



**Results for the 2nd Quarter
ended September 30, 2023**
Future Management Outlook

November 14, 2023
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President and Representative Director
Yakult Honsha Co., Ltd.

Yakult

Consolidated Financial Results for the 2nd Quarter ended September 30, 2023 (Cumulative)



(billion yen)

	Results (of which, amounts resulting from exchange rates*)	Year-on-year	Compared to forecast (announced May 12)
Net sales	252.8 (+9.2)	108.6%	96.7%
Operating profit	35.3 (+2.1)	100.0%	95.4%
Ordinary profit	42.2 (2.5)	100.6%	94.9%
Profit attributable to owners of parent	26.0 (+1.4)	96.9%	94.8%

* Amounts resulting from exchange rates are year-on-year values.

Revision of Full-Year forecasts (Consolidated) for the year ending March 2024



(billion yen)

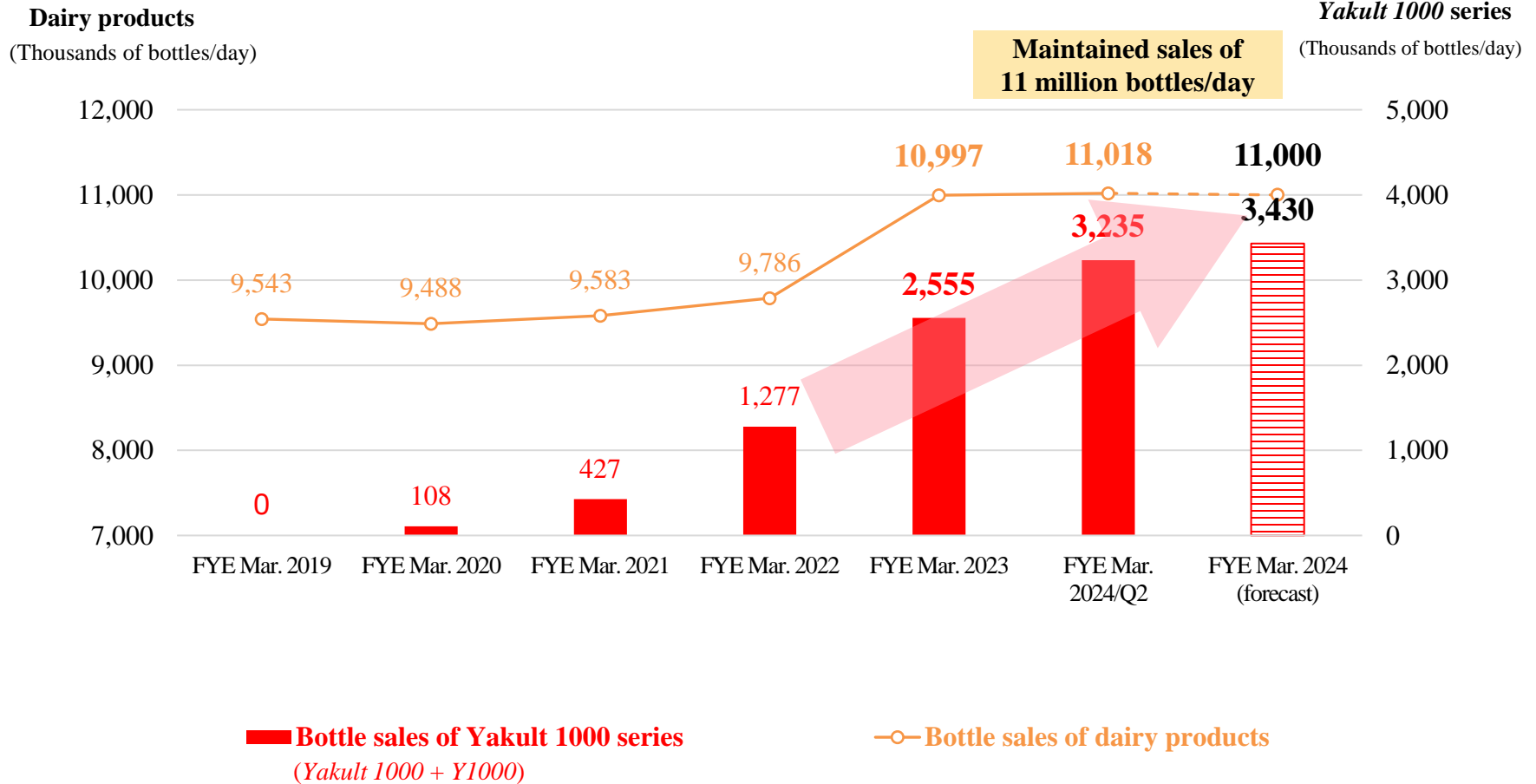
	Revised forecast (of which, amounts resulting from exchange rates*)	Initial forecast (announced May 12)	Compared to initial forecast	Year-on-year
Net sales	513.0 (+10.1)	531.0	96.6%	106.2%
Operating profit	67.0 (+2.0)	75.5	88.7%	101.4%
Ordinary profit	80.5 (+2.5)	91.0	88.5%	103.2%
Profit attributable to owners of parent	52.0 (+1.4)	58.5	88.9%	102.7%
Basic earnings per share	(Yen) 166.57	(Yen) 187.42	88.9%	102.8%

* Amounts resulting from exchange rates are initial forecast values.

Food and Beverage (Japan)



Bottle sales of dairy products and *Yakult 1000* series



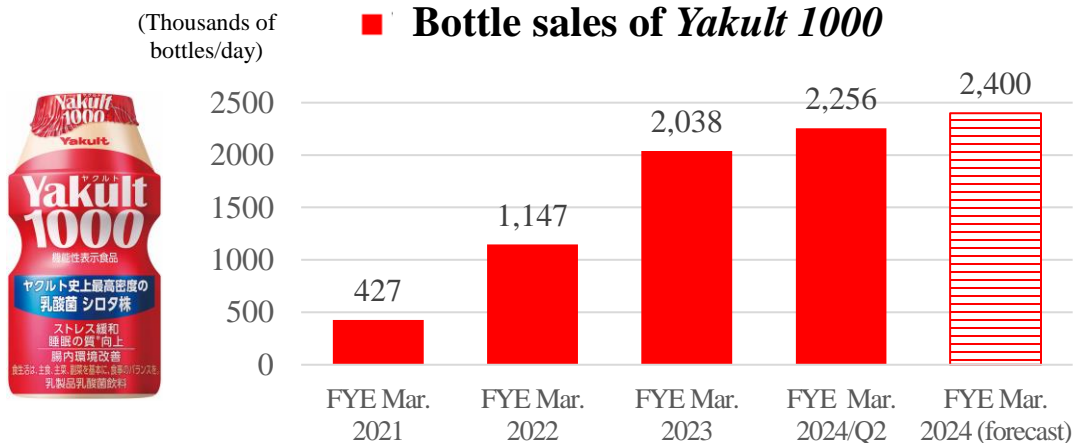
Supply system

We plan to **incrementally expand the production capacity** of *Yakult 1000* up until next spring.

Food and Beverage (Japan)



Home delivery channel



- Remained at a level that met existing customer orders
- However, activities to increase new customers were inadequate

Sales growth has slowed, plateauing in FYE March 2024

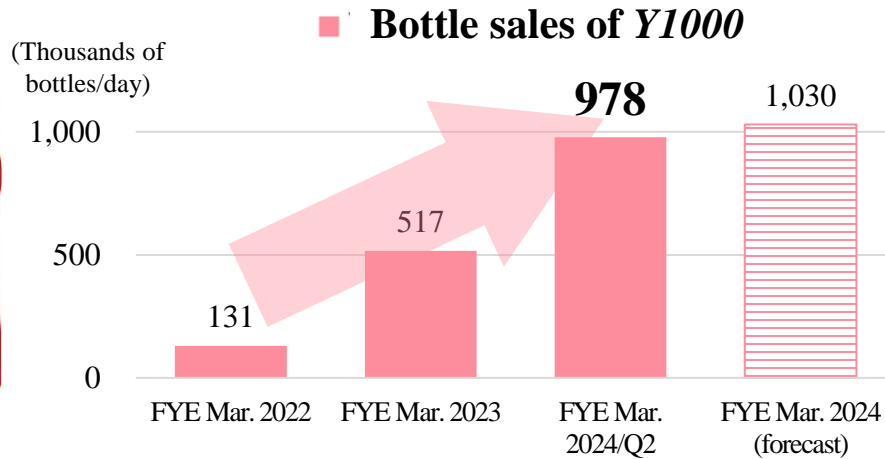
Initiatives for *Yakult 1000* in the 2nd half of FYE March 2024

- **Encourage** existing customers **to continue drinking our product every day**
- **Step up our efforts in approaching new customers**
- Acceptance of new orders on the **Yakult Delivery Net** online ordering service (resumed in August)
- **Increase exposure** through advertising activities including TV commercials

Food and Beverage (Japan)



Retail store channel



- Sales figures increased steadily
- Stock shortages continue in some stores



- Price of *New Yakult* series revised in September **from 40 yen to 48 yen**
- Strengthened market-based sales promotion activities

Initiatives in the 2nd half of FYE March 2024

Increase the number of bottles sold while proposing **effective sales spaces** to retail stores

Food and Beverage (Overseas)



Preliminary sales results by company (Jan.–Sep. 2023)

Company	Marketing Population (thousands of people)	Sales result Jan.–Sep. 2023 (thousands of bottles / day)	YoY (%)	Sales / Marketing pop. (%)	Company	Marketing Population (thousands of people)	Sales result Jan.–Sep. 2023 (thousands of bottles / day)	YoY (%)	Sales / Marketing pop. (%)
Hong Kong Yakult Co., Ltd.	7,970	348	96.2	4.36	Yakult Nederland B.V.	17,800	152	87.4	0.86
Yakult (Singapore) Pte. Ltd.	5,640	228	91.9	4.04	Yakult Belgium N.V./S.A.	12,384	50	89.8	0.40
PT. Yakult Indonesia Persada	251,221	6,474	87.9	2.58	Yakult Europe B.V.	28,530	23	90.7	0.08
Yakult Australia Pty. Ltd.	25,000	335	106.8	1.34	Yakult UK Ltd.	72,149	213	92.1	0.30
Guangzhou Yakult Co., Ltd.	106,890	2,211	80.1	2.07	Yakult Deutschland GmbH	82,430	72	93.6	0.09
Yakult (Malaysia) Sdn. Bhd.	27,000	403	96.5	1.49	Yakult Oesterreich GmbH	9,000	9	87.7	0.10
Shanghai Yakult Co., Ltd.	24,870	296	75.0	1.19	Yakult Italia S.r.l.	59,502	90	95.9	0.15
Beijing Yakult Co., Ltd.	35,300	244	71.4	0.69	Europe Total	281,795	610	91.3	0.22
Yakult (China) Corporation	679,102	2,533	76.8	0.37	(Consolidated Total)	2,194,598	20,872	90.3	0.95
Yakult Vietnam Co., Ltd.	41,000	1,021	112.9	2.49	Yakult Taiwan Co., Ltd.	22,798	643	95.1	2.82
Yakult Danone India Pvt. Ltd.	136,000	234	96.8	0.17	Yakult (Thailand) Co., Ltd.	66,070	2,161	94.5	3.27
Yakult Middle East FZCO	24,600	18	105.4	0.07	Korea Yakult (hy Co., Ltd.)	51,800	2,233	90.1	4.31
Yakult Myanmar Co., Ltd.	5,160	-	-	0.00	Yakult Philippines, Inc.	98,590	3,715	98.4	3.77
Asia/Oceania Consolidated Total	1,369,753	14,345	86.1	1.05	(Equity method Total)	239,258	8,752	94.9	3.66
Yakult S/A Ind.E Com. (Brazil)	103,640	1,339	94.5	1.29	TOTAL	2,433,856	29,624	91.6	1.22
Yakult S.A. De C.V. (Mexico)	99,061	3,913	104.5	3.95	* The aggregate population of areas where Yakult products are available for purchase within each country and region				
Yakult U.S.A Inc.	340,349	666	105.7	0.20					
Americas Total	543,050	5,918	102.2	1.09					

Food and Beverage (Overseas)



Post Pandemic

Companies are divided between those with **stable growth** and those with **YoY decline**.

Stable growth

Major companies: Yakult S.A. De C.V. (Mexico), Yakult U.S.A Inc.,
Yakult Vietnam Co., Ltd., Yakult Australia Pty. Ltd.

- Increase in number of bottles sold despite price revision
→ **Price revision + Increase in # of bottles sold = Increase in net sales and profit**

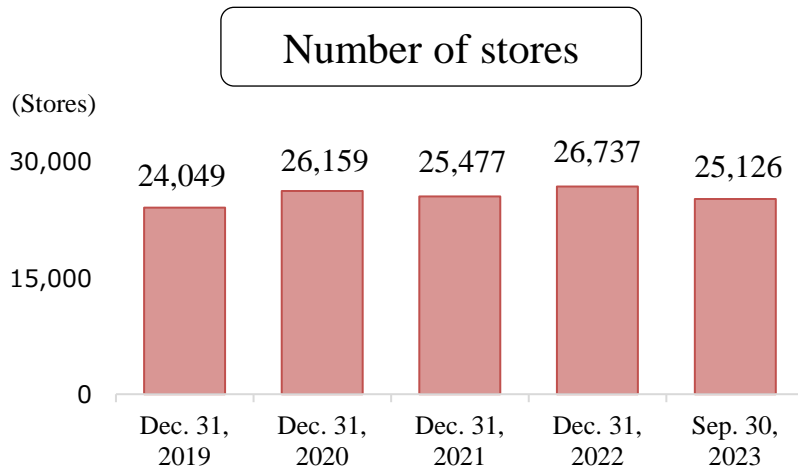
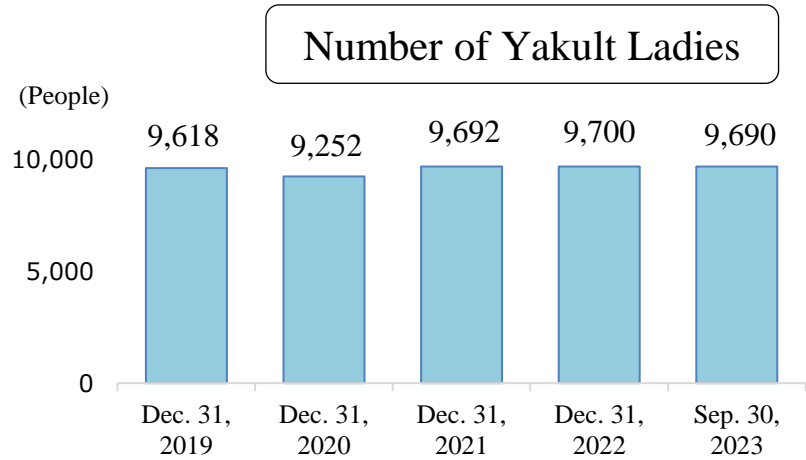
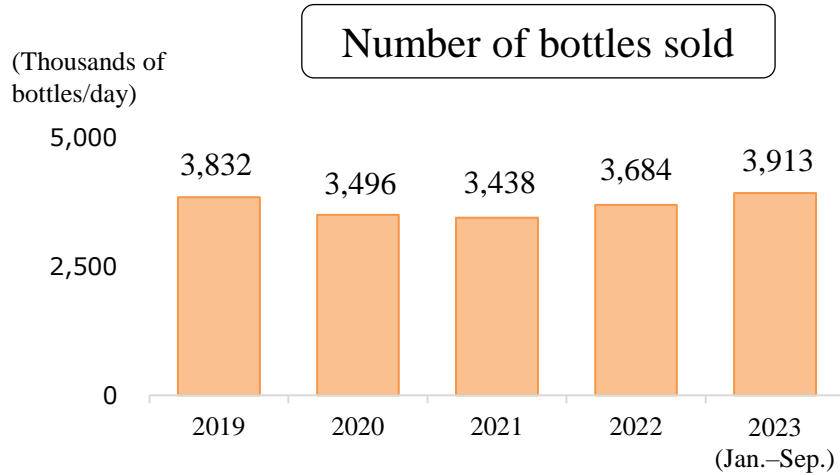
YoY decline

Major companies: Guangzhou Yakult Co., Ltd., Shanghai Yakult Co., Ltd.,
Beijing Yakult Co., Ltd., Yakult (China) Corporation,
PT. Yakult Indonesia Persada

- Price revision of around 10% implemented in January
→ **Number of bottles sold declined more than 10% from the previous year = Decline in net sales and profit**

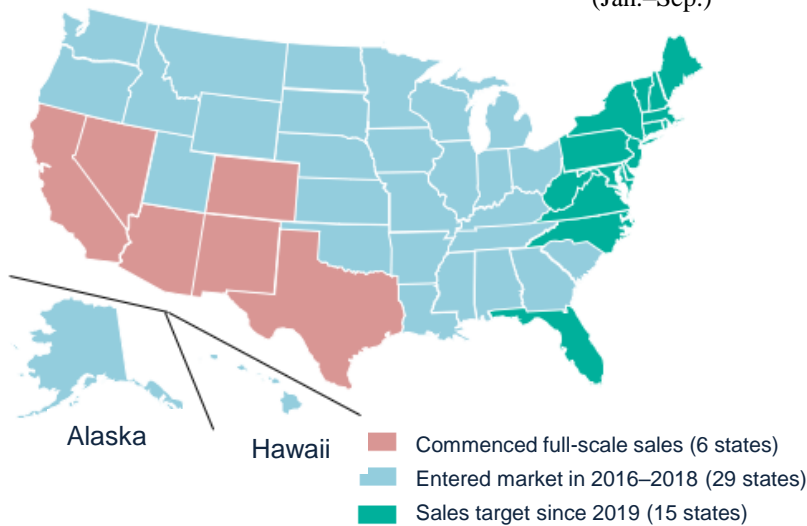
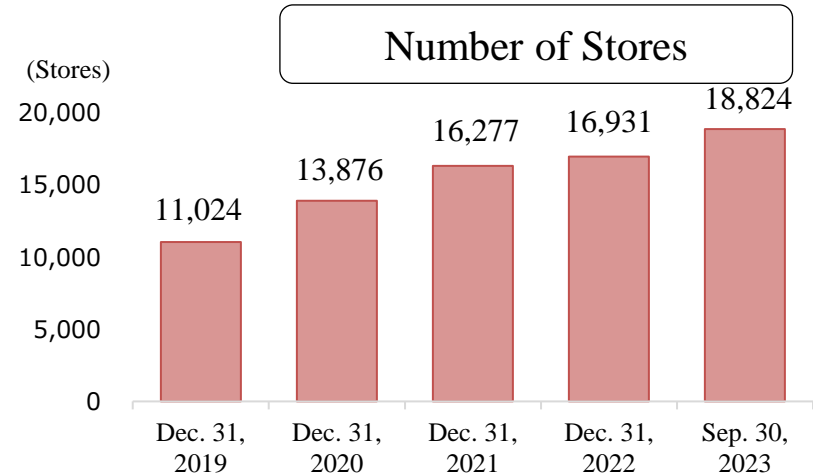
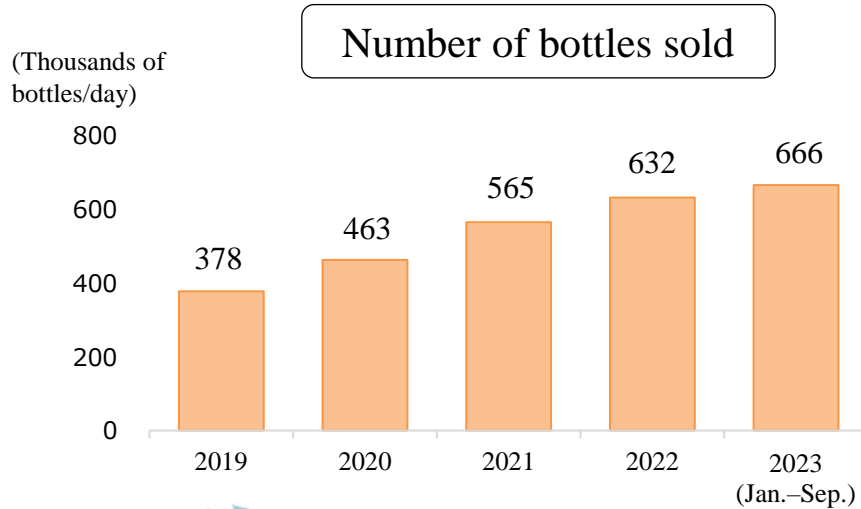
Companies with **stable growth** will make up for companies with **YoY decline**.
Potential of overseas business remains high, although it may take some time.

Food and Beverage (Overseas) —Status of major companies (Mexico)—



- The number of bottles sold has exceeded the previous year for eight consecutive quarters since the fourth quarter of FYE Mar. 2022
- The number of bottles sold has returned to a growth trajectory in which it exceeds that of the previous year alongside annual price revisions

Food and Beverage (Overseas) —Status of major companies (United States)—

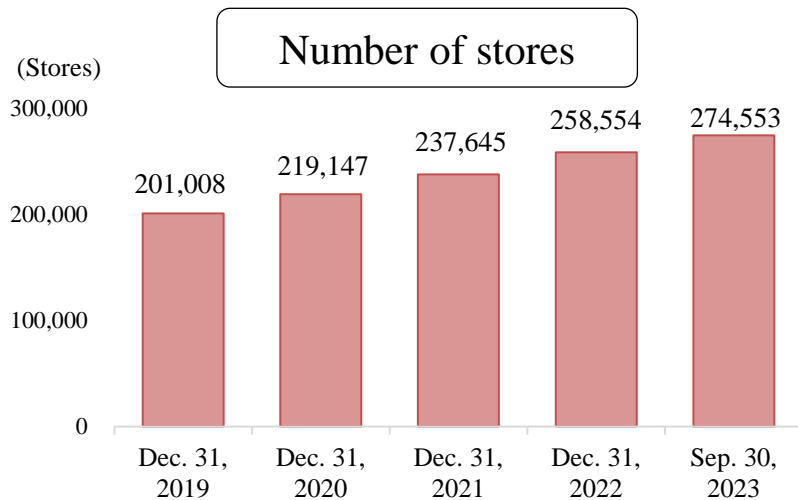
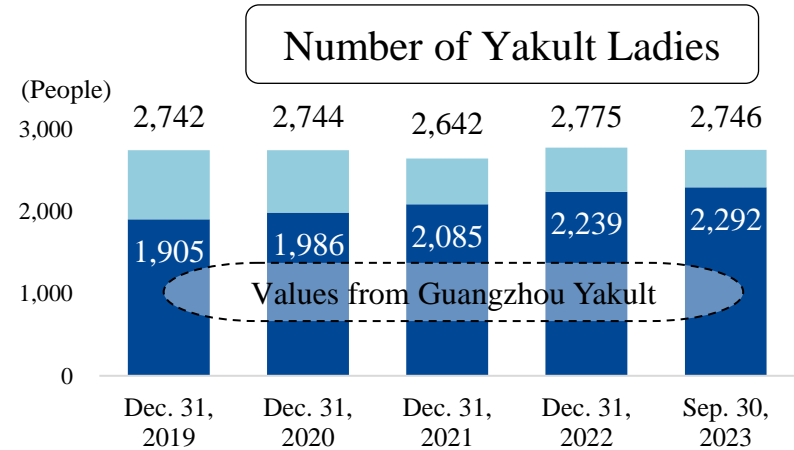
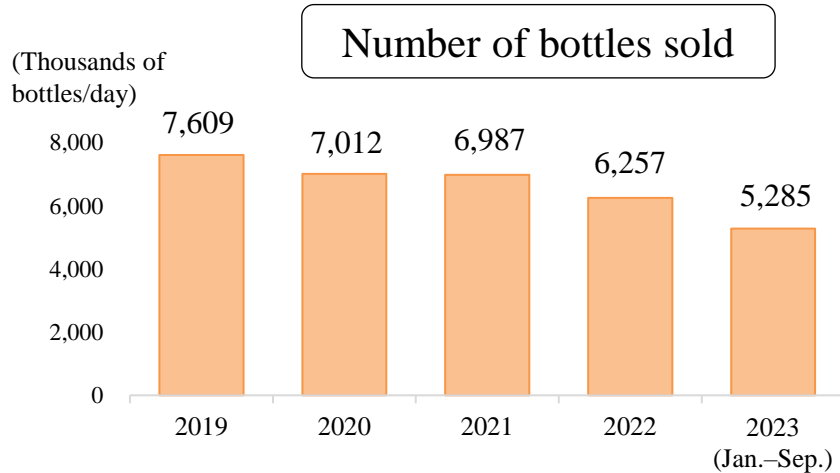


- The number of bottles sold continues to grow even after price revision in May 2022
- Considerations are underway for the construction of a plant in the Southeast to streamline logistics and prepare for future growth in demand

Food and Beverage (Overseas)

—Status of major companies (China*)—

*We have four companies in China
(Guangzhou Yakult, Shanghai Yakult, Beijing Yakult, Yakult China)



External circumstances

- Delayed recovery of Chinese economy, slowdown in consumption
- Major changes in consumption trends



Review and change sales strategies

Examples:

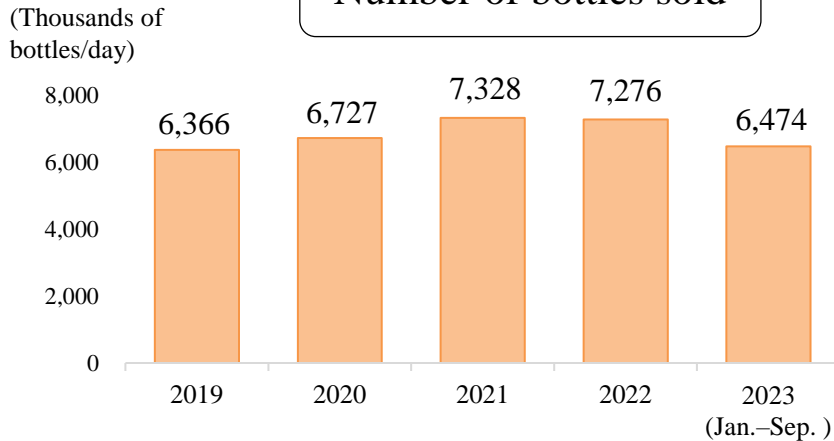
- Establish small- and medium-sized sales offices, respond meticulously to development of and deliveries to small- and medium-sized stores
- Make improvements to the EC channel

- Expected to take a commensurate amount of time before sales promotion efforts bear fruit
- Exploring potential paths to recovery with a great deal of trial and error

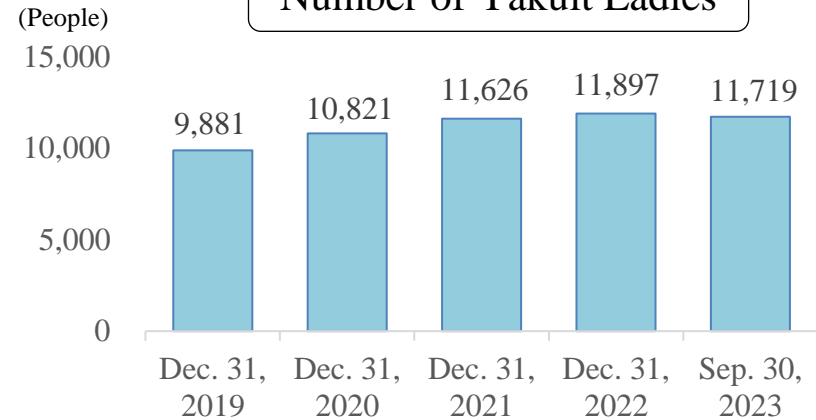
Food and Beverage (Overseas) —Status of major companies (Indonesia)—



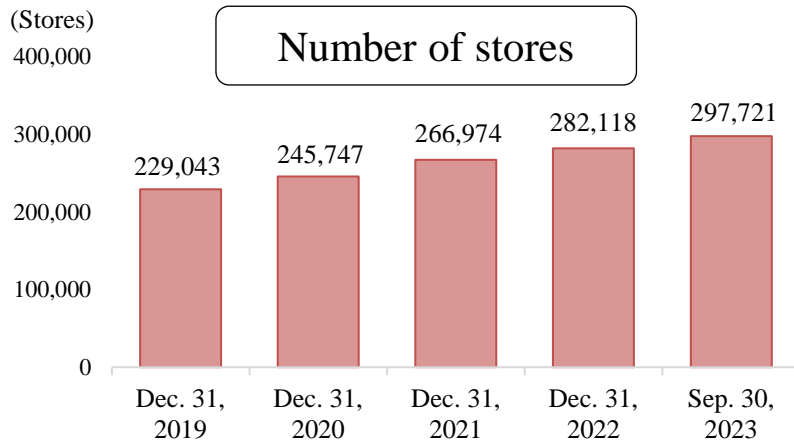
Number of bottles sold



Number of Yakult Ladies



Number of stores



Recovery of Yakult Ladies' sales capabilities

Resumed in-person training for Yakult Ladies and employees at the end of 2022, after it had been suspended during the pandemic.

Recovery of sales capabilities is expected to lead to an increase in the number of bottles sold.



- Slowdown in consumption due to inflation → Decline in number of bottles sold
- Time needed for labor force enhancements to lead to an increase in number of bottles sold

Expansion into new markets



Development of products for companion animals (pets)

- Capital and business alliance with Japan Pet Communications Co., Ltd.
- Use of galactooligosaccharides, an original ingredient of Yakult



Acquisition of plant-based yogurt business

- Acquired business from Pokka Sapporo Food & Beverage Ltd.
- Aim to propose new value to customers and to expand market even further

**Steadily expand our business areas with the aim of
“evolving into a healthcare company”**

Pharmaceutical Business



**Will proceed with
business transfer to
Takata Pharmaceutical**

Our entry into a basic agreement on the transfer of marketing authorization of anticancer drug *Elplat* to Takata Pharmaceutical was announced on October 24, 2023.

Prescription drugs to be transferred

Manufactured and sold by Yakult Honsha	<i>Elplat, Opeprim, Levofolinate [Yakult]</i>
Consigned drugs (Consigned from Takata Pharmaceutical)	<i>Gemcitabine [Yakult], Imatinib [Yakult], Gefitinib [Yakult], Pemetrexed [Yakult], Bortezomib [Yakult]</i>

Will proceed with the transfer and succession in a manner that will cause no inconvenience to patients and medical professionals.

Pharmaceutical Business in the future

No new anticancer drugs will be developed except for those currently under development. We will work on development of quasi-drugs, over-the-counter drugs, and supplements in microbiome fields grounded in our research into lactic acid bacteria, which serves as the foundational research of Yakult Honsha.

CAUTIONARY STATEMENT



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