Morinaga Milk Industry Co., Ltd.
Financial Results Presentation for the First Quarter of the Fiscal Year Ending March 31, 2025

August 8, 2024

1. Overview of the First Quarter of the FYE March 2025 Financial Results
2. Outlook of Financial Results for FYE March 2025

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Overview of 1Q of FYE March 2025 Financial Results

Summary: Higher net sales and lower profit (higher profit in Japan, lower profit overseas), in line with expectations

Three domestic businesses*1: Higher net sales and profits

Net sales: **¥104.0 billion** (**+3.5%** YoY)
Operating profit: **¥7.1 billion** (**+¥1.2 billion** YoY)

- Effects of price revisions (beverages (March, June), contribution from prepaid months for products on which revisions implemented in previous fiscal year)
- Expansion and higher sales volume of high-value-added products ("Mt. RAINIER CAFFÈ LATTE," ice cream, yogurt, etc.)
- Rise in raw material prices and increased operational costs such as logistics costs

Global business: Lower net sales and profits

Net sales: **¥16.3 billion** (**-7.4%** YoY)
Operating profit: **¥0.9 billion** (**-¥1.9 billion** YoY)

- Lower net sales and profits: Mainly impact of decline at MILEI GmbH in reaction to significant growth in 1Q of previous fiscal year
- Moving forward with initiatives focused on medium- to long-term growth at subsidiaries in Pakistan, U.S., Vietnam. Probiotics performing well.
- Despite considerable profit decline, this is in line with 1H/full-year targets

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

Net sales: **¥140.6 billion** (**+0.6%** YoY)
Operating profit: **¥8.5 billion** (**-¥1.1 billion** YoY)

➢ Overall, in line with expectations

*1 Three domestic businesses: Nutrition and Healthcare Food Business, Core Dairy Foods Business, B-to-B Business
*2 Includes "Other/Eliminated."

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Financial Results for 1Q of FYE March 2025

(Unit: billion yen)

	FYE Mar. 2024 1Q	FYE Mar. 2025 1Q	Year-on-year change	Year on year
Net sales	139.7	**140.6**	+0.9	+0.6%
Operating profit	9.6	**8.5**	-1.1	-11.7%
Ordinary profit	10.4	**9.6**	-0.9	-8.4%
Profit attributable to owners of parent	52.9	**5.3**	-47.6	-90.0%
Operating profit to net sales	6.9%	**6.0%**		

Key points

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

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Net Sales & Operating Profit by Business Segment in 1Q of FYE March 2025

(Unit: billion yen)

	Net sales			Operating profit (operating profit to net sales)		
	FYE Mar. 2024 1Q	FYE Mar. 2025 1Q	Year on year	FYE Mar. 2024 1Q	FYE Mar. 2025 1Q	Year-on-year change
Nutrition and Healthcare Foods Business	32.0	**32.7**	+2.4%	2.0 (6.1%)	**1.8** (5.5%)	-0.2
Core Dairy Foods Business	44.7	**46.4**	+3.9%	2.8 (6.4%)	**4.1** (8.9%)	+1.3
B-to-B Business	23.9	**24.9**	+4.2%	1.1 (4.5%)	**1.1** (4.6%)	+0.1
Global Business	17.6	**16.3**	-7.4%	2.7 (15.5%)	**0.9** (5.3%)	-1.9
Other/Eliminated	21.6	**20.3**	-5.9%	1.0 (4.6%)	**0.5** (2.7%)	-0.4
Total	139.7	**140.6**	+0.6%	9.6 (6.9%)	**8.5** (6.0%)	-1.1

Key points

- Nutrition and Healthcare Foods Business: Higher revenue for yogurt, centered on “Bifidus,” increase in promotional expenses for bifidobacteria/new products. Rise in raw material prices and increased operational costs such as logistics costs
- Core Dairy Foods Business: Price revisions of beverages. Expansion of high-value-added products such as “Mt. RAINIER CAFFÈ LATTE,” ice cream, etc. Increase in raw material prices and operational costs
- B-to-B Business: Growth in commercial dairy products due to solid demand, continued effects of price revisions. Volume still constrained by impact of imbalance between supply and demand for dairy products. Increase in raw material prices and operational costs
- Global Business: Impact of decline at MILEI in reaction to significant growth in 1Q of previous fiscal year. Moving forward with initiatives focused on medium- to long-term growth at overseas subsidiaries. Probiotics performing well.

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Subsegment Net Sales in 1Q of FYE March 2025

(Unit: billion yen)

	FYE Mar. 2024 1Q	FYE Mar. 2025 1Q	Year on year
Nutrition and Healthcare Foods Business			
Yogurt	13.8	**14.6**	+6%
Commercial milk (Home deliveries, etc.)	4.7	**4.1**	-12%
Nutritional food products	3.3	**3.3**	+1%
CLINICO	6.5	**6.7**	+3%
Core Dairy Foods Business			
Beverages	14.4	**14.7**	+2%
Ice cream	12.1	**12.9**	+7%
Cheese	6.4	**6.7**	+5%
Milk	10.8	**11.3**	+4%
Chilled desserts	1.9	**2.0**	+10%

Key points

- Sales increase of “Bifidus,” sales decrease of functional yogurt, sales decrease of “PARTHENO” (Some impact from suspension of medium-capacity type)
- Revamp of delivery services, sales of bottled products ended
- Infant formula performed solidly
- Liquid foods and nursing care products performed solidly
- Price revisions: “Mt. RAINIER CAFFÈ LATTE” “Lipton” (March 2024), “Sunkist” (June)
- Sales growth centered on core brands such as “PARM,” sales increase of “Iced condensed milk”
- Sales increase of “Mozzarella,” “Parmesan,” etc.
- Growth concentrated in milk-based drinks
- Sales increase of “Yaki pudding”

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Subsegment Net Sales in 1Q of FYE March 2025

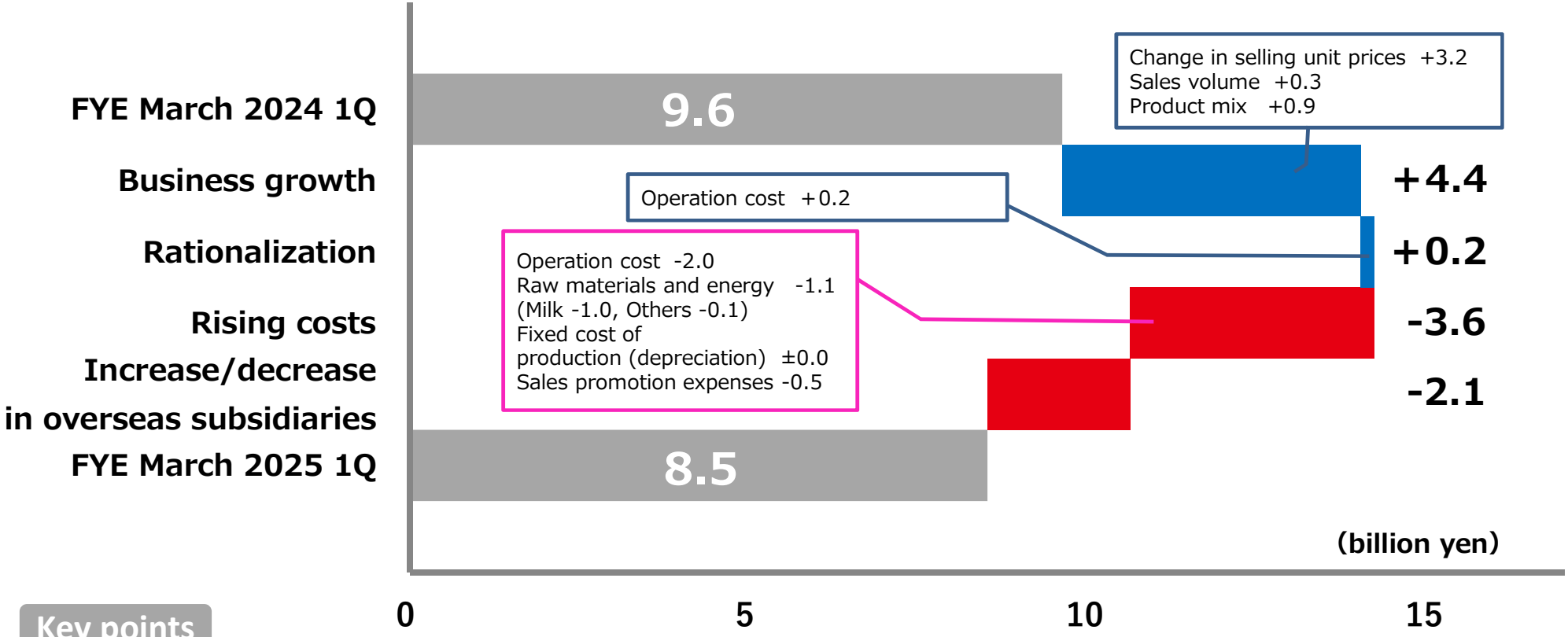
	FYE Mar. 2024 1Q	FYE Mar. 2025 1Q	Year on year
Global Business			
MILEI (Germany)	JPY 12.3 billion EUR 85 million€	**JPY 9.8 billion** **EUR 60 million**	-20% -29%
NutriCo Morinaga (Pakistan)	JPY 1.8 billion PKR 3.8 billion	**JPY 1.8 billion** **PKR 3.4 billion**	+3% -11%
Morinaga Nutritional Foods (U.S., including TIF)	JPY 1.3 billion USD 10 million	**JPY 2.2 billion** **USD 15 million**	+70% +49%
Morinaga Nutritional Foods Vietnam (Vietnam, former Elovi)	JPY 1.0 billion VND 175.0 billion	**JPY 0.9 billion** **VND 139.7 billion**	-15% -20%

Key points

- Decline in reaction to significant growth in revenue driven by impact of whey prices that continued to 1Q of previous fiscal year
- Subsidiary manufacturing and selling formula milk. Continued impact from weak local economy in Pakistan. Launching new, locally manufactured products
- 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. Recently have been focusing exports on expanding tofu, with PBF market on improving trend
- Despite working to expand sales of Morinaga brand products (yogurt, nutritional supplement drinks) and win OEM orders, revenues fell, mainly for local brand products, partly because of weak economy in Vietnam

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Factors Attributable to Increases and Decreases in Operating Profit for 1Q of FYE March 2025



Key points

- Change in selling unit prices: Effects of price revisions of beverages such as “Mt. RAINIER CAFFÈ LATTE.” Contribution of unexpired months for which price revisions were implemented in the previous year
- Product mix, etc.: Contribution from beverages, ice cream, probiotics (Global Business), etc.
- Operation cost: Increase in logistics costs, personnel expenses, etc.
- Increase/decrease in overseas subsidiaries: Decline in reaction to growth of previous year at MILEI, etc.

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2. Outlook of Financial Results for FYE March 2025

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Outlook of Financial Results for FYE March 2025

No revision to earnings forecasts: Targeting increase in operating profit, centered on Japan, with slight increase for Global business

Key points

Three domestic businesses:

- ✓ Impact of raw material/energy price increase and increased operational costs such as logistics costs
- ➢ Working to revise prices, increase sales volume, improve product mix, and reduce costs to cover higher input costs and grow profit
- ➢ Implementing additional price revisions: Ice cream (September), "Parmesan Cheese" (October)

*Effects of price revisions already included in initial forecasts: Provisionally allocated to "Product Mix, etc."

Global Business:

- ✓ 1H: Profit decrease mainly in 1Q due partly to decline in reaction to growth at MILEI, from 3Q FYE March 2023 to 1Q FYE March 2024
- ✓ 2H: Normalization of previous-year impact at MILEI, probiotics exports, reductions in losses in U.S., efforts to grow profits at other subsidiaries
- ➢ No change in outlook. Expect profit decline in 1H, slight increase for full year

Additional price revisions

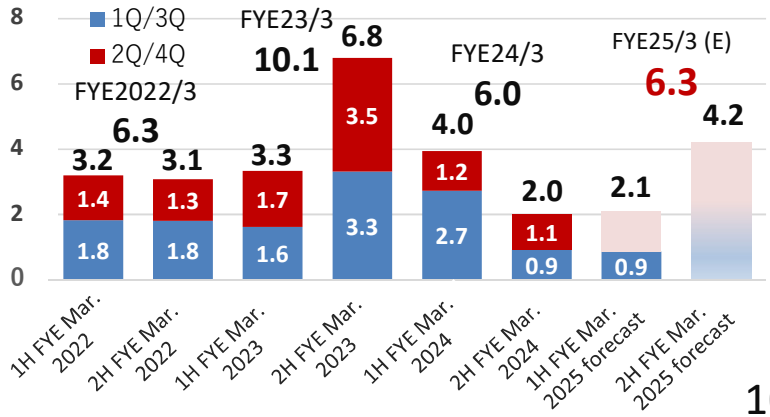
(September and October 2024)





1. Repricing date and targeted products
   (1) Starting with shipments on Sunday, September 1, 2024
   Household ice cream: 14 products
   (2) Starting with shipments on Tuesday, October 1, 2024
   Household cheese: 3 products
   ("KRAFT Parmesan Cheese")
2. Details of Repricing
   Amount of change: 10 yen – 210 yen, change rate: 6.3% – 15.2%

Global Business operating profit (Unit: billion yen)



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Outlook of Financial Results for FYE March 2025

No plan revision

(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%	20.8	**18.9**	-1.9	-9.2%
Ordinary profit	28.1	**30.3**	+2.2	+7.8%	21.8	**19.3**	-2.5	-11.4%
Profit attributable to owners of parent	61.3	**19.0**	-42.3	-69.0%	59.1	**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%**						

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

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 1Q of FYE March 2024 from sale of former Tokyo Plant site
- Dividend per share: FYE Mar. 2025 forecast 90 yen, introduction of interim dividend system

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Appendix

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

No plan revision

(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%)	-1.9	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 probiotics. 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 probiotics, etc. and improving losses in the U.S.

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(Reference) Subsegment Net Sales Targets for FYE March 2025

No plan revision

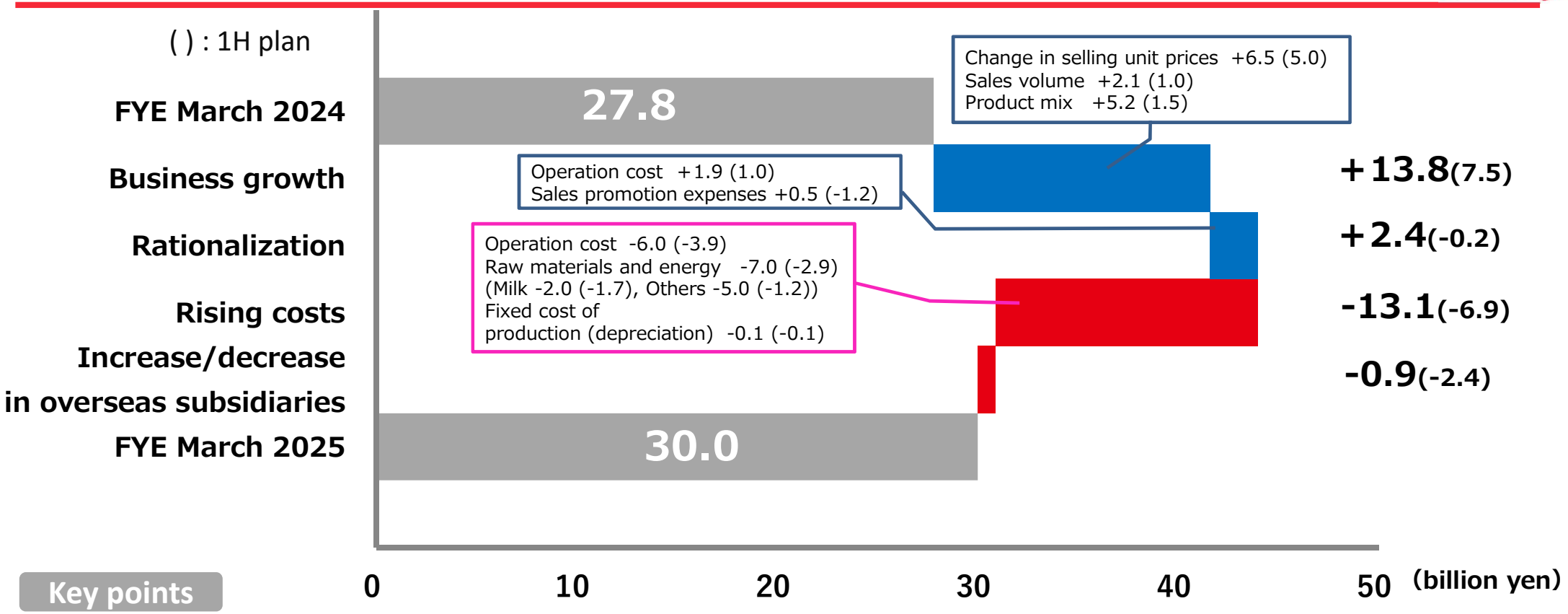
(Unit: billion yen)

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%

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(Reference) Forecasts of Fluctuations to Operating Profit in FYE March 2025

No plan revision



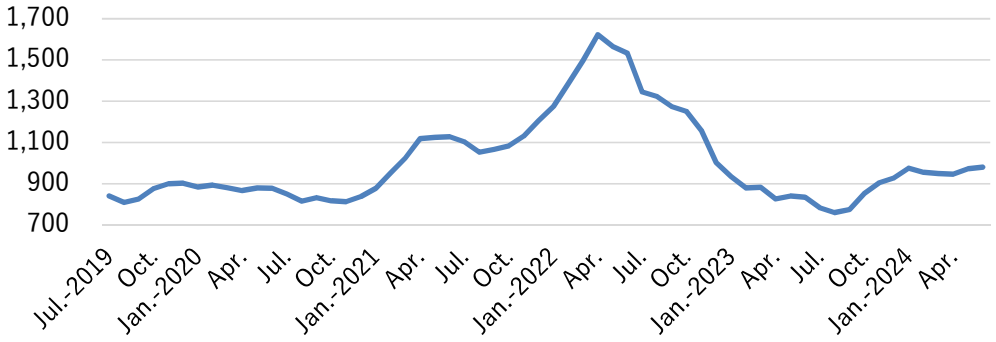
Key points

- 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
- Increase/decrease in 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

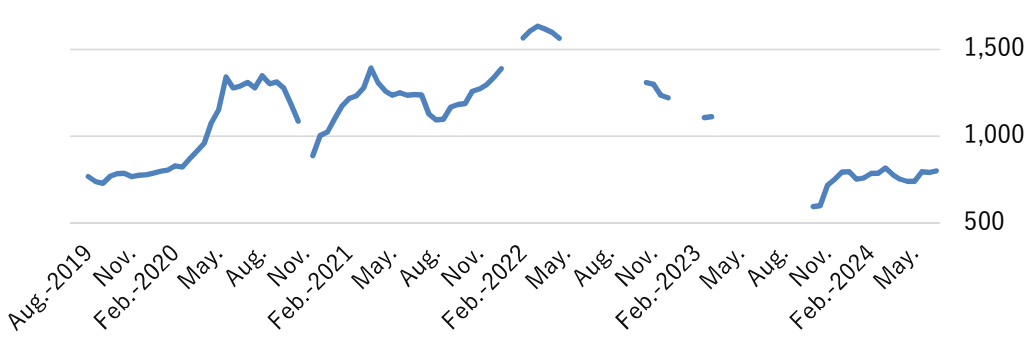
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(Reference) Dairy Ingredient Market Data (Last 5 Years)

Zentrale Milchmarkt Berichterstattung GmbH (ZMB, Central Milk Market Reporting Agency in Germany) Culinary-use whey powder price (€/ton)

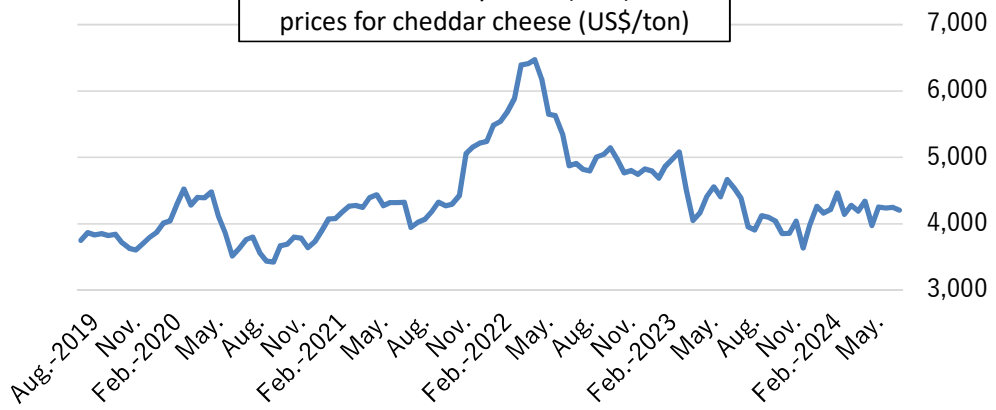


Fonterra Global Dairy Trade (GDT) auction prices for lactose (US$/ton)

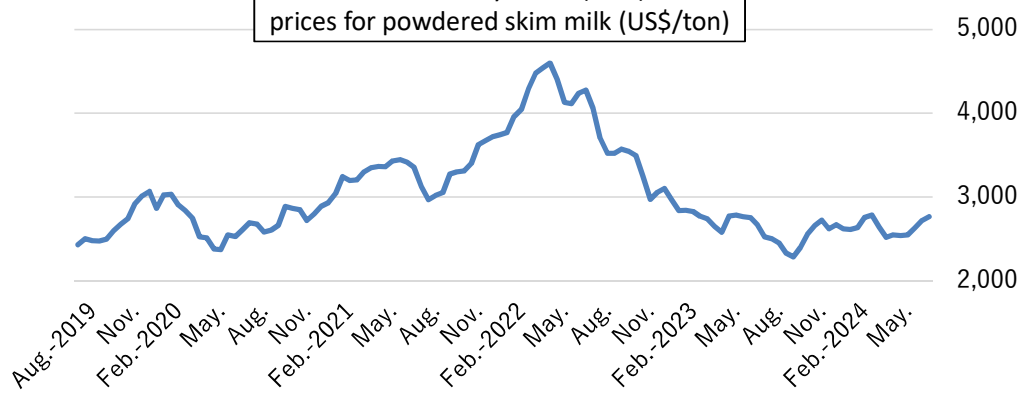


➢ Correlates with price for whey raw materials procured by MILEI GmbH.

Fonterra Global Dairy Trade (GDT) auction prices for cheddar cheese (US$/ton)



Fonterra Global Dairy Trade (GDT) auction prices for powdered skim milk (US$/ton)



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

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Cautionary Note Regarding Business Forecasts

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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.

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