August 8, 2024

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2025
<Japanese GAAP>

Listed company:	Morinaga Milk Industry Co., Ltd.
Listed stock exchange:	Tokyo
Securities code:	2264
URL:	https://www.morinagamilk.co.jp/english/
Representative:	Yohichi Ohnuki, President & Representative Director
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Dividend payment commencement date: –
Preparation of explanatory materials for quarterly financial results: Yes
Holding of a briefing on quarterly financial results: Yes

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Cumulative First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (Cumulative) (% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	140,637	0.6	8,472	(11.7)	9,554	(8.4)	5,313	(90.0)
Three months ended June 30, 2023	139,741	7.2	9,592	52.5	10,434	48.1	52,916	–

(Note) Comprehensive income: Three months ended June 30, 2024: ¥8,794 million / (83.2)%
Three months ended June 30, 2023: ¥52,202 million / –%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	61.54	61.47
Three months ended June 30, 2023	588.10	587.41

(Note 1) During the previous consolidated fiscal year, the accounting treatment for business combinations that had been applied provisionally was finalized, and this is reflected in the figures relating to the first quarter of the previous consolidated fiscal year.

(Note 2) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	546,863	282,665	50.7
As of March 31, 2024	565,998	282,135	49.0

(Reference) Shareholders' equity: As of June 30, 2024: ¥277,408 million
As of March 31, 2024: ¥277,067 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	–	–	60.00	60.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		45.00	–	45.00	90.00

(Note) Amendment to forecasts of dividends recently announced: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% figures show year-on-year change for the full year and quarter)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter-end (Cumulative)	293,000	2.2	18,900	(9.2)	19,300	(11.4)	12,000	(79.7)	140.36
Full year	570,000	4.2	30,000	7.8	30,300	7.8	19,000	(69.0)	224.83

(Note) Amendment to forecasts of consolidated financial results recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the three months ended June 30, 2024: Yes
(changes in specified subsidiaries affecting the scope of consolidation)
New: - (Company name:) Excluded: 1 (Company name: MM Property Funding Corp.)

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
For details, refer to page 13 of the attached materials, "2. Quarterly Consolidated Financial Statements and Notes (3) Note regarding the quarterly consolidated financial statements (Application of special accounting for preparing quarterly consolidated financial statements)."

(3) Changes in accounting policies and estimates, and retrospective restatements
(i) Changes in accounting policies in accordance with revision of accounting standards: Yes
(ii) Changes in accounting policies other than item (i) above: None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)
(i) Number of shares outstanding at end of period (including treasury shares)

As of June 30, 2024	91,977,886 shares
As of March 31, 2024	91,977,886 shares

(ii) Number of treasury shares at end of period

As of June 30, 2024	6,122,330 shares
As of March 31, 2024	5,186,470 shares

(iii) Average number of shares during period

For the three months ended June 30, 2024	86,342,709 shares
For the three months ended June 30, 2023	89,977,338 shares

(Note 1) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Average number of shares during period is calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.
(Note 2) The number of treasury shares at the end of the period and the number of treasury shares excluded from the calculation of the number of average number of shares during the period includes shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the employee stock benefit trust (J-ESOP).
Number of treasury shares at end of period (As of June 30, 2024: 365,900 shares)
Average number of shares during period (For the three months ended June 30, 2024: 121,966 shares)

* Review of the attached quarterly financial results conducted by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters
The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions on market trends, etc. deemed to be reasonable, and are subject to uncertainties. Consequently, actual business and other results may differ substantially due to various factors. For details on the above forecasts of consolidated financial results, refer to page 7 of the attached materials, "1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information including consolidated earnings forecasts."

[Attached Materials]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

In the first three months of the consolidated fiscal year under review, the prolonged international conflicts, tight monetary policy around the world, and other factors had various impacts on international society and posed downside risks to the global economy. In Japan, a moderate recovery in business conditions is expected to continue owing to an improvement in the employment and income environment, but the negative impact of higher prices on household finances and companies could also continue. Given such developments, the trends in the domestic and global situation will continue to require close monitoring.

Under these circumstances, based on the new Medium-term Business Plan 2022–2024, the Morinaga Milk Group is striving to provide health value and tastiness and delightfulness that are unique to it. In particular, against the backdrop of increasing health needs in and outside Japan, the Group has been expanding products in the “five domains of wellness,” including yogurt and functional ingredients, that take into consideration various health issues, and has been promoting the value of the Company’s own bifidobacteria.

In the Global Business, in addition to generating stable contributions to profits from the core MILEI GmbH operations, we are working to put business plans for the Pakistan, U.S., and Vietnam regions firmly on track, and moving forward with initiatives aimed at achieving growth over the medium to long term.

On the other hand, we continue to be affected by higher costs in all aspects of operations, such as raw material prices, logistics costs, and personnel expenses. To counter this situation, the Group has continued its efforts to absorb costs through such initiatives as price revisions, improving product mix through the expansion of high-profit-margin businesses and products, and reviewing Group-wide costs.

<Key initiatives for the fiscal year under review>

The fiscal year under review is the final year of the Medium-Term Business Plan 2022–2024. While responding to dramatic changes in the environment, we are forging ahead with various initiatives and endeavoring to further strengthen our corporate structure and business.

- Deal with higher raw material milk, raw materials and energy prices and operational cost increases.
  - Minimize the impact of cost increases through price revisions, product mix improvement, rationalization, and other measures
- Promote initiatives in line with the policies of Medium-Term Business Plan 2022–2024 and Sustainability Medium- to Long-Term Plan 2030.
  - Provide products that meet the needs of customers, offer high-value-added products, and promote the value of products by pursuing “health value” and “tastiness and delightfulness” that are unique to the Morinaga Milk Group
  - Expand products in the “five domains of wellness,” including yogurt and functional ingredients, that take into account various health issues, mainly in the Nutrition and Healthcare Foods Business and promote the value of bifidobacteria
  - Promote initiatives for medium- to long-term expansion of the Global Business
  - Strengthen the profit base of the Core Dairy Foods Products that constitute the Group’s business foundation and expand the B-to-B Business
  - Invest in growth areas to further strengthen the business base
    ・Planned start of operation in April 2025: Expanded manufacturing building at the Kobe Plant
    ・Operation to start in sequence from April 2025: Ice cream production lines in Kobe Plant, and other initiatives
  - Action to implement management that is conscious of cost of capital and stock price
    ・Announced in May 2024: Work on the three aspects of “improving profitability and efficiency,” “updating balance sheet policy,” and “strengthening IR and corporate governance” in order to increase the corporate value
    ・In particular, we will strengthen shareholder returns based on our updated balance sheet policy
  - Efforts to promote sustainability management
    ・Contribution to wellness through our main business, measures to address environmental issues such as climate change and the problem of plastics, giving due consideration to human rights and diversity, promotion of sustainability awareness throughout the Group, etc.

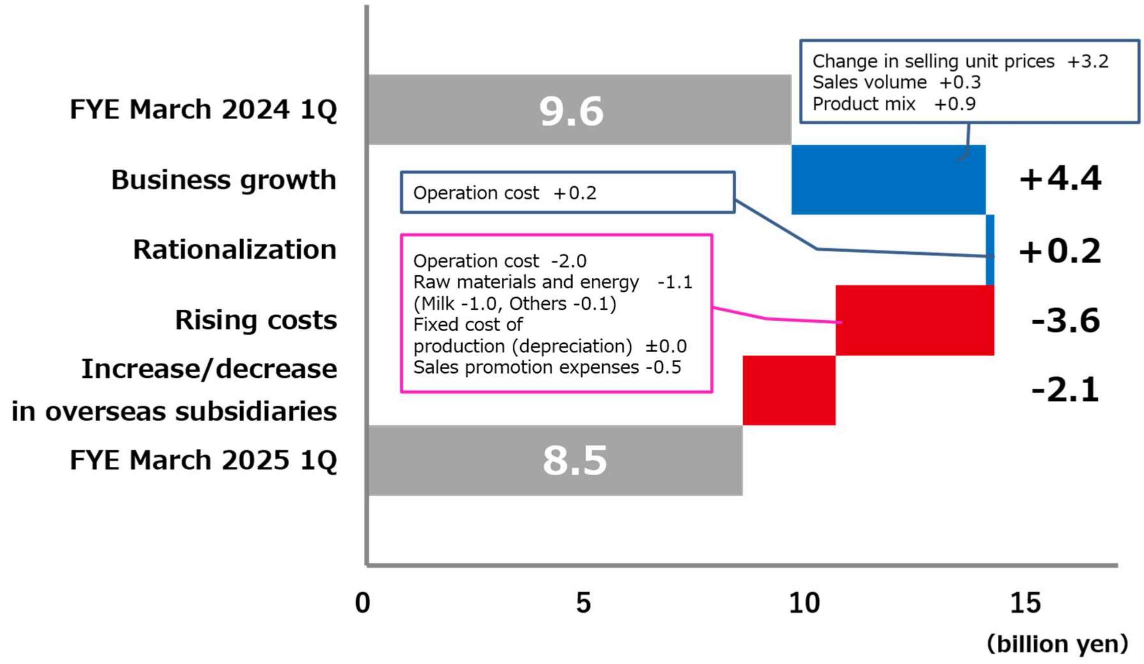
As a result of these initiatives, consolidated net sales increased. In the Nutrition and Healthcare Foods Business and the Core Dairy Foods Business, price revisions of beverages had an effect, and we made efforts to provide high-value-added products such as functional yogurt, “Mt. RAINIER CAFFÈ LATTE,” and ice cream. Overall revenue recorded an increase due partly to higher revenue in the B-to-B business reflecting solid demand and the effects of price revisions.

In terms of consolidated operating profit, we continued to be affected by higher costs in all aspects of operations, such as raw material prices, logistics costs, and personnel expenses. In response, we promoted price revisions, improved product mix through expansion of high-profit-margin businesses and products, conducted Group-wide cost reviews. In the Global Business, while on the one hand the various consolidated subsidiaries moved forward with initiatives aimed at achieving growth over the medium to long term, on the other hand overall profits decreased due to the decline in profit at MILEI in reaction to the significant expansion in profits in the previous fiscal year, and other factors.

In addition, profit attributable to owners of parent decreased significantly, partly in reaction to the ¥65.7 billion in extraordinary income in the first quarter of the previous fiscal year derived from the sale of the site of the former Tokyo Plant.

Consolidated net sales	¥140,637 million	(+0.6% YoY)
Consolidated operating profit	¥8,472 million	(-11.7% YoY)
Consolidated ordinary profit	¥9,554 million	(-8.4% YoY)
Profit attributable to owners of parent	¥5,313 million	(-90.0% YoY)

Factors attributable to increases and decreases in operating profit for Q1 of FYE March 2025



<Morinaga Milk Group’s 10-year vision and Medium-term Business Plan 2022–2024>

The Group established the Morinaga Milk Group 10-year Vision in April 2019, setting out its vision for the next 10 years. Under the vision, the Morinaga Milk Group sees itself one decade ahead in terms of becoming “a company that balances ‘delicious and pleasurable food’ with ‘health and nutrition’,” “a global company that exerts a unique presence worldwide,” and “a company that persistently helps make social sustainability a reality,” based on which we have established targets for the fiscal year ending March 31, 2029, aiming to achieve an “operating profit margin of at least 7%,” an “ROE of at least 10%,” and a “Global Business sales ratio of at least 15%.”

Morinaga Milk Group’s 10-year Vision

Vision 1 A company that balances “delicious and pleasurable food” with “health and nutrition”

Vision 2 A global company that exerts a unique presence worldwide

Vision 3 A company that persistently helps make social sustainability a reality

10-year Targets
(for the fiscal year ending March 31, 2029)

Operating profit margin	3.8%*	At least 7%
ROE	8.6%*	At least 10%
Ratio of overseas sales	5.0%*	At least 15%

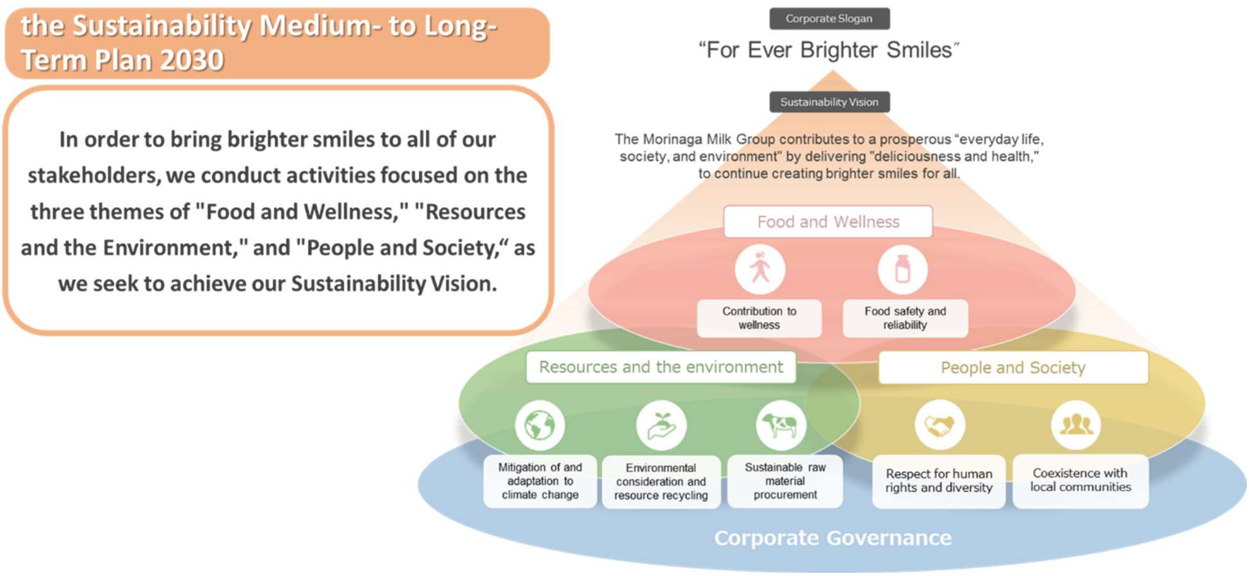
* The figures are for the fiscal year ended March 2019.

Underpinned by this vision, we have established three basic policies for the three-year Medium-term Business Plan 2022–2024 that extends through the fiscal year ending March 31, 2025, which are “achieving sustainable growth by increasing the added value of our business,” “further strengthening our business base with an eye on the future,” and “financial strategies focused on efficiency,” and aim to balance resolution of social issues and improvement of profitability as we pursue the plan. Additionally, we have formulated the “Sustainability Medium- to Long-Term Plan 2030,” in which 2030 targets and KPIs have been set for the three themes of “Food and Wellness,” “Resources and the Environment,” and “People and Society.” It is placed at the core of management and is carried out in conjunction with the Medium-term Business Plan.

With respect to numerical targets for the final fiscal year of the Medium-Term Business Plan (ending March 31, 2025), we are aiming for net sales of ¥570 billion, operating profit of ¥30 billion, profit attributable to owners of parent of ¥19 billion, operating profit to net sales ratio of 5.3%, ROE of 7.0%, and global business sales ratio of 12.3% (Revised on May 14, 2024.)

・ Overview of the Medium-term Business Plan 2022–2024

・ Sustainability Medium- to Long-Term Plan 2030



The first basic policy of the Medium-term Business Plan is “Achieving sustainable growth by increasing the added value of our business.” We are working on expanding the four pillars of our business, (1) the Nutrition and Healthcare Foods Business and (2) the Core Dairy Foods Business, which together with (3) the B-to-B Business and (4) the Global Business, individually and are also seeking in particular to accelerate the provision of health value laterally across the four pillars by expanding products in the “five domains of wellness,” as well as striving for renewed growth of our proprietary functional ingredients and probiotics and portfolio transformation of the Global Business. Through our business activities, we will contribute to the “wellness” and “happiness” of consumers by providing “health value” and “tastiness and delightfulness.”

The second basic policy is “Further strengthening our business base with an eye on the future,” which is being pursued from the perspectives of structural reform, strategic investments, and asset utilization. Structural reform is being carried out by strengthening resilience to changes in the external environment, promoting group management, and other measures. As strategic investments, our plan includes strengthening of R&D functions and growth investments and environment-related investments that are in line with our 10-year vision. In terms of asset utilization, we are strengthening our intellectual property base and promoting utilization of domestic milk resources.

The third basic policy of “Financial strategies focused on efficiency” aims to carry out strategic investments for growth and make use of funds by paying attention to shareholder returns and financial position, to be pursued in tandem with improvement of ROE focusing on capital efficiency. With respect to shareholder returns, we maintain our basic policy of paying stable and long-term dividends while taking into account the importance of financial soundness and internal reserves, which specifically means that we will raise the target payout ratio to 30% (excluding one-off factors). Additionally, we will take measures that give due consideration to total payout ratio. Treasury shares that we hold will, in principle, be canceled, except for a certain portion that will be retained to allow for a flexible capital policy in the future.

In addition, in May 2024, we announced “Action to Implement Management That is Conscious of Cost of Capital and Stock Price.” In order to respond to the expectations of stakeholders and realize sustainable growth and improvements in corporate value over the medium to long term, we will seek further improvements ROE and PBR by implementing the three initiatives of Improve profitability/efficiency, Update balance sheet policy, and Strengthen IR/corporate governance. In terms of measures to strengthen returns to shareholders based on updating balance sheet policy in accordance with these initiatives, we will implement acquisitions and cancellations of treasury shares (period of acquisition scheduled for May to October 2024, up to a total of 3.4 million shares and a total acquisition cost of ¥10.0 billion), raise the annual dividend per share (planned dividend for FYE March 2025 is 90 yen, up 30 yen year on year), and implement an interim dividend system.

(Reference) Overview of the results by business field (four pillars of business) in the Medium-term Business Plan 2022–2024

1. Nutrition and Healthcare Foods Business: “Bifidus Yogurt” performed well against the background of a rise in health awareness, and we continued to focus on expanding sales of functional yogurt and “PARTHENO.” Net sales increased for the business as a whole, due in part to the contribution of nutritional food products such as infant formula and MORINAGA MILK INDUSTRY CLINICO Co., Ltd., which sells liquid foods and other items. We are also working continuously to strengthen sales promotions for such products as bifidobacteria, with a focus on medium- to long-term growth.

   In terms of profits, we were affected by the rise in raw material prices and increased operational costs. Although we endeavored to improve the product mix and cut costs, the business as a whole recorded lower revenue due partly to an increase in promotion cost.

Nutrition and Healthcare Foods Business net sales	¥32,742 million	(+2.4% YoY)
Nutrition and Healthcare Foods Business operating profit	¥1,810 million	(-¥156 million YoY)

2. Core Dairy Foods Business: Although we were affected by the rise in prices for raw materials and increased operational costs, we achieved higher net sales and profits for the business as a whole by revising selling prices for beverages and other products, working to improve the product mix by expanding sales of high value-added products such as “Mt. RAINIER CAFFÈ LATTE” and ice cream, and cutting costs.

Core Dairy Foods Business net sales	¥46,423 million	(+3.9% YoY)
Core Dairy Foods Business operating profit	¥4,119 million	(+¥1,280 million YoY)

3. B-to-B Business: Despite being affected by rising prices for raw materials and increases in operational costs, commercial dairy products grew against a backdrop of resilient demand and the effects of price revisions, so that the business as a whole recorded higher revenue and higher profits. We are also working continuously to expand the sales of Company’s functional materials, including probiotics.

B-to-B Business net sales	¥24,871 million	(+4.2% YoY)
B-to-B Business operating profit	¥1,134 million	(+¥57 million YoY)

4. Global Business: U.S.-based Morinaga Nutritional Foods, Inc. (MNF) recorded higher revenue and exports of probiotics performed strongly, but due mainly to the impact of the decline in reaction to the significant expansion of the previous fiscal year at MILEI GmbH, the business as a whole recorded lower revenue.

In terms of profits, the business as a whole also posted lower profits due to the decline at MILEI in reaction to the previous fiscal year and other factors.

Global Business net sales	¥16,324 million	(-7.4% YoY)
Global Business operating profit	¥869 million	(-¥1,860 million YoY)

(2) Explanation of consolidated financial position

Total assets at the end of the first quarter of the consolidated fiscal year under review decreased by ¥19,134 million to ¥546,863 million compared with the end of the previous fiscal year. This was mainly the result of a decrease in cash and deposits, despite an increase in notes and accounts receivable–trade and contract assets from seasonal factors.

Total liabilities were ¥264,198 million, down ¥19,664 million from the end of the previous fiscal year. This was mainly due to an increase in bonds payable, despite a decrease in income taxes payable and retirement benefit liability.

Net assets were ¥282,665 million, up ¥529 million from the end of the previous fiscal year. This was mainly attributable to an increase in foreign currency translation adjustments while treasury shares increased.

As a result, the shareholders’ equity ratio was 50.7%, compared with 49.0% at the end of the previous fiscal year.

(3) Explanation of forward-looking information including consolidated earnings forecasts

There is no amendment to consolidated earnings forecasts for the fiscal year ending March 31, 2025 disclosed on May 14, 2024.

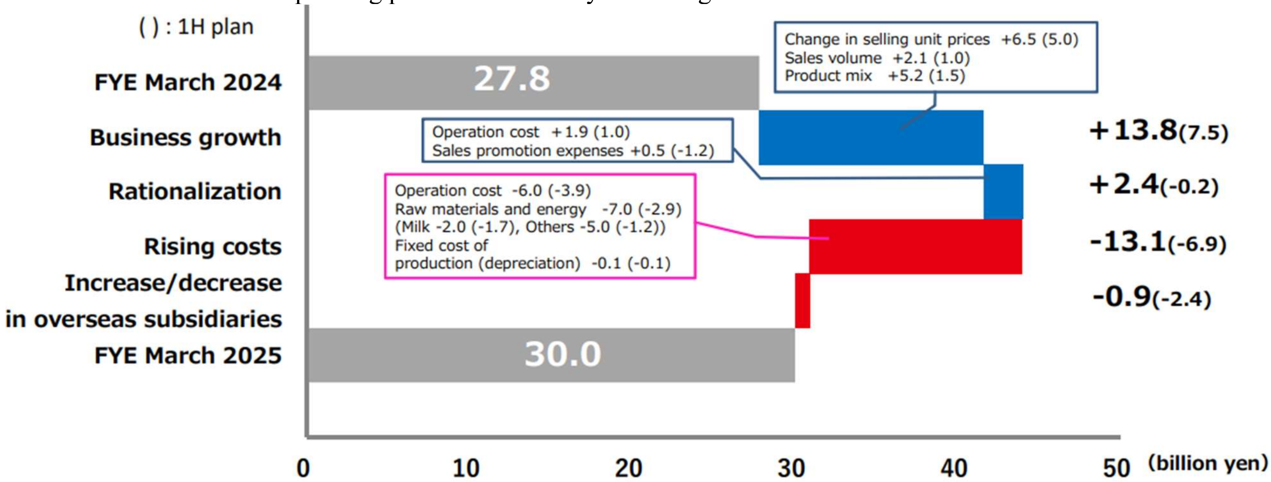
Earnings forecast for the first half of the fiscal year ending March 2025

	Forecast for fiscal year ending March 31, 2025	YoY percentage change
Consolidated net sales	¥293,000 million	+2.2%
Consolidated operating profit	¥18,900 million	-9.2%
Consolidated ordinary profit	¥19,300 million	-11.4%
Profit attributable to owners of parent	¥12,000 million	-79.7%

Earnings forecast for the fiscal year ending March 2025

	Forecast for fiscal year ending March 31, 2025	YoY percentage change
Consolidated net sales	¥570,000 million	+4.2%
Consolidated operating profit	¥30,000 million	+7.8%
Consolidated ordinary profit	¥30,300 million	+7.8%
Profit attributable to owners of parent	¥19,000 million	-69.0%
(Other important operating indicators)		
Operating profit margin	5.3%	-
ROE	7.0%	-
Global Business sales ratio	12.3%	-

Forecasts of fluctuations to operating profit in the fiscal year ending March 2025



(Reference) Forecasts by business field in the Medium-term Business Plan 2022–2024 (fiscal year ending March 2025)

	Forecast for fiscal year ending March 31, 2025	YoY change (percentage/amount)
Nutrition and Healthcare Foods Business net sales	¥132,600 million	4.2%
Nutrition and Healthcare Foods Business operating profit	¥7,100 million	¥1,845 million

	Forecast for fiscal year ending March 31, 2025	YoY change (percentage/amount)
Core Dairy Foods Business net sales	¥183,600 million	4.8%
Core Dairy Foods Business operating profit	¥9,500 million	¥477 million

	Forecast for fiscal year ending March 31, 2025	YoY change (percentage/amount)
B-to-B Business net sales	¥101,700 million	5.5%
B-to-B Business operating profit	¥4,700 million	¥239 million

	Forecast for fiscal year ending March 31, 2025	YoY change (percentage/amount)
Global Business net sales	¥70,300 million	16.3%
Global Business operating profit	¥6,300 million	¥304 million

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	64,528	26,585
Notes and accounts receivable - trade, and contract assets	75,174	81,234
Merchandise and finished goods	55,014	58,181
Work in process	1,603	1,808
Raw materials and supplies	23,571	24,470
Other	9,677	14,111
Allowance for doubtful accounts	(531)	(350)
Total current assets	229,039	206,042
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	85,691	85,304
Machinery, equipment and vehicles, net	95,991	95,715
Land	53,012	53,048
Other, net	34,264	37,344
Total property, plant and equipment	268,960	271,412
Intangible assets		
Goodwill	10,214	10,685
Other	17,107	17,551
Total intangible assets	27,321	28,236
Investments and other assets		
Investment securities	26,405	26,893
Other	14,327	14,318
Allowance for doubtful accounts	(56)	(40)
Total investments and other assets	40,677	41,171
Total non-current assets	336,958	340,821
Total assets	565,998	546,863

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable–trade	57,240	61,702
Electronically recorded obligations–operating	5,367	7,108
Short-term borrowings	4,519	5,706
Current portion of long-term borrowings	7,593	11,603
Current portion of bonds payable	10,000	—
Income taxes payable	24,455	4,029
Accrued expenses	42,096	38,508
Deposits received	19,560	21,306
Other	21,850	17,781
Total current liabilities	192,682	167,746
Non-current liabilities		
Bonds payable	45,000	65,000
Long-term borrowings	14,199	10,729
Retirement benefit liability	21,664	9,806
Other	10,315	10,915
Total non-current liabilities	91,179	96,451
Total liabilities	283,862	264,198
Net assets		
Shareholders' equity		
Share capital	21,821	21,821
Capital surplus	19,998	19,998
Retained earnings	233,741	233,848
Treasury shares	(14,241)	(17,288)
Total shareholders' equity	261,320	258,380
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,940	12,344
Deferred gains or losses on hedges	46	78
Foreign currency translation adjustment	2,936	5,755
Remeasurements of defined benefit plans	822	849
Total accumulated other comprehensive income	15,746	19,028
Share acquisition rights	116	116
Non-controlling interests	4,951	5,139
Total net assets	282,135	282,665
Total liabilities and net assets	565,998	546,863

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

(Consolidated statements of income)

(April 1, 2024 – June 30, 2024)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	139,741	140,637
Cost of sales	106,320	106,661
Gross profit	33,420	33,976
Selling, general and administrative expenses	23,827	25,503
Operating profit	9,592	8,472
Non-operating income		
Interest income	7	24
Dividends income	376	675
Rental income from buildings	70	85
Foreign exchange gains	834	1,018
Other	239	240
Total non-operating income	1,528	2,042
Non-operating expenses		
Interest expenses	252	350
Share of loss of entities accounted for using equity method	2	114
Loss on valuation of derivatives	356	309
Other	74	187
Total non-operating expenses	685	961
Ordinary profit	10,434	9,554
Extraordinary income		
Gain on sale of non-current assets	65,685	－
Gain on sale of investment securities	0	6
Other	146	－
Total extraordinary income	65,832	6
Extraordinary losses		
Loss on disposal of non-current assets	41	117
Contributions to the public interest incorporated foundation Hikari Kyokai	470	470
Rebuilding-related losses	172	386
Other	40	58
Total extraordinary losses	724	1,033
Profit before income taxes	75,542	8,527
Income taxes	22,618	3,222
Profit	52,924	5,305
Profit (loss) attributable to non-controlling interests	8	(8)
Profit attributable to owners of parent	52,916	5,313

(Consolidated statements of comprehensive income)
(April 1, 2024 – June 30, 2024)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	52,924	5,305
Other comprehensive income		
Valuation difference on available-for-sale securities	1,693	403
Deferred gains or losses on hedges	81	29
Foreign currency translation adjustment	(2,564)	3,020
Remeasurements of defined benefit plans, net of tax	63	26
Share of other comprehensive income of entities accounted for using equity method	3	9
Total other comprehensive income	(721)	3,488
Comprehensive income	52,202	8,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	52,783	8,595
Comprehensive income attributable to non-controlling interests	(580)	199

(3) Note regarding the quarterly consolidated financial statements

(Notes on premise of going concern)
No items to report.

(Notes on significant changes in the amount of shareholders' equity)
Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
In accordance with a resolution of the Board of Directors taken on May 15, 2023, the Company acquired 532,300 treasury shares. As a result of this and other factors, treasury shares increased by ¥2,706 million during the first quarter of the fiscal year, leading to treasury shares of ¥17,022 million as of June 30, 2024.

Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
In accordance with a resolution of the Board of Directors taken on May 14, 2024, the Company acquired 569,200 treasury shares. As a result of this and other factors, treasury shares increased by ¥3,046 million during the first quarter of the fiscal year, leading to treasury shares of ¥17,288 million as of June 30, 2024.

(Application of special accounting for preparing quarterly consolidated financial statements)
(Assessment of tax expenses)

The Company and its consolidated subsidiaries apply the method that reasonably estimates an effective tax rate to be assessed on profit before income taxes for the fiscal year ending March 31, 2025, including this first quarter of the fiscal year under review after accounting for the tax effects, and multiplies profit before income taxes during the first quarter of the fiscal year ending March 31, 2025 by said estimated effective tax rate.

(Notes on changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard of 2022") and related accounting guidance from the beginning of the three months ended June 30, 2024.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies had no impact on the consolidated financial statements for the first quarter under review.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the first quarter of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the first quarter of the previous fiscal year or the entire previous fiscal year.

(Notes on segment information, etc.)

[Segment information]

I. Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Information on net sales and the amount of profits (losses) by reportable segment

(Millions of yen)

	Reportable segment	Other*1	Total	Adjustments*2	Amount recorded in the consolidated quarterly income statement*3
	Foods				
Net sales					
Sales to external customers	133,682	6,058	139,741	—	139,741
Intra-segment internal sales and transfer amount	53	1,147	1,200	(1,200)	—
Total	133,736	7,205	140,942	(1,200)	139,741
Segment profit	12,044	514	12,558	(2,966)	9,592

(Notes) 1. The category of "other" refers to the business segments not included in the reportable segments, such as feed, design and construction of plant equipment, and real estate leases.

2. Adjustments to segment profit of -¥2,966 million include company-wide costs that are not allocated to business segments of -¥2,814 million, as well as elimination of intra-segment transactions of -¥152 million.

3. Segment profit has been adjusted to operating profit recorded in the consolidated quarterly statement of income.

4. During the previous consolidated fiscal year, the accounting treatment for business combinations that had been applied provisionally was finalized, and this is reflected in the segment information of the first quarter of the previous consolidated fiscal year.

2. Disclosure of impairment losses on non-current assets or goodwill, etc. for each reportable segment

Omitted as the items have little significance.

II. Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

1. Information on net sales and the amount of profits (losses) by reportable segment

(Millions of yen)

	Reportable segment	Other*1	Total	Adjustments*2	Amount recorded in the consolidated quarterly income statement*3
	Foods				
Net sales					
Sales to external customers	134,794	5,843	140,637	—	140,637
Intra-segment internal sales and transfer amount	64	1,572	1,636	(1,636)	—
Total	134,858	7,415	142,274	(1,636)	140,637
Segment profit	11,103	516	11,620	(3,147)	8,472

(Notes) 1. The category of "other" refers to the business segments not included in the reportable segments, such as feed, design and construction of plant equipment, and real estate leases.

2. Adjustments to segment profit of -¥3,147 million include company-wide costs that are not allocated to business segments of -¥2,903 million, as well as elimination of intra-segment transactions of -¥244 million.

3. Segment profit has been adjusted to operating profit recorded in the consolidated quarterly statement of income.

（Notes to the statement of cash flows）

A statement of cash flows has not been prepared in relation to the first quarter of FYE March 2025. Amounts of depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill associated with the first three months of the first quarter of FYE March 2025, are as follows.

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	5,467	5,796
Amortization of goodwill	201	274
Amortization of negative goodwill	15	15

(Note) In the previous fiscal year, the Company finalized provisional accounting treatment for the business combination, and the consolidated figures for depreciation and amortization of goodwill for the first quarter of the previous fiscal year reflect the details of the finalization of the provisional accounting treatment.