



Morinaga Milk
Medium-Term Business Plan 2022–2024
(from FYE March 2023 to FYE March 2025)

MORINAGA MILK INDUSTRY CO., LTD.

Medium-Term Business Plan 2022–2024

- **The Previous Medium-Term Business Plan 2019–2022 (FYE Mar. 2020 to FYE Mar. 2022) in Hindsight**
- The 10-year Vision and the Group's Provision of Value
- Medium-Term Business Plan 2022–2024 (from FYE March 2023 to FYE March 2025)

The Previous Medium-Term Business Plan 2019–2022 (FYE Mar. 2020 to FYE Mar. 2022) in Hindsight

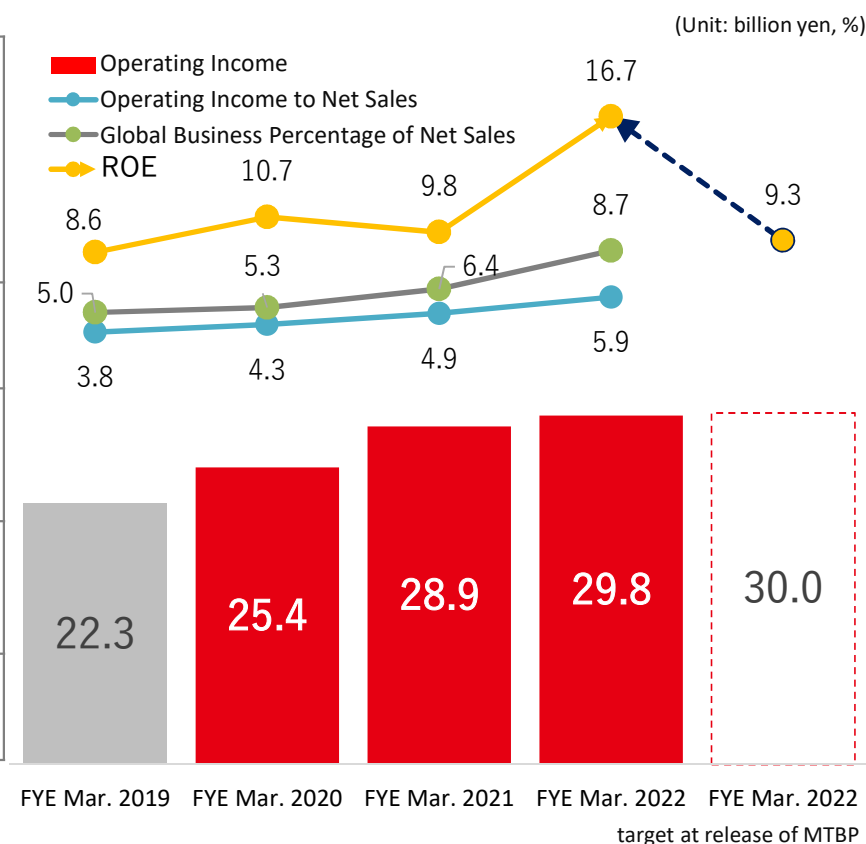


Companywide financial indicators

- Essentially achieved the target level of operating income, largely achieved the target level of ROE thanks in part to ongoing sales of assets and acquisition of treasury shares in FYE Mar. 2022

(Unit: billion yen)

	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2021 (after application)	FYE Mar. 2022	FYE Mar. 2022 target at release of MTBP
Net Sales	583.6	590.9	583.6	488.7	503.4	-
Operating Income	22.3	25.4	28.9	28.9	29.8	30.0
Operating Income to Net Sales	3.8%	4.3%	4.9%	5.9%	5.9%	-
Global Business Percentage of Net Sales	5.0%	5.3%	6.4%	7.5%	8.7%	-
ROE	8.6%	10.7% ^{*1}	9.8%	9.9%	16.7%^{*2}	9.3%



*1 Sold head office building as beneficial interest in trust

*2 Includes impact of profit from sale of the former Kinki Plant site / Konan Building

The Previous Medium-Term Business Plan 2019–2022 (FYE Mar. 2020 to FYE Mar. 2022) in Hindsight



Trends in performance in business segments

- B-to-C Business: Profit increased thanks to expansion of yogurt, ice cream, and other products based on proprietary ingredients/technology
- Global Business: Achieved easily thanks to expansion of MILEI GmbH and bacteria, involvement with Elovi
- B-to-B Business: Major impact of the pandemic despite expansion of bacterial products

(Unit: billion yen)

	Net Sales					Operating Income					Target at release of MTBP	Difference from initial plan
	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2021 (after application)	FYE Mar. 2022	FYE Mar. 2019	FYE Mar. 2020	FYE Mar. 2021	FYE Mar. 2021 (after application)	FYE Mar. 2022		
B-to-C Business	303.8	305.7	310.0	262.3	260.1	10.4	12.6	16.1	16.1	14.6	15.2	-0.6
Wellness Business	56.0	55.7	55.5	43.0	44.2	3.2	4.2	3.5	3.5	3.8	4.2	-0.4
B-to-B Business	96.9	96.7	78.9	74.2	82.1	5.8	5.3	2.6	2.6	3.4	7.1	-3.7
Global Business	28.9	31.5	37.2	36.8	43.9	1.6	2.8	5.5	5.5	7.2	3.5	+3.7
Other / Deleted	97.9	101.3	101.9	72.4	73.1	1.3	0.4	1.2	1.2	0.8	-	-
Total	583.6	590.9	583.6	488.7	503.4	22.3	25.4	28.9	28.9	29.8	30.0	-0.2

The Previous Medium-Term Business Plan 2019–2022 (FYE Mar. 2020 to FYE Mar. 2022) in Hindsight



Key initiatives

- Major growth of Global Business. Main brands and bacteria B-to-B fell below numerical targets despite implementing initiatives
- Strengthened manufacturing base, steadily executed financial/capital policy, advanced to a more powerful system

Theme	Results	Evaluation
Further enhancing our main brands	<ul style="list-style-type: none"> • Growth of Bifidus, Pino, and PARTHENO. However no movement of Mt. RAINIER CAFFÈ LATTE in part due to the pandemic • Expansion of functional yogurt product family as candidate for a new main brand 	△
Accelerating development of bifidobacteria and proprietary seeds	<ul style="list-style-type: none"> • Significant expansion of lactoferrin given the increase in worldwide demand • In the bacterial products business (which includes Bifidobacteria, among others), domestic B-to-C Business expanded, but both domestic and overseas B-to-B Business results trailed projections 	△
Making the milk business profitable	<ul style="list-style-type: none"> • Focusing on milk-based drink Ajiwai Dayori and cutting back unprofitable products substantially improved marginal profit • Conversely, the allocation for fixed costs increased due in part to facility updates and reductions of other chilled-pack products 	△
Developing Global Business	<ul style="list-style-type: none"> • Expansion of Global Business driven by MILEI's recovery and growth • Elovi acquired with the aim of further expansion 	◎
Performing business with an ESG focus	<ul style="list-style-type: none"> • Achieved modest improvements in ESG rating and other metrics, but there is still room for improvement • At the starting line for integration with businesses 	△
Strengthening our production base	<ul style="list-style-type: none"> • We steadily reinforced manufacturing infrastructure, for example, starting work on the new building at the Tone Plant and making additional investments into bacteria, yogurt, and MILEI, while consolidation was implemented by closing the Tokyo and Kinki plants. 	○
Financial/capital policy	<ul style="list-style-type: none"> • Investments/returns proceeding well due to operating cash flow creation according to plans. Also sold off unemployed assets. Properly managed cash reserves amid the still-unpredictable pandemic • DER of 0.42 (Target: 0.5 or lower). Acquired A rating 	○

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- **The 10-year Vision and the Group's Provision of Value**
- Medium-Term Business Plan 2022–2024 (from FYE March 2023 to FYE March 2025)

The 10-year Vision and the Group's Provision of Value

What do we need to do to continue to be the company of choice?

- ✓ We must both resolve societal issues and improve sales growth and profitability

Positioning of the new Medium-Term Business Plan in the drive to achieve the 10-year Vision

Previous MTBP 2019–2021
Strengthen/streamline our
business base

New MTBP 2022–2024
**Aggressively promote our
unique value**

Next MTBP
**Make great progress toward
achieving the 10-year Vision**

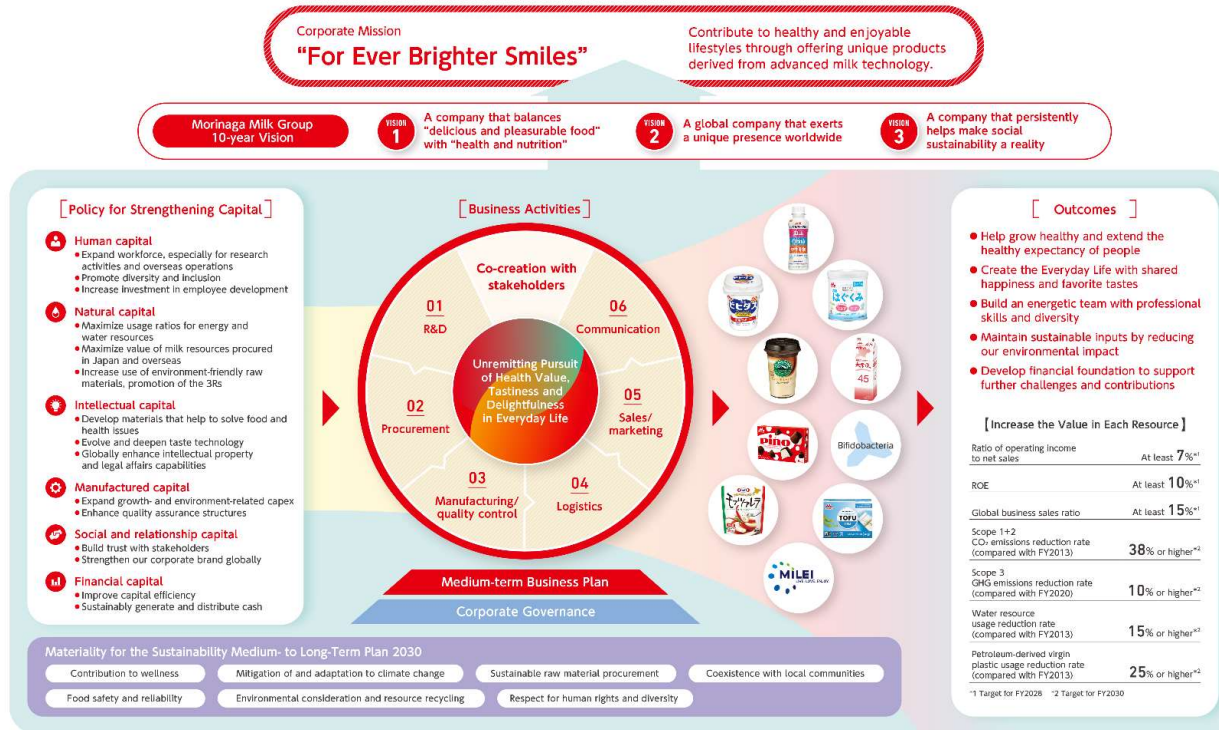
- Provide value: Pursue health value and tastiness and delightfulness unique to Morinaga Milk
- Four pillars of business: Advance on a foundation of Core Dairy Foods Business and B-to-B Business, and substantially expand Nutrition and Healthcare Foods Business and Global Business. Devote energy to the five domains of wellness
- Interconnection of business activities aiming to resolve health issues as well as environmental and societal issues. See cost increases as opportunities to grow and achieve sales growth and profitability

The 10-year Vision and the Group's Provision of Value: Morinaga Milk Group's Value Creation Process



Achieving the 10-year vision for Ever Brighter Smiles

- Defining the realization of the 10-year Vision and the ideal state of the Group's distinct value creation beyond then as we formulate the new Medium-term Business Plan
- Expand with the pursuit/balancing of health value and tastiness and delightfulness at the core of business activities
- Contribute to consumer wellness and happiness through business activities

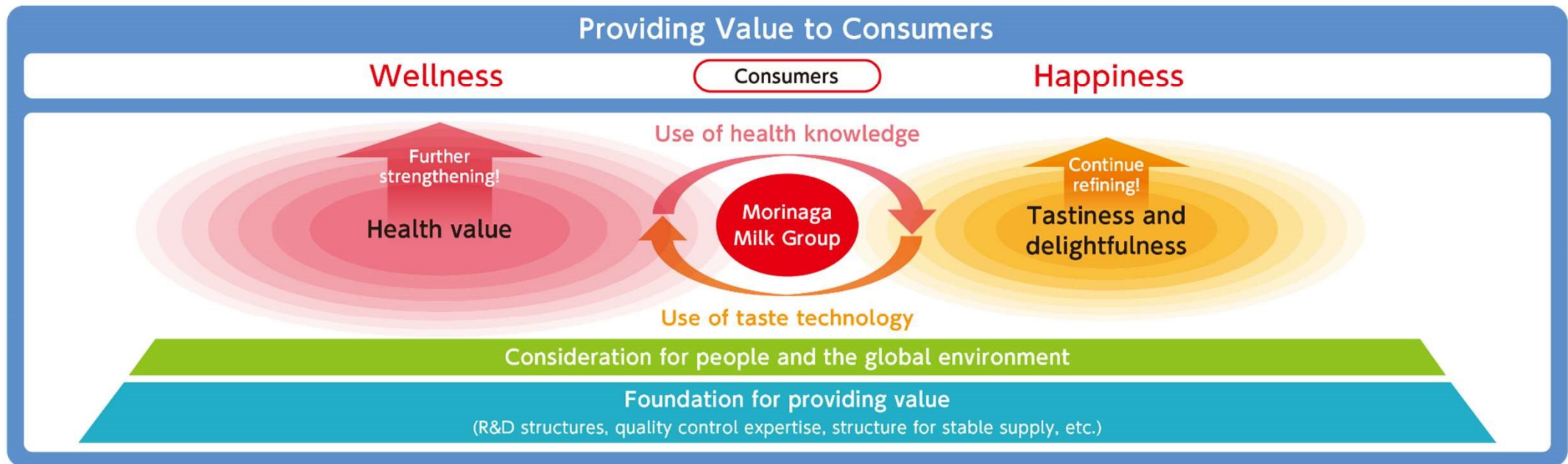


The 10-year Vision and the Group's Provision of Value:

Contribute to Consumer Wellness and Happiness Through Business Activities

Providing health value and tastiness and delightfulness

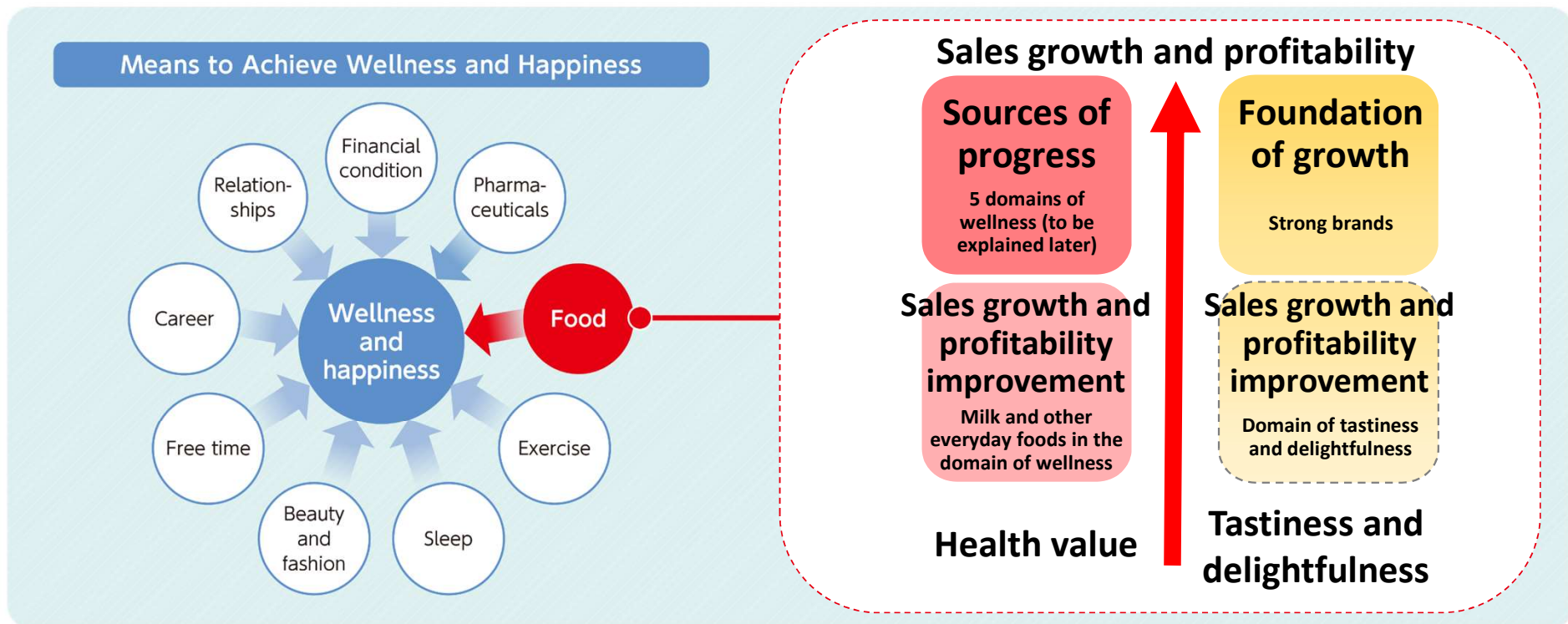
- Contributing to consumer wellness and happiness by providing health value and tastiness and delightfulness through our business activities
- Consideration for the global environment and people. Achieving Ever Brighter Smiles by improving corporate value based on a balanced pursuit of solutions to societal issues and improved sales growth and profitability



The 10-year Vision and the Group's Provision of Value: Positioning health value and tastiness and delightfulness

Providing value through food to contribute to wellness and happiness and improve sales growth and profitability

- Aiming for exponential growth by further enhancing health value and ascertaining globally expanding health needs
- Contributing to capital creation focused on business stability and growth by continuing to refine tastiness and delightfulness
- Optimizing sales growth and profitability by reciprocally leveraging knowledge and technology associated with the two values



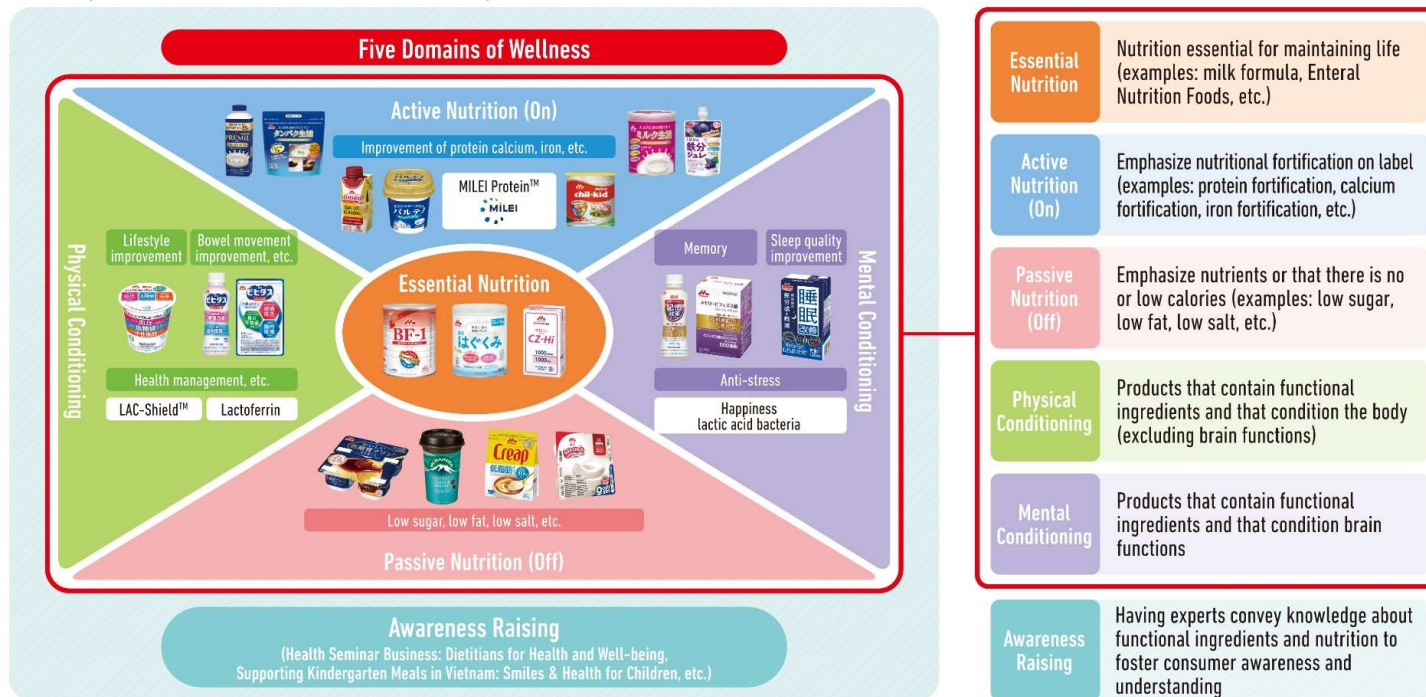
The 10-year Vision and the Group's Provision of Value: Defining the Health Value Delivered by the Morinaga Milk Group



Identifying health strengthening maps, strengthening the five domains of wellness across the pillars of business

- Providing foods and services that enable consumers to live and grow in good health and enjoy a longer healthy life expectancy
- Identifying health strengthening maps based on our strengths—functional ingredients, research findings, and the excellent nutrients in milk
- Dividing the health values we pursue as a Group into five wellness domains, and developing optimal strategies for each domain while strengthening them across the pillars of business

Description of our health fortification map



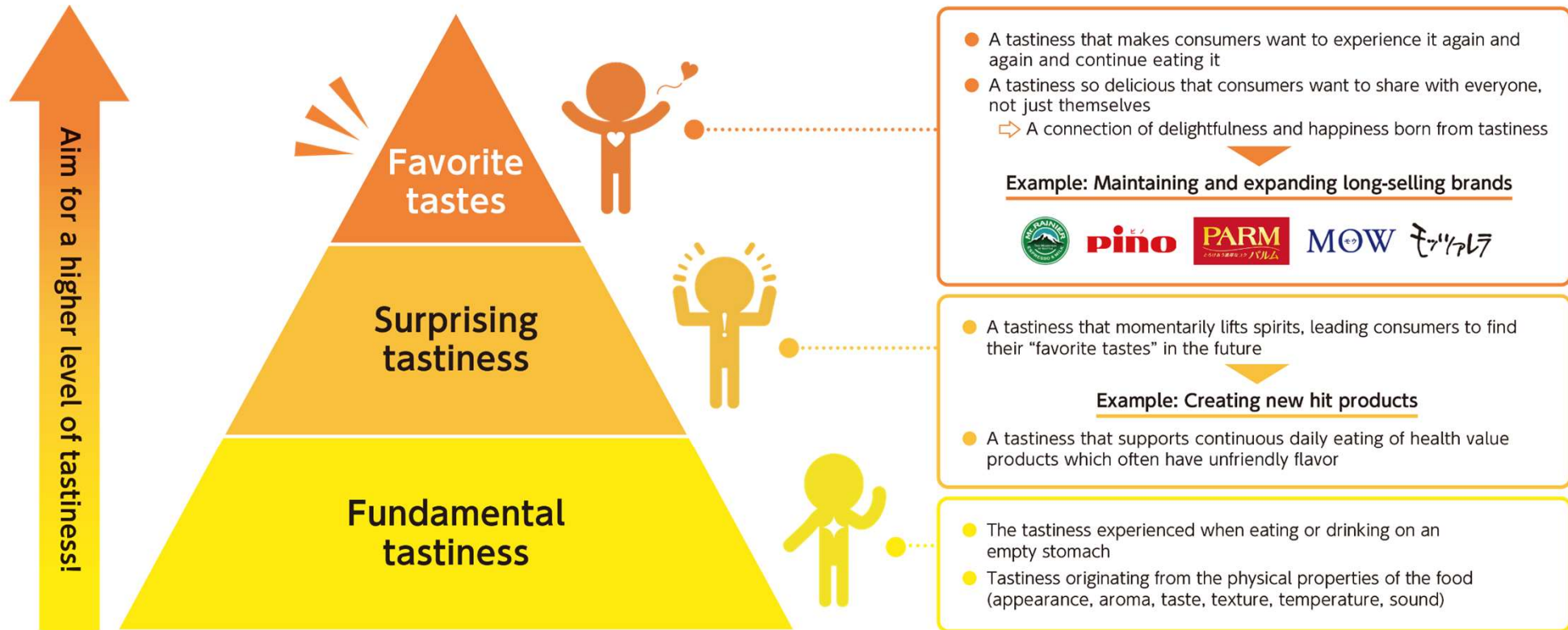
The 10-year Vision and the Group's Provision of Value:

Defining Tastiness and Delightfulness, the Aim of the Morinaga Milk Group



Expanding long-selling brands with the aim of delivering "favorite tastes"

- Aiming to deliver "favorite tastes" that go beyond initial surprise to keep consumers coming back to experience/eat more again and again
- Providing food products that create vitality on a daily basis by bringing a bit of happiness to everyday life. Maintaining/expanding long-selling brands



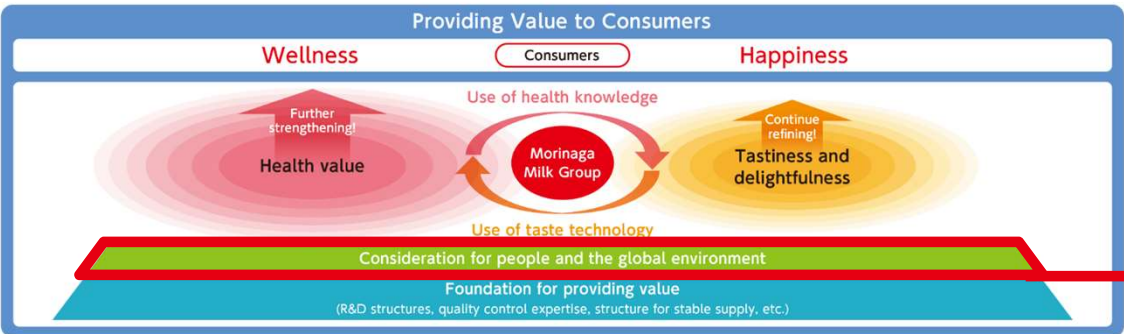
The 10-year Vision and the Group's Provision of Value: Business Activities Based on Consideration for the Global Environment and People for Sustainable Corporate Value Creation



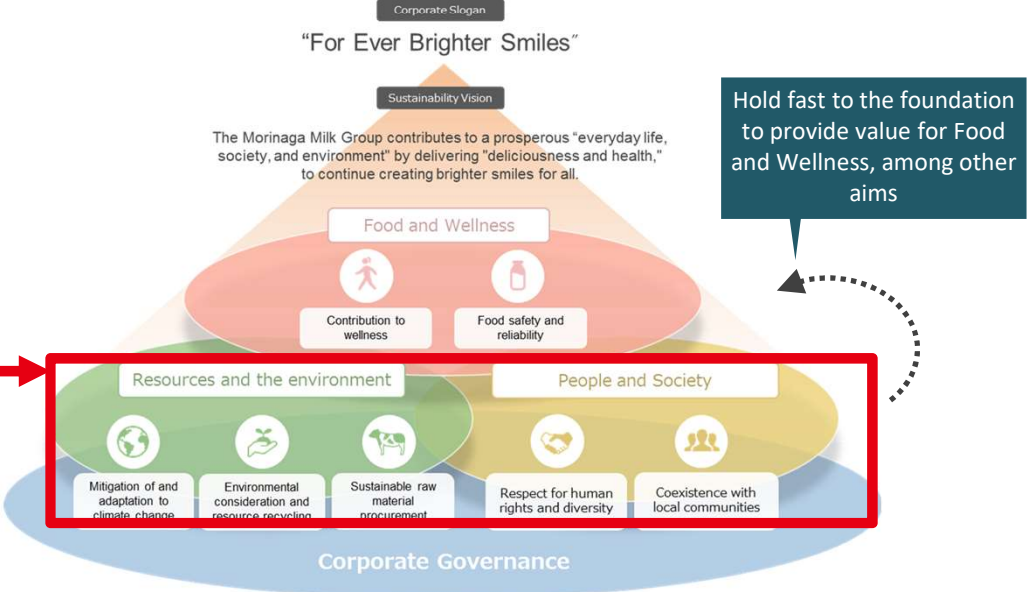
Interconnection of the Medium-term Business Plan and the Sustainability Medium- to Long-Term Plan

- Promoting business with a focus on consideration for the global environment and people in order to sustainably provide health value and tastiness and delightfulness
- Establishing the Sustainability Medium- to Long-Term Plan 2030 to go alongside the Medium-term Business Plan. Promoting initiatives while connecting the plans to each other

Value provided by the Morinaga Milk Group



Sustainability system diagram



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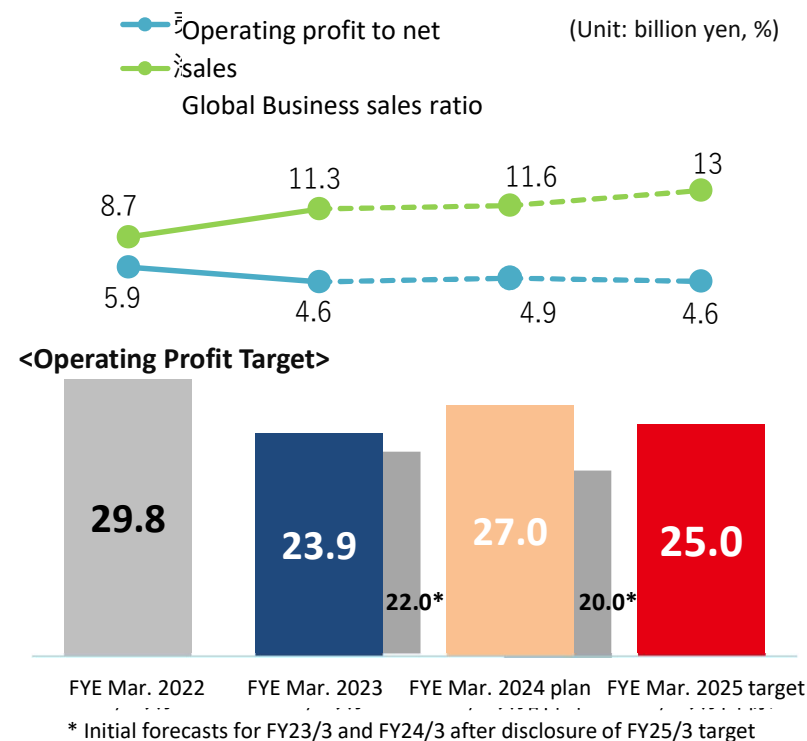
November 10, 2022 Release of numerical targets.
May 15, 2023 Updated results for FYE Mar. 2023, and plan for FYE Mar. 2024.
October 26, 2023 Updated plan for FYE Mar. 2024.



Numerical targets for the final fiscal year of the Medium-Term Business Plan (ending March 31, 2025)

(Unit: billion yen)

	FYE Mar. 2022	FYE Mar. 2023	FYE Mar. 2024 Plan	FYE Mar. 2025 target	Vs FYE Mar. 2022
Net sales	503.4	525.6	550.0	540.0	+36.6
Operating profit	29.8	23.9	27.0	25.0	-4.8
Profit attributable to owners of parent	33.8	16.9	61.7	16.0	-17.8
Operating profit to net sales	5.9%	4.6%	4.9%	4.6%	
ROE	16.7%	7.9%	24.5%	6%	
Global Business sales ratio	8.7%	11.3%	11.6%	13%	



Course of Action for the New Medium-Term Business Plan in Consideration of the Internal and External Environments



Opportunities <ul style="list-style-type: none"> Increasing awareness of health worldwide Changing lifestyles as sustainable values spread Expanding Asian market 	Strengths <ul style="list-style-type: none"> Organizational capacity to translate original ingredients and technology for tastiness into customer value Ownership of products and brands for people of all ages as a general dairy manufacturer Raw milk purchasing power in Japan, competitiveness of MILEI
Threats <ul style="list-style-type: none"> Rapidly changing exchange rates and market conditions for raw materials and energy Contracting Japanese market driven by demographic changes Swift progression of digitization and emergence of e-commerce 	Weaknesses <ul style="list-style-type: none"> Profit structure with high cost percentage (low profit rate) Aging manufacturing facilities and centers Cautious, conservative culture

Strengthening foundations

Transition to an aggressive approach

Achieving progress

The previous Medium-term Business Plan
FYE Mar. 2020 to FYE Mar. 2022

- Further enhancing our main brands
- Accelerating development of bifidobacteria and proprietary seeds
- Developing Global Business
- Performing business with an ESG-focus
- Improving profitability
- Further strengthening our business base

New Medium-term Business Plan 2022–2024 (from FYE March 2023 to FYE March 2025)

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

Course of action

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

Morinaga Milk Group 10-year Vision

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

A global company that exerts a unique presence worldwide

A company that persistently helps make social sustainability a reality

<Numerical targets for March 31, 2029>

- Ratio of operating income to net sales: At least 7%
- Global Business sales ratio: At least 15%
- ROE: At least 10%

Overview of the Medium-Term Business Plan 2022–2024 (FYE Mar. 2023 – FYE Mar. 2025)



<To continue to be the company of choice>

We aim to resolve societal issues and improve sales growth and profitability!



Basic policy 1: Achieving sustainable growth by increasing the added value of our business

- We will create/expand high added value businesses in an effort to boost our sales growth and profitability, thereby improving value through social considerations and acquiring capital for further growth investments
- Rather than waiting for the market to recover from the pandemic, we will take the initiative to reform our business model to create opportunities for progress

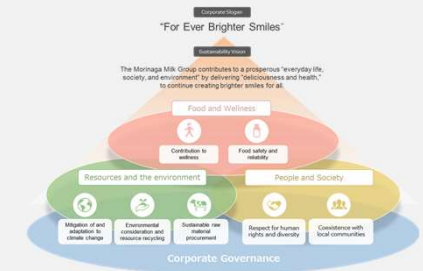
Basic policy 2: Further strengthening our business base with an eye on the future

- Structural reform: We will assume rapid changes to the external environment and proceed with our transformation into a company that triumphs despite adversity
- Strategic investment: We will further improve the Group's strengths in an effort to establish medium- and long-term competitive advantages
- Asset utilization: We will utilize our assets efficiently to improve added value and overhaul our organization

Basic policy 3: Financial strategies focused on efficiency

- We will strive to strategically execute growth investments and utilize funds with a focus that includes shareholder returns and our financial standing
- We will focus on capital efficiency and spread initiatives for improving ROE throughout the company

Sustainability Medium- to Long-Term Plan 2030



1. Formulate plans that focus on connections between businesses

⇒ Turn costs into opportunities for profit

2. Improve corporate value to boost employee motivation

⇒ Evolve into a company with preeminent sustainability management



Interconnected

Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



<To continue to be the company of choice>

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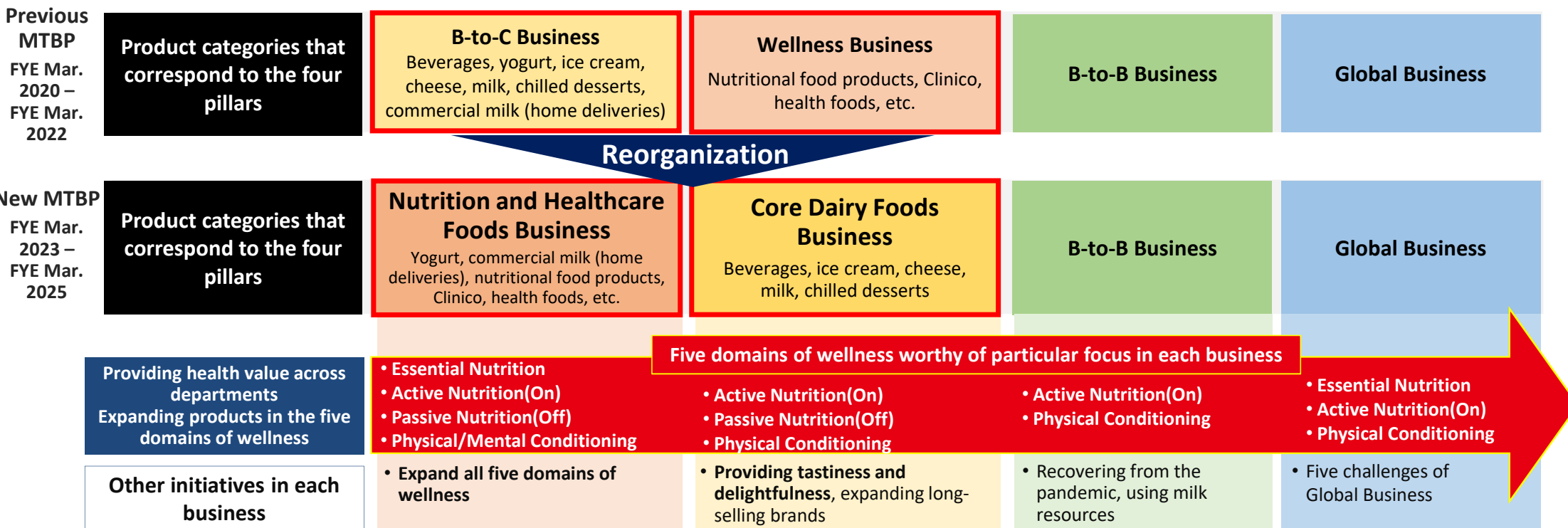
Interconnected

Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



Reestablishing the four pillars based on the main values we provide

- Nutrition and Healthcare Foods Business: Mainly promoting health value in an effort to achieve exponential business growth
- Core Dairy Foods Business: Mainly improving tastiness and delightfulness as a foundation for growth
- Expanding the five domains of wellness across the four new pillars of business, including the Core Dairy Foods Business centered on tastiness and delightfulness



Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



Provide health value in individual businesses and across businesses, expand products in the five domains of wellness

Five domains of wellness	Examples of products/brands corresponding to the four pillars of business			
	Nutrition and Healthcare Foods Business	Core Dairy Foods Business	B-to-B Business	Global Business
Essential Nutrition	Powdered milk for infants Liquid milk for infants Liquid foods for tube feeding 			Infant and toddler milk 
Active Nutrition(On)	PARTHENO Nutritional milk powder (Milk Life) Climeal 	PREMIL in PROTEIN 	MILEI Protein 	Infant and toddler milk MILEI Protein Climeal 
Passive Nutrition(Off)	Fat-free Aloe Yogurt Creap (creaming powder) Light 	Mt. RAINIER CAFFÈ LATTE Non-sweet Low Carb Pudding 		Morinaga Zero-fat Yogurt 
Physical Conditioning	Bifidus Yogurt Triple Yogurt Bifidus Yogurt Improves Bowel Movement Bifidus Daicho no Kihon 	Maiasa Soukai (Refreshing every morning) 	Bifidobacterium longum BB536 LAC-Shield™ Lactoferrin 	Bifidobacterium longum BB536 LAC-Shield™ Lactoferrin 
Mental Conditioning	Memory Bifidus Memory Protection Yogurt 	Suimin Kaizen 	Happiness Lactobacillus Bifidobacterium breve MCC1274 	Bifidobacterium breve MCC1274 

*Core Dairy Foods Business: Tastiness and delightfulness is the main value provided

Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



Nutrition and Healthcare Foods Business: Expand five domains of wellness

- Provide health value, achieve substantial growth in health brands that serve as sources of progress
- The Nutrition and Healthcare Foods Business drives the entire Group's provision of health value



★ Provide health value in all five domains of health by utilizing all the channels including EC. Pursue higher sales and profit rates

Essential Nutrition

Powdered milk for infants
Liquid milk for infants
Tube feeding liquid foods



Active Nutrition(On)

PARTHENO
Nutritional milk powder (Milk Life)
Climeal



Passive Nutrition(Off)

Morinaga Fat-free Aloe Yogurt
Creap (creaming powder) Light



Physical Conditioning

Bifidus Yogurt
Triple Yogurt
Bifidus Yogurt Improves Bowel Movement
Bifidus Daicho no Kihon



Mental Conditioning

Memory Bifidus Memory Protection Yogurt



Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



Core Dairy Foods Business: Expand long-selling brands

- Provide tastiness and delightfulness, put long-selling brands—the foundation of business growth—on a growth trajectory
- In sum, provide health value that leverages product characteristics and expand the five domains of wellness

Five major long-selling brands

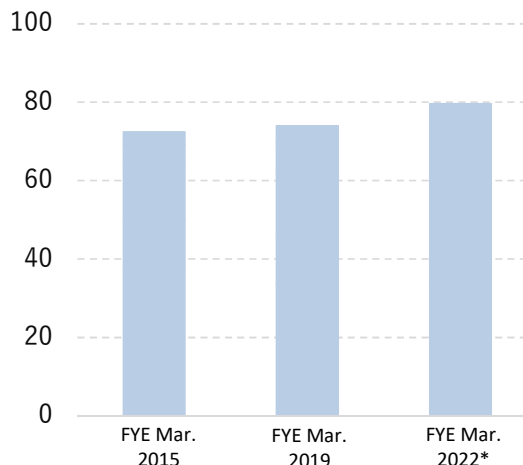
Years since release



- ★ Delve into the essence of tastiness and continue to pursue sales and profits while responding to ever-diversifying consumer needs
- ★ Create the vitality for living into the future and the circle of empathy to further expand the fan base

Trends in total net sales of the five brands

(Unit: billion yen)



* New accounting standards for revenue recognition not applied to figures for FYE Mar. 2022



Expand the five domains of wellness

Active Nutrition(On)

PREMiL in PROTEIN

- Response to need for protein



Passive Nutrition(Off)

Mt. RAINIER CAFFÈ LATTE Non-sweet Low Carb Pudding

- Sweetness, reduced sugar



Passive Nutrition(Off)

Maiasa Soukai (Refreshing every morning)

- Intestinal function regulation effects

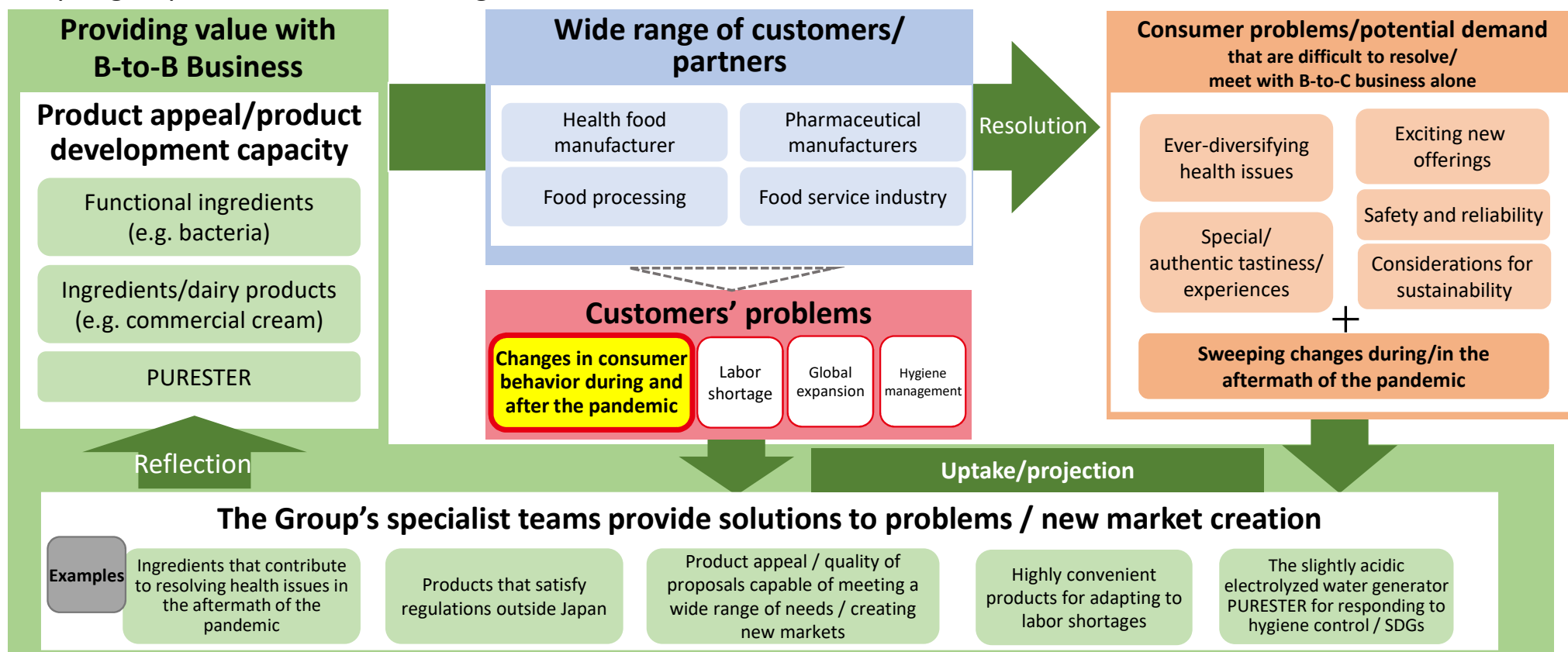


Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



B-to-B Business: Providing solutions for an ever-diversifying array of problems

- Working with a wide range of customers to provide solutions to an ever-diversifying array of consumer problems. Adapting to pandemic-related changes



Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



Global Business: Reforming the portfolio because of the five challenges

➤ Reforming the portfolio (including new initiatives and M&A) with the aim of achieving the Morinaga Milk Group 10-year Vision

MILEI business	<ul style="list-style-type: none"> Improve quality/productivity to move toward sustainable growth (increase production of lactoferrin, increase added value of lactose, expand whey protein products)
Infant-and-toddler-milk business	<ul style="list-style-type: none"> Improve the value of the Morinaga brand in infant nutritional food product categories in Asia
Bacteria business	<ul style="list-style-type: none"> Strengthen initiatives with major infant and toddler milk manufacturers, and other efforts toward achieving +70% bacteria sales in FYE Mar. 2025 (compared to FYE Mar. 2022, including domestic B-to-B Business)
North America business	<ul style="list-style-type: none"> Revitalize as plant-base food product business and launch new brands to create new demand
Vietnam business	<ul style="list-style-type: none"> Invest in nutrient-fortified products/functional ingredient-based products for Elovi, and other efforts to maximize acquisition synergy to achieve net sales of ¥10 billion in the region by FYE Mar. 2029

Personnel plan for Global Business

FYE Mar. 2025 target:
Approx. 20% increase
(compared to FYE Mar. 2022)

Portfolio changes (as percentages of net sales, excluding M&A)



Morinaga Milk Group 10-year Vision (targets for the fiscal year ending March 31, 2029)

- A global company that exerts a unique presence worldwide**
- Global Business sales ratio: At least 15%**

Reforming the portfolio (including new initiatives and M&A) with the aim of achieving the above

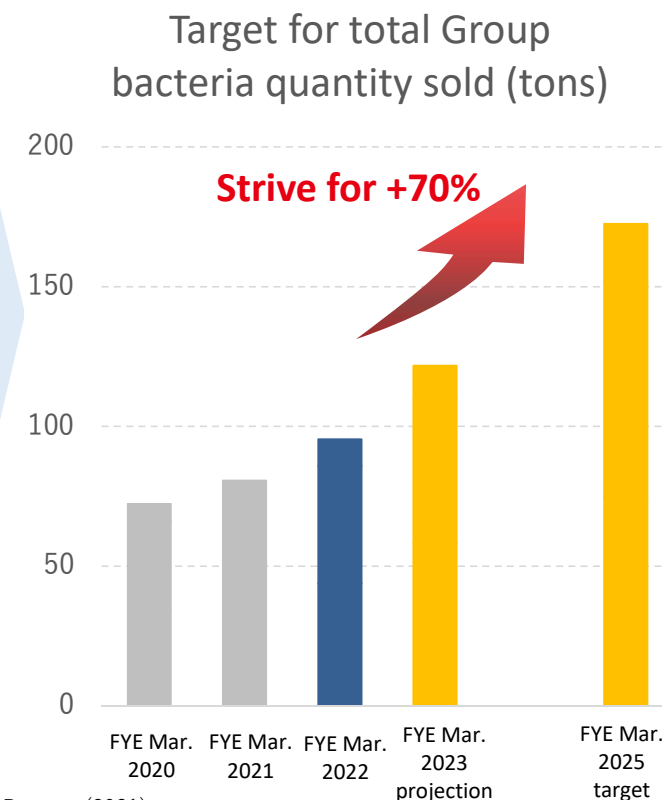
Basic Policy 1: Achieving Sustainable Growth by Increasing the Added Value of Our Business



Return to progress for functional ingredients / bacteria

- Accelerate the deployment of our proprietary functional ingredients and establish a unique place in Japan and overseas market
Bacteria: Strive to increase quantity sold by 70%
- However, numerical targets will be flexibly adapted while monitoring sweeping changes in global circumstances and demand as well as trends in registration of new food ingredients in China

Bacteria	Previous MTB	<ul style="list-style-type: none"> • 20-t increase under previous Medium-term Business Plan • However, registration of new food ingredients in China delayed, negotiations stalled by the pandemic
	New MTBP	<ul style="list-style-type: none"> • Japan (B-to-B Business): <ul style="list-style-type: none"> • Use functionality labeling to promote domestic development, support customers' overseas development • Global Business: <ul style="list-style-type: none"> • Use registration of new food ingredients to expand sales in the infant-and-toddler-milk market in China • Expand sales of bacteria for supplements/food processing • System: Consideration of optimal organizational system and the like from a longer-term perspective
Lactoferrin		<ul style="list-style-type: none"> • MILEI GmbH: Maintain the largest production capacity in the world*, and make the best use of it in entire group business (yogurt, supplements, B-to-B in Japan and overseas, etc.)* Impact of market price decline is expected in the current MTBP while production increase is planned. • Promote initiatives for acquiring/using immunostimulation functionality labeling
Peptide		<ul style="list-style-type: none"> • Continue research on a wide range of functions. Aim for product development in a wide range of formats with a focus on acquiring functionality labeling



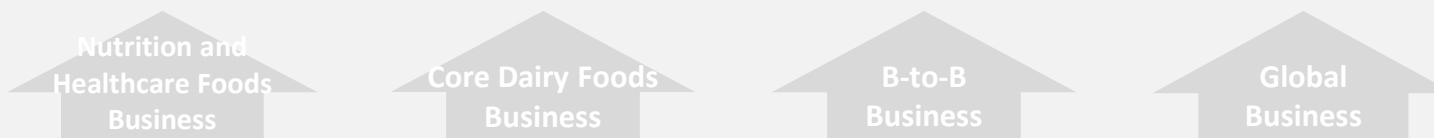
* Source: Absolute Reports (2021)

Basic Policy 2: Further Strengthening Our Business Base with an Eye on the Future



<To continue to be the company of choice>

We aim to resolve societal issues and improve sales growth and profitability!



Basic policy 1: Achieving sustainable growth by increasing the added value of our business

- We will create/expand high added value businesses in an effort to boost our sales growth and profitability, thereby improving value through social considerations and acquiring capital for further growth investments
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- Asset utilization: We will utilize our assets efficiently to improve added value and overhaul our organization

Basic policy 3: Financial strategies focused on efficiency

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- We will focus on capital efficiency and spread initiatives for improving ROE throughout the company

Sustainability Medium- to Long-Term Plan 2030



1. Formulate plans that focus on connections between businesses
⇒ Turn costs into opportunities for profit
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Interconnected

Basic Policy 2: Further Strengthening Our Business Base with an Eye on the Future



1

Structural reform

- **Reinforce resistance to changes in the external environment (cost structure reform)**
- Continuously create research and development outcomes and use them to efficiently strengthen processes for developing products and putting them on the market
- Full-scale advancement of digital transformation promotion
- Promote Group management

2

Strategic investment

- **Strengthen research and development functions**
- **Growth investments/environment-related investments focused on the 10-year Vision**
- New initiatives to create new businesses and other elements of the “future”
- Human resource development for maximizing value creation and motivation

Strengthen research and development functions for sustainable growth

Execute growth investments (e.g. manufacturing building extension the Kobe Plant) and environment-related investments

3

Asset utilization

- Strengthen intellectual property infrastructure and promote the creation/use of intellectual property
- Maintain raw milk supplies and promote the utilization of domestic milk resources

Strategic Investment: Strengthen Research and Development Functions



Strengthen research and development functions and accelerate investment into management resources to achieve sustainable growth

- Expand investment into management resources for research and development functions in an effort to maintain/solidify competitive advantages
- Robustly promote research and development activities for the new Medium-term Business Plan and beyond

Become a company that balances delicious and pleasurable food with health and nutrition	Become a global company that exerts a unique presence worldwide	Become a company that persistently helps make social sustainability a reality
<ul style="list-style-type: none"> • Research/development tailored to health-related demand • Enhance/advance main brands • Research and development that facilitates customer lifetime value improvement 	<ul style="list-style-type: none"> • Expand infant-and-toddler-milk/nutritional business • Create outcomes that facilitate expansion of B-to-B Business throughout the world • Contribute to the development of affiliated overseas companies • Support the development of technology for overseas B-to-C business 	<ul style="list-style-type: none"> • Research and development for milk resources/plant-based food products • Respond to the environment / global warming • Collaborate with local communities to contribute to healthy societies • Actualize measures to counter low birth rates and achieve healthy growth in children

- Plans call to increase research and development spending during the Medium-term Business Plan as well as to add personnel (approx. 15% compared to FYE Mar. 2022) to the R&D Division

Basic Policy 2: Further Strengthening Our Business Base with an Eye on the Future
Strategic Investment: Growth Investments/Environment-related Investments Focused on the 10-year Vision



Execute growth investments/environment-related investments focused on achieving the 10-year Vision

- Invest actively, including the addition to the Kobe Plant as well as M&A and further rebuilding the manufacturing system with a focus on the future during the new Medium-term Business Plan
- Additionally, steadily implement capital investment aimed at reducing environmental impact

Main investment projects (excluding unannounced projects)

Growth investments

- ◆ **Strengthening the provisions of health value**
 - **Tone bottle drink Yogurt** (Start of operation scheduled for May 2022)
 - **Morinaga-Hokuriku Milk Industry Fukui Plant Bacteria Facility** (Phase 2)
- ◆ **Manufacturing building extension at the Kobe Plant**
 (Planned start of operation in April 2024)
 Eight production lines for ice creams and yogurts
- **Total investment in the three projects: Approx. ¥20 billion**
- ◆ **M&A:**
 Proactively consider M&A (mainly overseas) as a means of growing businesses

Ordinary investment
 Envisioned to be approximately ¥50 billion

- Execute accordingly

Including environment-related investments (envisioned to be around ¥10 billion)

- ◆ **Consideration of plastic countermeasures**
- ◆ **Measures to address climate change**
 - **Introduce biogas power generation facilities:**
 Combine with a biogas plant, renovate facilities for processing manure from the Group's farms. Reduce methane emitted by Company farms up to 30%. Consider introducing at other manufacturing centers (See p. 56 of the Appendix)

Others under consideration

- ◆ **Measures to address climate change**
 - **Enhance solar power generation facilities, update refrigeration facilities**

Others under consideration

Basic Policy 2: Further Strengthening Our Business Base with an Eye on the Future Strategic Investment: Growth Investments/Environment-related Investments Focused on the 10-year Vision

May 15, 2023 Announced
investment projects updated



- Invest actively, including M&A and rebuilding of the manufacturing system with a focus on the future during the new Medium-term Business Plan. Implement capital investment aimed at reducing environmental impact.

➤ **FYE Mar. 2023: In addition to previously announced deals, three overseas M&As were executed. Looking ahead, we will continue to focus on growth areas. Meanwhile, construction costs are rising.**

Major investment projects during the three-year period of the Medium-term Business Plan (excluding undisclosed projects)

Undisclosed at the beginning of the FYE Mar. 2023

Growth investment: ¥60.0 billion

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

Ordinary investment : ¥ 50.0 billion

Contents		Status	Investment amount	Environment
Tone Plant	Bottled drink yogurt	Operating since May 2022	Total of 3 projects: Approx. 20 billion yen	-
Morinaga-Hokuriku Milk Industry Fukui Plant	Bacteria facility (Phase II)	Completed		-
Kobe Plant	Manufacturing building extension	Scheduled to start operation Apr. 2024		-
✓ Kobe Plant	Ice cream and yogurt production lines	Under consideration	10-billion-yen scale	-
✓ Global Business M&A: Pakistan	NutoriCo Morinaga: Manufacture and sales of infant and toddler milk, etc.	Acquired shares in January 2023	Total of 3 projects: Approx. 10 billion yen	-
✓ Global Business M&A: U.S	Turtle Island Foods: Plant-based food business	Acquired shares in Feb. 2023		-
✓ Global Business M&A: Vietnam	Morinaga Le May: Sales of infant and toddler milk	Plan to acquire shares in May 2023		-
Environment: Plastic measures	Measures against plastics	Consider as appropriate		✓
Environment: Climate measures	Installation of biogas power generation equipment at Group company farm	Scheduled to start operation in 2023	Several hundred-million-yen scale	✓
✓ Global Business: MILEI	Energy-saving equipment and product quality improvement	Operation to start in sequence from Jan. 2024, scheduled to complete in Apr. 2025	38 million euro	✓
Ordinary investment	Update and maintenance	Execute as appropriate		-
Environment: Climate measures, etc.	Expansion of solar power generation facilities, updating of refrigeration equipment, etc.	Execute as appropriate		✓

Basic Policy 3: Financial Strategies Focused on Efficiency

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

Nutrition and
Healthcare Foods
Business

Core Dairy Foods
Business

B-to-B
Business

Global
Business

Basic policy 1: Achieving sustainable growth by increasing the added value of our business

- We will create/expand high added value businesses in an effort to boost our sales growth and profitability, thereby improving value through social considerations and acquiring capital for further growth investments
- Rather than waiting for the market to recover from the pandemic, we will take the initiative to reform our business model to create opportunities for progress

Basic policy 2: Further strengthening our business base with an eye on the future

- Structural reform: We will assume rapid changes to the external environment and proceed with our transformation into a company that triumphs despite adversity
- Strategic investment: We will further improve the Group's strengths in an effort to establish medium- and long-term competitive advantages
- Asset utilization: We will utilize our assets efficiently to improve added value and overhaul our organization


Basic policy 3: Financial strategies focused on efficiency

- We will strive to strategically execute growth investments and utilize funds with a focus that includes shareholder returns and our financial standing
- We will focus on capital efficiency and spread initiatives for improving ROE throughout the company

Sustainability Medium- to Long-Term Plan 2030

"For Ever Brighter Smiles"

The Morinaga Milk Group contributes to a sustainable society, society and environment "by realizing 'nutritional and health' by utilizing healthy dietary habits for all."



- 1. Formulate plans that focus on connections between businesses**
⇒ Turn costs into opportunities for profit
- 2. Improve corporate value to boost employee motivation**
⇒ Evolve into a company with preeminent sustainability management

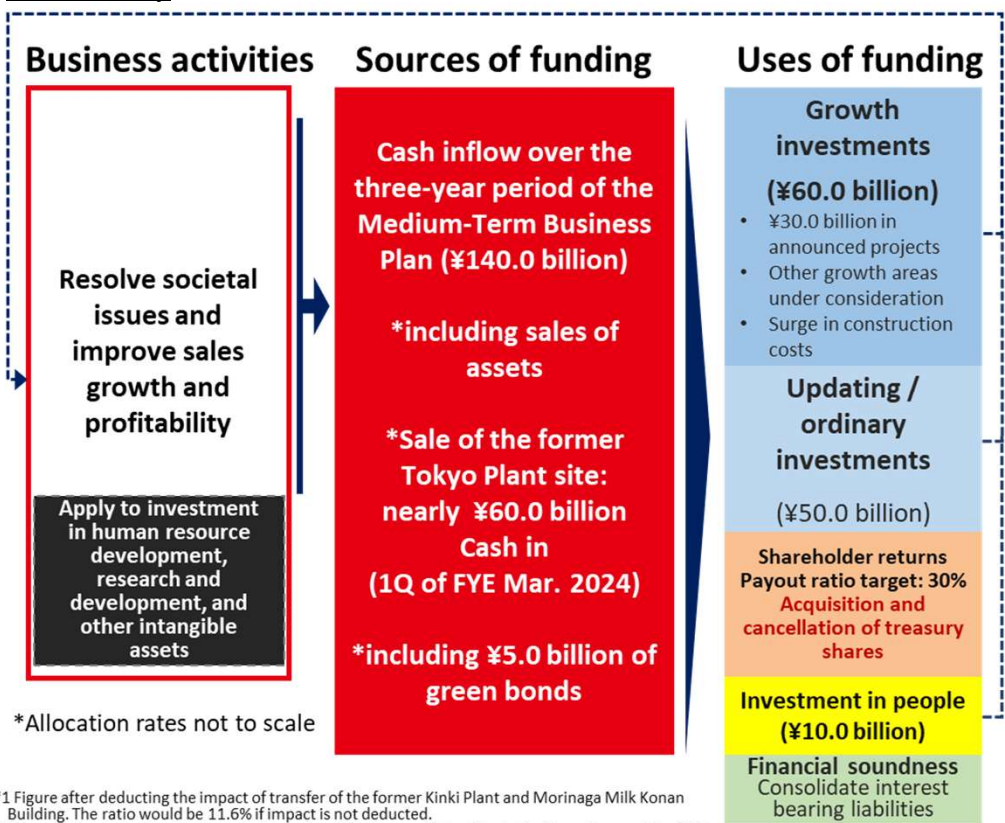
← ↑
Interconnected



Strategically Execute Growth Investments and Utilize Funds with a Focus that Includes Shareholder Returns and Our Financial Standing

Invest in business expansion / organizational reinforcement, provide shareholder returns as a key challenge

➤ Allocate appropriately to growth investments, shareholder returns, and assurance of financial health. Optimize capital efficiency



*Allocation rates not to scale

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

*2 Figure after deducting the impact of transfer of the former Tokyo Plant site. The ratio would be 8.6% if impact is not deducted.

Invest now to create operating cash flow in the distant future

- Executed growth investments and M&As needed to achieve the 10-year Vision
 - Projects announced at the start of FYE March 2023, overseas M&As: approx. ¥30.0 billion
 - Considered such other projects as capital investment at MILEI (€38 million), investment in growth areas including Kobe Plant production line (ice cream/yogurt), environment-related investments, and M&As.
 - Meanwhile, construction costs soared.

Strengthen shareholder returns

- Payout ratio target: 30% (excluding temporary factors)
 - FYE Mar. 2022: 20.5%*1 → FYE Mar. 2023: 24.1% → FYE Mar. 2024 forecast: 33.6%*2
- Response that focuses on the total payout ratio
 - Cancellation of treasury shares (Aug. 2022) 2,000,000 shares/4.01% of the total
 - Acquisition and cancellation of treasury shares (announced on May 15, 2023): approx. 1.86 million shares / approx. 10.0 billion yen*3

Investment in people for promotion of career development

- Considered introduction of retirement benefit trust aimed at securing funds for lump-sum retirement benefits in the future and making effective use of assets
- Considered introduction of scheme such as employee stock benefit plan

Ensure financial health with a medium- and long-term view

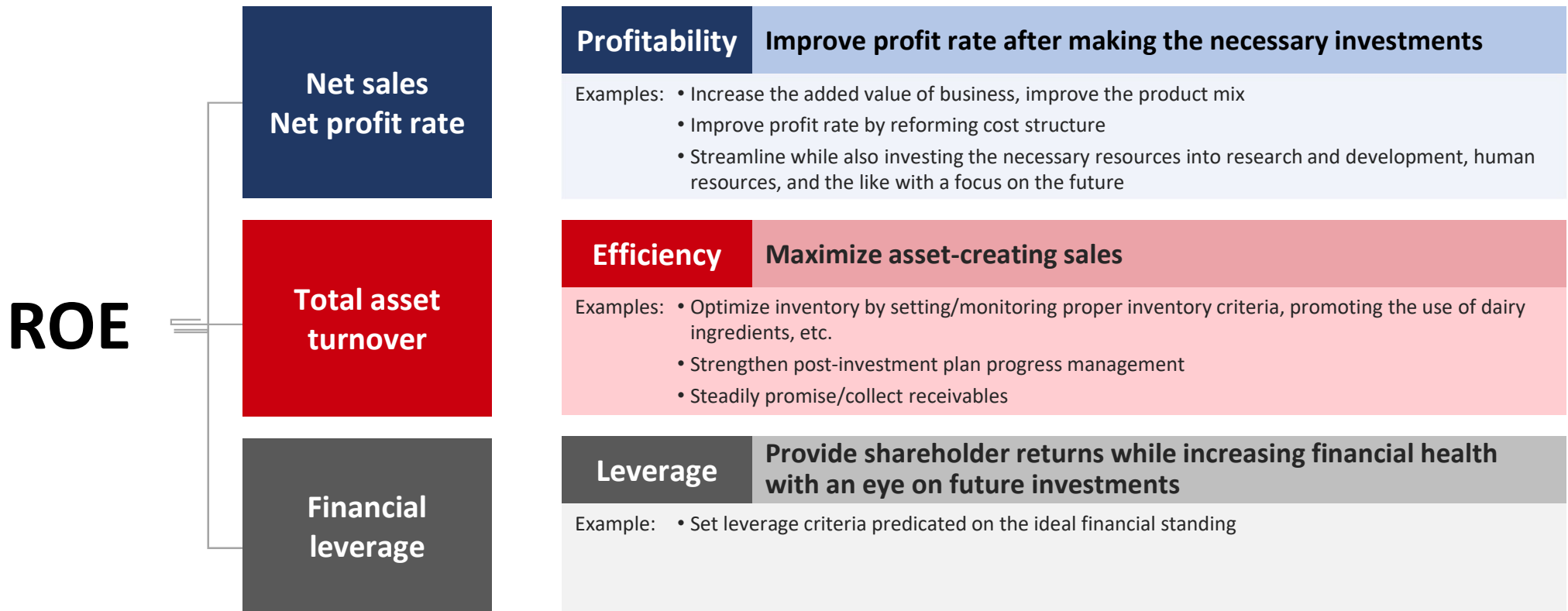
- Maintain the A rating to remain prepared for sudden changes in circumstances

Improve ROE with a Focus on Capital Efficiency



Improve profitability and efficiency and link them to real-world initiatives to improve ROE

➤ Improve efficiency as well as profitability. Visualize contributions by linking disparate metrics to real-world initiatives



the Sustainability Medium- to Long-Term Plan 2030



<To continue to be the company of choice>

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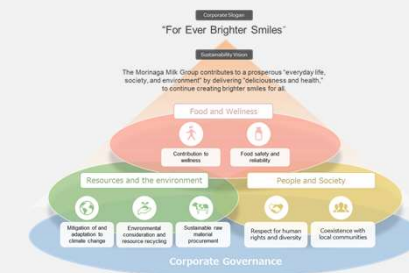
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Sustainability Medium- to Long-Term Plan 2030



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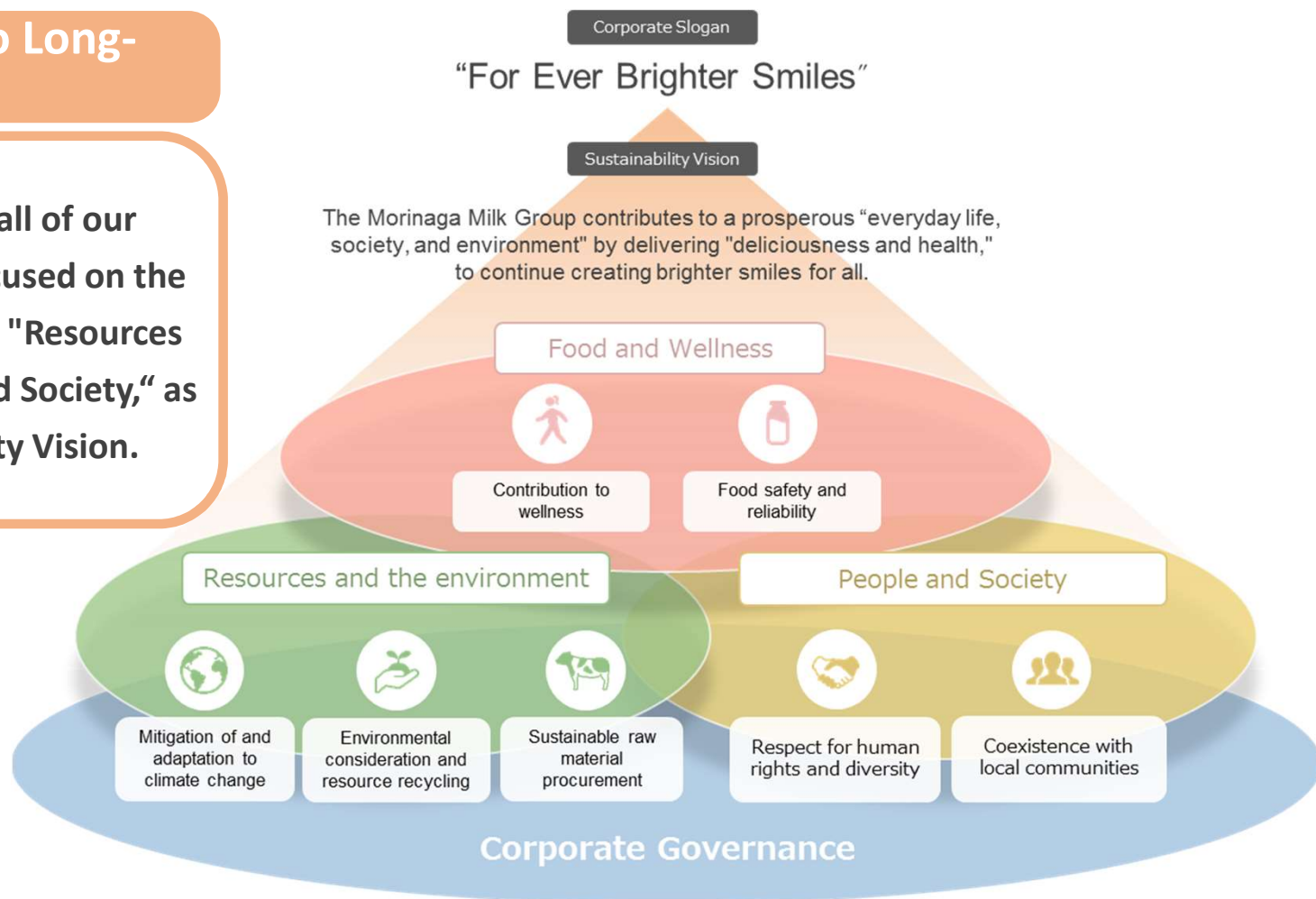
Interconnected

the Sustainability Medium- to Long-Term Plan 2030



the Sustainability Medium- to Long-Term Plan 2030

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



the Sustainability Medium- to Long-Term Plan 2030

Commitment for each materiality theme



Wellness

Food and

- Contribution to wellness
- Food safety and reliability



By delivering high-quality value unique to Morinaga Milk Group, we contribute to the health of 300 million people.*

※Calculated as planned number, which include total planned number of sales of products with consideration for health from FY 2021 to FY 2030, and expected number of participants in our health promotion and nutrition education activities as number reached (persons)

Resources and the Environment

- Mitigation of and adaptation to climate change
- Environmental consideration and resource recycling
- Sustainable raw material procurement



We will contribute to a sustainable global environment in order to perpetually develop together with supply chain partners.

People and Society

- Respect for human rights and diversity
- Coexistence with local communities



We respect the human rights and diversity of all of our stakeholders, and will contribute to the creation of a sustainable society.



MORINAGA MILK INDUSTRY CO., LTD.

Cautionary Note Regarding Business Forecasts

Figures for plans, policies, and other figures included in this report other than actual past results are forecasts of future business performance, and are calculated based on management's estimates and understanding of the information available to the Company at the time this presentation was prepared.

Accordingly, these forward - looking figures contain elements of risk and uncertainty, and actual results may differ from these forecasts for a variety of reasons. These elements of potential risk and uncertainty include economic conditions in the Company's major markets, trends in demand for the Company's products, exchange rate movements, and regulatory changes and changes in accounting standards and business practices in Japan and other countries.

Monetary amounts in this presentation are shown in billions of yen, with amounts of less than 0.1 billion yen rounded to the nearest 0.1 billion yen, and as a result, total figures may differ from the sum of the corresponding breakdown figures.