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

November 11, 2024

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

Overview of Today's Presentation

FYE March 2025 1H results

- ✓ Higher net sales and lower profit. Operating profit fell short of forecast. (operating profit: -¥3.3 billion YoY, variance from forecast: -¥1.4 billion)
- ✓ Variance from forecast: High-value-added products such as "Mt. RAINIER CAFFÈ LATTE" and ice cream were strong.
  Despite higher net sales of yogurt, product mix deteriorated due to new products and functional yogurts undershooting forecasts, etc.
  Together with other factors such as major domestic subsidiaries coming in below forecasts, rising logistics costs, and upfront payments for manufacturing costs, this led to overall shortfall

FYE March 2025 Full-year forecast

- ✓ Operating profit: ¥28.5 billion (+¥0.7 billion YoY, variance from initial forecast: -¥1.5 billion)
  Full-year forecasts have been cut by first-half shortfall amount. In second half we aim to maintain level of initial forecast.
- ✓ We expect continued expansion in "Mt. RAINIER CAFFÈ LATTE" and ice cream.
  In yogurt we will continue to expand focus products such as functional yogurts and "PARTHENO," and engage in efficient sales promotion activities
  In Global Business, through sales promotion and product quality improvement efforts based on market prices and demand trends, etc. at MILEI, we have raised profit outlook for second half to maintain full-year profit forecast at initial level

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1. Overview of the First Half of the FYE March 2025 Financial Results

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2. Outlook of Financial Results for FYE March 2025

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Summary of Financial Results in 1H of FYE March 2024

Higher net sales and lower profits. Operating profit fell short of forecast

✓ Operating profit fell short of forecast: ¥17.5 billion (-¥3.3 billion YoY, variance from forecast: -¥1.4 billion)

- In Japan: High-value-added products such as "Mt. RAINIER CAFFÈ LATTE" and ice cream were strong.
  Despite higher net sales of yogurt, product mix deteriorated due to new products and functional yogurts undershooting forecasts, etc.
- Global Business: Profits decreased due to the decline in profit at MILEI in reaction to the significant expansion in profits in the previous fiscal year. In line with forecast despite slight weakness
- Together with factors such as major domestic subsidiaries coming in below forecasts, rising logistics costs, and upfront payments for manufacturing costs, etc.

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Financial Results for 1H of FYE March 2025

(Unit: billion yen)

	FYE Mar. 2024 1H	FYE Mar. 2025 1H target	FYE Mar. 2025 1H	Year-on-year change	Year on year	Change from target	Rate of change vs target	FYE Mar. 2025 2Q (3 months)	Year-on-year change	Year on year
Net sales	286.6	293.0	**290.6**	+4.0	+1.4%	-2.4	-0.8%	**150.0**	+3.1	+2.1%
Operating profit	20.8	18.9	**17.5**	-3.3	-16.0%	-1.4	-7.4%	**9.0**	-2.2	-19.6%
Ordinary profit	21.8	19.3	**17.2**	-4.5	-20.8%	-2.1	-10.6%	**7.7**	-3.6	-32.2%
Profit attributable to owners of parent	59.1	12.0	**9.7**	-49.4	-83.6%	-2.3	-19.1%	**4.4**	-1.8	-29.2%
Operating profit to net sales	7.3%	6.5%	**6.0%**					**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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Summary of 1H of FYE March 2025 by Business Segment

➢ Variance from forecast: Despite committing to sales promotions for yogurt, focus products undershot forecasts, product mix deteriorated, impact of domestic subsidiaries

Key points of 1H		Operating profit – YoY	Operating profit – variance from forecast
1.	**Nutrition and Healthcare Foods Business**	**-¥1.0 billion**	**-¥1.1 billion**
➢ Yogurt: Took proactive approach to sales promotion expenses for new and focus products. Despite revenue gains by “Bifidus” and others, shortfalls in new products and functional yogurt, as well as supply constraints for “PARTHENO” and other factors led to deterioration in product mix			
2.	**Core Dairy Foods Business**	**+¥0.9 billion**	**+¥0.8 billion**
➢ High-value-added products such as “Mt. RAINIER CAFFÈ LATTE” and ice cream were strong. Although 2Q (July–September) profit fell due to high year-on-year hurdle caused by fine weather in previous year and supply opportunity losses, first half exceeded forecasts			
3.	**B-to-B Business**	**+¥0.1 billion**	**±¥0.0 billion**
➢ In line with expectations			
4.	**Global Business**	**-¥2.1 billion**	**-¥0.3 billion**
➢ Profit fell mainly due to impact of decline at MILEI in reaction to significant growth in 1Q of previous fiscal year. In combination with situation at other subsidiaries, slightly weak but still in line			
5.	**Other/Eliminated**	**-¥1.1 billion**	**-¥0.9 billion**
➢ Undershoot of forecast by major domestic subsidiaries, etc.			
	Total	**-¥3.3 billion**	**-¥1.4 billion**

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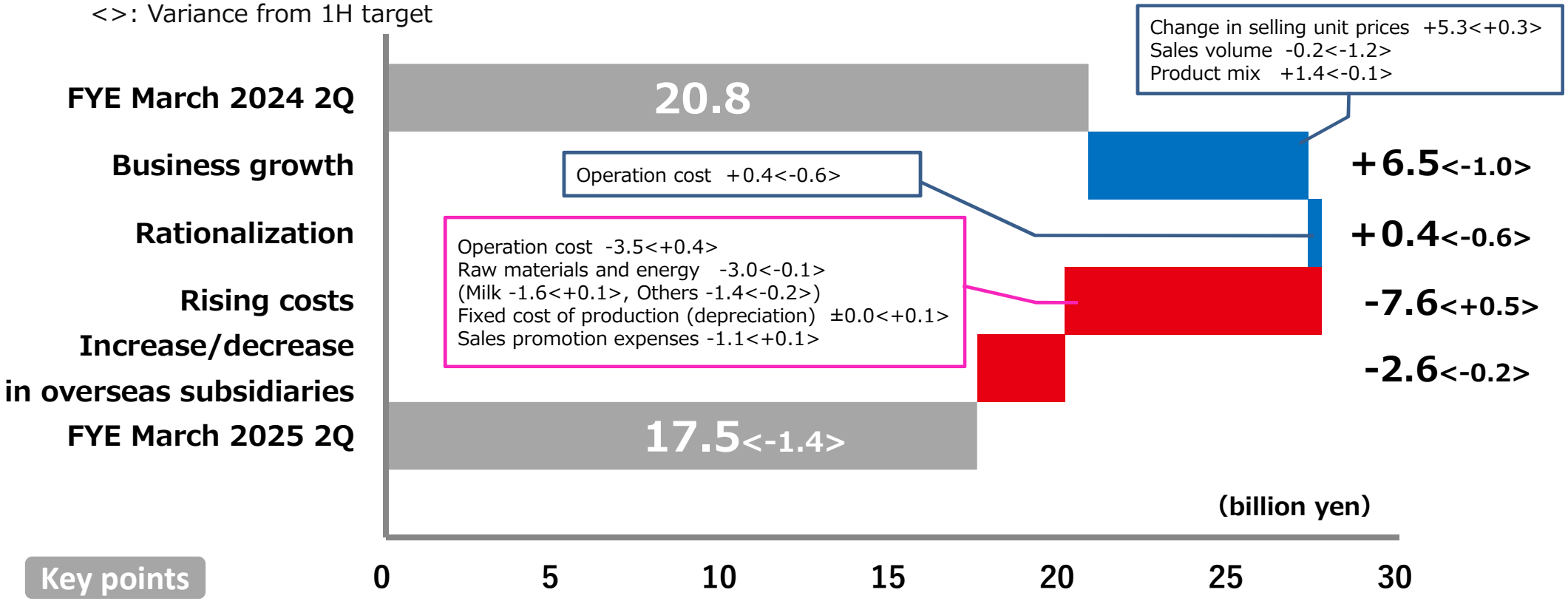
Factors Attributable to Increases and Decreases in Operating Profit for 1H of FYE March 2025

<>: Variance from 1H target



Key points

- Change in selling unit prices: Contribution of beverages such as “Mt. RAINIER CAFFÈ LATTE” and unexpired months for which price revisions were implemented in the previous year
- Sales volume: Impact of revenue shortfalls in three domestic businesses, domestic subsidiaries recorded lower revenue
- Product mix, etc.: Contribution from beverages, ice cream, probiotics (Global Business), etc. Sales decrease in yogurt.
- Operation cost: Increase in logistics costs and personnel expenses. Upfront payment of manufacturing cost.
- Increase/decrease in overseas subsidiaries: Decline in reaction to growth of previous year (mainly in 1Q) 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

Full-year forecast after revision: operating profit of ¥28.5 billion, will maintain increase in profit despite downward revision to reflect first half

- Operating profit forecast: Full year ¥28.5 billion (+¥0.7 billion YoY, variance from initial forecast: -¥1.5 billion), 2H ¥11.0 billion (+¥4.0 billion YoY, variance from initial forecast: -¥0.1 billion)

- Full-year forecasts have been cut by first-half shortfall amount (-¥1.4 billion). In second half we aim to maintain level of initial forecast
- In Japan: We expect continued expansion in "Mt. RAINIER CAFFÈ LATTE" and ice cream.
  In yogurt we will continue to expand focus products such as functional yogurts and "PARTHENO," and engage in efficient sales promotion activities
- Global Business: Based on strengthening sales driven by market prices and demand trends, etc., MILEI improved product quality.
  We have raised profit outlook for Global Business as a whole in second half to maintain full-year profit forecast at initial level. On the other hand, we have cut outlook for other subsidiaries. Going forward, we will initiate a radical review of the entire business
- As in first half, we expect negative impact from major domestic subsidiaries and increase in logistics costs. Manufacturing costs will be contained.

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Outlook of Financial Results for FYE March 2025

Forecasts revised

(Unit: billion yen)

	FYE Mar. 2024	FYE Mar. 2025 full-year target	Year-on-year change	Year on year	Variance from initial target	FYE Mar. 2024 2H	FYE Mar. 2025 2H target	Year-on-year change	Year on year	Variance from initial target
Net sales	547.1	**560.0**	+12.9	+2.4%	-10.0	260.5	**269.4**	+8.9	+3.4%	-7.6
Operating profit	27.8	**28.5**	+0.7	+2.4%	-1.5	7.0	**11.0**	+4.0	+56.9%	-0.1
Ordinary profit	28.1	**28.2**	+0.1	+0.3%	-2.1	6.3	**11.0**	+4.6	+73.1%	±0.0
Profit attributable to owners of parent	61.3	**18.0**	-43.3	-70.6%	-1.0	2.2	**8.3**	+6.1	+279.2%	+1.3
Operating profit to net sales	5.1%	**5.1%**								
ROE profit / equity capital	24.5%	**6.6%**								
Global Business sales ratio	11.0%	**12.7%**								
Annual dividend per share / Payout ratio	60 yen 33.4%*1	**90 yen 42.3%**								

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

Key points

- Operating profit target: ¥28.5 billion (year on year: +¥0.7 billion, variance from initial target: -¥1.5 billion)

※ Profit attributable to owners of parent: extraordinary income of ¥65.7 billion from sale of the former Tokyo Plant site in the 1Q of the previous fiscal year

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Summarized Outlook of Financial Results for Each Business Segment for FYE March 2025

➢ Operating profit: Full-year forecasts have been cut by first-half shortfall amount (-¥1.4 billion). In second half we aim to maintain level of initial forecast

Key points of 2H		Operating profit 2H forecast – YoY	Operating profit 2H forecast – variance from initial forecast
1.	**Nutrition and Healthcare Foods Business**	**+¥1.7 billion**	**±¥0.0 billion**
➢ Yogurt: Continued expansion of focus products such as functional yogurt, "PARTHENO," etc. ➢ We will improve efficiency of sales promotion expenses versus initial forecasts and versus proactive expenditure of second half of previous fiscal year ➢ We are maintaining profit outlook from start of term			
2.	**Core Dairy Foods Business**	**+¥0.6 billion**	**+¥0.2 billion**
➢ We expect continued expansion in "Mt. RAINIER CAFFÈ LATTE" and ice cream, etc., and have raised forecasts			
3.	**B-to-B Business**	**+¥0.2 billion**	**±¥0.0 billion**
➢ We are maintaining outlook from start of term			
4.	**Global Business**	**+¥2.4 billion**	**+¥0.3 billion**
➢ MILEI GmbH: Sales reinforcement and quality improvement against backdrop of rising whey market prices and protein demand, so have raised outlook ➢ Other subsidiaries: Despite initially assuming better second-half business environment, we do not expect a significant improvement as in first half, and so cut outlook. We will initiate radical reviews			
5.	**Other/Eliminated**	**-¥1.0 billion**	**-¥0.5 billion**
➢ As in first half, we expect lower profits at major domestic subsidiaries, and have cut outlook.			
	Total	**+¥4.0 billion**	**-¥0.1 billion**

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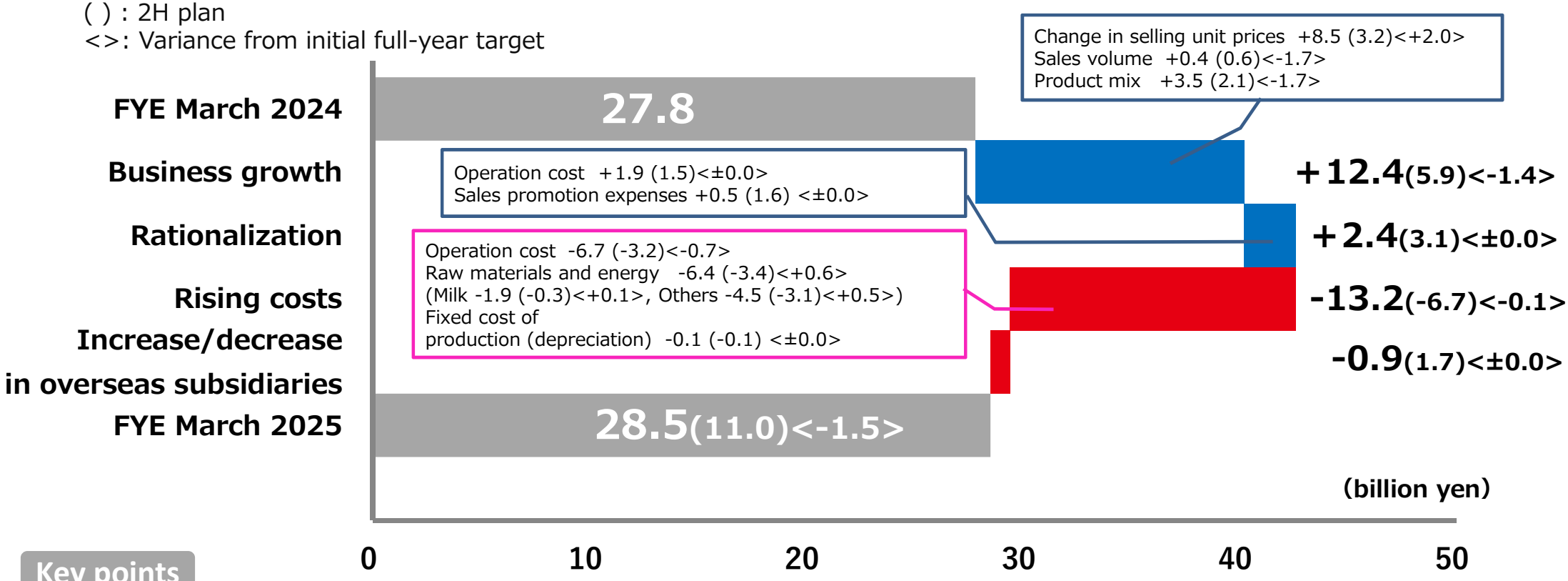
Forecasts of Fluctuations to Operating Profit in FYE March 2025

Forecasts revised

( ) : 2H plan
<>: Variance from initial full-year target



Key points

- Change in selling unit prices: Beverages including “Mt. RAINIER CAFFÈ LATTE” and ice cream (September)
- Product mix, etc.: Expansion of high-value-added products in beverage and ice cream categories, expansion of probiotics, and other factors.
- Sales promotion expenses: Promotions for bifidobacteria, etc. to continue, assume improvement in 2H from previous-year cost increases
- Operation cost: Logistics costs and personnel expenses will increase, upfront payment of manufacturing costs will disappear in second half
- Increase/decrease in overseas subsidiaries: Despite raising second-half outlook for MILEI due to strengthening sales and product quality improvement against backdrop of market prices and demand trends, etc., outlook for other subsidiaries has been cut

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

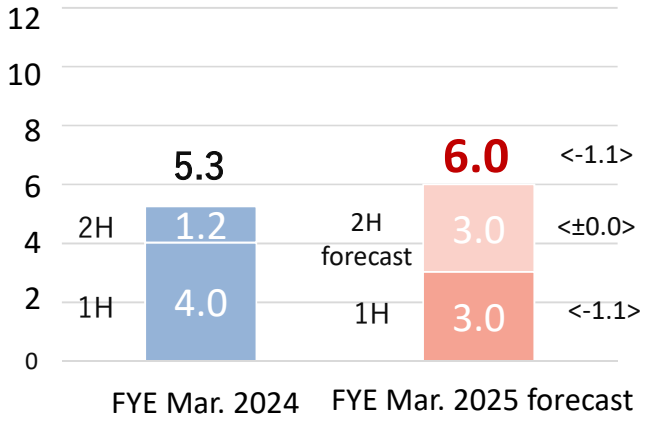
Continue with expansion of yogurt and promotion of bifidobacteria, etc.

(Unit: billion yen)

	FYE Mar. 2025 forecast	YoY percentage /amount	Variance from initial forecast	Of which, 2H
Net sales	130.0	+2.1%	-2.6	-1.8
Operating profit	6.0	+0.7	-1.1	±0.0

(Unit: billion yen) Operating profit forecast

<>: Variance from initial forecast



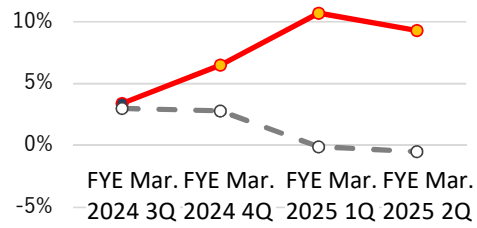
Key points

1. Continue with expansion of yogurt and promotion of bifidobacteria, etc.

- In first half yogurt in total saw higher revenue, centered on "Bifidus" brand.
  Issues with expansion of new products and reigniting growth in functional yogurt
  Yogurt appeals on the basis of health value, and is an important category at the core of the Nutrition and Healthcare Foods Business
- Continued promotion of bifidobacteria, expansion of "Bifidus" and functional yogurt
  - Increase in ratio of consumers associating bifidobacteria with Morinaga Milk
  - Functional yogurt: Continuing to provide value for various health issues and implement targeted promotions
  - Improving efficiency of sales promotion expenses in 2H versus initial assumptions and proactive expenditure of second half of previous fiscal year
- "PARTHENO": Strengthen appeal based on protein content.
  Resumption of supply of medium-capacity type*
- Other yogurt
  - "Aloe": Strengthening sales through product rollouts timed for 30th anniversary. Price revisions (January 2025)
  - "PURESU": Continuation of development

*Kanto Koshin area only

Solid line: Year-on-year growth in net sales of Bifidus (including functional yogurt)
Dashed line: Year-on-year growth relative to yogurt market**



**Source: Intage SRI+ yogurt market, October 2023 to September 2024

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Initiatives by Business (2): Core Dairy Foods Business

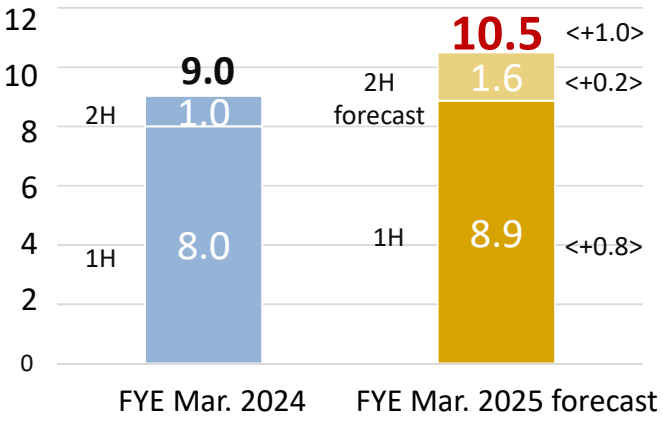
Expansion of high-value-added product, continuation of price revisions

(Unit: billion yen)

	FYE Mar. 2025 forecast	YoY percentage /amount	Variance from initial forecast	Of which, 2H
Net sales	178.6	+1.9%	-5.0	-3.4
Operating profit	10.5	+1.5	+1.0	+0.2

(Unit: billion yen) Operating profit forecast

<>: Variance from initial forecast



Key points

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

- Seeking to continue expansion of highly profitable brands and categories, such as “Mt. RAINIER CAFFÈ LATTE” and ice cream, which performed well in first half

- “Mt. RAINIER CAFFÈ LATTE”
  - Sales have been solid even after third price revision (March 2024)
  - Rolling out fresh new products targeting particular scenarios and needs

- Ice cream
  - Continued focus on core brands “Pino,” “PARM,” and “MOW”
  - Trying to add new value: “PARM STYLE” (low-carb product)

2. Price revisions

- March 2024: Beverages (“Mt. RAINIER CAFFÈ LATTE,” “Lipton,” etc.)
  June: Beverages “Sunkist”
  September: Ice cream
  October: “Parmesan Cheese” Preparing our response going forward

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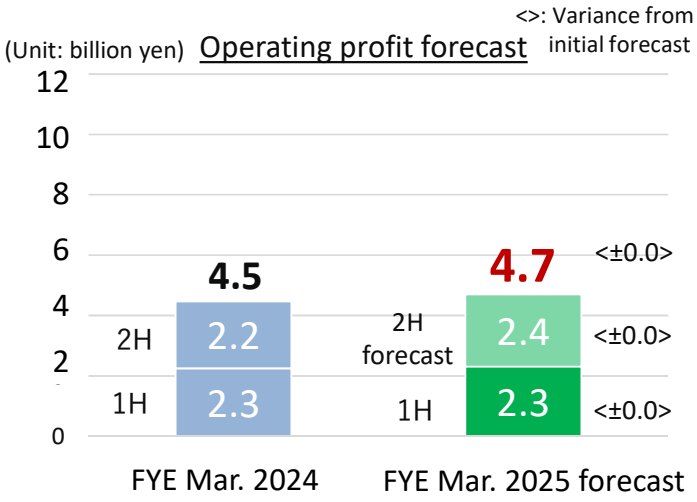
Initiatives by Business (3): B-to-B Business

Continuing initiatives to reignite growth of probiotics/expand commercial dairy products

(Unit: billion yen)

	FYE Mar. 2025 forecast	YoY percentage /amount	Variance from initial forecast	Of which, 2H
Net sales	98.1	+1.8%	-3.6	-2.1
Operating profit	4.7	+0.2	±0.0	±0.0



Key points

1. Probiotics and functional ingredients

➢ Probiotics (domestic B to B): Lower net sales in 1H. Despite headwinds in foods with function claims and supplement market, we will maintain focus against backdrop of firm health-related demand and "gut health" trend

- Continue to cultivate major supplement manufacturers and other existing clients for supplement applications, and support overseas expansion
- In addition to *Bifidobacterium longum* BB536, also expanding *Bifidobacterium breve* MCC1274, Happiness Lactobacillus, etc.
- Despite lower revenue in Japan, probiotics is performing strongly in the Global Business, resulting in growth for Company as a whole. Expectation of domestic market revitalization

2. Commercial dairy products

➢ Solid performance in 1H. Seeking further expansion against backdrop of resilient demand

- 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 problems in supply-demand structure

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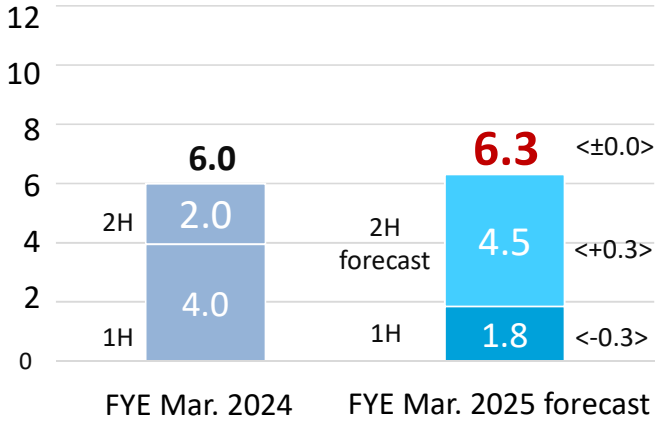
Initiatives by Business (4): Global Business

Maintaining full-year forecast. Outlook raised at MILEI but cut for other subsidiaries

(Unit: billion yen)

	FYE Mar. 2025 forecast	YoY percentage /amount	Variance from initial forecast	Of which, 2H
Net sales	71.0	+17.5%	+0.7	-1.7
Operating profit	6.3	+0.3	±0.0	+0.3

(Unit: billion yen) Operating profit forecast <>: Variance from initial forecast



Key points

1. Operating profit outlook, promotion of five challenges for Global Business

- 1H: In line with forecast despite slight weakness leading to lower profit.
  2H: Increase in forecast for MILEI, and increase in profit outlook for business as a whole. Conversely, outlook has been cut for other subsidiaries. Will initiate radical review of the entire business
- MILEI GmbH
  - 1H: Impact of high year-on-year (1Q) hurdle, profit declined in line with plans
  - 2H: Business environment improving more than initially assumed, due to rising whey market and firm protein demand, etc. Contribution of product quality improvement
- Pakistan, U.S., Vietnam
  - 1H: Promoted initiatives focused on profit growth over medium to long term
  - 2H: Initially we assumed improvement in second half, but expected continuation of difficult internal/external environment of first half
    - Despite recovering sales, external environment remains unpredictable (Pakistan)
    - Will continue initiatives to reduce losses at TIF, expand export sales of tofu (U.S.)
    - Expand sales of Morinaga Milk brand products, work to recapture OEM orders and promote new initiatives (Vietnam)
- Probiotics (Global Business)
  - 1H: Strong performance. Profit contribution from expanded sales for formula milk and supplements
  - 2H: Maintain favorable trend of 1H, continue to expand. Expectations for rollout of BB536 in China

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Appendix

(Reference) Net Sales & Operating Profit by Business Segment in 1H of FYE March 2025

(Unit: billion yen)

	Net sales				Operating profit (operating profit to net sales)				Net sales		Operating profit (operating profit to net sales)	
	FYE Mar. 2024 1H	FYE Mar. 2025 1H	Year on year	Rate of change vs target	FYE Mar. 2024 1H	FYE Mar. 2025 1H	Year-on-year change	Change from target	FYE Mar. 2025 2Q (3 months)	Year on year	FYE Mar. 2025 2Q (3 months)	Year-on-year change
Nutrition and Healthcare Foods Business	63.6	**65.0**	+2.1%	-1.3%	4.0 (6.3%)	**3.0** (4.7%)	-1.0	-1.1	**32.2**	+1.9%	**1.2** (3.8%)	-0.8
Core Dairy Foods Business	95.4	**97.4**	+2.1%	-1.6%	8.0 (8.4%)	**8.9** (9.1%)	+0.9	+0.8	**51.0**	+0.5%	**4.7** (9.3%)	-0.4
B-to-B Business	47.8	**49.5**	+3.6%	-3.0%	2.3 (4.7%)	**2.3** (4.7%)	+0.1	±0.0	**24.6**	+3.0%	**1.2** (4.8%)	±0.0
Global Business	34.3	**35.0**	+1.9%	+7.3%	4.0 (11.5%)	**1.8** (5.3%)	-2.1	-0.3	**18.7**	+11.7%	**1.0** (5.3%)	-0.2
Other/Eliminated	45.5	**43.8**	-3.7%	-1.8%	2.6 (5.7%)	**1.4** (3.3%)	-1.1	-0.9	**23.5**	-1.7%	**0.9** (3.8%)	-0.7
Total	286.6	**290.6**	+1.4%	-0.8%	20.8 (7.3%)	**17.5** (6.0%)	-3.3	-1.4	**150.0**	+2.1%	**9.0** (6.0%)	-2.2

Key points

- Nutrition and Healthcare Foods Business: Despite increase in yogurt revenue, new products and functional yogurts undershot sales forecasts Due in part to active expenditure on sales promotions, profit fell for business as a whole.
- Core Dairy Foods Business: Expansion and price revisions of high-value-added products such as “Mt. RAINIER CAFFÈ LATTE,” ice cream, etc. Although 2Q profit fell due to high year-on-year hurdle, first half exceeded forecasts.
- 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.
- Global Business: Sales of MILEI fell in reaction to expansion in the previous fiscal year (mainly in 1Q). Moved forward with initiatives focused on medium- to long-term growth at overseas subsidiaries. Probiotics performed well.
- Other/Eliminated: Profit declines at major domestic subsidiaries.

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(Reference) Subsegment Net Sales in 1H of FYE March 2025

(Unit: billion yen)

	FYE Mar. 2024 1H	FYE Mar. 2025 1H	Year on year	Rate of change vs target	FYE Mar. 2025 2Q (3 months)	Year on year
Nutrition and Healthcare Foods Business						
Yogurt	27.8	**29.1**	+5%	±0%	**14.5**	+4%
Commercial milk (Home deliveries, etc.)	9.2	**8.1**	-12%	-4%	**4.0**	-13%
Nutritional food products	6.7	**6.9**	+2%	+1%	**3.5**	+4%
CLINICO	13.2	**13.6**	+3%	+1%	**6.9**	+3%
Core Dairy Foods Business						
Beverages	30.2	**30.4**	+1%	-1%	**15.7**	±0%
Ice cream	27.5	**28.8**	+5%	+2%	**15.9**	+3%
Cheese	13.0	**13.4**	+3%	-2%	**6.7**	+2%
Milk	23.1	**23.2**	+1%	-5%	**11.9**	-2%
Chilled desserts	3.7	**4.1**	+10%	+6%	**2.0**	+10%

Key points

- Sales increase of “Bifidus” and “Aloe yogurt,” 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
- “Mt. RAINIER CAFFÈ LATTE”: price revision, sales increase “Lipton” and “Sunkist”: price revision
- Price revision(September), sales growth centered on core brands such as “PARM” and “MOW,” sales increase of “Iced condensed milk”
- Sales increase of “Mozzarella,” “Parmesan,” etc.
- Solid sales of the milk-based drinks. The effect of the price revision in the previous year has run its course.(Aug. 2023)
- Sales increase of “Yaki pudding”

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(Reference) Subsegment Net Sales in 1H of FYE March 2025

	FYE Mar. 2024 1H	FYE Mar. 2025 1H	Year on year	Year-on-year change
Global Business				
MILEI (Germany)	JPY 22.7 billion EUR 144 million	**JPY 21.0 billion** **EUR 122 million**	-7% -16%	+15% -
NutriCo Morinaga (Pakistan)	JPY 3.6 billion PKR 7.3 billion	**JPY 3.8 billion** **PKR 6.5 billion**	+4% -10%	+10% -
Morinaga Nutritional Foods (U.S., including TIF)	JPY 3.2 billion USD 22 million	**JPY 4.8 billion** **USD 30 million**	+51% +36%	+13% -
Morinaga Nutritional Foods Vietnam* (Vietnam, former Elovi)	JPY 2.4 billion VND 399.0 billion	**JPY 2.1 billion** **VND 336.8 billion**	-13% -16%	-10% -

Key points

- Decline in reaction to significant growth in revenue driven by impact of whey prices that continued to 1Q of previous fiscal year. Effects disappeared in 2Q.
- Launched new, locally manufactured products in Pakistan (1Q). Seeing recovery, which includes imports, but weakness of local economy continues to have an effect.
- Will generate sales synergies between MNF's tofu and TIF plant-sourced meat substitutes, and re-examine ingredients 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 launching new Morinaga brand products (drink-type yogurt) and working to expand sales and recapture OEM orders, etc., revenues fell, mainly among local brand products

* Morinaga Nutritional Foods Vietnam Joint Stock Company： On March 25, 2024, the company name was changed from Elovi Vietnam Joint Stock Company

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

Forecasts revised

(Unit: billion yen)

FYE Mar. 2025 target	Net sales						Operating profit (Operating profit rate)					
	FYE Mar. 2025 2H target	Year on Year	Variance from initial target	FYE Mar. 2025 full-year target	Year on Year	Variance from initial target	FYE Mar. 2025 2H target	Year-on-year change	Variance from initial target	FYE Mar. 2025 full-year target	Year-on-year change	Variance from initial target
Nutrition and Healthcare Foods Business	**65.0**	+2.1%	-1.8	**130.0**	+2.1%	-2.6	**3.0** (4.6%)	+1.7	±0.0	**6.0** (4.6%)	+0.7	-1.1
Core Dairy Foods Business	**81.2**	+1.7%	-3.4	**178.6**	+1.9%	-5.0	**1.6** (2.0%)	+0.6	+0.2	**10.5** (5.9%)	+1.5	+1.0
B-to-B Business	**48.6**	±0.0%	-2.1	**98.1**	+1.8%	-3.6	**2.4** (4.9%)	+0.2	±0.0	**4.7** (4.8%)	+0.2	±0.0
Global Business	**36.0**	+38.0%	-1.7	**71.0**	+17.5%	+0.7	**4.5** (12.4%)	+2.4	+0.3	**6.3** (8.9%)	+0.3	±0.0
Other/Eliminated	**38.5**	-8.8%	+1.3	**82.3**	-6.2%	+0.5	**-0.4** (-.-%)	-1.0	-0.5	**1.0** (1.2%)	-2.1	-1.4
Total	**269.4**	+3.4%	-7.6	**560.0**	+2.4%	-10.0	**11.0** (4.1%)	+4.0	-0.1	**28.5** (5.1%)	+0.7	-1.5

Key points

- Nutrition and Healthcare Foods Business: Expansion of yogurt. While still committing to sales promotions, we will improve efficiency versus proactive expenditure of second half of previous fiscal year. Profit assumed the level of initial target in second half.
- 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: Focus on 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: Raising profit outlook for MILEI against backdrop of market prices and demand trends, etc., but cutting outlook for other subsidiaries. Full-year forecast unchanged from initial forecasts
- Other/Eliminated: Impact of profit declines at major domestic subsidiaries.

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(Reference) Subsegment Net Sales Targets for FYE March 2025

Forecasts revised

(Unit: billion yen)

FYE Mar. 2025 Net sales target	FYE Mar. 2025 2H target	Year on year	Variance from initial target	FYE Mar. 2025 full-year target	Year on year	Variance from initial target
Nutrition and Healthcare Foods Business						
Yogurt	**27.6**	+5%	-0.2	**56.7**	+5%	-0.3
Commercial milk (Home deliveries, etc.)	**8.3**	-9%	-1.0	**16.3**	-11%	-1.4
Nutritional food products	**6.6**	+1%	±0.0	**13.5**	+2%	+0.1
CLINICO	**13.6**	±0%	-0.2	**27.2**	+2%	-0.1
Core Dairy Foods Business						
Beverages	**24.8**	+1%	-0.7	**55.3**	+1%	-1.0
Ice cream	**17.8**	+6%	-0.8	**46.6**	+5%	-0.3
Cheese	**13.8**	+2%	-0.6	**27.2**	+3%	-0.9
Milk	**21.2**	-4%	-2.2	**44.5**	-2%	-3.4
Chilled desserts	**3.8**	+11%	+0.2	**7.9**	+11%	+0.5
Global Business						
MILEI (Germany)	**20.1**	+47%	+0.7	**41.1**	+13%	+3.4
NutriCo Morinaga (Pakistan)	**3.1**	-4%	-1.0	**6.8**	±0%	-0.7
Morinaga Nutritional Foods (U.S.)	**5.4**	+27%	+0.2	**10.2**	+38%	+0.8
Morinaga Nutritional Foods Vietnam (Vietnam, former Elovi)	**1.8**	-3%	-1.1	**3.9**	-8%	-1.4

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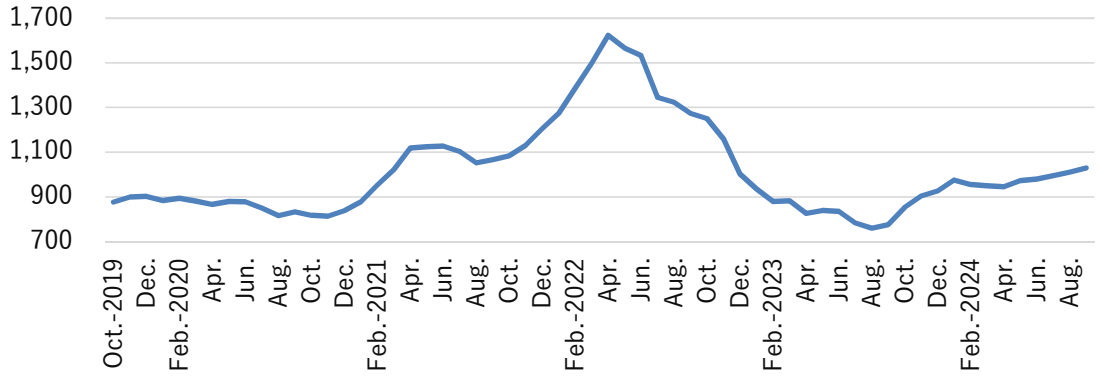
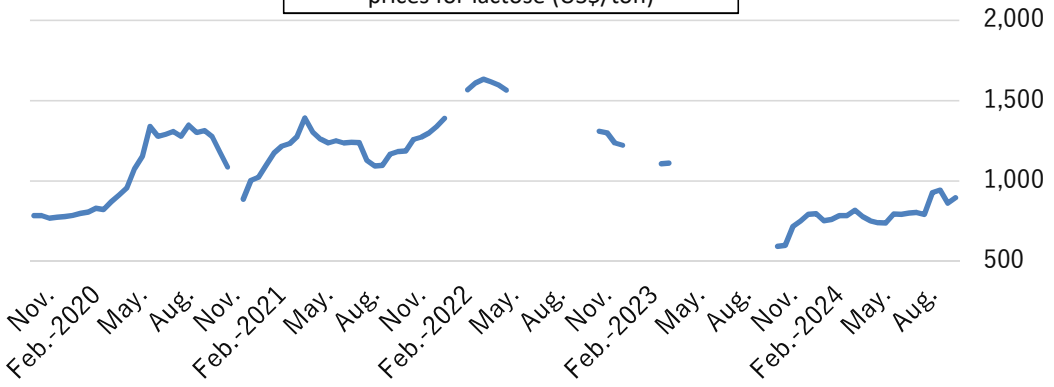
(Reference) Dairy Ingredient Market Data (Last 5 Years)

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

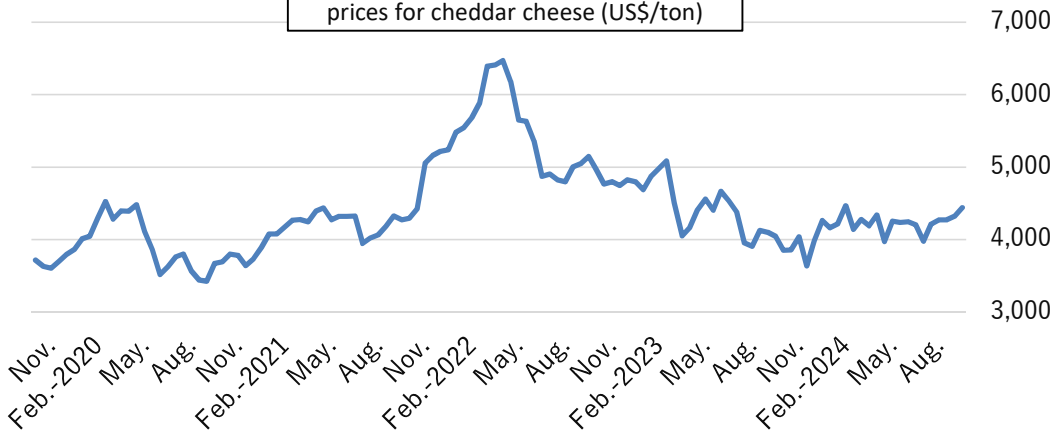


➢ Correlates with price for whey raw materials procured by MILEI GmbH.

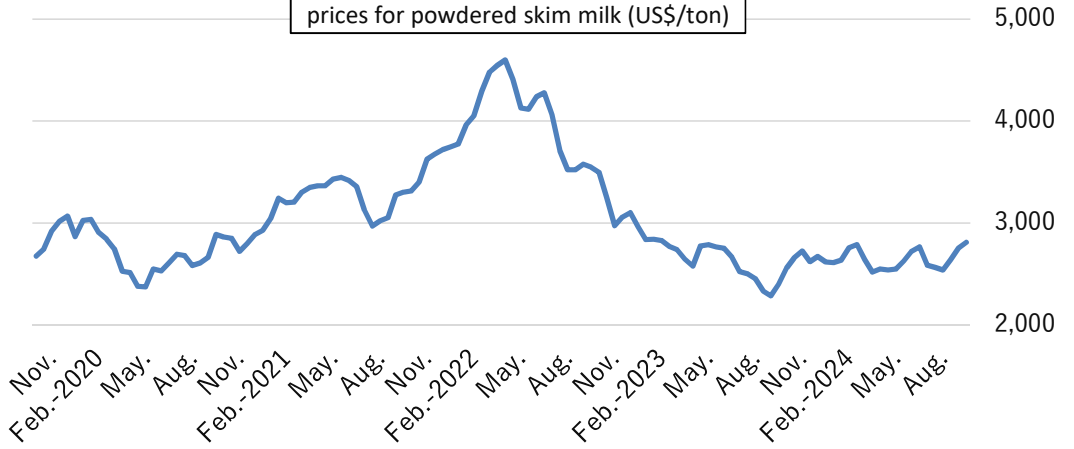
Fonterra Global Dairy Trade (GDT) auction prices for lactose (US$/ton)



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

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.

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