

Long-term Vision
“Yakult Group Global Vision 2030”

June 23, 2021

Yakult Honsha Co., Ltd.

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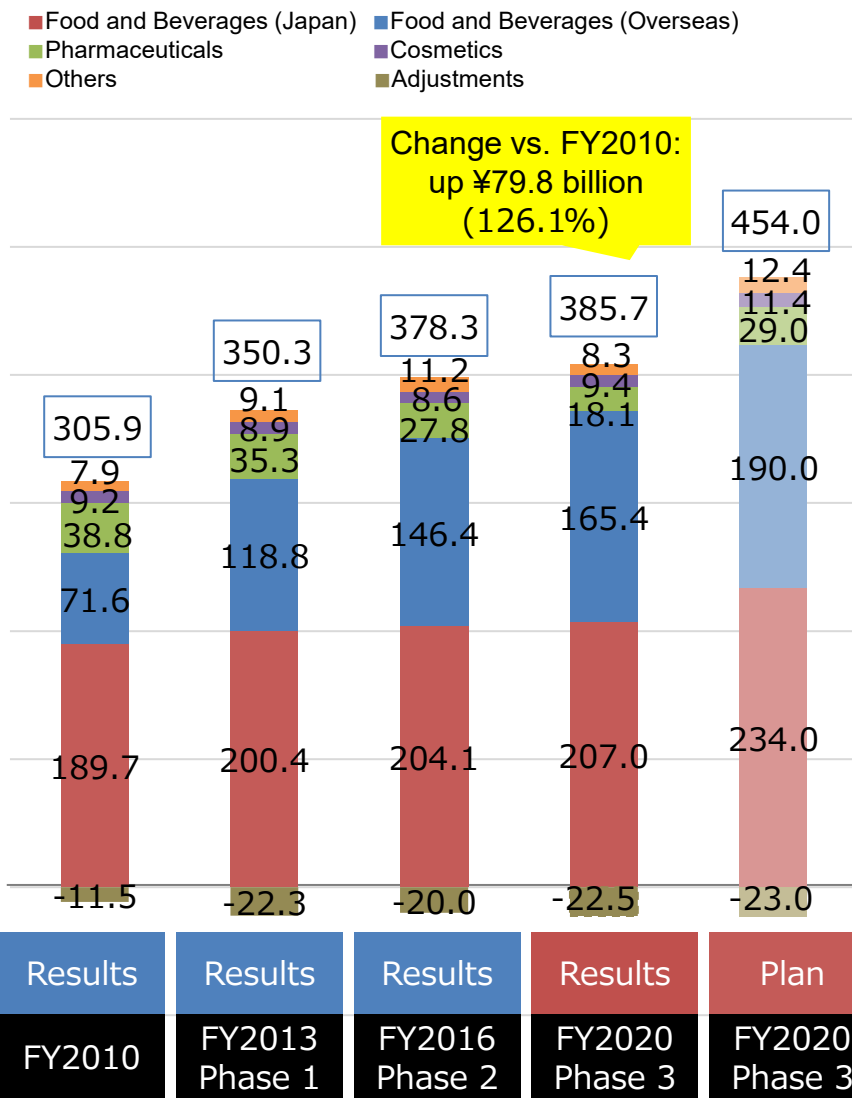
1. Review of “Yakult Vision 2020”

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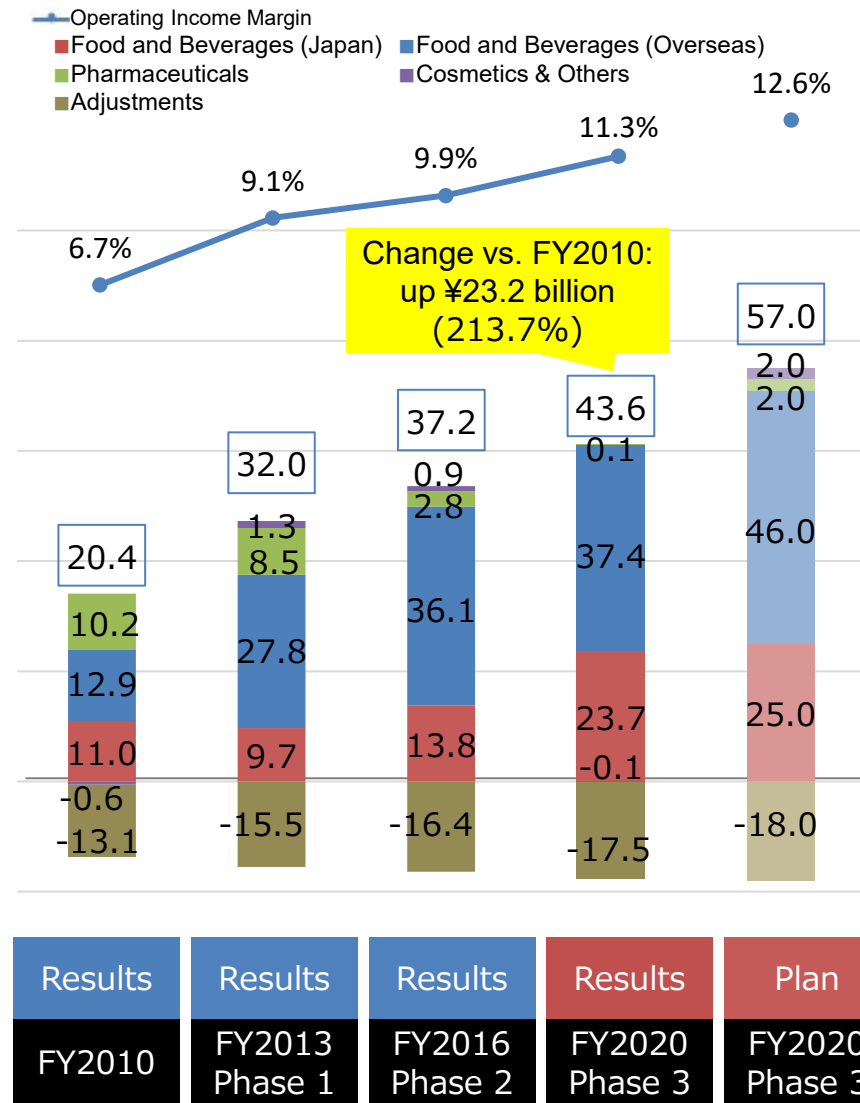
(1) Results of "Yakult Vision 2020"



① Consolidated Sales (billion yen)



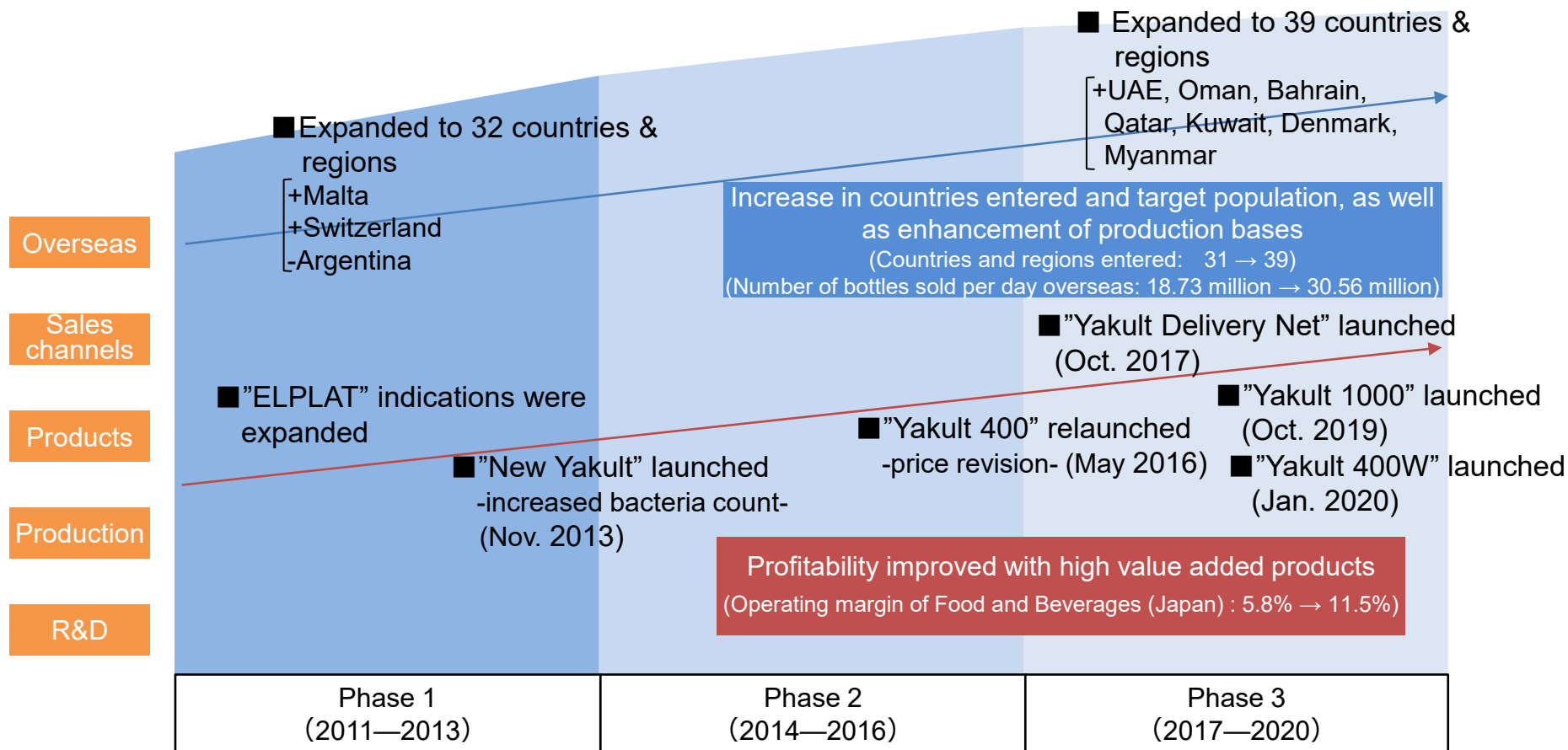
② Consolidated Operating Income (billion yen) / Consolidated Operating Income Margin



(2) Key achievements of “Yakult Vision 2020”



Yakult Vision 2020



We have expanded overseas bases and improved profitability of Domestic Food & Beverages over 10 years. We will link this to further growth in the next vision.

2. “Yakult Group Global Vision 2030”

Corporate philosophy

We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular.

What we
aspire to be

Yakult Group Global Vision 2030
**Evolve into a healthcare company
that continues contributing to
people's health around the world**

Qualitative goals

Deliver good health to as many people as possible around the world

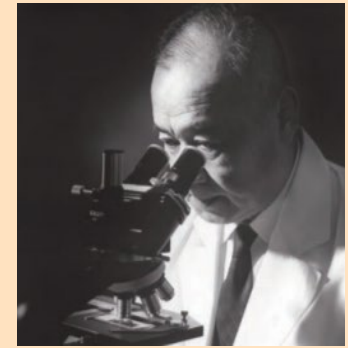
Offer customers new values which match their needs

Realize a society in which people and the planet co-exist

(2) Concepts underpinning Yakult's growth



- Dr. Minoru Shirota, the founder of Yakult, witnessed a large number of children dying from infectious diseases caused by poor sanitary conditions.
- He set his sight on the field of preventive medicine, which aims to help people avoid sickness, and succeeded in fortifying *Lactobacillus casei* strain Shirota.
- In order to provide the health benefits of this strain to as many people as possible, the fermented milk drink *Yakult* was born.



Minoru Shirota, M.D., Ph.D.

The business was born in an attempt to solve a social issue in Japan.

Shirota-ism, which is passed on



Shirota-ism began with solving health-related social issues.



Health issues in Japanese society have changed since the time of Yakult's founding and will change more rapidly going forward.

(3) Change in the concept of health and diversification of the health domain



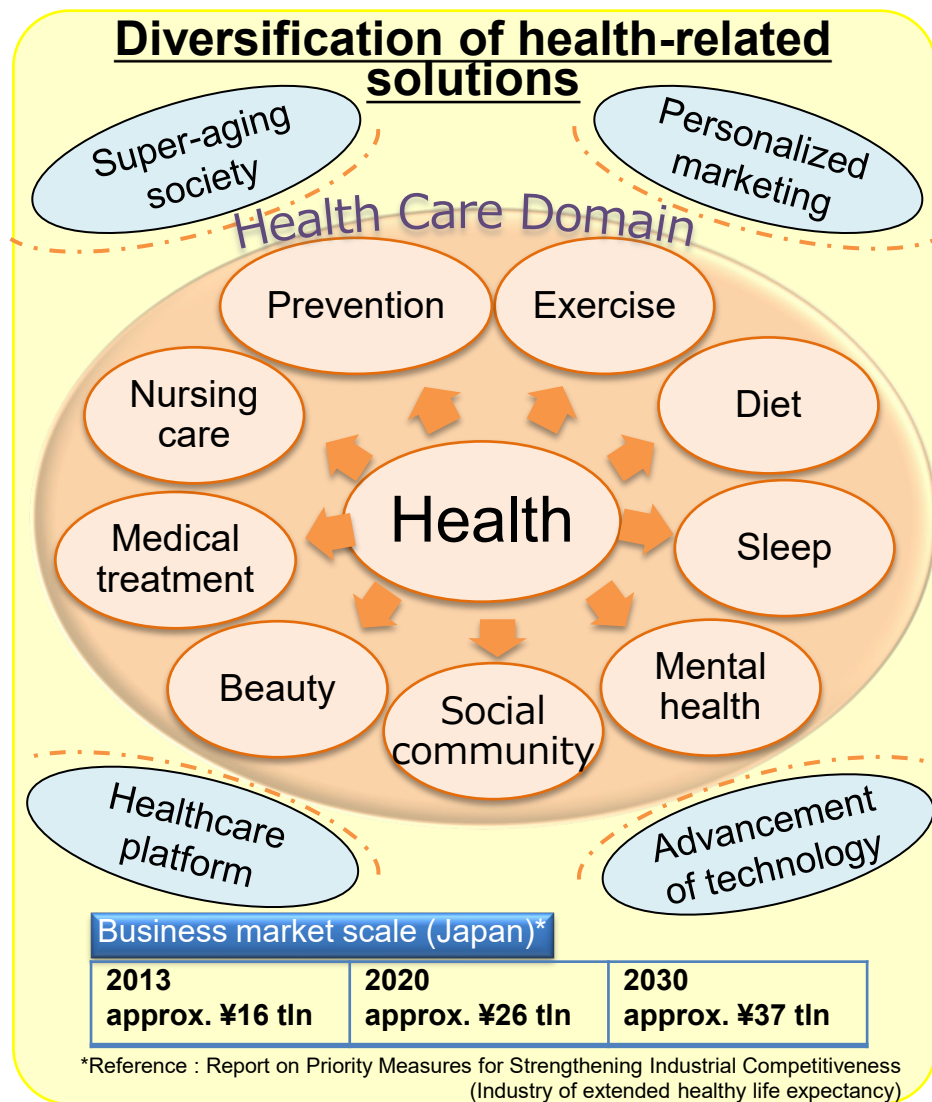
Health as a concept

- Physically satisfied
 - Not sick -External beauty
- Mentally satisfied
 - Mental health -Self-confidence
- Socially satisfied
 - Community, Connection
 - Environmental consideration



COVID-19 crisis: rising health awareness

- A body that does not succumb to infection
 - maintaining and improving immune function
 - improving healthy habits like exercise, etc.
- Handling of stress
 - stress from changes in work environment and lifestyle
- Dealing with a lack of communication etc.



We will respond to the further rise in people's health awareness, expansion of the healthcare domain, and diversification of solutions and continue to work on solving social issues.

(4) Promotion of corporate activities that correspond to changes in the environment



-What we should be-
Realize corporate philosophy

-Opportunity-
Expand of healthcare field

-Transition-
Transition of business and social environment

What we aspire to be

Yakult Group Global Vision 2030
Evolve into a healthcare company that continues contributing to people's health around the world

Qualitative goals

Deliver good health to as many people as possible around the world

Offer customers new values which match their needs

Realize a society in which people and the planet co-exist

Key themes

Strengthening global expansion

Expansion of business domain

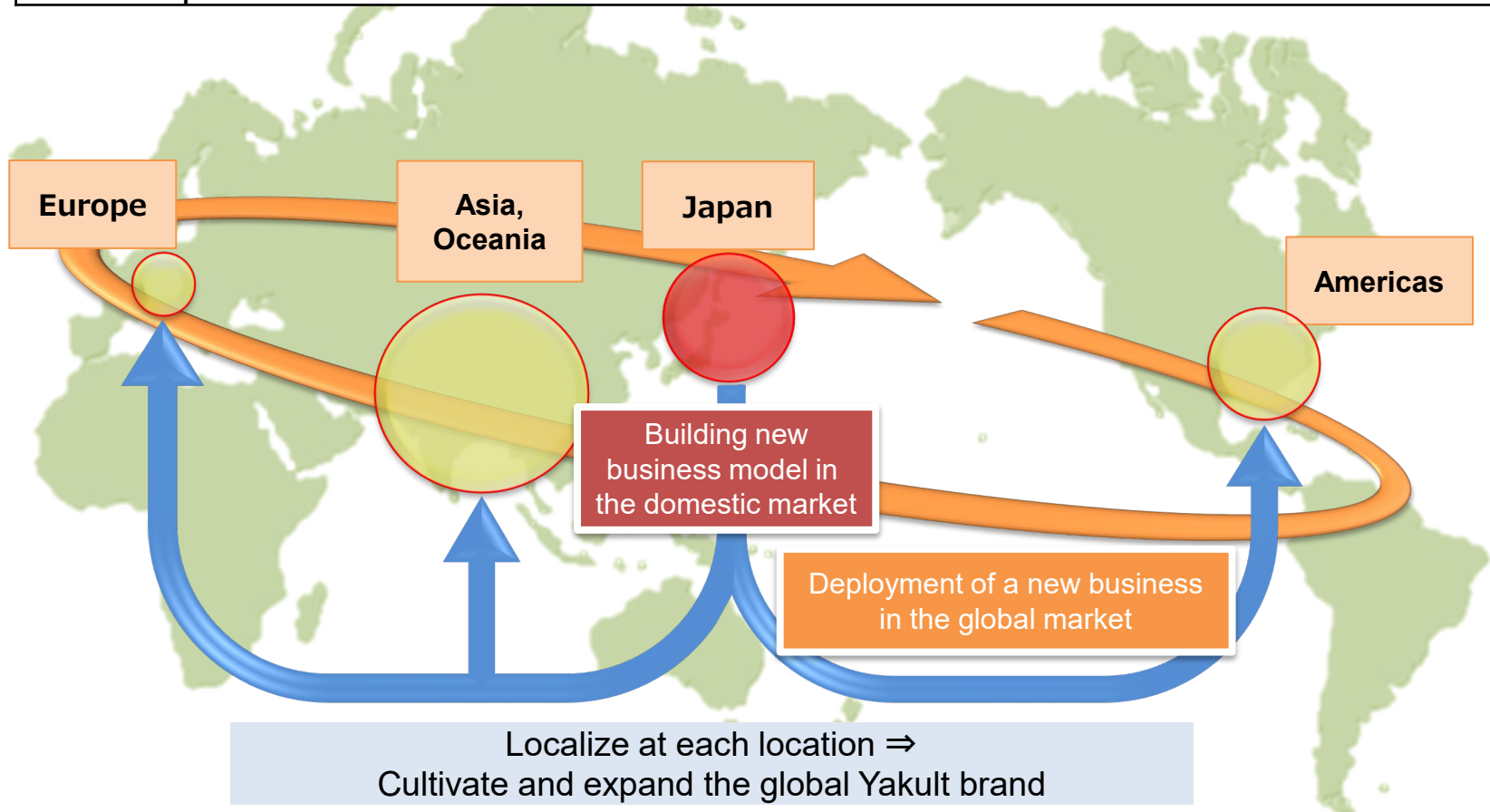
Responding to environmental issues

Planning a long-term corporate strategy based on key themes, we will continue corporate activities to solve customers' health issues.

(5) Strengthening global expansion

Deliver good health to as many people as possible around the world

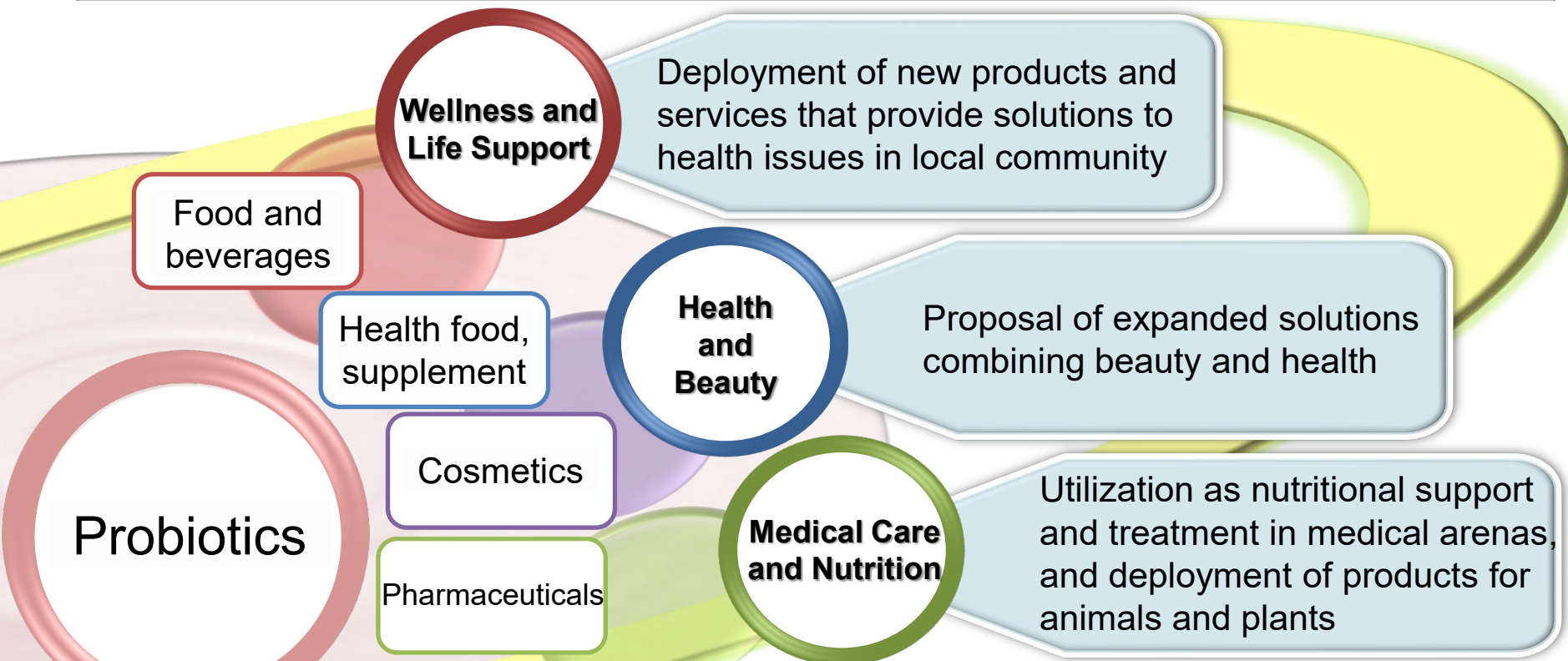
- Make "a healthy intestinal tract leads to long life" a realization for as many people as possible.
- Develop new channels to create an environment that enables anyone to acquire our products.
- Support people's healthy lives with the pillars of preventive medicine and therapeutic medicine.



(6) Expansion of business domain

Offer customers new values which match their needs

- Offer products and services corresponding to individual health issues and next-generation health.
- Evolve into a healthcare brand that responds to the health needs of people around the world.
- Contribute to prolonged health expectancy through locally rooted sales organizations and connections with individual customers.



Aim to expand field of operations to become a healthcare company having its core in probiotics

(7) Responding to environmental issues

Realize a society in which people and the planet co-exist

- Fulfill our social responsibility as a global company while co-existing with the local community and being in harmony with the environment.
- Contribute to the realization of a sustainable society.
- Establish healthy lifestyles and develop safe and secure communities.

Environmental Vision 2050

"To realize a society where people and the planet co-exist as one through a value chain that has zero environmental impact"
— Net Zero Carbon Emissions (in scopes 1, 2 and 3) —



People and Planet as One
Yakult Group Environmental Vision

Initiatives for 2030

Climate change

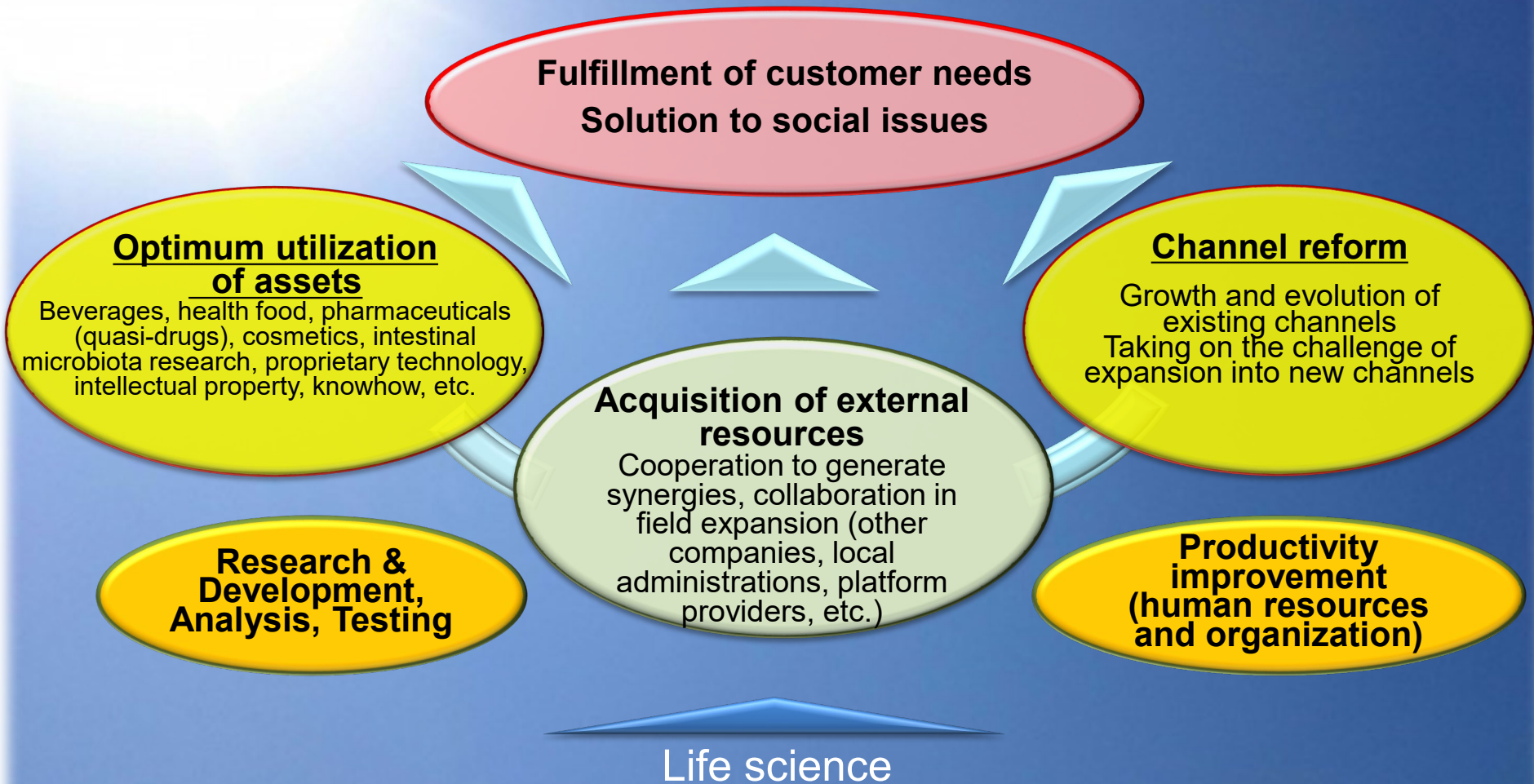
Reduce GHG emissions

Plastic containers and packaging

Reduce plastic containers and packaging or make them recyclable

Water

Reduce water consumption



In addition to the continued growth of existing business, aim to fulfill customer needs and offer solutions to social issues through the optimum utilization of the Group's assets, channel reform, and acquisition of external resources.

2. "Yakult Group Global Vision 2030"

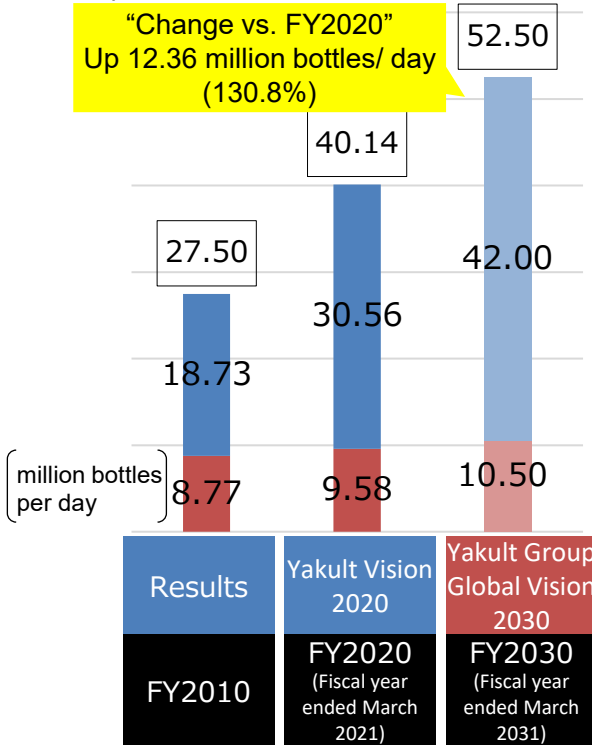
(9) Quantitative goals



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

■ Japan ■ Overseas

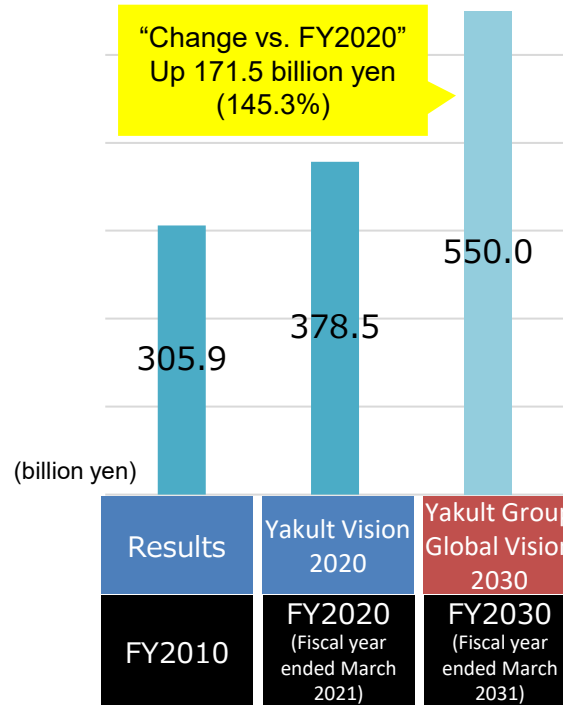
"Change vs. FY2020"
Up 12.36 million bottles/ day
(130.8%)



② Consolidated Sales (billion yen)*

**Accounting Standard for Revenue Recognition* is applied to figures of FY2020 and FY2030

"Change vs. FY2020"
Up 171.5 billion yen
(145.3%)

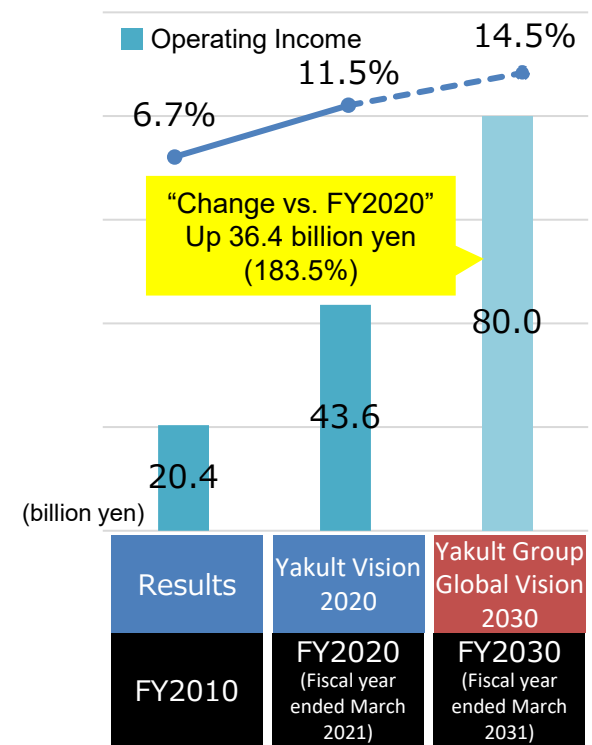


③ Consolidated Operating Income (billion yen) · Consolidated Operating Income Margin

— Operating Income Margin

■ Operating Income
— Operating Income Margin

"Change vs. FY2020"
Up 36.4 billion yen
(183.5%)



- In the plan for FY2030, we will increase the number of bottles of dairy products sold worldwide, consolidated sales and consolidated operating income in comparison with FY2020 by continuing to grow Overseas Food and Beverages and improving the profitability of Domestic Food and Beverages.
- In Overseas Food and Beverages, we will work to promote cultivation and expansion and the establishment of a new growth model.
- In Domestic Food and Beverages, we will aim to capture demand by actively developing new products and services that respond to the diversifying needs of customers.
- In addition to the above, expand into a new field in the aim to realize continuous growth in FY2021 and onwards

3 . Medium-term Management Plan (2021-2024)

Taking on the challenge of innovation

Proactively take on the challenge of creating new values that address changes in the social environment

Key themes

- 1 Expanding business that correspond to the diversification of customers' values
- 2 Realizing continuous growth by strengthening global expansion
- 3 Expansion of business domain with the aim of becoming a healthcare company
- 4 Optimal utilization of group's management resources
- 5 Strengthening initiatives addressing environmental issues for sustainable growth
- 6 Promotion of investment to realize innovation

3. Medium-term Management Plan (2021-2024)

(2) Segment-based strategy -Expanding business that correspond to the diversification of customers' values-

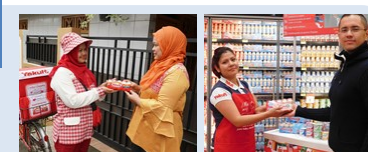


Food and Beverages (Japan)



- Implement product strategy centered on core products and high value added products
- Expand customer contact and acquire new customers by building an organizational structure to respond to diversification of consumers
- Contribute to society through promotion of a business model that is meticulous and community-based

Food and Beverages (Overseas)



- Achieve growth in existing markets
- Develop the foundation for creating new markets and strengthen brands
- Take measures for sustainable growth of international business

Pharmaceuticals



- Continuous development, launch, and market deployment of superior products that cater to medical needs
- Improve profitability through optimization and effective utilization of management resources
- Plan and consider new businesses that lead to health and long life of people by utilizing the strengths and management resources to the maximum extent

Cosmetics



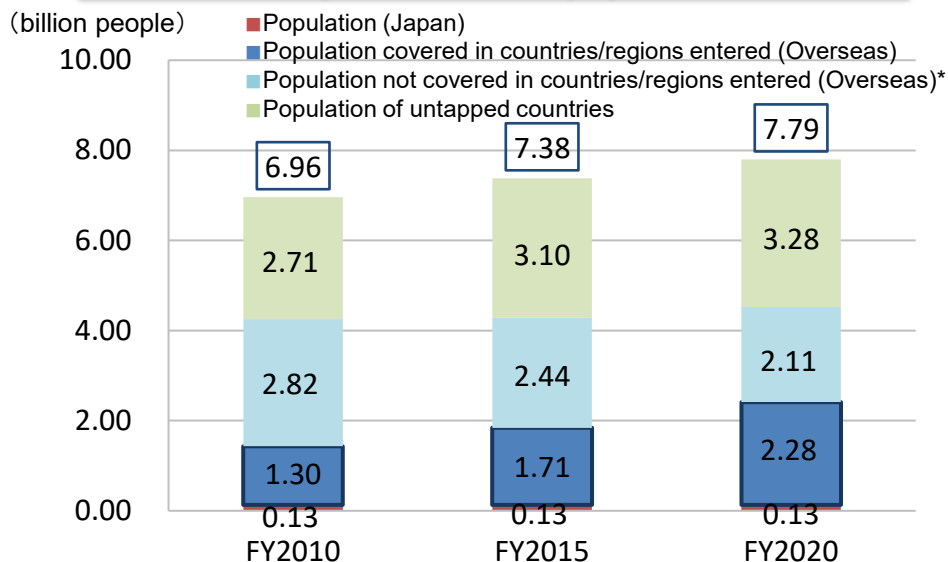
- Deploy products and services with lactobacillus and fermentation at the core
- Build a new framework that suits the needs of diversifying customers in the Japanese business
- Take on the challenge in new markets overseas and expand business

3. Medium-term Management Plan (2021-2024)

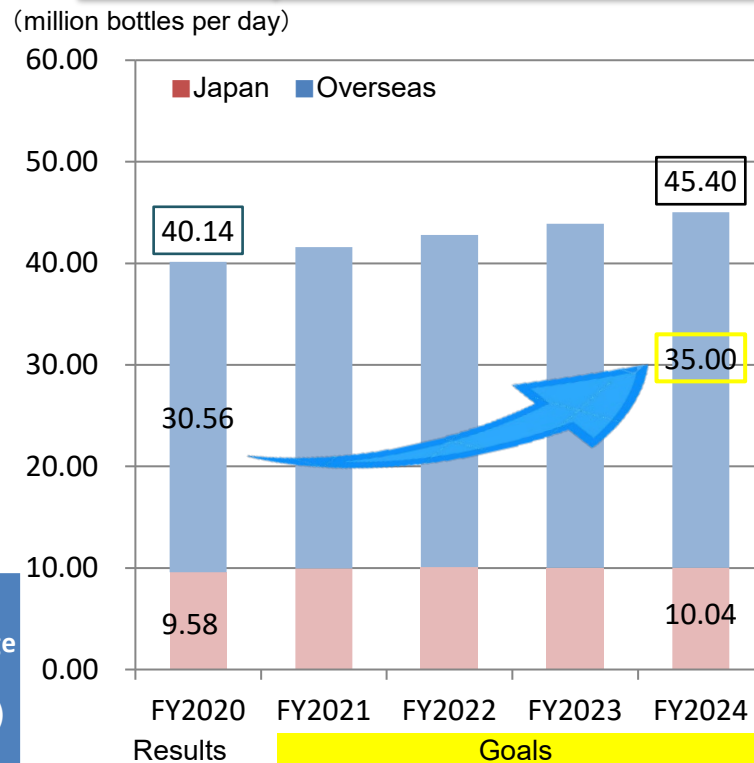
(3) Global expansion -Realizing continuous growth by strengthening global expansion-



Population covered in countries/regions entered compared to world population



【Goals】 Number of bottles of dairy products sold worldwide



	① World population	Number of countries / regions entered (Overseas)	Population of countries / regions entered (Overseas)	② Population Covered in countries / regions entered (Overseas)	Coverage ratio (②/①)
FY2020	7.79 billion people	39 countries / regions	4.38 billion people	2.28 billion people	29.3%

*Population of areas where we have not yet established the sales environment in countries and regions entered

The coverage ratio in countries and regions entered overseas is 29.3%. We will aim to expand the business by increasing the population covered in countries and regions entered through the continuous cultivation and expansion of the market and forays into new countries.

Concentrated use of management resources and further promotion of human resource training to strengthen global expansion

① Development of new products in existing businesses

Changes in social environment

Environment for ingredients, response to sustainability



Expansion of plant-based food market reflecting health needs



Utilization of assets

Lactobacillus and various ingredients with health functions

Fermentation technology developed in probiotics manufacturing

×

Plant-based ingredients (plant milk, fruit juice)

Creation of new categories

Dairy products

Health drinks

+

Food products based on plant ingredients

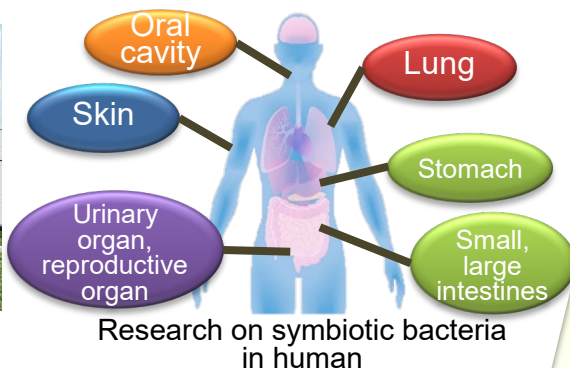
New value in the food and beverages business

② Creation of new values in new businesses

Microbiome research at Central Institute



Yakult Central Institute



Create "Medical biome®*" business

Manufacture and sale products that are useful for maintaining health and treatment in medical scenes

"Super synbiotics LBG - P"



*"Medical biome®" is a kind of brand name and registered by Yakult Honsha as a trademark in Japan



Value chain optimization of Yakult Honsha

Research

Development

Production

Logistics

Communication

Sales

- Building a development system for new products and services that suit the needs of customers
- Saving the resource and improving efficiency to respond environmental issues
- Strengthening high-quality engagement with stakeholders

Synergies with the group's management resources

Yakult Honsha × Yakult Group Sales Companies × Oversea Operations × Associated Companies

- Expansion of business domain through collaboration of group's resources
- Optimal utilization of group's assets (human, capital, money, information)
- Building a customer platform using digital technology

Main key themes and action plans

Environmental action (2021-2024)	
Environment	<ul style="list-style-type: none"> ● Achieve a zero-carbon society Reduce GHG emissions (in Japan, scopes 1 & 2) by 10% 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 make them recyclable ● Reduce water consumption Reduce water consumption (at dairy product plants in Japan, per production unit) by 3% compared to fiscal 2018 levels ● Reduce waste <ul style="list-style-type: none"> • Reduce amount of waste generated by 20% compared to fiscal 2010 levels • Maintain a 95% recycling rate for food waste ● Conserving and utilizing biodiversity <ul style="list-style-type: none"> • Support and participate in conservation activities • Promote biodiversity education
Society	<ul style="list-style-type: none"> ● Provide safe and reliable products ● Activities for solving local issues ● Promote work-life balance ● Promote diversity ● Respect for personalities and human rights
Governance	<ul style="list-style-type: none"> ● Ensuring fair and sound transaction ● Implement corporate governance ● Disclosure of corporate information and communication with society

**Operating cash flow
(2021-2024)
Approx. 260 billion yen**

- R&D investment for business expansion and continuous marketing investment
- Acquisition of professional human resources (digital, marketing, etc.)

**Capital investment in existing fields
Approx. 130 billion yen**

Capital investment for business expansion and improvement in profitability

- Expand overseas business
- Strengthen production structure in Japan and overseas

**Growth investments in new fields,
shareholder return policy**

Growth investment for building new business models

- Acquire external resources (business tie-ups, M&As, etc.)
- Investments to establish new businesses
- Promote DX

Dividend payment to shareholders

- Enhance profit distribution (place top priority on aiming to continuously increase dividends)

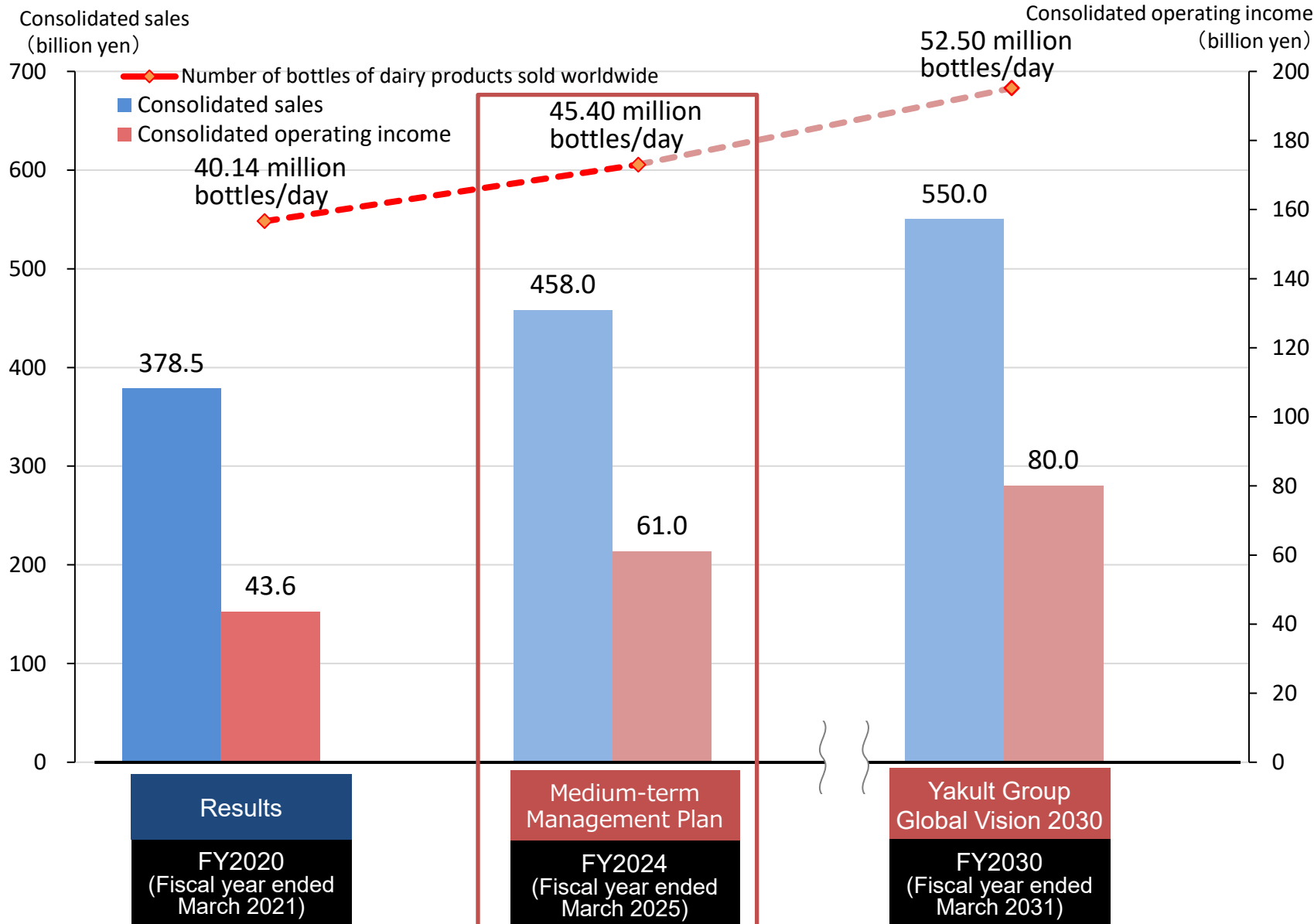
3. Medium-term Management Plan (2021-2024)

(8) Quantitative goals



*“Accounting Standard for Revenue Recognition” is applied to consolidated sales

① Company-wide



(8) Quantitative goals



(billion yen)

② By segment

		FY2020 (Fiscal year ended March 2021) Results	FY2024 (Fiscal year ended March 2025) Goals			
			Changes vs. FY2020	Ratio vs. FY2020	CAGR 2020-2024	
Consolidated sales	Food and Beverages (Japan)	187.9	223.0	+35.1	118.7%	4.4%
	Food and Beverages (Overseas)	165.4	200.0	+34.6	120.9%	4.9%
	Pharmaceuticals	17.2	15.5	-1.7	90.1%	-2.6%
	Others	17.2	29.0	+11.8	168.6%	14.0%
	Cosmetics	9.3	16.0	+6.7	172.0%	14.5%
	Adjustments	-9.3	-9.5	-0.2	—	—
	Total	378.5	458.0	+79.5	121.0%	4.9%
Consolidated operating income	Food and Beverages (Japan)	23.7	31.0	+7.3	130.8%	6.9%
	Food and Beverages (Overseas)	37.4	46.0	+8.6	123.0%	5.3%
	Pharmaceuticals	0.1	1.0	+0.9	1000.0%	77.8%
	Others	-0.1	3.2	+3.3	—	—
	Cosmetics	1.4	2.8	+1.4	200.0%	18.9%
	Adjustments	-17.5	-20.2	-2.7	—	—
	Total	43.6	61.0	+17.4	139.9%	8.8%

*“Accounting Standard for Revenue Recognition” is applied to consolidated sales

(8) Quantitative goals

③ Others

	FY2020 (Fiscal year ended March 2021) Results	FY2024 (Fiscal year ended March 2025) Goals	
			Changes vs. FY2020
Consolidated operating income margin	11.5%	13.3%	+1.8%
EPS	244.8yen	300.0yen	+55.2yen

*“Accounting Standard for Revenue Recognition” is applied to consolidated sales

Number of bottles of dairy products sold worldwide (million bottles/day)		40.14	45.40	+5.26
	Japan	9.58	10.40	+0.82
	Overseas	30.56	35.00	+4.44
Population ratio *1	Japan	7.5%	8.5%	+1.0%
	Overseas	1.3%	1.4%	+0.1%
	Marketing Population *2	2.42billion	2.59billion	+0.17billion

*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”

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