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

February 12, 2025

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

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Summary of Financial Results in 3Q of FYE March 2025

Higher net sales and lower profits, nevertheless, in the three months of 3Q (Oct.–Dec.), profits increased and reached a record high

- Operating profit: ¥25.5 billion (-¥2.5 billion YoY)
  Three months of 3Q (Oct.–Dec.): ¥8.0 billion (+¥0.8 billion YoY)
- In line with full-term forecasts

- In Japan: Ongoing impact from higher raw material, energy, operation, and other costs.
  Implementing price revisions and striving to expand “Mt. RAINIER CAFFÈ LATTE,” ice cream, and other high-value-added products.
  Despite higher net sales from yogurt, new products and insufficient sales of functional yogurt led to deterioration in product mix, and increase in sales promotion expenses
- Global Business: The decline at MILEI in reaction to the growth of previous fiscal year had serious impact on 1Q, resulting in profit decrease.
  Higher profits in the three months of 3Q (Oct.–Dec.) owing to the contribution of MILEI GmbH and probiotics
- Ongoing impact of lower profits at major domestic subsidiaries (other/eliminated: profits increased in the three months of 3Q), increases in logistics costs

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Financial Results for 3Q of FYE March 2025

(Unit: billion yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Year-on-year change	Year on year	3Q of FYE Mar. 2025 (Oct.-Dec. 2024)	Year-on-year change	Year on year
Net sales	423.3	**430.7**	+7.5	+1.8%	**140.1**	+3.5	+2.5%
Operating profit	28.0	**25.5**	-2.5	-8.9%	**8.0**	+0.8	+11.5%
Ordinary profit	28.5	**26.0**	-2.5	-8.7%	**8.8**	+2.1	+30.5%
Profit attributable to owners of parent	62.7	**14.7**	-48.0	-76.5%	**5.0**	+1.5	+40.6%
Operating profit to net sales	6.6%	**5.9%**			**5.7%**		

Key points

- Higher net sales and lower profits. However, profits increased in the three months (Oct. to Dec.) of 3Q.
- 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 3Q 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)	
	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Year on year	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Year-on-year change	3Q of FYE Mar. 2025 (Oct.-Dec. 2024)	Year on year	3Q of FYE Mar. 2025 (Oct.-Dec. 2024)	Year-on-year change
Nutrition and Healthcare Foods Business	96.8	**99.1**	+2.4%	6.2 (6.4%)	**4.8** (4.8%)	-1.4	**34.1**	+2.9%	**1.7** (5.1%)	-0.4
Core Dairy Foods Business	137.4	**139.2**	+1.3%	10.1 (7.3%)	**10.1** (7.3%)	±0.0	**41.8**	-0.5%	**1.3** (3.0%)	-0.8
B-to-B Business	73.6	**76.3**	+3.6%	3.9 (5.3%)	**3.6** (4.7%)	-0.3	**26.8**	+3.8%	**1.3** (4.8%)	-0.4
Global Business	48.4	**50.0**	+3.3%	4.8* (9.9%)	**4.5** (9.1%)	-0.3	**15.0**	+6.9%	**2.6** (17.1%)	+1.7
Other/Eliminated	67.0	**66.1**	-1.4%	3.0* (4.5%)	**2.5** (3.8%)	-0.5	**22.3**	+3.6%	**1.2** (5.2%)	+0.7
Total	423.3	**430.7**	+1.8%	28.0 (6.6%)	**25.5** (5.9%)	-2.5	**140.1**	+2.5%	**8.0** (5.7%)	+0.8

* Corrections to the operating profit of Global business and Other/Eliminated

Key points

- Nutrition and Healthcare Foods Business: Despite higher revenue for the business as a whole, profits decreased due to higher costs, lower sales of functional yogurts, rise in sales promotional expenses, and other factors.
- Core Dairy Foods Business: Expansion and price revisions of high-value-added products such as “Mt. RAINIER CAFFÈ LATTE,” ice cream, etc. Impact from cost increases in raw materials, etc. (coffee, packaging materials, etc.)
- B-to-B Business: Although commercial dairy products grew due to solid demand and price revisions, volume was still constrained by impact of imbalance between supply and demand for dairy products. Profit was affected by higher costs, and lower probiotics revenue.
- Global Business: Sales of MILEI in 1Q fell in reaction to expansion of previous fiscal year (effects disappeared in 2Q). While moving forward with recent initiatives for other subsidiaries, we will review the business as a whole. Probiotics performing well overseas.
- Other/Eliminated: Impact of lower profits at major domestic subsidiaries (improvement seen in the 3 months of 3Q)

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Subsegment Net Sales in 3Q of FYE March 2025

(Unit: billion yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Year on year	3Q of FYE Mar. 2025 (Oct.–Dec. 2024)	Year on year	Key points
Nutrition and Healthcare Foods Business						
Yogurt	40.8	**43.0**	+5%	**13.9**	+7%	➢ Sales increase of “Bifidus.” Sales increase of “Aloe yogurt.” Sales decrease of “PARTHENO.” Sales decrease of functional yogurt (Sales increased in 3Q (Oct.–Dec.)).
Commercial milk (Home deliveries, etc.)	14.1	**12.3**	-12%	**4.2**	-12%	➢ Revamp of delivery services, sales of bottled products ended.
Nutritional food products	10.3	**10.5**	+2%	**3.7**	+2%	➢ Infant formula performed solidly.
CLINICO Co., Ltd.	20.8	**21.4**	+3%	**7.8**	+2%	➢ Liquid foods and nursing care products performed solidly.
Core Dairy Foods Business						
Beverages	43.1	**43.1**	±0%	**12.7**	-1%	➢ Sales increase of “Mt. RAINIER CAFFÈ LATTE.” (Sales in 3Q (Oct.–Dec.) remained unchanged from the same period of the previous year.)
Ice cream	37.0	**38.6**	+4%	**9.7**	+3%	➢ Price revisions (Sep.) Continued sales growth centered on “Pino,” “PARM,” and “MOW,”
Cheese	20.2	**20.3**	+1%	**6.9**	-4%	➢ Sales increase of “Mozzarella,” Price revisions of “Parmesan” (Oct.)
Milk	34.4	**34.1**	-1%	**10.8**	-4%	➢ The effect of the price revision in the previous year (Aug. 2023) has run its course.
Chilled desserts	5.4	**6.1**	+12%	**2.0**	+17%	➢ Sales increase of “Yaki pudding”

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Subsegment Net Sales in 3Q of FYE March 2025

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Year on year
Global Business			
MILEI (Germany)	JPY 29.9 billion EUR 189 million	JPY **29.5** billion EUR **186** million	-1% -2%
NutriCo Morinaga (Pakistan)	JPY 5.5 billion PKR 10.5 billion	JPY **5.2** billion PKR **10.3** billion	-5% -3%
Morinaga Nutritional Foods (U.S., including Turtle Island Foods)	JPY 5.6 billion USD 38 million	JPY **6.7** billion USD **47** million	+19% +25%
Morinaga Nutritional Foods Vietnam*1 (Vietnam, former Elovi)	JPY 3.6 billion VND 583.3 billion	JPY **2.9** billion VND **504.6** billion	-18% -13%

Key points

- Decline in reaction to significant growth in revenue driven by impact of whey market conditions (1Q). Effects disappeared in 2Q, and recovery trend emerging against backdrop of turnaround in whey market conditions, resilient demand for protein, etc.
- Launched new, locally manufactured products in Pakistan (1Q). Although sales, including imports, are recovering, weakness of local economy requires careful attention.
- 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 promoting initiatives to expand sales of Morinaga Milk brand products (drinking yogurt, etc.) and capture OEM orders, revenues fell, mainly for local brand products.

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

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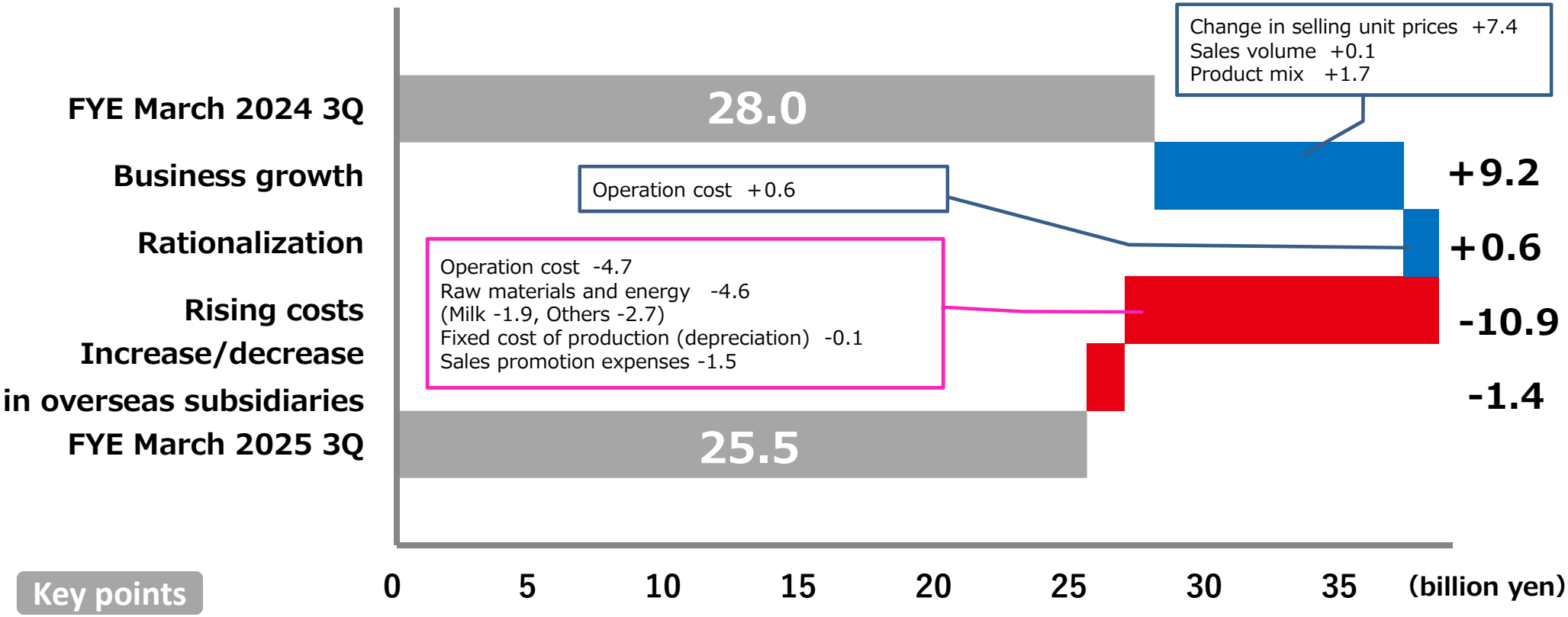
Factors Attributable to Increases and Decreases in Operating Profit for 3Q of FYE March 2025



Key points

- Change in selling unit prices: Contribution of ice cream, “Parmesan Cheese,” beverages such as “Mt. RAINIER CAFFÈ LATTE,” and unexpired months for which price revisions were implemented in the previous year
- 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
- Raw materials and energy prices: Impact mainly from increases in coffee, packaging materials, energy, and sugar prices
- Increase/decrease in overseas subsidiaries: Decline in reaction to growth of previous year (mainly in 1Q) at MILEI, etc. In 3Q (Oct.– Dec.), the effects of reaction to previous year disappeared, turned positive.

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2. Outlook of Financial Results for FYE March 2025

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Summarized Outlook of Financial Results for FYE March 2025

No revision to forecasts: Operating profit ¥28.5 billion (+¥0.7 billion YoY)

➢ Operating profit forecast: Full year ¥28.5 billion (+¥0.7 billion YoY)

- In Japan: Continuing initiatives to expand "Mt. RAINIER CAFFÈ LATTE," ice cream, and other high-value-added products.
  Implementing additional price revisions (March: beverages)
  In yogurt we will continue to expand focus products such as functional yogurt and "PARTHENO," and engage in efficient sales promotion activities
- Global Business: Forecasting full-year profit increase (+¥0.1 billion YoY)
  MILEI will pursue expansion plans against backdrop of market/demand trends, promote initiatives to improve quality.
  Probiotics to maintains strong performance. While moving forward with recent initiatives for other subsidiaries, we will continue radical reviews of the business as a whole.
- Negative impact of major domestic subsidiaries, higher logistics and other costs, to continue

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Summarized Outlook of Financial Results for FYE March 2025

4Q operating profit derived by subtraction: for company as a whole, proceeding more or less within the range assumed in forecast

- Global Business: Profit to expand at MILEI and others
- More efficient use of sales promotion expenses (committed significant amounts in 4Q of previous fiscal year)
  → mostly to the Nutrition and Healthcare Foods Business
- Company as a whole proceeding more or less within the range assumed in forecast

	1Q Apr.–June	2Q July–Sept.	3Q Oct.–Dec.	4Q derived by subtraction Jan.–Mar.	Full-year forecast
Operating profit (billion yen)	8.5	9.0	8.0	3.0	28.5
(Change from the previous fiscal year)	**-1.1**	**-2.2**	**+0.8**	**+3.2**	**+0.7**
(Change from the second preceding fiscal year)	**+2.2**	**+0.7**	**+2.2**	**-0.5**	**+4.6**

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Outlook of Financial Results for FYE March 2025

No revision to forecasts

(Unit: billion yen)

	FYE Mar. 2024	FYE Mar. 2025 full-year target	Year-on-year change	Year on year	FYE Mar. 2024 2H	FYE Mar. 2025 2H target	Year-on-year change	Year on year
Net sales	547.1	**560.0**	+12.9	+2.4%	260.5	**269.4**	+8.9	+3.4%
Operating profit	27.8	**28.5**	+0.7	+2.4%	7.0	**11.0**	+4.0	+56.9%
Ordinary profit	28.1	**28.2**	+0.1	+0.3%	6.3	**11.0**	+4.6	+73.1%
Profit attributable to owners of parent	61.3	**18.0**	-43.3	-70.6%	2.2	**8.3**	+6.1	+279.2%
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)

※ 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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Appendix

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

No revision to forecasts

(Unit: billion yen)

FYE Mar. 2025 target	Net sales				Operating profit (operating profit to net sales)			
	FYE Mar. 2025 2H target	Year on year	FYE Mar. 2025 full-year target	Year on year	FYE Mar. 2025 2H target	Year-on-year change	FYE Mar. 2025 full-year target	Year-on-year change
Nutrition and Healthcare Foods Business	**65.0**	+2.1%	**130.0**	+2.1%	**3.0** (4.6%)	+1.7	**6.0** (4.6%)	+0.7
Core Dairy Foods Business	**81.2**	+1.7%	**178.6**	+1.9%	**1.6** (2.0%)	+0.6	**10.5** (5.9%)	+1.5
B-to-B Business	**48.6**	±0.0%	**98.1**	+1.8%	**2.4** (4.9%)	+0.2	**4.7** (4.8%)	+0.2
Global Business	**36.0**	+38.1%	**71.0**	+17.5%	**4.3*** (12.0%)	+2.1*	**6.3** (8.9%)	+0.1*
Other/Eliminated	**38.5**	-8.8%	**82.3**	-6.2%	**-0.3*** (-.-%)	-0.7*	**1.0** (1.2%)	-1.9*
Total	**269.4**	+3.4%	**560.0**	+2.4%	**11.0** (4.1%)	+4.0	**28.5** (5.1%)	+0.7

*Revised operating profit target and year-on-year changes of Global Business and Other/Eliminated.

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.
- 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: Forecasting 2H expansion and growth in full-year profit also, due to rising sales at MILEI against backdrop of market/demand trends, etc., and continued strong performance of probiotics. Other subsidiaries are recovering.
- Other/Eliminated: Impact of profit declines at major domestic subsidiaries

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(Reference) Subsegment Net Sales Targets for FYE March 2025

No revision to forecasts

(Unit: billion yen)

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

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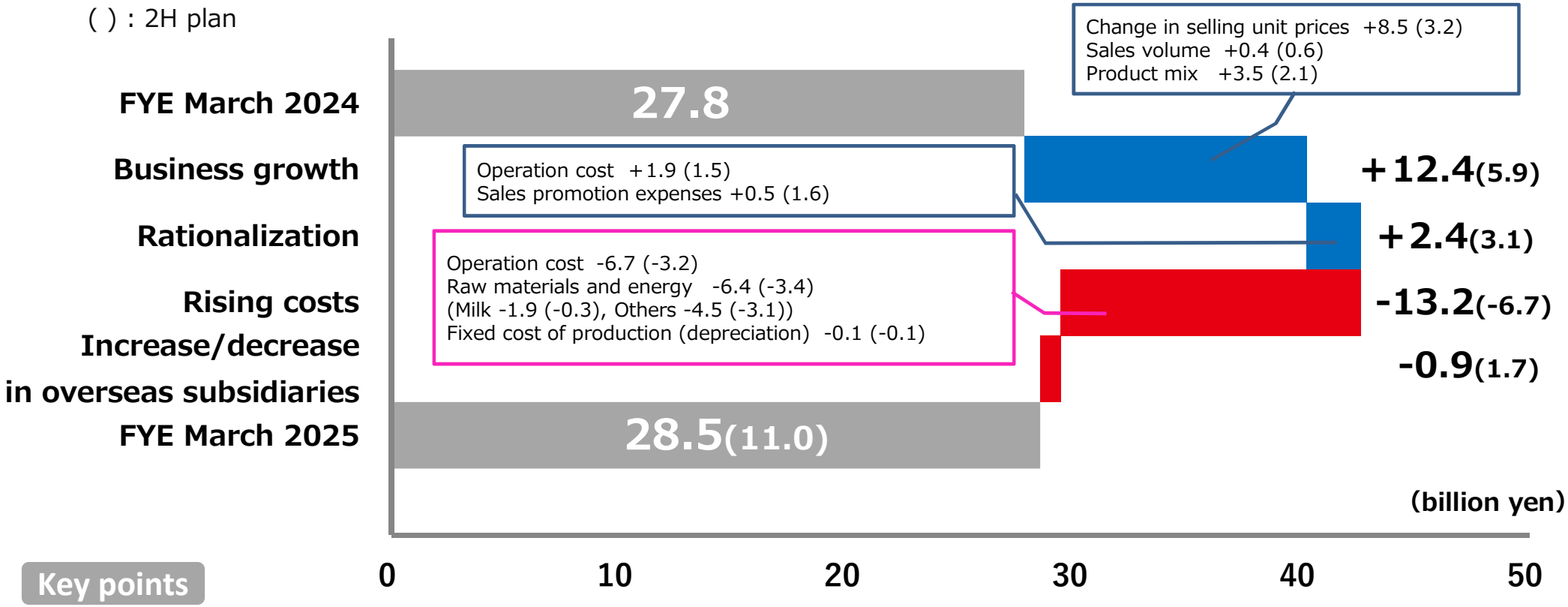
(Reference) Forecasts of Fluctuations to Operating Profit in FYE March 2025

No revision to forecasts

( ) : 2H plan



Key points

- Change in selling unit prices: Beverages including “Mt. RAINIER CAFFÈ LATTE,” ice cream (Sept.), “Parmesan” (Oct.), “Aloe Yogurt” (Jan.), etc.
- Product mix, etc.: Expansion of high-value-added products mainly in beverage 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 2H.
- Increase/decrease in overseas subsidiaries: Impact of decline at MILEI in reaction to expansion of previous fiscal year (in 1Q) was significant, profit decrease forecast for full year. MILEI to expand in 2H, other subsidiaries recovering.

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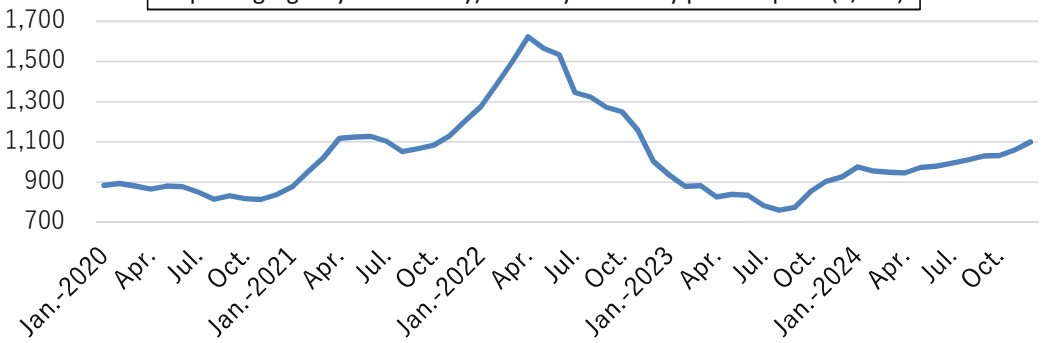
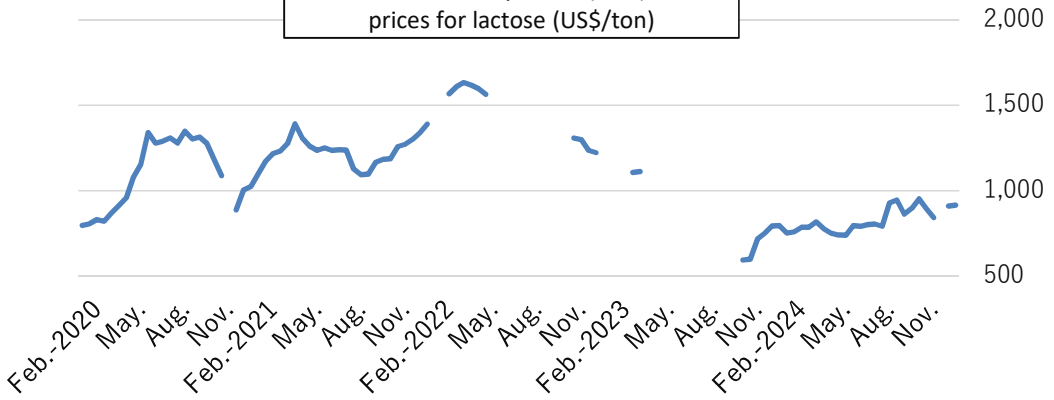
(Reference) Dairy Ingredient Market Data (Last 5 Years)

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

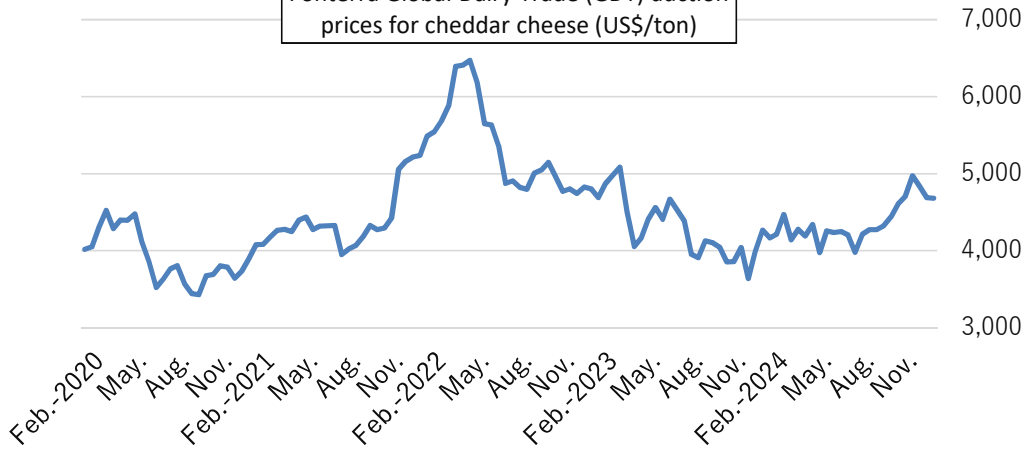


- Correlates with price for whey raw materials procured by MILEI GmbH.

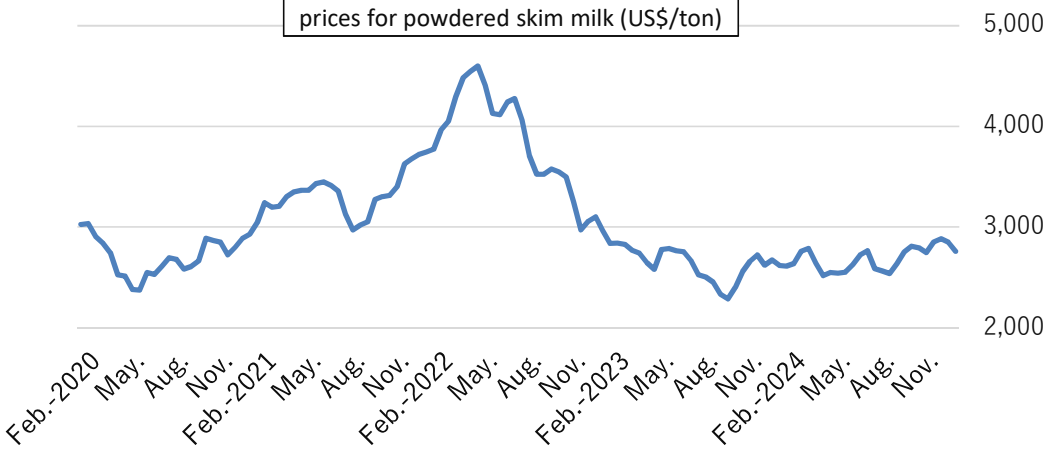
Fonterra Global Dairy Trade (GDT) auction prices for lactose (US$/ton)



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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Price revisions for beverages from March, and for yogurt, cheeses, etc. from April

January 27, 2025

Notice Regarding Repricing of Certain Products

Morinaga Milk Industry Co., Ltd. (hereinafter “the Company”) hereby announces that it will perform repricing of certain beverages starting with shipments on Saturday, March 1, 2025, and perform repricing of certain yogurt, chilled desserts, milk, household cheeses, starting with shipments on Tuesday, April 1, 2025.

The prices of ingredients, packaging materials and energy costs have risen, furthermore labor and distribution costs have also grown due to an intensifying labor shortage, and these trends are expected to continue.

Although the Company has made its best efforts to reduce costs, they have reached a level beyond the scope of corporate efforts alone. Accordingly, the company will implement repricing as follows.
Going forward, the Company will continue to put safety and reliability first, and strive to stably provide products with value to customers.

1. Targeted Products and Date

(1) Starting with shipments on Saturday, March 1, 2025
Beverages: 40 products

(2) Starting with shipments on Tuesday, April 1, 2025
Milk: 1 product
Yogurt: 12 products
Chilled desserts: 6 products
Whipped cream: 1 product
Household butter: 1 product
Household cheeses: 26 products

2. Details of Revision

(1) Repriced Products: 80 products (March: 38 products, April: 42 products), Repricing percentage: +2.5-9.1%, Price revision amount: +10-30 yen

(2) Products with Revised Trading Prices: 7 product (March: 2 products, April: 5 products), Repricing percentage: +2.7-5.8%



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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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