



Morinaga Milk Industry Co., Ltd.
Financial Results Presentation for
the Fiscal Year Ended March 31, 2024

May 15, 2024

- 1. Overview of the FYE March 2024 Financial Results**
- 2. Outlook of Financial Results for FYE March 2025**
- 3. Toward Sustainable Growth**
 - Progress of the Medium-Term Business Plan 2022-2024 (from April 1, 2022 to March 31, 2025)
 - Action to Implement Management That is Conscious of Cost of Capital and Stock Price
 - Progress of the Sustainability Medium- to Long-Term Plan 2030

Overview of Today's Presentation

FYE Mar. 2024
results
FYE Mar. 2025
forecast

Management that is
Conscious of Cost of
Capital and Stock Price
Capital efficiency
improvement

- ✓ FYE Mar. 2024: Higher net sales and profits (Operating profit +¥3.9 billion YoY)
Domestic business remained strong throughout the fiscal year. Global Business in line with expectations despite profit decline
- ✓ FYE Mar. 2025 forecast: Higher operating profit (+¥2.2 billion YoY)
Despite ongoing impact of higher raw material and logistics costs we expect to secure profit increases, mainly in Japan, by continuing price revisions and expanding high-value-added products, etc. Global Business assumed slight profit increase year on year
- ✓ Final year of Medium-term Business Plan: An important 12-month period that leads to next MTBP and realization of 10-year Vision; operating profit target raised to ¥30.0 billion
- ✓ Announced “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”
- ✓ We will work on 1. Improving profitability/efficiency, 2. Updating balance sheet policy, and 3. Strengthening IR/corporate governance, to increase corporate value.
- ✓ Based on policy of pursuing optimal capital structure, we will strengthen shareholder returns in FYE March 2025 (FYE March 2024 dividend 60 yen → FYE March 2025 90 yen; introduction of interim dividend system; ¥10.0 billion in acquisitions of treasury shares)

1. Overview of the FYE March 2024 Financial Results

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Summary of Financial Results for FYE March 2024



Higher net sales and profits. Domestic business significant profit increase, Global Business in line despite profit decline

Three domestic businesses*¹: Higher net sales and profits

Net sales: ¥398.9 billion
+3.1% YoY, comparison with target: -1.0%
Operating profit: **¥18.7 billion**
+¥6.5 billion YoY, variance from target: -¥0.6 billion

- **Price revisions** (each category in Nutrition and Healthcare Food Business and Core Dairy Foods Business, B-to-B Business (food service and institutional food products))
- **Expansion and higher sales volume of high-value-added products** ("Mt. RAINIER CAFFÈ LATTE," ice cream, etc.), contribution of fine weather and recovery in flows of people
- Despite rises in raw milk and raw material prices on the one hand, **energy costs were controlled or even improved**
- **Strengthened promotions for bifidobacteria, etc.** with a focus on the future (mostly in 4Q)

Global business: Higher net sales and lower profits

Net sales: ¥60.4 billion
+1.8% YoY, comparison with target: -5.3%
Operating profit: **¥6.0 billion**
-¥4.1 billion YoY, variance from target: +¥0.5 billion

- Sales rose due partly to contribution from newly consolidated subsidiaries such as NutriCo Morinaga and Turtle Island Foods (TIF)
- **MILEI posted decline in reaction** to profit increase of previous fiscal year
- **Profit decline for business as a whole** due partly to losses at TIF and goodwill amortization, **but still in line**

Company as a whole*²: Higher net sales and profits

Net sales: ¥547.1 billion
+4.1% YoY, comparison with target: -0.5%
Operating profit: **¥27.8 billion**
+¥3.9 billion YoY, variance from target: +¥0.8 billion

- **Domestic business significant profit increase, Global Business in line despite profit decline**
- **Operating profit for company as a whole came in above forecasts (+¥3.9 billion YoY, variance from target: +¥0.8 billion)**

*¹ Three domestic businesses: Nutrition and Healthcare Food Business, Core Dairy Foods Business, B-to-B Business

*² Includes "Other/Eliminated."

Financial Results for FYE March 2024



(Unit: billion yen)

	FYE Mar. 2023	FYE Mar. 2024 target	FYE Mar. 2024	Year-on-year change	Year on year	Change from target	Rate of change vs target
Net sales	525.6	550.0	547.1	+21.5	+4.1%	-2.9	-0.5%
Operating profit	23.9	27.0	27.8	+3.9	+16.3%	+0.8	+3.1%
Ordinary profit	25.2	28.0	28.1	+2.9	+11.4%	+0.1	+0.4%
Profit attributable to owners of parent	16.9	61.7	61.3	+44.4	+263.3%	-0.4	-0.6%
Operating profit to net sales	4.6%	4.9%	5.1%				
ROE profit / equity capital	7.9%	24.5%	24.5%				
Global Business sales ratio	11.3%	11.6%	11.0%				
Annual dividend per share / Payout ratio	45 yen (90 yen* ¹) 24.1%	60 yen (120 yen* ¹) 33.6%* ²	60 yen 33.4%*²				

Key points

- Higher net sales and profits
- Profit
 - 1Q FYE March 2024 – Extraordinary income from sale of the site of former Tokyo Plant: ¥65.7 billion

*1 Level prior to the stock split implemented on December 1, 2023

*2 Figures exclude the impact from the transfer of the site of the former Tokyo Plant

FYE March 2024: Target Sales and Operating Profit for Each Business Segment



(Unit: billion yen)

	Net sales				Operating profit (operating profit to net sales)			
	FYE Mar. 2023	FYE Mar. 2024	Year on year	Rate of change vs target	FYE Mar. 2023	FYE Mar. 2024	Year-on-year change	Change from target
Nutrition and Healthcare Foods Business	123.7	127.3	+2.9%	+0.2%	5.6 (4.5%)	5.3 (4.1%)	-0.3	-1.4
Core Dairy Foods Business	170.2	175.3	+3.0%	-1.5%	5.1 (3.0%)	9.0 (5.1%)	+3.9	+0.1
B-to-B Business	93.2	96.4	+3.5%	-1.6%	1.5 (1.6%)	4.5 (4.6%)	+3.0	+0.8
Global Business	59.4	60.4	+1.8%	-5.3%	10.1 (17.1%)	6.0 (9.9%)	-4.1	+0.5
Other/Eliminated	79.2	87.7	+10.8%	+5.4%	1.6 (2.0%)	3.1 (3.5%)	+1.5	+0.9
Total	525.6	547.1	+4.1%	-0.5%	23.9 (4.6%)	27.8 (5.1%)	+3.9	+0.8

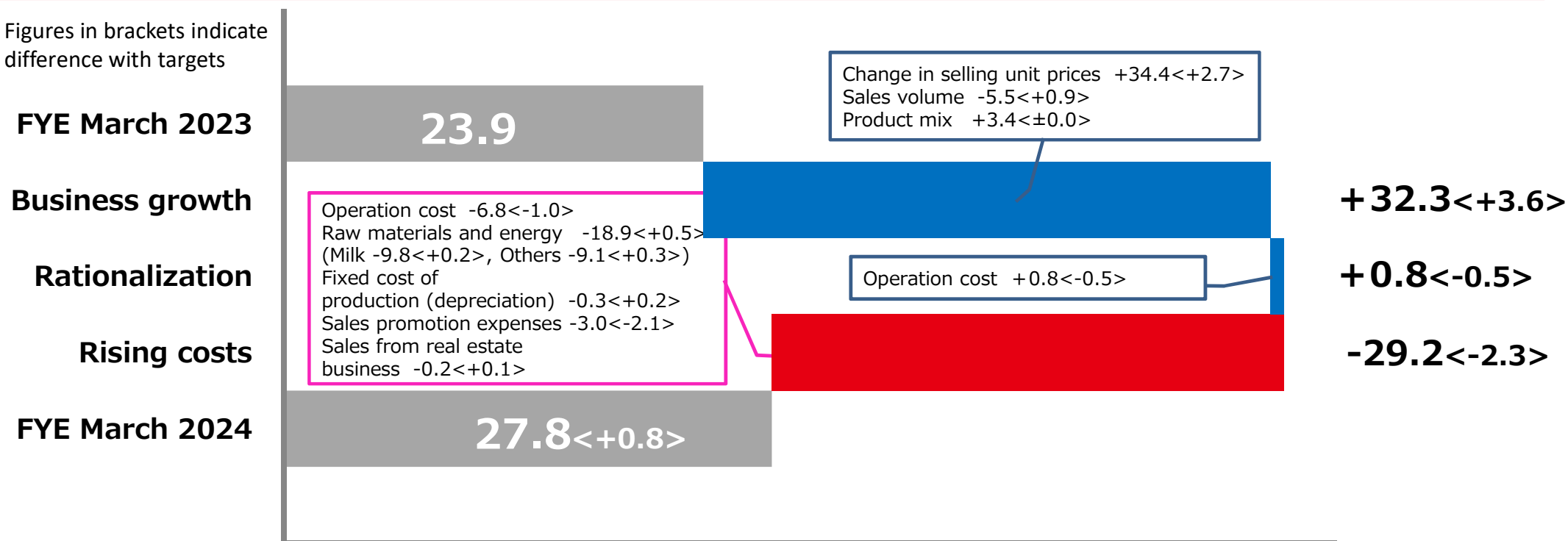
Key points

- Nutrition and Healthcare Foods Business: Higher revenues from yogurt, nutritional food products, and CLINICO. Higher raw material prices and price revisions. Committing costs to promotions for bifidobacteria and other products
- Core Dairy Foods Business: Product mix improved due to expansion of high-value-added products such as “Mt. RAINIER CAFFÈ LATTE,” ice cream, etc. Higher raw material prices and price revisions
- B-to-B Business: Higher milk prices for dairy products (April, December) and price revisions. Demand from restaurant industry solid due partly to recovery in flows of people, but volumes still constrained by impact of imbalance between supply and demand for dairy products
- Global Business: Contribution from newly consolidated (mostly net sales). Lower profit due to MILEI decline in reaction to previous year, TIF losses, recording of goodwill amortization,, etc.

Factors Attributable to Increases and Decreases in Operating Profit for FYE March 2024



Figures in brackets indicate difference with targets



Key points

- Change in selling unit prices: Price revisions for household/commercial use products. Contribution of improvements in channel mix.
- Product mix, etc.: Effect of higher beverage / ice cream sales. Negative growth in Global Business driven by decline at MILEI in reaction to previous strength and other factors
- Operation cost: In addition to one-off tax burden from sale of site of former Tokyo Plant and costs related to M&A / amortization of goodwill, personnel, logistics and other expenses increased
- Raw material prices and energy costs: Prices of imported dairy ingredients, imported unprocessed cheese, packaging materials, etc. increased. Energy costs improved year on year
- Sales promotion expenses: Committed costs to promotions for bifidobacteria and other products mostly in 4Q

2. Outlook of Financial Results for FYE March 2025

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Outlook of Financial Results for FYE March 2025



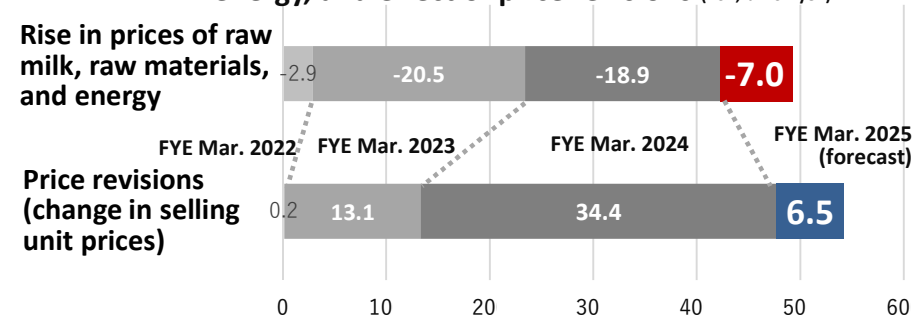
Operating Profit forecast: Growth centered on Japan, Global Business slight profit increase

- Net sales: ¥570.0 billion (+4.2% YoY) Operating profit: ¥30.0 billion (+¥2.2 billion YoY)
- Efforts to increase profits will be focused on Japan

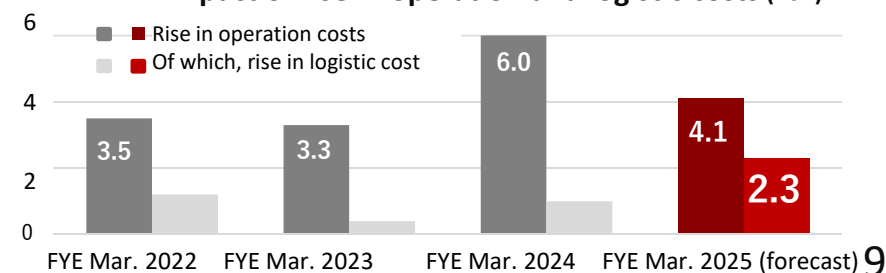
Key points

- ✓ Rising costs: Ongoing impact of raw material/energy price increase; logistics costs up significantly (increase in operation costs of ¥4.1 billion YoY, of which, logistics costs ¥2.3 billion)
- ✓ Price revisions: Response to higher raw material/energy costs
Sales volume increase, product mix improvement: Expand high-value-added products and new products
- Cover higher costs other than raw materials, aim for profit increase
- ✓ Global Business in 1H: Lower profits, due partly to high hurdle of MILEI's high performance in the 1Q of the previous fiscal year
2H: Will seek profit increases through bacteria exports, reductions in losses at TIF, other subsidiaries
- For full year, forecasting slight profit increase

Impact of rise in prices of raw milk, raw materials, and energy, and effect of price revisions (YoY, billion yen)



(Unit: billion yen) Impact of rise in operation and logistic costs (YoY)



Outlook of Financial Results for FYE March 2025



(Unit: billion yen)

	FYE Mar. 2024	FYE Mar. 2025 full-year target	Year-on-year change	Year on year	FYE Mar. 2024 1H	FYE Mar. 2025 1H target	Year-on-year change	Year on year
Net sales	547.1	570.0	+22.9	+4.2%	286.6	293.0	+6.4	+2.2%
Operating profit	27.8	30.0	+2.2	+7.8%	20.9	18.9	-2.0	-9.4%
Ordinary profit	28.1	30.3	+2.2	+7.8%	21.8	19.3	-2.5	-11.6%
Profit attributable to owners of parent	61.3	19.0	-42.3	-69.0%	59.2	12.0	-47.1	-79.7%
Operating profit to net sales	5.1%	5.3%						
ROE profit / equity capital	24.5%	7.0%						
Global Business sales ratio	11.0%	12.3%						
Annual dividend per share / Payout ratio	60 yen 33.4%*1	90 yen 40.0%						

Key points

- Operating profit target: ¥30.0 billion (+¥2.2 billion YoY)
Domestic: Ongoing impact of raw material/energy price increase, significant increase in logistics costs — aim to cover through price revisions, growth in volume of high-value-added/new products and PM improvements
Global Business: Profit decline forecast for first half, slight profit increase for full year
- Profit: Disappearance of extraordinary income of ¥65.7 billion in FYE March 2024 from sale of former Tokyo Plant site
- Dividend per share: FYE Mar. 2024 60 yen → FYE Mar. 2025 forecast **90 yen, introduction of interim dividend system**

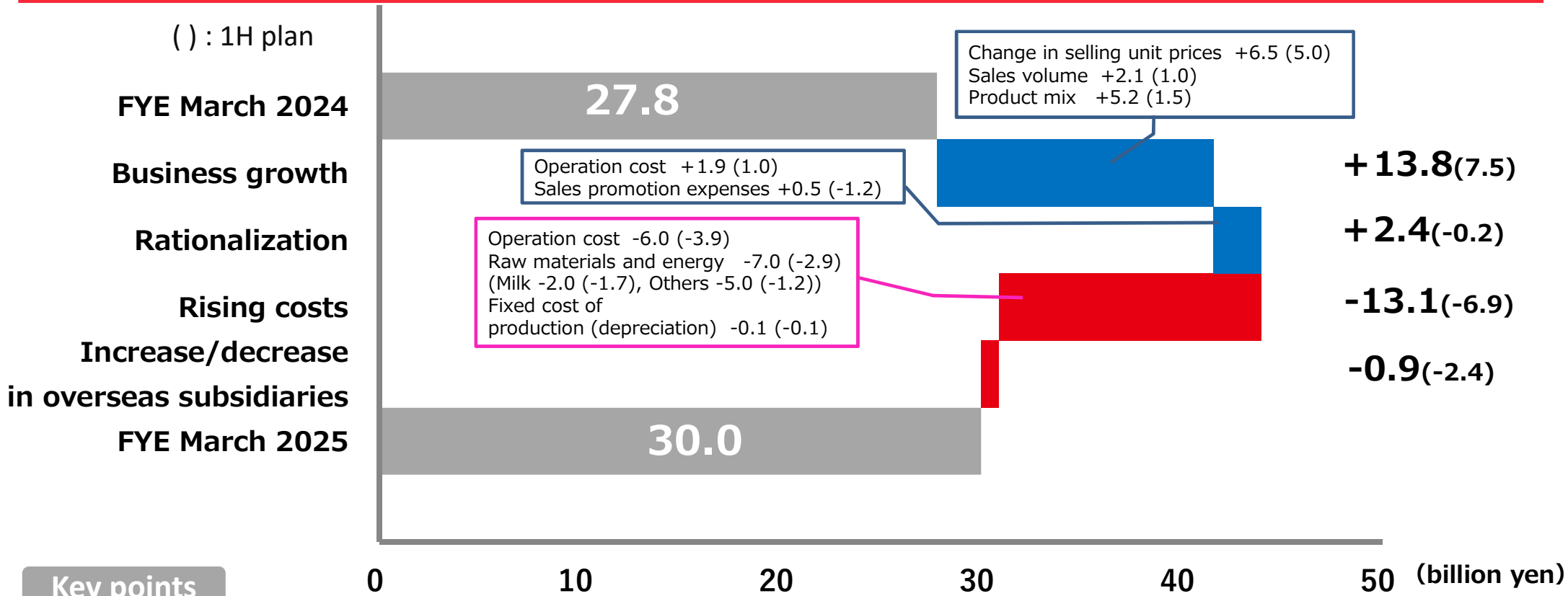
*1 Figures exclude the impact from the transfer of the site of the Tokyo Plant

Forecasts of Fluctuations to Operating Profit in FYE March 2025

Added "Increase/decrease in overseas subsidiaries" from FY25/3 plan



() : 1H plan



Key points

- Change in selling unit prices: Contribution of beverages including Mt. RAINIER CAFFÈ LATTE and initiatives conducted in the previous fiscal year (mostly in 1H)
- Product mix, etc.: Expansion of high-value-added products in beverage and ice cream categories, review of product specifications, etc.
- Raw material prices: Effects of higher costs for energy, imported dairy ingredients, cacao, packaging materials, etc., and of forex rates.
- Sales promotion expenses: Promotions for bifidobacteria, etc. to continue, assume improvement in 2H from previous-year cost increases
- Changes at overseas subsidiaries: Profits to decrease partly due to reaction to strong performance of MILEI in 1Q of the previous year, working to reduce losses in U.S., grow profits at each subsidiary in 2H

Initiatives by Business (1): Nutrition and Healthcare Foods Business



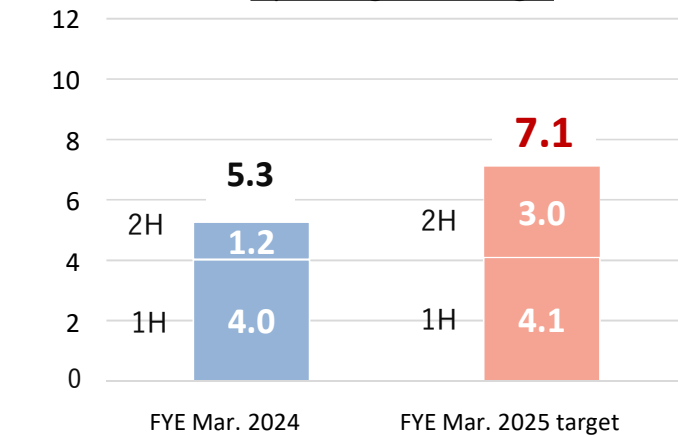
Continue with appeal based on health value, expansion of yogurt, promotion of bifidobacteria, etc.

Nutrition and Healthcare Foods Business

(Unit: billion yen)

	FYE Mar. 2024 results	Change rate/amount YoY	FYE Mar. 2025 target	Change rate/amount YoY
Net sales	127.3	+2.9%	132.6	+4.2%
Operating profit	5.3	-0.3	7.1	+1.8

Operating Profit Target



Key points

1. Appeal based on health value, expansion of high-value-added products

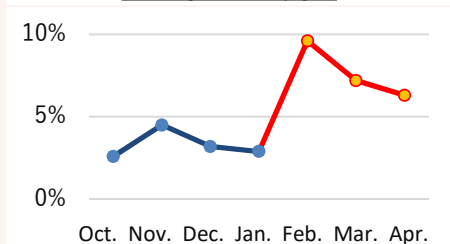
- Yogurt (See the next page.)
- Commercial milk (Home deliveries, etc.)
 - Redesign of delivery services: Respond to rise in health awareness / lifestyle changes Expand functional food line up, change container form factors
- Nutritional food products: Infant formula, etc.
 - Response to changes in the environment and convenience needs: "Eco-Raku-Pack"

2. Continue to implement promotions for bifidobacteria, etc.

- Also link to product advertising focused on medium- to long-term growth that communicates the value of bifidobacteria and bifidobacteria-related products
 - Continue to focus on fostering image of "bifidobacteria = Morinaga Milk"
 - FYE Mar. 2024: Committed to bifidobacteria/product advertising, mostly in 4Q



Monthly growth rates for Bifidus brand (including functional yogurt)



Initiatives by Business (1): Nutrition and Healthcare Foods Business



Yogurt: Concentrate resources on high-value-added/new products

Fermented vinegar beverage PURESU

- **Japan's*1 first new health beverage**
 - Focused on growing vinegar drink market
- **Leverages our unique research/technological capabilities**
 - Makes use of cheese by-product whey, fermented using bifidobacteria
 - Food with function claims that has three health functions

*1 First product in Japan to have effects of acetic acid and bifidobacteria listed on package, and that does not use vinegar as a raw material (source: Morinaga Milk research, based on prior-art searches and Mintel GNPD data, December 2023)



Functional Yogurt

- **Product lineup that can be used to address health issues**
 - Boosting main products
 - Strengthening promotions for “Triple,” “Bifidus Yogurt Improves Bowel Movement”
 - New “Bone Density Countermeasures” differentiates by caring for both bones and intestines
 - Revamping of “Memory Bifidus Memory Protection Yogurt”
- **Reignite growth through expansion of functional yogurt portfolio**
 - Addresses various health issues, appeal based on value of clearly defined functions



PARTHENO

- **Steady sales, continue to address protein needs**
 - Combines “deliciousness” with protein
 - Bolstering lineup of products containing at least 10 g protein



Aloe Yogurt

- **Long-selling brand reaching its 30th anniversary**
 - Strengthening promotions, rolling out new products



Initiatives by Business (2): Core Dairy Foods Business



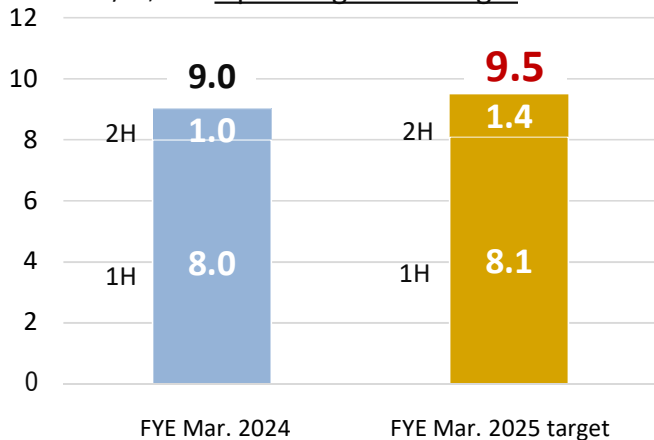
Expansion of high-value-added products, price revisions

Core Dairy Foods Business

(Unit: billion yen)

	FYE Mar. 2024 results	Change rate/amount YoY	FYE Mar. 2025 target	Change rate/amount YoY
Net sales	175.3	+3.0%	183.6	+4.8%
Operating profit	9.0	+3.9	9.5	+0.5

(Unit: billion yen) Operating Profit Target



Key points

1. Expansion of high-value-added products and improvement of product mix

- Mt. RAINIER CAFFÈ LATTE:
 - Significant growth previous fiscal year, aim to maintain/expand in FYE March 2025
 - 3rd round of price revisions (March 2024), ongoing promotions
 - Developing “Non-Sweet,” revamping “Creamy” series
- Ice cream
 - Continued focus on core brands Pino, PARM, and MOW
 - Measures for summer demand: Strengthen lineup of ice-based confectionery
- Manufacturing building extension at the Kobe Plant:
 - Scheduled for completion in April 2025 (1 year behind initial plan; amount invested: slightly over ¥15.0 billion)
 - Strengthening capacity at ice cream production facilities, a total of 5 lines (planned), primarily for main brands
 - Will gradually begin operation from Apr. 2025 onward (All lines scheduled to be in operation by January 2027)
 - Cash outflows during current MTBP: Approx. ¥10.0 billion, for a total of around ¥19.0 billion



2. Price revisions

- March 2024: Beverages (“Mt. RAINIER CAFFÈ LATTE”, “Lipton,” etc.)
- June 2024: Beverages “Sunkist” Others to be considered flexibly in response to conditions

Initiatives by Business (3): B-to-B Business



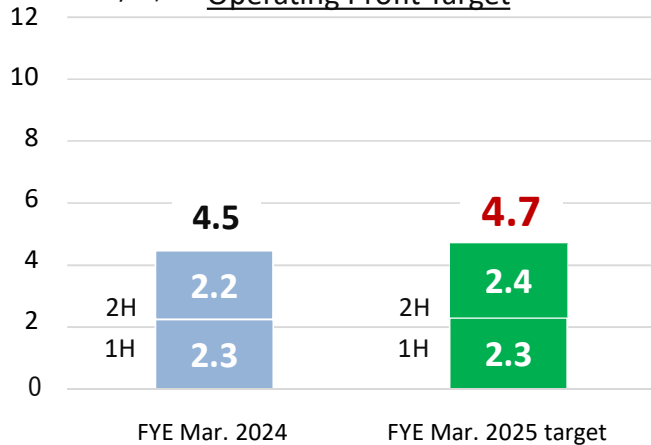
Sales expansion of bacteria. Gaining acceptance for price revisions of commercial dairy products and their sales expansion

B-to-B Business

(Unit: billion yen)

	FYE Mar. 2024 results	Change rate/amount YoY	FYE Mar. 2025 target	Change rate/amount YoY
Net sales	96.4	+3.5%	101.7	+5.5%
Operating profit	4.5	+3.0	4.7	+0.2

(Unit: billion yen) Operating Profit Target



Key points

1. Bacteria and functional ingredients

- Seeking to resume growth against the background of health needs and the resources we have developed
 - FYE March 2024: Lower revenue due to insufficient inbound tourism /overseas-related sales
 - Continued to cultivate major customers for supplement applications, develop new customers, and support overseas expansion
 - In addition to Bifidobacterium longum BB536, also expanding MCC1274, Happiness Lactobacillus, etc.



2. Commercial dairy products

- Demand is steady, seeking further expansion this fiscal year
 - Growth driven by recovery in flows of people and increases in inbound/tourism demand
 - Appropriate product proposals that reflect chronic labor shortages / need for simplification
- Continued supply concerns about butter and cream caused by changes in supply-demand structure of dairy industry



3. Price revisions

- Continue to implement/work for acceptance of price revisions that reflect raw milk price revisions for butter/cream (December 2023)

Initiatives by Business (4): Global Business



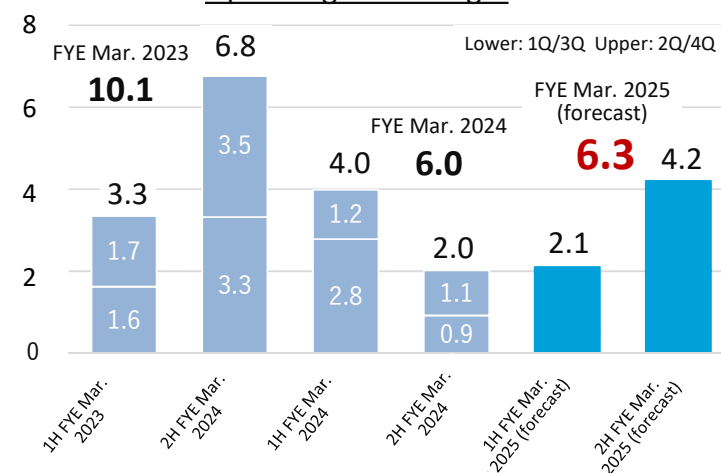
Despite 1H profit decline, 2H rise to result in full-year profit increase. Promoting medium- to long-term initiatives

Global Business

(Unit: billion yen)

	FYE Mar. 2024 results	Change rate/amount YoY	FYE Mar. 2025 target	Change rate/amount YoY
Net sales	60.4	+1.8%	70.3	+16.3%
Operating profit	6.0	-4.1	6.3	+0.3

(Unit: billion yen) Operating Profit Target



Key points

1. Operating profit: Despite 1H profit decline, we assume 2H rise will result in slight full-year profit increase

- **FYE March 2024: -¥4.1 billion YoY**
 - MILEI: Rise in profit from 3Q FYE March 2023 to 1Q FYE March 2024 driven by European whey market prices, followed by decline in reaction to this
 - Increase in goodwill amortization caused by 3 newly consolidated subsidiaries from M&A (slightly more than ¥1.0 billion)
 - Turtle Island Foods (TIF) (U.S.): Operating loss (slightly more than ¥1.0 billion)
- **1H FYE March 2025: -¥1.9 billion YoY**
 - 1Q: Assume decline due to previous-year hurdle of MILEI
- **Expect 2H rise to result in slight full-year profit increase: +¥0.3 billion YoY**
 - U.S. (TIF): Initiatives to reduce losses
 - Bacteria: Expand both for formula milk applications in China and elsewhere, and for supplement applications
 - Working to increase profits at Pakistan, Vietnam, other subsidiaries
 - MILEI: Despite expecting profit increases from 2Q onward, assume full-year decline due to hurdle in 1Q

Initiatives by Business (4): Global Business



Despite 1H profit decline, 2H rise to result in full-year profit increase. Promoting medium- to long-term initiatives

Key points

2. Promote “five challenges” of the Medium-term Business Plan

➤ MILEI GmbH (Germany)

- FYE March 2025: Market conditions to bottom, whey protein to expand, and lactoferrin sales to grow
- Looking to the future, promote initiatives to improve quality/unit prices of lactose and byproducts

➤ Formula milk: NutriCo Morinaga (Pakistan)

- FYE March 2025: Despite economic downturn, we plan to grow revenue through high brand recognition / market share
- No change to positioning of country as growth market over medium to long term

➤ Morinaga Nutritional Foods (MNF) (including TIF) (U.S.)

- FYE March 2025: Will continue measures to improve manufacturing processes. Aim to reduce losses by moving ahead with revisions to sales structure, product improvements, and sales channel expansion, with the goal of making profits in FYE March 2026 and beyond

➤ Morinaga Nutritional Foods Vietnam (former Elovi) (Vietnam)

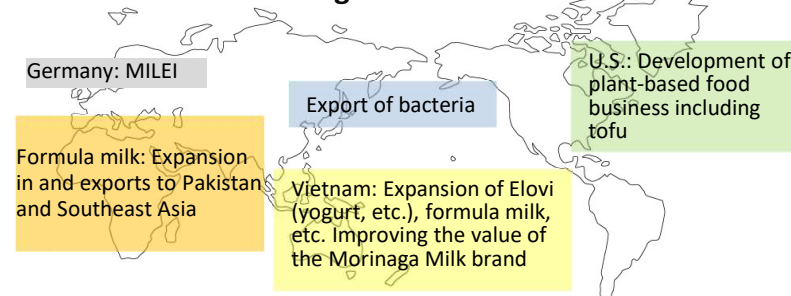
- FYE March 2025: Establish Morinaga Milk brand products, expand OEM sales
- Generate synergies for Vietnam as a whole, including Morinaga Le May (formula milk)

➤ Probiotics

- FYE March 2025: Expand both for formula milk in China and elsewhere, and for supplements
- Promote initiatives for future expansion, such as approving use by ANVISA in Brazil



Five Challenges for Global Business



- Promote “five challenges” to facilitate rapid growth during next MTBP, beginning in FYE March 2026

FYE March 2025: Net sales forecasts for overseas subsidiaries (Unit: billion yen)

	FYE Mar. 2025 target	YoY
Germany: MILEI	37.7	+4%
Pakistan: NutriCo Morinaga	7.6	+11%
U.S.: MNF (including TIF)	9.4	+27%
Vietnam: MNF-Vietnam (former Elovi)	5.3	+23%

- Expect stable performance from MILEI. By driving other businesses forward we will transform portfolio to one that is not overly dependent on MILEI

3. Toward Sustainable Growth

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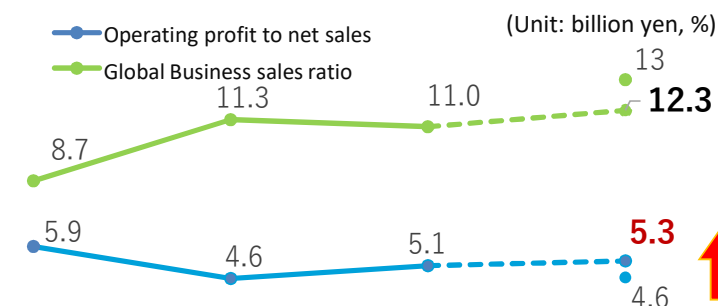
Medium-Term Business Plan 2022–2024 Numerical Targets



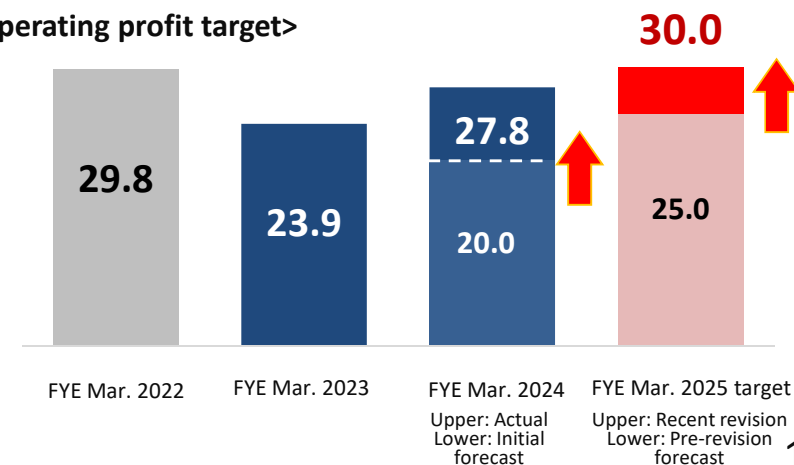
Based on progress so far, numerical targets for final year revised up

(Unit: billion yen)

	FYE Mar. 2022	FYE Mar. 2023	FYE Mar. 2024	FYE Mar. 2025 target	Revised targets	Vs. FYE Mar. 2022
Net sales	503.4	525.6	547.1	570.0	+30.0	+66.6
Operating profit	29.8	23.9	27.8	30.0	+5.0	+0.2
Profit attributable to owners of parent	33.8	16.9	61.3	19.0	+3.0	-14.8
Operating profit to net sales	5.9%	4.6%	5.1%	5.3%	+0.7 points	
ROE	16.7%	7.9%	24.5%	7.0%	+1.0 points	
Global Business sales ratio	8.7%	11.3%	11.0%	12.3%	-0.7 points	



<Operating profit target>



Medium-Term Business Plan 2022–2024 Progress in Each of the Main Themes



Basic Policy	Main themes	Main Initiatives for FYE March 2024
Basic Policy 1 Achieving sustainable growth by increasing the added value of our business	Focus on the four businesses. In particular, seek substantial growth of the Nutrition and Healthcare Foods Business and the Global Business. Expand the “five domains of wellness.”	<ul style="list-style-type: none"> Restored profitability through price revisions and expansion of high-value-added products Nutrition and Healthcare Foods Business, etc.: Implemented PR campaign aimed at growth in bifidobacteria over the medium to long term Global Business: Profit declined at MILEI in reaction to market conditions; built foundation for newly consolidated subsidiaries in Pakistan, U.S., etc. FYE Mar. 2024 net sales of products categorized in “five domains of wellness”: up 1.1 × (vs. FYE Mar. 2022), and on track to hit interim targets
	Return to progress for functional ingredients / bacteria	<ul style="list-style-type: none"> B-to-B business saw decline in sales, supplement applications and other products grew in Global Business, but Group as a whole recorded slight year-on-year growth After taking progress into account, sales volume target for bacteria sales in the final year of the MTBP has been revised: +70% → +30% (vs. FYE March 2022)
Basic Policy 2 Further strengthening our business base with an eye on the future	Reinforce resistance to changes in the external environment (cost structure reform)	<ul style="list-style-type: none"> Implemented measures by prioritizing based on feasibility and economic benefits Mt. RAINIER CAFFÈ LATTE: Use proprietary “aroma manufacturing method” to reduce volume of raw materials used, etc.
	Strengthen research and development functions Growth investments/environment-related investments focused on the 10-year Vision	<ul style="list-style-type: none"> Enhanced R&D structures and expenditure with focus on basic research departments R&D expenditure: approx. 20% increase; personnel: approx. 10% increase (vs. FYE March 2022) (Already announced) Projects announced at beginning of FYE March 2023 include manufacturing extension to Kobe Plant of approx. ¥20.0 billion (Already announced) Global Business – three M&A deals: Approx. ¥10.0 billion, energy-saving facilities at MILEI and other capital investments: €38 million Kobe Plant ice cream manufacturing facilities: Approx. ¥10.0 billion (cash outflow for current MTBP), about ¥19.0 billion in total. Tone Plant manufacturing facilities (yogurt: Approx. ¥5.0 billion; beverages: Approx. ¥3.0 billion), etc.
Basic Policy 3 Financial strategies focused on efficiency	Strategically execute growth investments and utilize funds with a focus that includes shareholder returns and our financial standing	<ul style="list-style-type: none"> Action to implement management that is conscious of cost of capital and stock price, balance sheet policy update Dividend: Dividends revised up twice in FYE March 2024 – DPS: 45 yen FYE March 2023 → 60 yen in FYE March 2024 → 90 yen in FYE March 2025 (forecast) Introduction of interim dividend system (FYE March 2025 onward) Acquisition of treasury shares: FYE March 2024 - ¥10.0 billion / 3.88% (acquired between May to Oct. 2023, canceled in Nov. 2023) FYE March 2025 - ¥10.0 billion (upper limit) / 3.92% (announced in May 2024; shares to be canceled) Investment in people: Introduction of retirement benefit / employee stock benefit trust systems, etc. Pursued optimal capital structure, issued green bonds
	Improve ROE with a focus on capital efficiency	

Action to Implement Management that is Conscious of Cost of Capital and Stock Price



Summary

- Despite maintaining PBR above 1.0× and ROE of over 8% over recent years, shareholders' equity has risen recently due to impact of major asset sales, etc., pushing down ROE, but we recognize importance of quickly returning to 8% or more. We will work on the following three to increase corporate value
- **1. Improve profitability and efficiency**
The next Medium-term Business Plan (scheduled to be announced in spring 2025) will be based on the 10-year vision and the current Medium-term Business Plan, represent the final phase of the 10-year vision, and will seek to further increase profitability/efficiency
- **2. Update balance sheet policy**
In pursuit of the optimal capital structure, we aim to reduce the cost of capital and use debt to maximize corporate value. Enhance shareholder returns
 - ✓ Dividend per share FYE Mar. 2024: 60 yen → FYE Mar. 2025: 90 yen, Introduction of interim dividend system
 - ✓ Acquisition/Cancellation of treasury shares – FYE Mar. 2024: ¥10.0 billion; FYE Mar. 2025: up to ¥10.0 billion (for two consecutive terms, scheduled)
 - ✓ Issuance of Green Bonds – FYE Mar. 2023: ¥5.0 billion; FYE Mar. 2025: Seek to raise ¥10.0 billion
 - ✓ Investments in human capital with the aim of promoting career development – Introduction of retirement benefit / employee stock benefit trust system: ¥13.0 billion
- **3. Strengthen investor relations and corporate governance:**
Reduce cost of shareholder's equity through active information disclosure and dialogue with capital markets, and strengthened corporate governance

Progress of the Sustainability Medium- to Long-Term Plan 2030



- **FY2023: Some initiatives/KPIs are behind schedule, but overall they were more or less in line with plan**
- **Going forward we will promote the optimization of initiatives/targets, taking into account the constantly changing external environment and progress in various initiatives**

Materiality theme		Major initiatives in FYE Mar. 2023
Food and Wellness	Contribution to wellness	<ul style="list-style-type: none"> • <u>Net sales of products categorized in “five domains of wellness”</u>: up 1.1x (vs. FY2021) • In terms of our target of “Contributing to 300 million people,” <u>between FY2021 and FY2023, we achieved contributions to a cumulative total of around 67 million people</u> • <u>Launched products consisting of “active nutrition (on)” and “physical conditioning” of the “five domains of wellness”</u> • Pakistan consolidated subsidiary NutriCo Morinaga acquired GFSI certification • Continued initiatives to enhance traceability mechanisms
	Food safety and reliability	
Resources and the Environment	Mitigation of and adaptation to climate change	<ul style="list-style-type: none"> • Introduced internal carbon pricing system, began trading at an internal carbon price of ¥6,800/t-CO₂ • Cooperated with suppliers to plant trees in coffee-growing regions with the aim of reducing CO₂ in the supply chain • Conducted water risk survey at every domestic manufacturing site. Identified locations with high water risk • Joined Sedex to provide ongoing support to resolve issues faced by suppliers. • Endorsed TNFD recommendations and participated in TNFD Forum. Registered as TNFD Adopter, with the objective of <u>achieving early disclosure</u> at some point during FY2024, in accordance with TNFD’s information disclosure framework
	Environmental consideration and resource recycling	
	Sustainable raw material procurement	
People and Society	Respect for human rights and diversity	<ul style="list-style-type: none"> • Continued human rights due diligence program (implemented human rights impact assessments) • Promoted diversity & inclusion • <u>Changed target for ratio of female managers by 2030 from 10% to 20%</u> • <u>Set new targets in relation to employee engagement</u> • Regional partnership agreements: Saitama City, Joso City, Ibaraki prefecture • Redesign of plant tour facilities at Kobe Plant
	Coexistence with local communities	



Progress of the Sustainability Medium- to Long-Term Plan 2030: Food and Wellness



By delivering unique and high-quality value, we will contribute to the health of 300 million people

◆ Cumulative total FY2021-FY2023: Approx. 67 million people

Total number of people reached, based on the number of people who received products designed to address health issues and the number of people who participated in our health promotion and nutrition education activities

➤ Preparing to achieve the target of contributing to 300 million people* by FY2030

- We are accelerating the linkage to our business (five domains of wellness), and expanding the number of products that address health issues
- Provide value through promotion of health and nutritional education activities
- Explore new health issues, etc.

Main products designed to address health issues launched in FY2023



*Calculated as the number of people reached, based on the number of people expected to receive products designed to address health issues from FY2021 to FY2030, and the number of people expected to participate in our health promotion and nutrition education activities

In April 2023, we launched “Smiles & Health for Children” as a health promotion and nutritional education activity to support health and nutrition for children in Vietnam



©World Vision



Progress of the Sustainability Medium- to Long-Term Plan 2030: Resources and the Environment



Contributing to a sustainable global environment to achieve sustainable growth

TNFD initiatives

- July 2023: Endorsed TNFD recommendations, joined TNFD Forum
- Jan. 2024: Announced registration as TNFD Adopter
- **As of May 2024: Preparing information disclosure in accordance with the TNFD framework**

Water risk survey initiatives

Given the nature of our business in the dairy/manufacturing industry, water is an indispensable resource

- Implemented water risk surveys at overseas consolidated subsidiaries (manufacturing companies) in FY2022, and at domestic manufacturing subsidiaries in FY2023
- We identified locations with a high risk of drought, flooding, or water quality issues.
- **Going forward we will investigate countermeasures**

Initiatives for reducing greenhouse gas emissions from the dairy industry

“MO Lagoon for Dairy”

- Trials introduced at pastures managed by affiliate Morinaga Dairy Service Co., Ltd.
- **Proof-of-a-concept trials are currently underway**

Providing tea grounds to dairy cows to reduce methane

- The Company has announced research results confirming that providing dairy cattle with feed mixed with tea leaves that have already been used for making tea reduces methane in belches by approximately 9%.
- **Initiatives are currently underway to commercialize this feed**

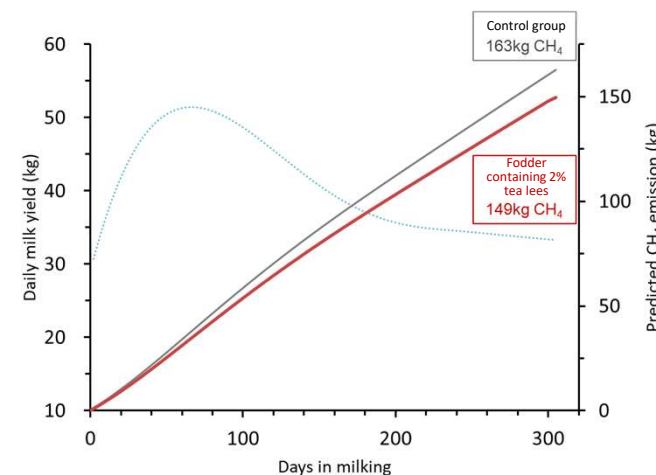


Figure: Reduction in methane produced per milking cycle when fed with 2% tea lees (model milk yield curve for dairy cows)



Progress of the Sustainability Medium- to Long-Term Plan 2030: People and Society



Human resources – the most important source of increases in corporate value

Change in target for ratio of female managers

- ◆ Before change: At least 10% by FY2030, at least 6% by FY2024
- After change: At least 20% by FY2030, at least 10% by FY2026

Accelerating initiatives aimed at creating a more diverse organization

- By changing the target we aim to increase the speed with which we build a more diverse organization
- Fostering a corporate culture that enables not only women managers but all employees from diverse backgrounds to fully demonstrate their individuality, strengths, and abilities



Setting new targets for employee engagement ratings

➤ (New) target for FY2030: “A”

*A score in which deviation values are generated for survey results by a third-party survey company, and ranked into eleven grades from AAA to DD

Aiming to achieve a corporate culture that encourages employees to work energetically

- In order to accelerate improvements in the organization to achieve a corporate culture that encourages employees to work energetically, we have set new targets for employee engagement
- Working to enhance employee well-being

Initiatives to enhance engagement

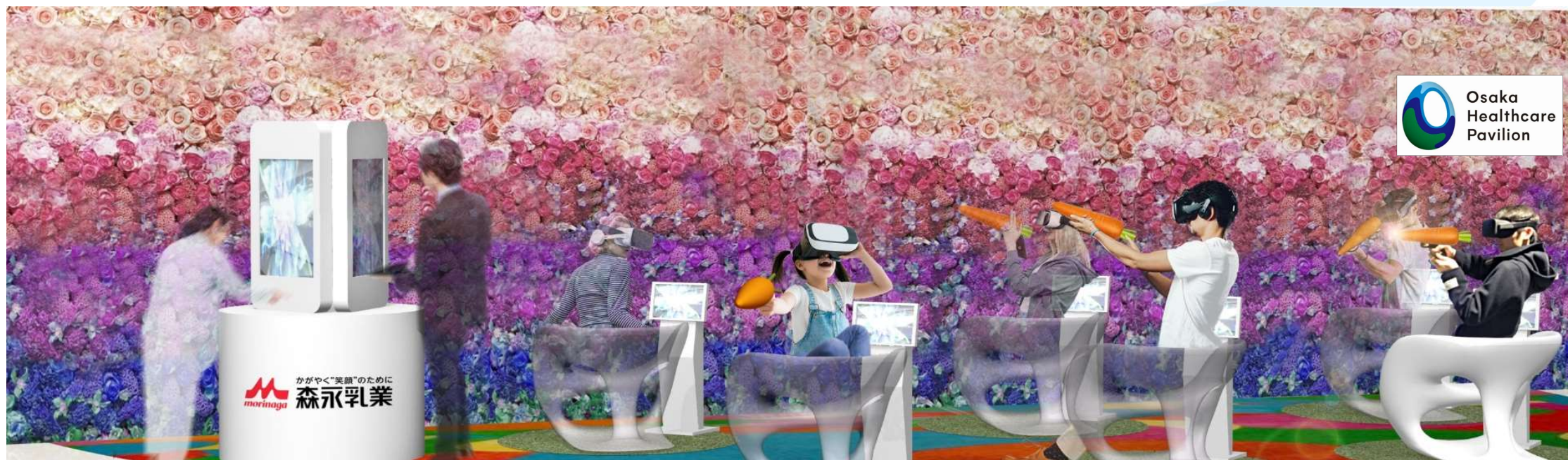
- Providing opportunities for employees to exchange opinions with the workplace, and sharing positive case studies, to enhance engagement
- “Morinaga Milk Awards” in-house award system

Finally: The Company will deliver a presentation at World Expo 2025 in Osaka, Kansai, on the theme of “Creating Well-being from the Gut.”



➤ Towards a corporate culture in which people take on challenges through new initiatives

[Image]



*Names, design, overview of the exhibit, and illustrations are still under consideration, and may change going forward

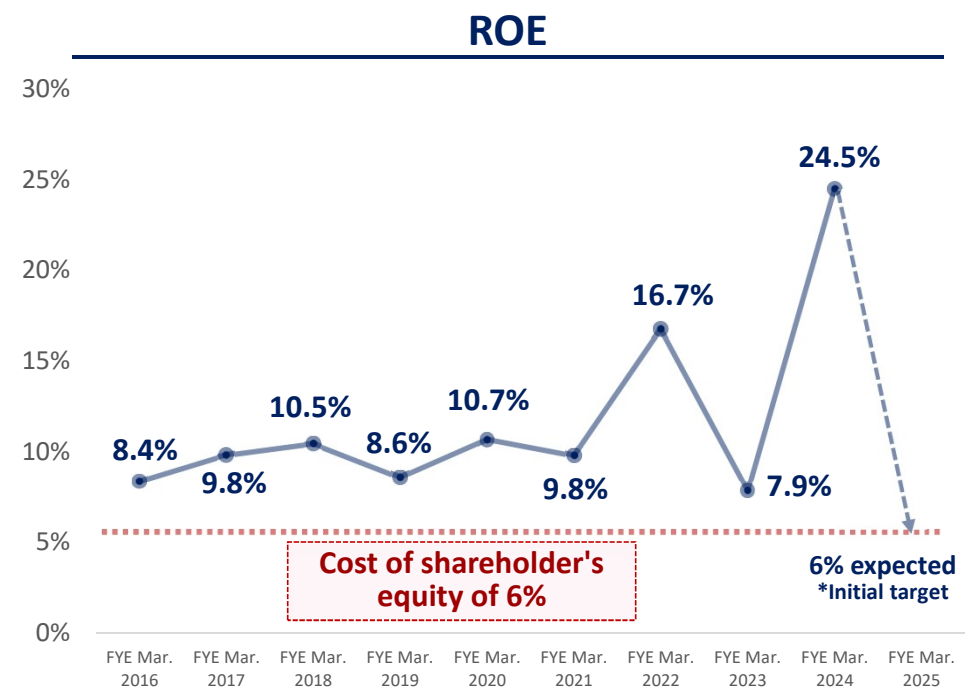
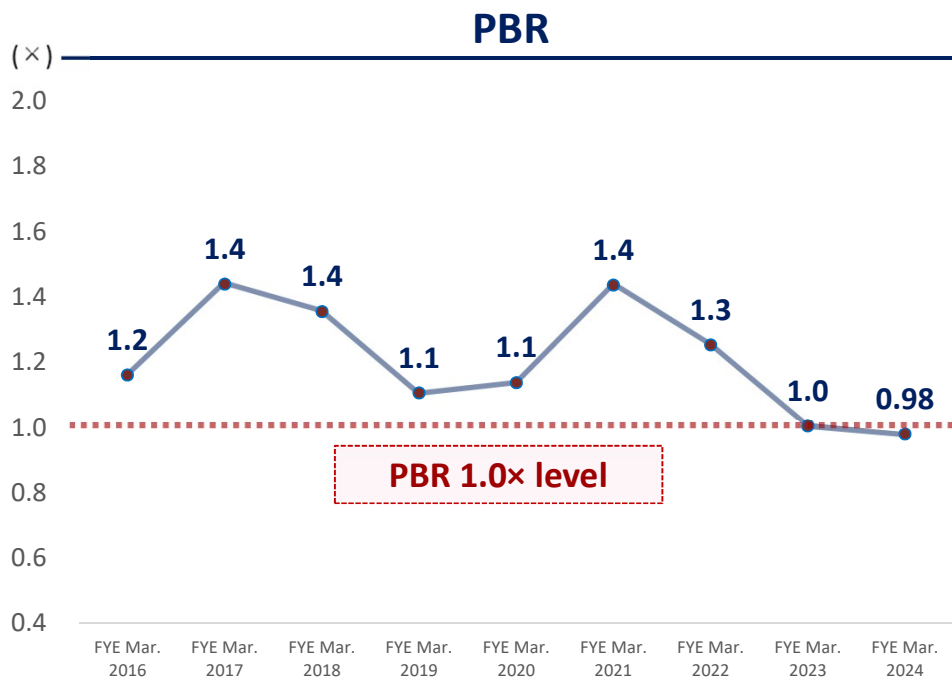
We deliver the well-being of the future using the “intestinal flora and the bifidobacteria that are the strength and individuality of Morinaga Milk,” through a project that began as a suggestion from younger employees

Action to Implement Management That is Conscious of Cost of Capital and Stock Price

Announced on May 14, 2024

1. PBR and ROE

Despite maintaining PBR above 1.0x and ROE of over 8%, shareholders' equity has risen recently due to impact of major asset sales, etc., pushing down ROE, but we recognize importance of quickly returning to 8% or more



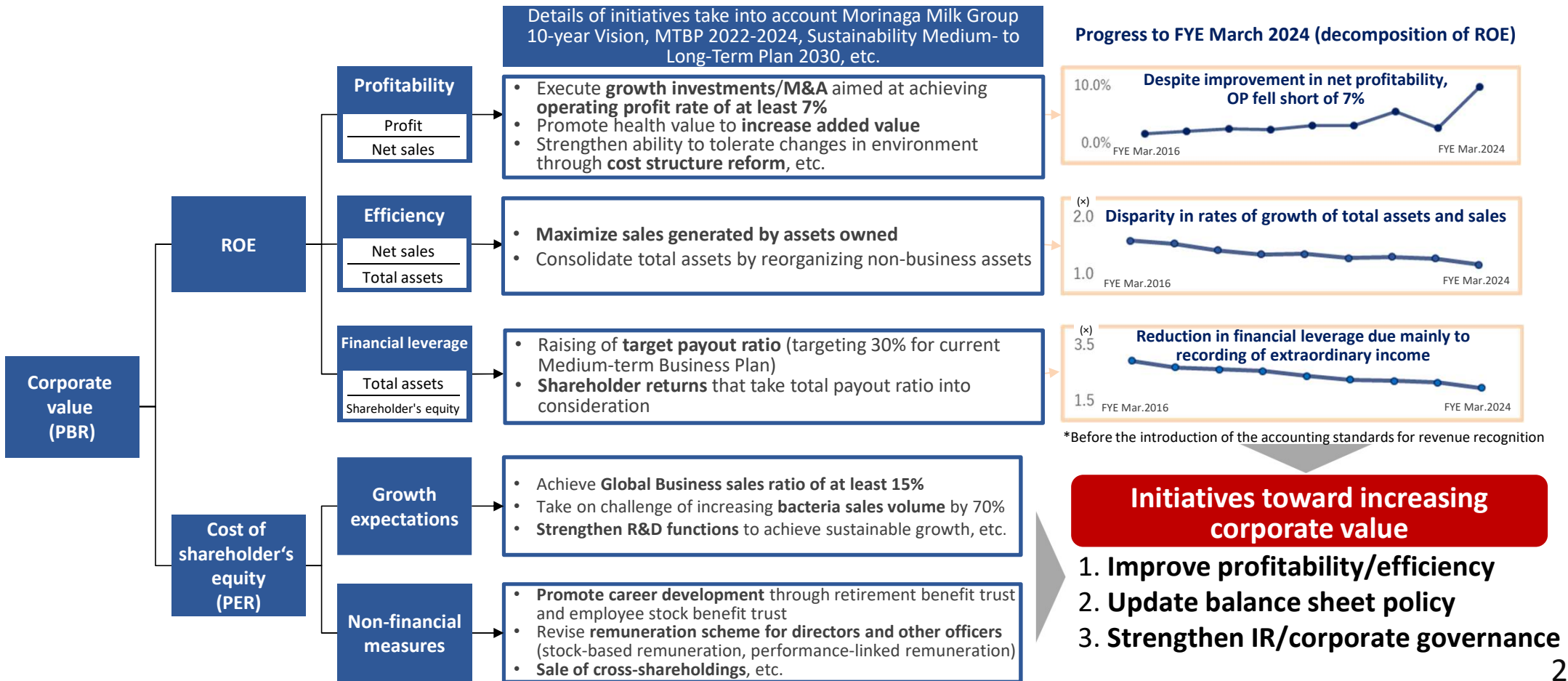
- Despite maintaining PBR above 1.0x, profit increases and major asset sales (Morinaga Plaza Building, former sites of Kinki and Tokyo plants) over past few years have pushed up shareholders' equity. Figure for FYE March 2024 is 0.98x

- We perceive our cost of shareholder's equity to be around 6%, based on CAPM model and interviews with shareholders and investors

2. Our Perception of Issues, and Overview of Initiatives Aimed at Increasing Corporate Value



We will work on 1. Improve profitability/efficiency, 2. Update balance sheet policy, and 3. Strengthen IR/corporate governance, to increase corporate value



3. Initiatives to Improve Profitability and Efficiency

In this dramatically changing environment our focus is on executing price revisions and restoring profitability. There has been no change in the positioning or direction of the current MTBP within the 10-year vision; we will steadily execute initiatives in line with policy (next MTBP scheduled to be announced in spring 2025)

Medium-term Business Plan 2022–2024

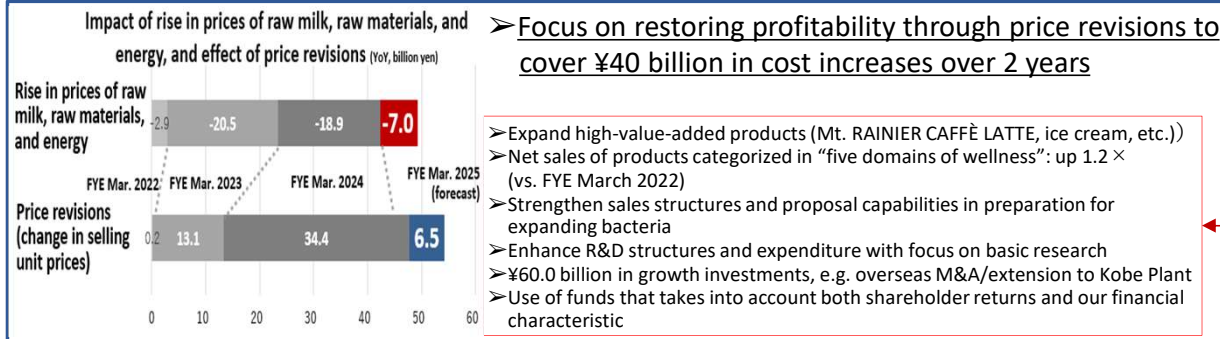
(FYE March 2023 to FYE March 2025)

<To continue to be the company of choice> We aim to resolve societal issues and improve sales growth and profitability!

Direction

- Basic Policy 1: Achieving sustainable growth by increasing the added value of our business
- Basic Policy 2: Further strengthening our business base with an eye on the future
- Basic Policy 3: Financial strategies focused on efficiency

Execute basic policy as well as responding to dramatic changes in environment



Outlook for financial results in FYE March 2025

Initial plan

Figures announced in May 2024

Net sales	¥540 billion	Net sales	¥570 billion
Operating profit	¥25 billion	Operating profit	¥30 billion
Operating profit rate	4.6%	Operating profit rate	5.3%
ROE	6%	ROE	7%
Global Business sales ratio	13%	Global Business sales ratio	12%

Initiatives to further improve profitability and efficiency (FYE March 2026 onwards)

- Considering various perspectives, such as
- Concentrating resources on high-value-added products and priority areas
 - Building the structures and business foundation to enable us to continue to provide new value to the market
 - Improving business efficiency through revision of production and sales structures

Next Medium-term Business Plan will be the final phase of the 10-year vision (scheduled to be announced in spring 2025)

4. Update Balance Sheet Policy (Optimal Capital Structure)

While preserving financial soundness, we will update the balance sheet policy with the aim of maximizing corporate value by pursuing the optimal capital structure and reducing the cost of capital. Going forward we aim for growth while utilizing a certain amount of debt.

Approach to optimal capital structure

- We will control shareholders' equity to a range in which there is no problem in terms of business risk and that is consistent with maintaining "A" rating
- For the time being we will aim at a net interest-bearing liabilities / shareholder's equity of 0.4-0.5x (reviewed every fiscal year in response to internal/external environments)
- We will optimize gradually over the medium to long term, taking into account future investment plans

Approaches

(1) Business risk approach

Minimum level of shareholders' equity required in an emergency

Amount that takes into consideration the perspective of creditors, based on general indicators, and the perspective of the Company, based on capital analysis

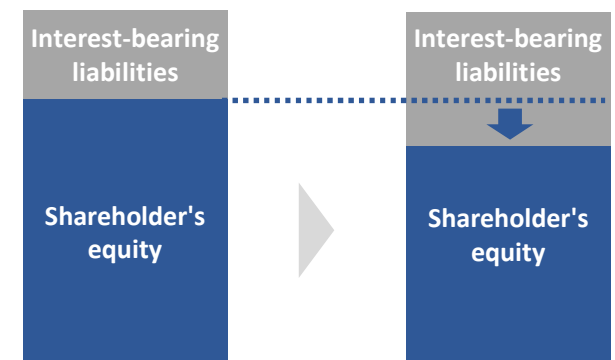
Consider both sides in pursuit of optimal capital structure

(2) Credit rating approach

Financial balance consistent with maintaining "A" rating

Net interest-bearing liabilities / shareholders' equity of no more than $0.7 \times$
 Net interest-bearing liabilities / EBITDA of no more than $3.0 \times$

How it might look



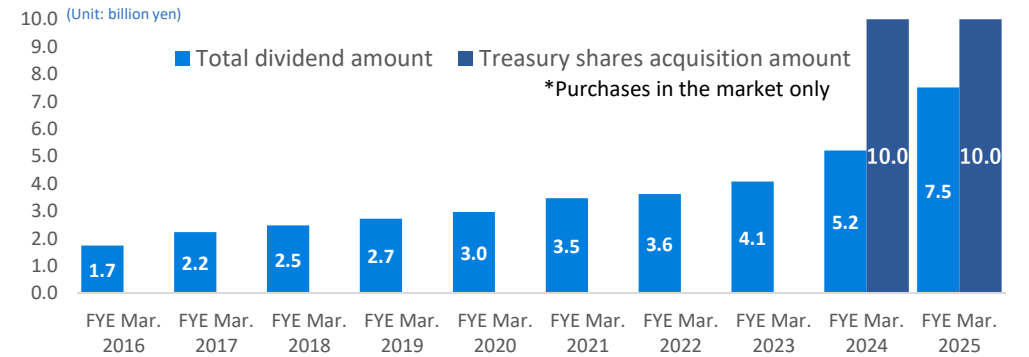
4. Update Balance Sheet Policy (Shareholder Return Policy)

Enhance shareholder returns based on balance sheet policy that pursues optimal capital structure
 Raise annual dividend from 60 yen in the previous fiscal year to 90 yen in FYE March 2025, with another ¥10.0 billion in treasury share acquisitions planned for FYE March 2025 in a continuation of the previous fiscal year

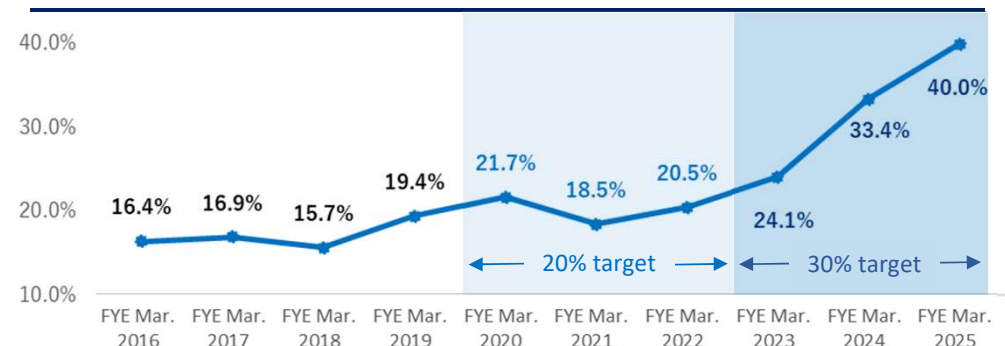
Shareholder return policy

	Current MTBP	FYE Mar. 2024	FYE Mar. 2025 (forecast)	FYE Mar. 2026 and beyond
Dividend	Target dividend payout 30%	Annual dividend 60 yen Payout ratio 33.4%* <small>*Excluding impact of asset sales</small>	Annual dividend 90 yen Payout ratio 40.0% Introduction of interim dividend system	Dividend policy aimed at optimal capital structure Flexible acquisition of treasury shares
Treasury shares acquisition amount	Maintain awareness of total payout ratio	10.0 billion yen <small>*Canceled</small>	10.0 billion yen <small>*Cancellation scheduled</small>	

Shareholder returns



Dividend payout ratio (adjusted)



5. Strengthen Investor Relations and Corporate Governance



Reduce cost of shareholder's equity through active information disclosure and dialogue with capital markets, and strengthened corporate governance

<Dialogue with markets / information disclosure>

1. Enhance information disclosure for the Global Business

- Net sales plans and factors driving increases/decreases in operating profit for consolidated overseas subsidiaries, etc.
FYE Mar. 2024 onwards: Disclosure of net sales results for main subsidiaries
- FYE Mar. 2025 onwards: Disclosure of net sales plans for main subsidiaries, changes in Global Business operating profit

2. Create opportunities for dialogue with Outside Directors (scheduled for FY2024)

3. Provide explanations / foster understanding of capital markets among Morinaga Milk Group employees

- Introduce employee stock benefit trust system (to be implemented from FYE March 2025 onward at Morinaga Milk)
Invest in human capital, raise interest in/awareness of capital markets
- Create opportunities for dialogue with internal stakeholders and foster understanding of capital markets
Lectures by institutional investors or securities analysts: once-yearly
Internal IR meetings: 17 in total

<Strengthen corporate governance >

4. Review of the operating structure of the Personnel Remuneration Committee

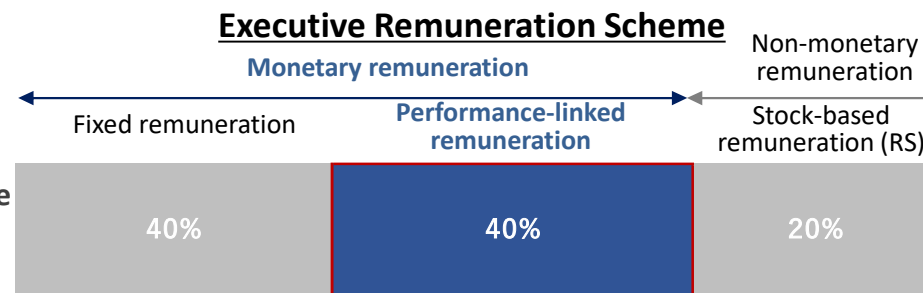
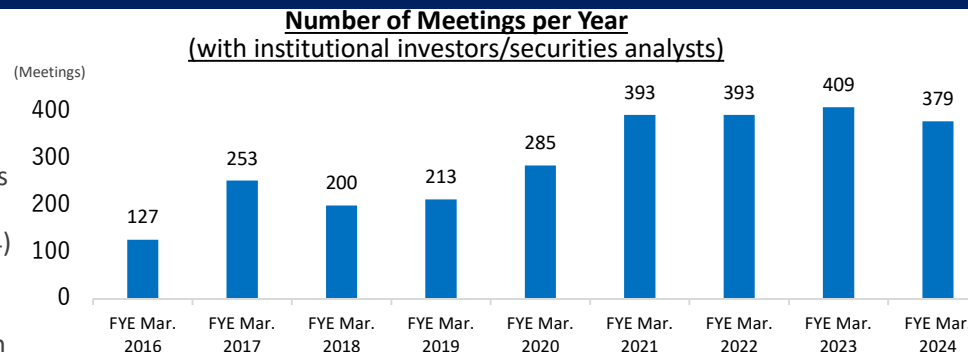
5. Executive remuneration scheme revised (performance-linked remuneration design; see chart at lower right)

6. Change in target for ratio of female managers, setting of employee engagement targets

- Target for ratio of female managers by FY2030: at least 10% → at least 20%
by FY2026: at least 6% → at least 10%
- New targets set in relation to employee engagement
Employee engagement rating for FY2030: "A"

7. Reduction of cross-shareholdings

- Cash generated by sales to be used for growth investments and shareholder returns
Targeting reduction of 50% over the five years to FYE March 2029 (vs. FYE March 2024 book value)



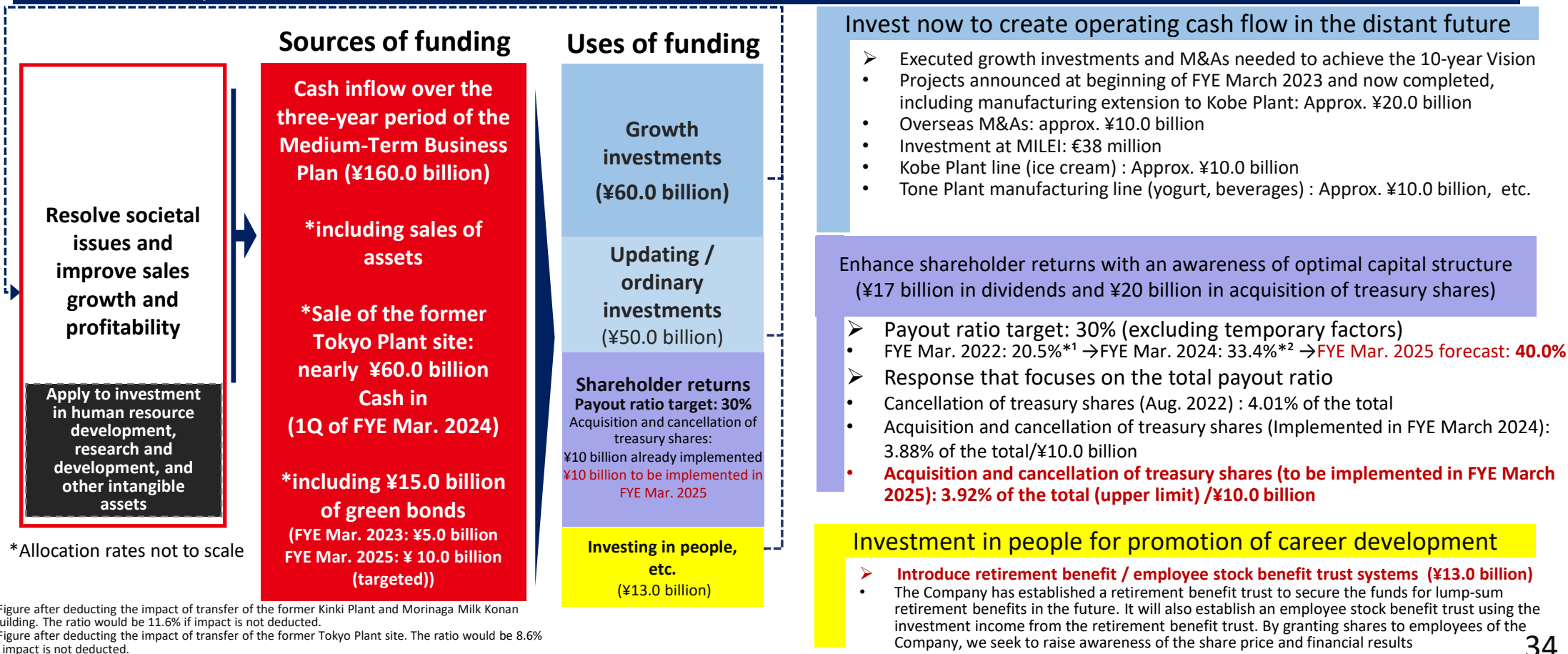
Before change		FYE March 2024 onwards	
Financial KPI	100%	Financial KPI	80%
Consolidated net sales	40%	Consolidated net sales	30%
Consolidated operating profit	40%	Consolidated operating profit	40%
ROE	20%	ROE	30%
		Non-financial KPI	20%
		FTSE	50%
		MSCI	50%

*KPIs and evaluation ratios are deliberated and determined by the Board of Directors every year
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6. Cash Allocation for the Current Medium-term Business Plan (Updated)



Invest in business expansion / organizational reinforcement, provide shareholder returns as a key challenge (dividend increases + acquisition of treasury shares)
 Invest in human capital with the aim of promoting career development and raising awareness of the capital markets (retirement benefit / employee stock benefit trust)



*Allocation rates not to scale

*1 Figure after deducting the impact of transfer of the former Kinki Plant and Morinaga Milk Konan Building. The ratio would be 11.6% if impact is not deducted.
 *2 Figure after deducting the impact of transfer of the former Tokyo Plant site. The ratio would be 8.6% if impact is not deducted.

Appendix

(Reference) Subsegment Net Sales for FYE March 2024



(Unit: billion yen)

	FYE Mar. 2023	FYE Mar. 2024	Year-on-year	Rate of change vs target
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Key points

Nutrition and Healthcare Foods Business

Yogurt	53.2	54.1	+2%	±0%
Commercial milk (Home deliveries, etc.)	19.0	18.3	-3%	-2%
Nutritional food products	12.6	13.3	+5%	+4%
CLINICO	25.3	26.7	+6%	+2%

- Price revisions (Apr.; Aug. for plain yogurts). Sales increase of “Bifidus Yogurt” and “PARTHENO.” Despite higher revenue from “Bifidus Yogurt Improves Bowel Movement,” total sales of functional yogurt declined
- Price revision (Apr.: “Morinaga Silken TOFU,” Aug.: Home delivery products)
- Price revisions (Apr.: “Nutritional milk powder (Milk Life),” etc., June: infant formulas). Sales increase of infant formulas
- Nursing care products performed solidly

Core Dairy Foods Business

Beverages	50.3	54.8	+9%	-2%
Ice cream	42.0	44.3	+6%	-2%
Cheese	25.1	26.5	+6%	±0%
Milk	43.4	45.2	+4%	±0%
Chilled desserts	7.3	7.2	-2%	+2%

- Sales increase of “Mt. RAINIER CAFFÈ LATTE”: price revisions (Mar. 2023, Mar. 2024), rebranding. Sales increase of “Lipton.” Price revision of “Piknik,” etc. (June)
- Price revisions (Mar. 2023). Solid performance and higher revenues from core brands
- Price revisions (Apr., Dec.: Butter). Increase in net sales, partly as a reaction to previous year weakness
- Price revisions (Aug.). Product mix shifted towards improvement
- Price revision of “Yaki pudding,” etc. (Apr., July)

(Reference) Subsegment Net Sales for FYE March 2024



FYE Mar. 2023

FYE Mar. 2024

Year-on-year

Key points

Global Business

	FYE Mar. 2023	FYE Mar. 2024	Year-on-year	
MILEI (Germany)	JPY 41.5 billion EUR 295 million	JPY 36.4 billion EUR 234 million	-12% -21%	➤ 3Q FYE Mar. 2023–1Q FYE Mar. 2024: Expansion driven by whey prices 2Q FYE Mar. 2024–: Leveling, decline in reaction to previous strength led to lower sales
NutriCo Morinaga (Pakistan)	-	JPY 6.8 billion PKR 13.6 billion	-	➤ Made subsidiary due to acquisition, consolidated from FYE March 2024. Manufacture and sale of formula milk. Some impact from weak local currency/economy in Pakistan
Morinaga Nutritional Foods (U.S., including TIF)	JPY 3.5 billion USD 26 million	JPY 7.4 billion USD 53 million	+115% +101%	➤ Turtle Island Foods becomes subsidiary of MNF due to acquisition and was consolidated from FYE March 2024, and net sales added to Group's sales. Will generate sales synergies between MNF's tofu and TIF plant-sourced meat substitutes, and promote improvements in manufacturing efficiency. Aiming to rapidly achieve profitability
Morinaga Nutritional Foods Vietnam* ¹ (Vietnam, former Elovi)	JPY 4.8 billion VND 858.4 billion	JPY 4.3 billion VND 742.6 billion	-10% -13%	➤ Focusing on Morinaga Milk brand products (yogurt, nutritional supplement beverages). Negative impact from local downturn in Vietnamese economy. Fall in revenue concentrated in existing products, OEM sales

*1 Morinaga Nutritional Foods Vietnam Joint Stock Company: Changed its name from Elovi Vietnam Joint Stock Company on March 25, 2024.

(Reference)

FYE March 2025: Target Sales and Operating Profit for Each Business Segment



(Unit: billion yen)

FYE Mar. 2025 target	First-half target		Full-year target		First-half target		Full-year target	
	Net sales	Year on Year	Net sales	Year on Year	Operating profit (Operating profit rate)	Year-on-year change	Operating profit (Operating profit rate)	Year-on-year change
Nutrition and Healthcare Foods Business	65.8	+3.4%	132.6	+4.2%	4.1 (6.2%)	+0.1	7.1 (5.4%)	+1.8
Core Dairy Foods Business	99.0	+3.8%	183.6	+4.8%	8.1 (8.2%)	+0.1	9.5 (5.2%)	+0.5
B-to-B Business	51.0	+6.8%	101.7	+5.5%	2.3 (4.5%)	+0.1	4.7 (4.6%)	+0.2
Global Business	32.6	-5.0%	70.3	+16.3%	2.1 (6.4%)	-1.9	6.3 (9.0%)	+0.3
Other/Eliminated	44.6	-1.9%	81.8	-6.7%	2.3 (5.2%)	-0.3	2.4 (2.9%)	-0.7
Total	293.0	+2.2%	570.0	+4.2%	18.9 (6.5%)	-2.0	30.0 (5.3%)	+2.2

Key points

- Nutrition and Healthcare Foods Business: Expansion of high-value-added products mainly in yogurt category. Continued promotion of bifidobacteria (assume 2H improvement in sales promotional expense ratio)
- Core Dairy Foods Business: Continued expansion of high-value-added products including Mt. RAINIER CAFFÈ LATTE and ice cream. Price revisions.
- B-to-B Business: Expansion of bacteria. Demand for commercial dairy products from restaurant industry remains solid, but volume still constrained by impact of imbalance between supply and demand for dairy products
- Global Business: Lower sales/lower profits in 1H due partly to MILEI decline in reaction to previous year (1Q). Plan to keep operating profit flat year on year by increasing exports of bacteria, etc. and improving losses in the U.S.

(Reference) Subsegment Net Sales Targets for FYE March 2025

Added the Global Business
subsegment net sales targets from
FYE Mar. 2025 target



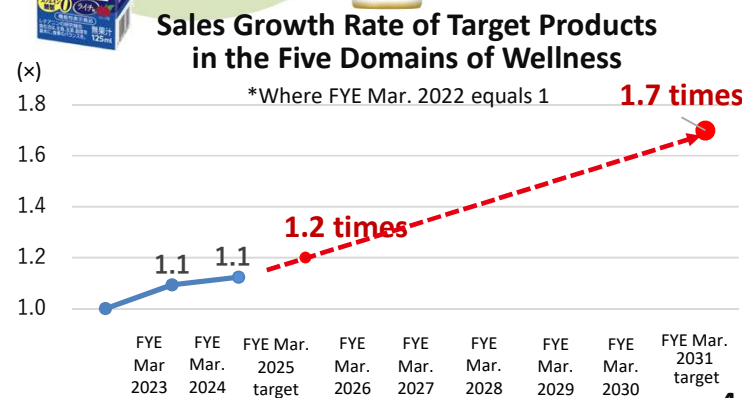
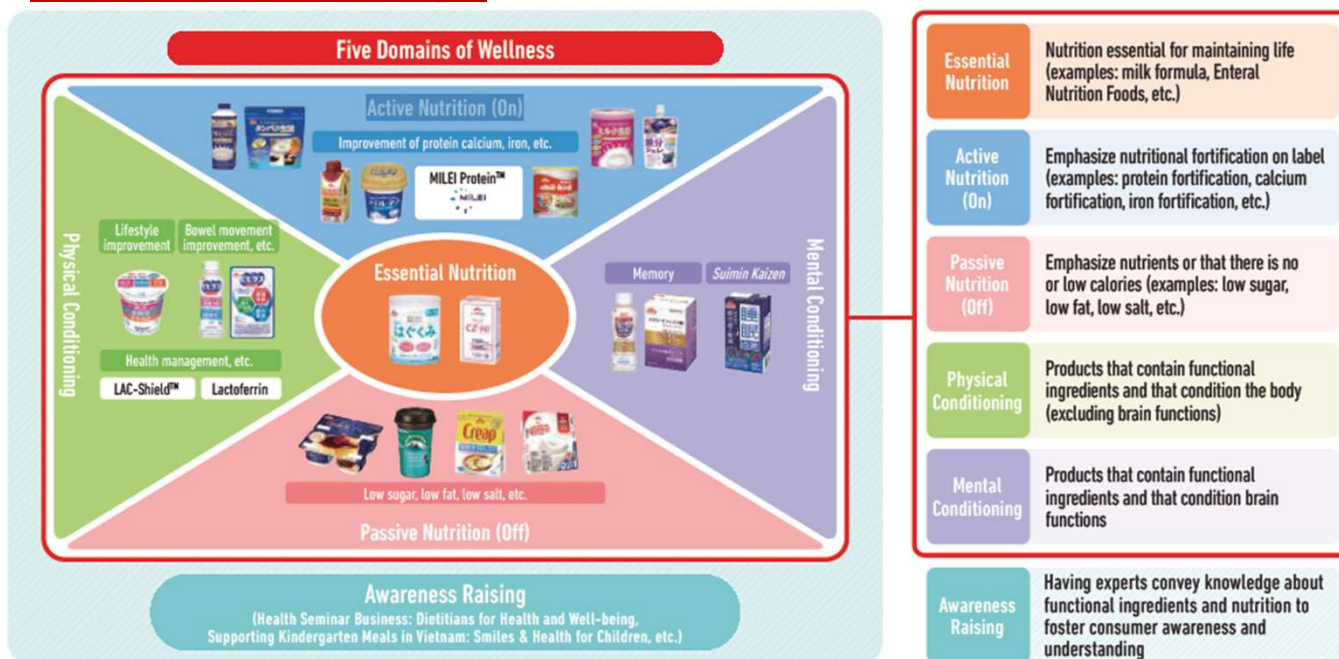
(Unit: billion yen)

FYE Mar. 2025 target	First-half target		Full-year target	
	Net sales	Year on year	Net sales	Year on year
Nutrition and Healthcare Foods Business				
Yogurt	29.2	+5%	57.0	+6%
Commercial milk (Home deliveries, etc.)	8.4	-8%	17.7	-3%
Nutritional food products	6.8	+1%	13.4	+1%
CLINICO	13.5	+3%	27.3	+2%
Core Dairy Foods Business				
Beverages	30.8	+2%	56.3	+3%
Ice cream	28.3	+3%	46.9	+6%
Cheese	13.7	+6%	28.1	+6%
Milk	24.4	+6%	47.8	+6%
Chilled desserts	3.9	+4%	7.5	+4%
Global Business				
MILEI (Germany)	18.3	-19%	37.7	+4%
NutriCo Morinaga (Pakistan)	3.4	-5%	7.6	+11%
Morinaga Nutritional Foods (U.S., including TIF)	4.3	+34%	9.4	+27%
Morinaga Nutritional Foods Vietnam (Vietnam, former Elovi)	2.4	-3%	5.3	+23%

(Reference) Progress of Medium-Term Business Plan 2022–24: Expand Five Domains of Wellness



- Provide health value and expand health brands that serve as sources of progress. Linkage with the Sustainability Medium- to Long-Term Plan 2030
- FYE Mar. 2024: Net sales of target products such as “Bifidus Yogurt Improves Bowel Movement” and “PARTHENO” growing, up 1.1× (vs. FYE Mar. 2022), and on track to hit interim targets



Linkage with the Sustainability Medium- to Long-Term Plan 2030

- FY2024 (FYE Mar. 2025): **Sales target: 1.2 times** (vs. FYE Mar. 2022)
- FY2030 (FYE Mar. 2031): **Sales target: 1.7 times** (vs. FYE Mar. 2022)
- **Contributing to the health of 300 million people***

*Calculated as the number of people reached, based on the number of people expected to receive products in the “five domains of wellness” and other products designed to address health issues from FY2021 to FY2030, and the number of people expected to participate in our health promotion and nutrition education activities



(Reference) Progress of Medium-Term Business Plan 2022–24:

Return to Progress for Functional Ingredients / Bacteria

- **Accelerate development of original functional ingredients to establish a unique position in Japan and other countries. Bacteria: Attempt to increase sales volume by 70%**
- **FYE March 2024: Net sales increase mainly in Global Business. After taking progress into account, target for MTBP has been revised: sales volume +70% → +30% (vs. FYE Mar. 2022)**

Medium-Term Business Plan 2022–2024: Bacteria initiatives

In Japan (B-to-B Business):

Use functional claims to promote business development in Japan, and support customers' overseas business development

Global Business:

- Use the registration of new food ingredients to expand sales in the infant-and-toddler-milk market in China
- Expand sales of bacteria for supplements/food processing

Structure: Consider the optimal organizational structure from a longer-term perspective

FYE Mar. 2024

Domestic (B-to-B Business):

- Lower revenue
- Insufficient inbound tourism / overseas sales

Global Business:

- Double-digit increase in revenue
- Growth in supplement applications: U.S., South Korea, etc.
- Bifidobacterium longum BB536 for formula milk: Registration of new food ingredients completed in China

FYE Mar. 2025 plan

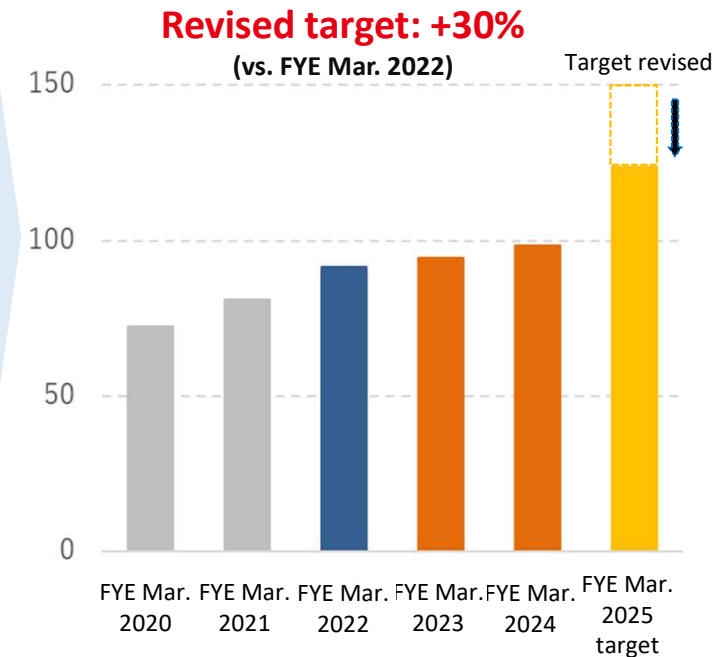
Domestic (B-to-B Business):

- Continued to cultivate major customers for supplements, develop new customers
- Continued to support overseas expansion by customers Expanding MCC1274, Happiness Lactobacillus, etc.
- Changes to internal organizational structure

Global Business:

- Expand both for formula milk in China and elsewhere, and for supplements. Continue initiatives to open up new customers and strengthen relationships
- Utilize sales offices and Morinaga Milk Shanghai

Target for Total Group Bacteria Quantity Sold (tons)



(Reference) Progress of Medium-Term Business Plan 2022–24: Growth Investments/Environment-related Investments Focused on the 10-year Vision



- **Rebuild of production systems based on looking further ahead than the new Medium-term Business Plan, and active program of investments, including M&A. Implement capital investments aimed at reducing environmental impacts**
- **FYE Mar. 2024: Construction of manufacturing extension at Kobe Plant - ice cream production line expanded during course of current MTBP, will come into operation one year late (scheduled for Apr. 2025)**

Updated	Major investments during three years of MTBP		Status	Investment amount	Environment
	Tone Plant	Bottled drink yogurt	Operating since May 2022	Total of 3 projects: Approx. ¥20.0 billion	-
	Morinaga-Hokuriku Milk Industry Fukui Plant	Bacteria facility (Phase II)	Completed		-
	Morinaga-Hokuriku Milk Industry Fukui Plant	Bacteria facility (Phase II)	Scheduled to complete in Apr. 2025 (1 year behind initial plan)		-
✓	Kobe Plant	Ice cream production lines	Operation to start in sequence from April 2025 Scheduled to complete in Jan.2027	Cash outflows during current MTBP: Approx. ¥10.0 billion,* for a total of around ¥19.0 billion	-
✓	Tone Plant	Yogurt production lines	Completed in Apr. 2024: Drink yogurt	Approx. ¥5.0 billion	-
✓	Tone Plant	Beverage production lines	Scheduled to complete in Feb. 2026	Approx. ¥3.0 billion	-
	Global Business M&A: Pakistan	NutriCo Morinaga: Manufacture and sales of formula milk, etc.	Acquired shares in January 2023	Total of 3 projects: Approx. ¥10.0 billion	-
	Global Business M&A: U.S	Turtle Island Foods: Plant-based food business	Acquired shares in Feb. 2023		-
	Global Business M&A: Vietnam	Morinaga Le May: Sales of formula milk	Plan to acquire shares in May 2023		-
	Environment: Plastic measures	Measures against plastics	Execute as appropriate		✓
	Environment: Climate measures	Installation of biogas power generation equipment at Group company farm	Started operation in 2023, now in proving test	Several hundred-million-yen scale	✓
	Global Business: MILEI	Energy-saving equipment and product quality improvement	Scheduled to complete in Mar. 2025	€38 million	✓
	Ordinary investment	Update and maintenance	Execute as appropriate		-
	Environment: Climate measures, etc.	Expansion of solar power generation facilities, updating of refrigeration equipment, etc.	Execute as appropriate		✓

Growth investment:
¥60.0 million

Ordinary investment:
¥50.0 million

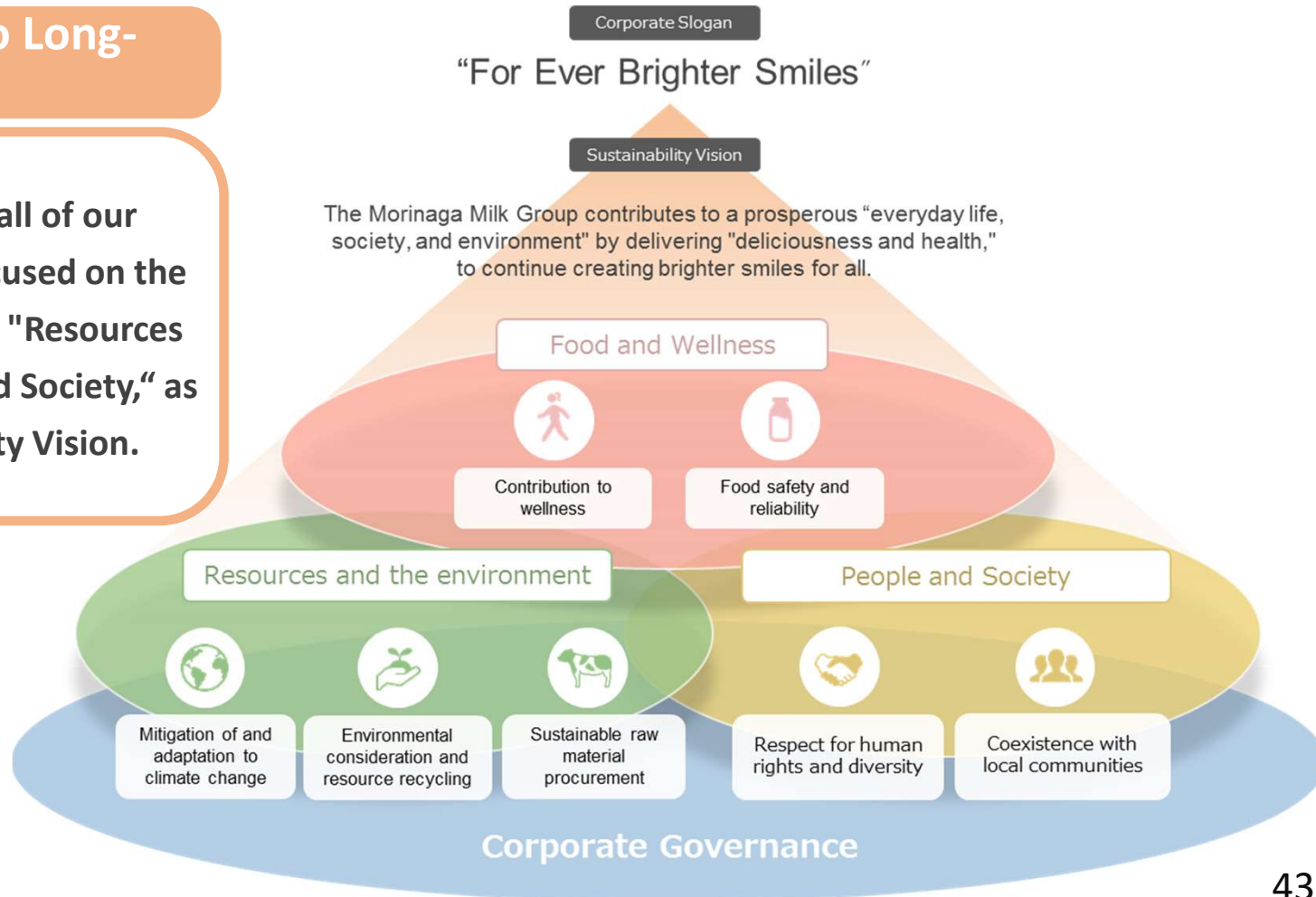
Of which, ¥10.0 million level in environment-related investments

(Reference) Progress of the Sustainability Medium- to Long-Term Plan 2030



the Sustainability Medium- to Long-Term Plan 2030

In order to bring brighter smiles to all of our stakeholders, we conduct activities focused on the three themes of "Food and Wellness," "Resources and the Environment," and "People and Society," as we seek to achieve our Sustainability Vision.





(Reference) Progress of Medium-Term Business Plan 2022–24:

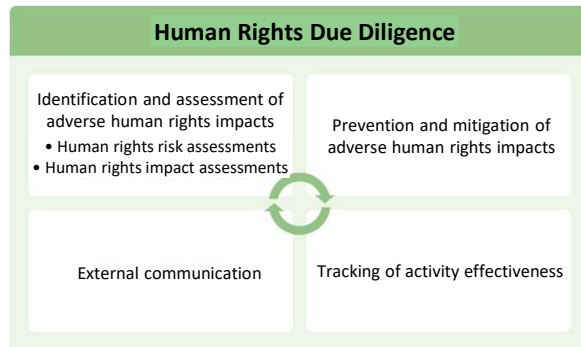
People and Society: Human Rights Due Diligence (Impact Assessment)



- From 2022, implementing human rights due diligence to understand the risks of human rights infringement associated with business activities and taking measures to prevent or mitigate them
- In FY2023 we carried out impact assessments at suppliers and overseas business locations

Conduct human rights due diligence

- ✓ From 2022, in order to promote respect for human rights as stipulated in the Morinaga Milk Group Human Rights Policy, we are **conducting human rights due diligence** to understand the risks of human rights infringement associated with business activities and taking measures to prevent or mitigate such risks.
- ✓ From April to June 2022, we identified and evaluated potential human rights issues that should be prioritized by the Morinaga Milk Group by extracting human rights risks throughout the supply chain in our business areas with the cooperation of external experts.
- ✓ In March 2023, we **conducted an impact assessment** at the Kumamoto Plant of Furijiport Co., Ltd., a group company.
In March 2024, we conducted an impact assessment at suppliers and Morinaga Nutritional Foods Vietnam Joint Stock Company (MNF-Vietnam; former Elovi), our consolidated subsidiary in Vietnam.



The Morinaga Milk Group's human rights due diligence process



On-site interview at MNF-Vietnam

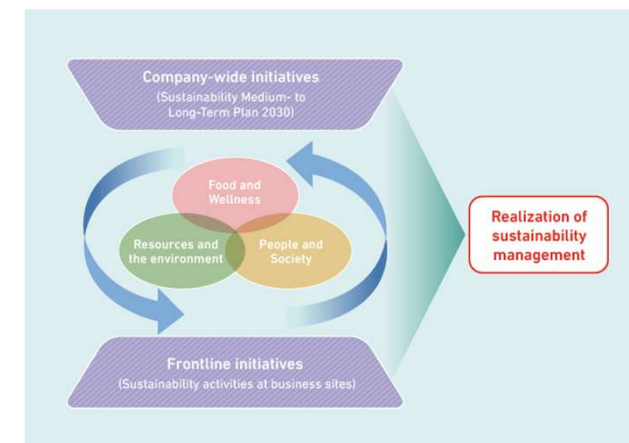
(Reference) Progress of Medium-Term Business Plan 2022–24: Sustainability Activities at Business Sites



- Based on the idea that it is important for each and every employee to take ownership of sustainability in order to achieve sustainability management, the Morinaga Milk Group is working on both company-wide activities and workplace activities with the aim of resolving social issues through business.
- In FY2023, the Sustainability Promotion Department visited 26 business sites to present study meetings on the Sustainability Medium- to Long-Term Plan 2030, and to exchange opinions with employees.

In addition to confirming many outstanding examples of initiatives being performed by individual sites, the Sustainability Promotion Department also confirmed broader awareness among those they met of the need to participate and take ownership of such issues.

To achieve further “ownership of sustainability” going forward, we will focus on strengthening initiatives that make it easy to take ownership of sustainability.



Establishing the Sustainability Forum

- ✓ In 2021, the Company appointed “Sustainability Promotion Leaders” at around 80 Group business locations in Japan with the goal of promoting sustainability activities in the workplace. Under the supervision of the head of the workplace, who is the person responsible for such promotions, each Promotion Leader guides the workplace in setting its own themes and implementing sustainability activities. Twice a year, the Sustainability Forum is held to provide opportunities for mutual education and the sharing of knowledge, etc. acquired during the course of these promotion activities with other Promotion Leaders.

Holding of Morinaga Milk Awards

- ✓ A Sustainability Award has been established as part of the annual “Morinaga Milk Awards” in-house award system. The Sustainability Award is a prize given to recognize workplaces for independently engaging in such activities as contributions to the local community or environmental conservation, which are subject to company-wide praise and shared with other sites as positive examples of sustainability activity.

(Reference) Announced on May 14, 2024 ①



Notice Concerning Decision on Matters Relating to Acquisition of Treasury Shares and Cancellation of Treasury Shares

Reasons for acquisition and cancellation of treasury shares

- ✓ In its Medium-term Business Plan, the Group has raised the payout ratio target and set forth a shareholder return policy that focuses on the total payout ratio.
- ✓ In addition, the Company has reorganized its balance sheet policy to pursue an optimal capital structure while ensuring financial soundness, reducing the cost of capital, and maximizing corporate value.
- ✓ Through an increase in the annual dividend (FYE Mar. 2024: 60 yen/share → FYE Mar. 2025: 90 yen/share) and acquisition of treasury stock, the Company will increase the total payout ratio and capital efficiency by returning profits to shareholders.
- ✓ In order to increase shareholder value over the medium to long term, all treasury shares acquired will be canceled.

Period of acquisition

- ✓ May 15, 2024 to October 31, 2024

Method of acquisition

- ✓ Market purchase on the Tokyo Stock Exchange
 - * Note that all or a part of buy orders may not be executed due to market trend or other factors.

Details of acquisition

1. Class of shares to be acquired: Common shares of the Company
2. Total number of shares to be acquired: 3,400,000 shares (upper limit)
Ratio to the total number of outstanding shares (excluding treasury shares) 3.92% (upper limit)
3. Total acquisition cost: 10,000 million yen (upper limit)
4. Announcement of acquisition result: Acquisition result will be announced
5. Details of cancellation
 - (1) Class of shares to be canceled: Common shares of the Company
 - (2) Total number of shares to be canceled: All treasury shares acquired
 - (3) Scheduled date of cancellation: November 15, 2024

(Reference) Treasury shares holding as of April 30, 2024

- ✓ Total number of outstanding shares (excluding treasury shares): 86,791,152 shares
- ✓ Number of treasury shares: 5,186,734 shares

(Reference) Announced on May 14, 2024 ②



Notice Concerning Introduction of Interim Dividend System and Partial Change of Articles of Incorporation

Introduction of interim dividend system

(1) Purpose of introduction

To enhance the opportunities for the return of profits to shareholders, the Company will introduce interim dividend system, in addition to the current system of providing a year-end dividend once a year.

(2) Record date for interim dividend: September 30 of each year

The introduction of interim dividend system requires that the proposed amendments to Articles of Incorporation in connection with said introduction be approved at the 101th Annual General Meeting of Shareholders to be held on June 27, 2024.

Partial change of Articles of Incorporation

(1) Reason for change

To enhance the opportunities for the return of profits to shareholders, the Company will establish a new provision enabling the Company to pay dividends of surplus (interim dividend) based on a resolution of the Board of Directors, in accordance with the provision of Article 454, paragraph 5 of the Companies Act. In addition, the Company will establish a provision for the period of exclusion concerning payment of interim dividend.

(2) Description of changes (Underlines indicate changes)

(Interim Dividends) Article 50

The Company may, by a resolution of its Board of Directors, pay cash dividends of surplus provided for in Article 454, Paragraph 5 of the Companies Act to the shareholders or registered pledgees stated or recorded on the final shareholder registry as of September 30 of each year (hereinafter referred to as "Interim Dividends").

(Period of Exclusion concerning Payment of Dividends) Article 51

1. In cases where Year-End Dividends and Interim Dividends remain unclaimed after the lapse of three (3) years from the day on which payment thereof was commenced, the Company shall be released from the responsibility for the payment thereof.

2. Unpaid Year-End Dividends and Interim Dividends shall not bear any interest.

Notice Regarding Issuance of Green Bonds

Background and Objective

- ✓ The Group plans to issue green bond (19th Series of Unsecured Straight Bonds), as part of efforts to achieve business growth and make social sustainability a reality.
- ✓ The Group will allocate the funds raised from the issuance of these green bonds to the costs of manufacturing building extension at the Kobe Plant. The Group will promote GHG reduction efforts by extension of manufacturing building with high energy-saving performance. In addition, the Group will achieve sustainable growth through environmentally friendly manufacturing activities for ice cream and yogurt, and expand its manufacturing capacity in the future. Through the issuance of these green bonds, the Group will further accelerate efforts to achieve business growth and make social sustainability a reality.

Overview of the Green Bonds

- (1) Name: 19th Series of Unsecured Straight Bonds of Morinaga Milk Industry Co., Ltd. (with Inter-bond Pari Passu Clauses) (Green Bonds)
- (2) Maturity: Seven years (planned)
- (3) Issue amount: 10.0 billion yen (planned)
- (4) Time of issuance: June 2024 (planned)
- (5) Lead underwriters: SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co. Ltd.
- (6) Structuring agent: SMBC Nikko Securities Inc.

(Reference) Announced on May 14, 2024 ③

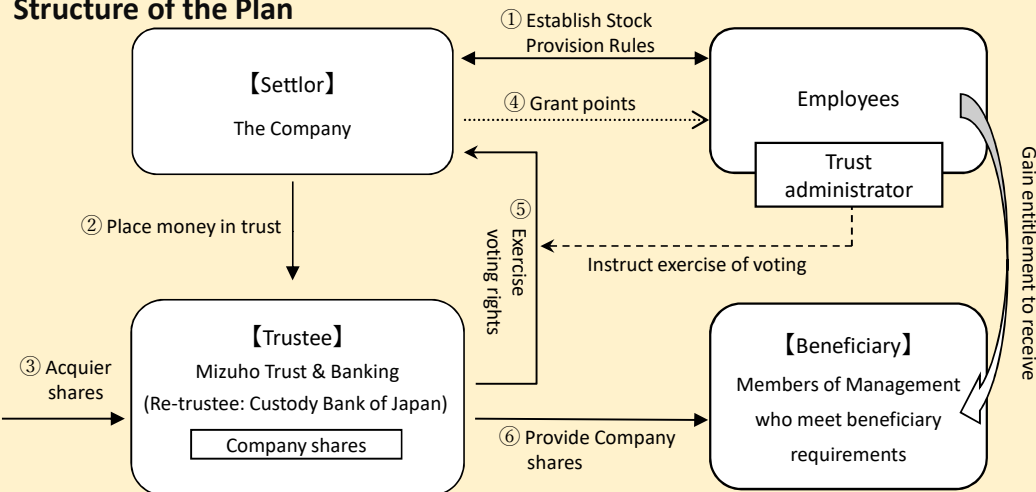


Announcement Concerning Introduction of a Stock Provision Trust (J-ESOP)

Outline and Background

- ✓ The Company grants points to employees and provides Company shares equivalent to the amount of points granted when the employees become entitled to receive the stock based on certain conditions. Company shares to be provided to employees, including those to be provided in the future, will be acquired with money that will have been held in a trust in advance and will be managed separately as trust assets.
- ✓ In addition to being a promotion of career development in Medium-Term Business Plan 2022–2024, the Company aims to further promote the Company's employees to perform their duties with the aim of improving the Company's stock price and business performance, and to enhance the Company's corporate value over the medium to long term. The Company will establish a ¥ 12.0 billion retirement benefit trust as part of the investment in people and secure a source of payment to cover future lump-sum retirement benefits for employees, and will reduce retirement benefit costs through expected investment returns from asset management. The amount equivalent to this reduction cost will be used to cover the operating costs of the program.

Structure of the Plan



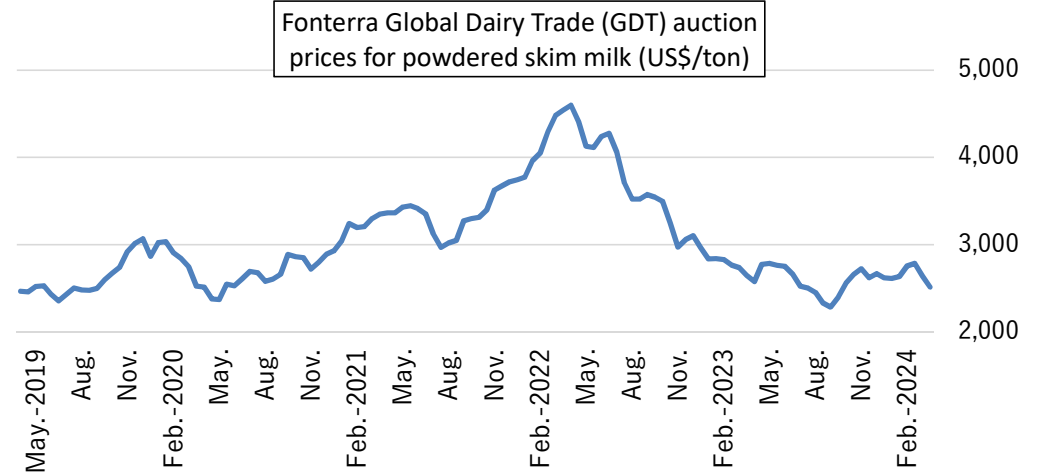
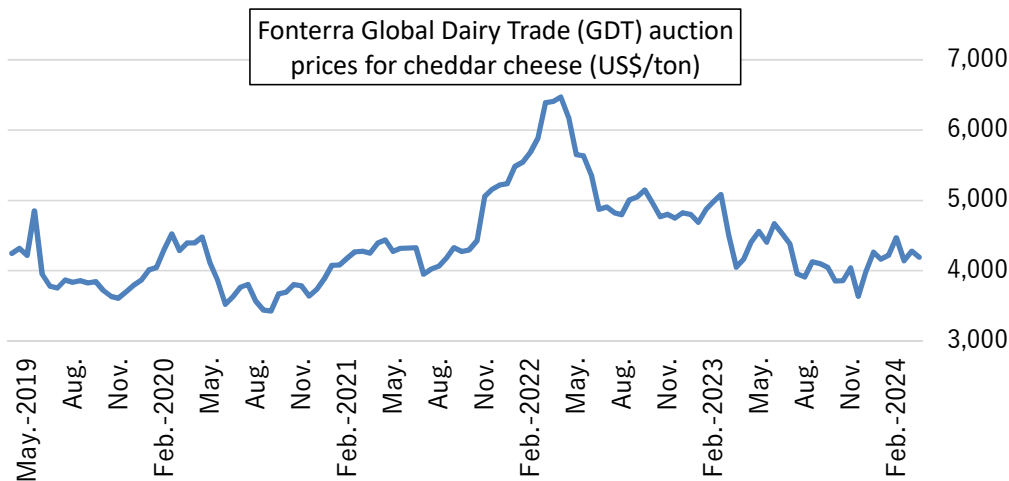
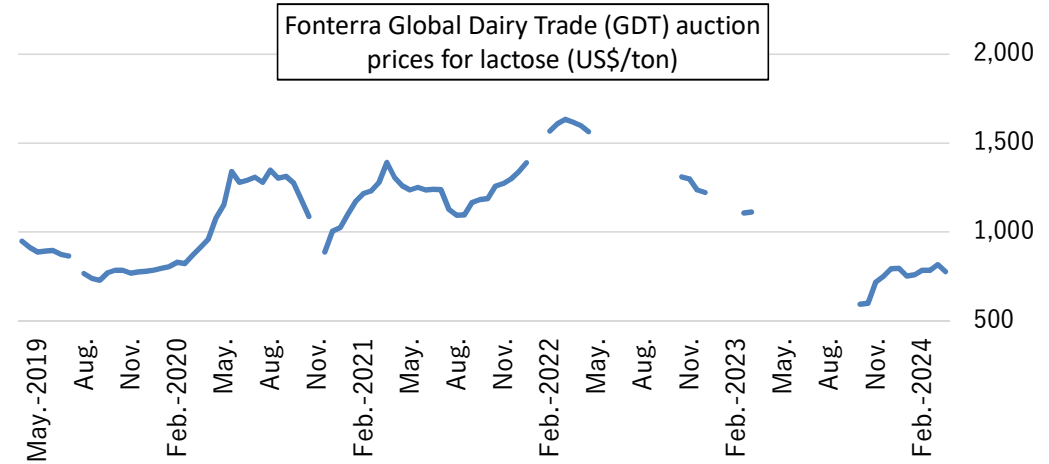
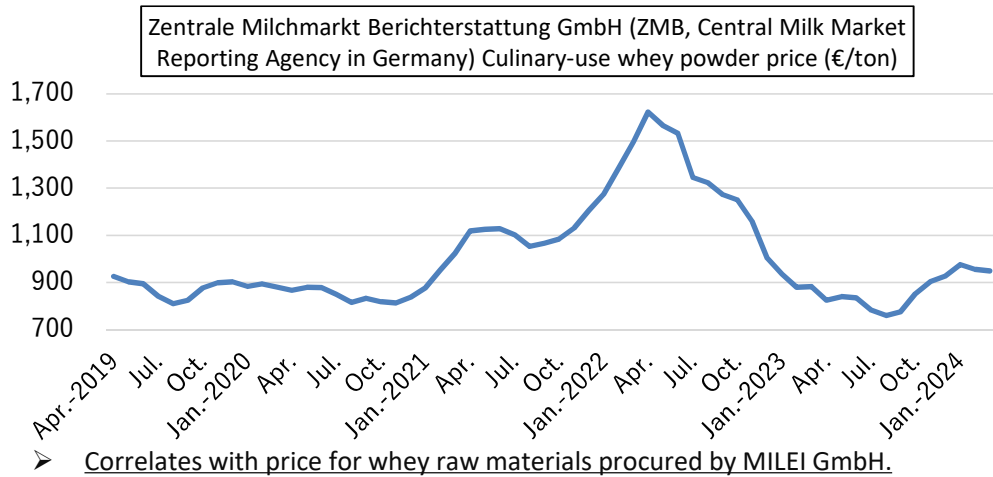
Outline of the Trust

- (1) Name: Stock provision trust (J-ESOP)
- (2) Settlor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd.
(Re-trustee: Custody Bank of Japan, Ltd.)
- (4) Beneficiaries: Employees who meet beneficiary requirements set forth in the Stock Provision Rules
- (5) Trust administrator: Selected from the Company's employees
- (6) Type of trust: Money held in trust other than a money trust (third-party-benefit trust)
- (7) Purpose of trust: To provide Company shares, which are the trust assets, to beneficiaries in accordance with the Stock Provision Rules
- (8) Contract date of the Trust: June 10, 2024
- (9) Date of placing money in trust: June 10, 2024
- (10) Trust period: From June 10, 2024 to the day of termination of the trust (No specific termination date will be determined; the trust will continue as long as the Plan continues.)

Acquisition details of Company shares in the Trust

- (1) Class of shares to be acquired: Common shares of the Company
- (2) Amount to be entrusted as funds: 1,200,000,000 yen
- (3) Method of acquisition: Acquired from the exchange market
- (4) Period of acquisition: June 10, 2024 – end of June 2024 (provisional)

(Reference) Dairy Ingredient Market Data (Last 5 Years)



Source: ZMB (culinary-use whey powder), Fonterra Global Dairy Trade auctions (lactose, cheddar cheese, powdered skim milk) *Areas without lines are those where no trades took place



MORINAGA MILK INDUSTRY CO., LTD.

Cautionary Note Regarding Business Forecasts

Figures for plans, policies, and other figures included in this report other than actual past results are forecasts of future business performance, and are calculated based on management's estimates and understanding of the information available to the Company at the time this presentation was prepared. Accordingly, these forward-looking figures contain elements of risk and uncertainty, and actual results may differ from these forecasts for a variety of reasons. These elements of potential risk and uncertainty include economic conditions in the Company's major markets, trends in demand for the Company's products, exchange rate movements, and regulatory changes and changes in accounting standards and business practices in Japan and other countries. Monetary amounts in this presentation are shown in billions of yen, with amounts of less than 0.1 billion yen rounded to the nearest 0.1 billion yen, and as a result, total figures may differ from the sum of the corresponding breakdown figures.