage the Asian region's return to growth
- Bolster production capacity and create markets in the U.S.A.
- Consider introducing products such as *Yakult 1000* and *Y1000* in the U.S.A. and Europe



③ Expand into new business fields

- Development/launch of food products based on plant ingredients in Japan and overseas
- New business development using functional ingredients at Yakult Central Institute
- New channel development for Cosmetics business



6

Risk Factors Impacting Business Performance, and Associated Responses



| Risk Factors | Responses |
|--|---|
| <ul style="list-style-type: none"> ● Delay in bolstering production capacity in Japan and overseas | <ul style="list-style-type: none"> ● Improve production capacity systematically |
| <ul style="list-style-type: none"> ● Higher costs <ul style="list-style-type: none"> ⇒ Escalation in raw material or energy prices ⇒ Increased personnel costs or other costs ⇒ Adaption of containers to comply with the plastic regulations of each country | <ul style="list-style-type: none"> ● Improve product mix by expanding high value-added products ● Use pricing strategy to cover costs |
| <ul style="list-style-type: none"> ● Heightened competition in the stress/sleep market (Slower growth for <i>Yakult 1000</i> and <i>Y1000</i>) | <ul style="list-style-type: none"> ● Invest in marketing continuously |
| <ul style="list-style-type: none"> ● Delay in recovery of operations in the Asian region | <ul style="list-style-type: none"> ● Strengthen home delivery to cultivate existing markets ● Expand sales of high value-added products |

7 Sustainability Initiatives

① Environment ~ Environmental actions (2021–2024) ~



| Key themes | Action plans | Main activity results (2022) | Progress |
|---|--|--|----------|
| Achieve a zero-carbon society | Reduce GHG emissions (in Japan, scopes 1 & 2) by 10% compared to fiscal 2018 levels | Reduce CO ₂ emissions by approximately 42% compared to fiscal 2018 levels | ◎ |
| Convert to fully-recyclable containers and packaging | Reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or convert to make them recyclable | Volume of plastic containers and packaging used increased by approximately 24% (not recyclable) | × |
| Reduce water consumption | Reduce water consumption (at dairy product plants in Japan, per production unit) by 3% compared to fiscal 2018 levels | Reduce water consumption (per production unit) by approximately 12% compared to fiscal 2018 levels | ◎ |
| Reduce waste | <ul style="list-style-type: none"> Reduce the amount of waste generated by 20% compared to fiscal 2010 levels Maintain a 95% or higher recycling rate for food waste | <ul style="list-style-type: none"> Reduce amount of waste generated by 23.6% compared to fiscal 2010 levels *FY2021Results Recycling rate of 96.2% for food waste *FY2021Results | ◎ ◎ |
| Conserving and utilizing biodiversity | <ul style="list-style-type: none"> Support and participate in conservation activities Promote biodiversity education | <ul style="list-style-type: none"> Tree planting activities (13 plants and laboratories across Japan) Support OISCA's "Children's Forest Program" | ○ |

②Environment ~ Environmental actions Future Medium and Long-term Outlook ~

| Key themes | Future Outlook |
|--|--|
| <p>Achieve a zero-carbon society</p> | <p>【Japan】</p> <ul style="list-style-type: none"> • With regard to CO₂ emissions and water consumption, continue to make efforts to achieve or exceed the action targets set initially. |
| <p>Convert to fully-recyclable containers and packaging</p> | <p>【Overseas】</p> <ul style="list-style-type: none"> • Consider new targets focused on the future, and work to improve our environmental friendliness by switching to renewable energy-derived power, installing solar panels, and actively introducing water recycling systems at our plants. |
| <p>Reduce water consumption</p> | <p>【Response regarding containers and packaging】</p> <ul style="list-style-type: none"> • Review container materials based on the plastic regulations of each country, and proceed in stages with the necessary investments related to manufacturing equipment. (Predicted investment: Approx. 30.0 billion yen until 2024) In Japan, also consider options including bottle-to-bottle recycling through creation of a collection scheme for plastic containers. |
| <p>Reduce waste</p> | <ul style="list-style-type: none"> • Maintain reduction of the amount of waste generated by 20% compared to fiscal 2010 levels. • Maintain a 95% recycling rate for food waste. |
| <p>Conserving and utilizing biodiversity</p> | <p>Engage in zero deforestation and preserving biodiversity with responsible procurement of relevant ingredients based on our commitment to “deforestation and conversion-free supply chains.”</p> <ul style="list-style-type: none"> • Conversion to internationally certified products, etc. (paper/pulp, palm oil) *100% by the end of FY2025 • Establish traceability (palm oil, soybeans, dairy products) *targeting 100% by the end of FY2030 |

7 Sustainability Initiatives



③ Social



Innovation



Value co-creation with global communities



Supply chain management



- To evolve into a healthcare company, engage in the pursuit of new possibilities by utilizing research findings on lactic acid bacteria and other beneficial microorganisms



Health-related lecturers PT. YAKULT INDONESIA PERSADA

- Develop business activities closely related to local communities
- Contribute to the health of regional communities
- Engage in dialogue with local communities about their unique issues and work toward solutions

- Aim at sustainable procurement and engage in CSR procurement
- Promote initiatives on corporate social responsibility such as on human rights, labor, the environment, and anti-corruption throughout the supply chain

④ Governance

Devote efforts on steady business development centered on probiotics and promote highly transparent management

Strengthening of the Board of Directors functions
Increase the number of Outside Directors, ensure diversity, and establish various committee structures to accelerate decision-making

Enhancing transparency and fairness of management
Establishment of the Nomination & Remuneration Committee, introducing the performance-based remuneration system, etc.

Promotion of diversity
Actively promote women, foreign nationals, and mid-career hires to managerial positions

Endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
Initiatives on climate change-related issues through response to the recommendations

Strengthening of timely and global information disclosure
Publish Integrated Report, Sustainability Report, etc.

Yakult

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