



May 13, 2022

Company name: Morinaga Milk Industry Co., Ltd.

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Representative: Yohichi Ohnuki,

President & Representative Director

(Code: 2264 Prime Market of the Tokyo Stock Exchange)

Notice Regarding Formulation of a New Medium-term Business Plan 2022-24

(a three-year plan that runs from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025)

Morinaga Milk Industry Co., Ltd. (the “Company”) hereby announces the formulation of a new Medium-term Business Plan, a three-year plan that runs from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025, as outlined below.

Note that we have postponed announcement of numerical targets such as those for net sales and operating income given the rapid changes in the external environment, which are making it difficult to properly calculate at this time the cost impact in the medium to long term.

1. In formulating the new Medium-term Business Plan

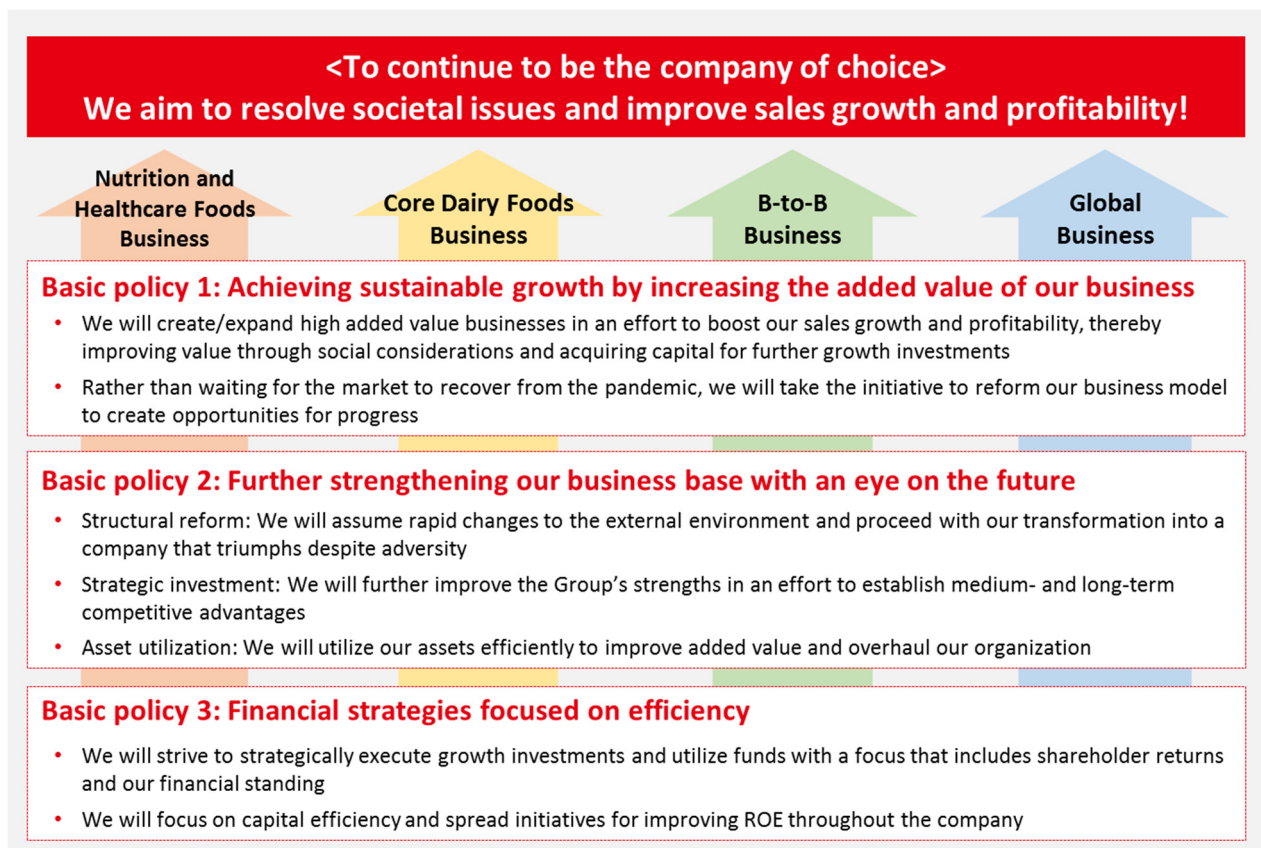
The Group established the Morinaga Milk Group 10-year Vision in April 2019, setting out its vision for the next 10 years. Under the vision, we have established targets for the fiscal year ending March 31, 2029, aiming to achieve an “operating profit margin of at least 7%,” an “ROE of at least 10%,” and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

Over the past years, the Group focused its efforts on addressing the management issues identified in the Medium-term Business Plan (fiscal year ended March 31, 2020, to fiscal year ended March 31, 2022) announced in 2019 and proceeded to strengthen its business platform. Achievements made include expansion of functional ingredients with health-promoting benefits, such as Bifidobacteria, growth of high value-added products such as yogurt and ice cream, which use these ingredients and our proprietary technologies, and significant growth of Global Business, notably in MILEI GmbH in Germany. We also proceeded to steadily strengthen the business base through such measures as elimination and consolidation of plants to streamline the manufacturing structure,

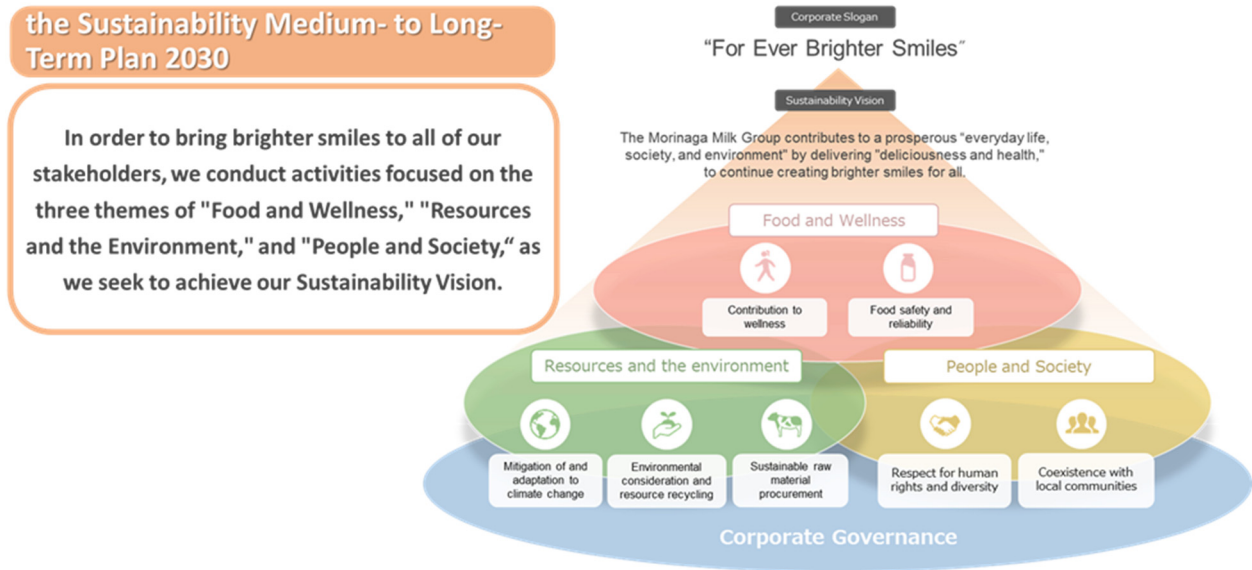
and enhancement of financial strength largely by reducing interest-bearing debt. As a result, the consolidated targets for the fiscal year ended March 31, 2022, as set out at the time the said Medium-term Business Plan was developed, which are ¥630,000 million in net sales and ¥30,000 million in operating income (before application of the accounting standard for revenue recognition), could be more or less achieved for operating income, while net sales were below the target due partly to the effects of COVID-19.

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

(Reference material 1) Overview of the new Medium-term Business Plan 2022–2024



(Reference material 2) 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.

2. Basic policies of the Medium-term Business Plan

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

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

To which end we have reconfigured our business structure by combining the previous business fields of the B-to-C and Wellness Businesses and reorganizing them as (1) the Nutrition and Healthcare Foods Business and (2) the Core Dairy Foods Business, which together with (3) the B-to-B Business and (4) the Global business comprise the new four pillars of our business. We will work on expanding these pillars individually and will also seek in particular to accelerate the provision of health value laterally across the four pillars as well as strive for renewed growth of our proprietary functional ingredients and bacteria and portfolio transformation of the Global Business. Through our business activities, we will contribute to the “wellness” and “happiness” of consumers by providing “health value” and “tastiness and delightfulness.”

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

Which will be pursued from the perspectives of structural reform, strategic investments, and asset utilization. Structural reform will be carried out by strengthening resilience to changes in the external environment, promoting group management, and other measures. As strategic investments, our plan includes strengthening of R&D functions and growth investments and environment-related investments that are in line with our 10-year

vision. In terms of asset utilization, we will strengthen our intellectual property base and promote utilization of domestic milk resources.

Basic Policy 3: Financial strategies focused on efficiency

Aims to carry out strategic investments for growth and make use of funds by paying attention to shareholder returns and financial position, to be pursued in tandem with improvement of ROE focusing on capital efficiency. With respect to shareholder returns, we will maintain the basic policy of paying stable and long-term dividends, and raise target payout ratio to 30% from the previous target of 20%. We will consider our approach also by paying attention to total payout ratio. Treasury shares that we hold will, in principle, be retired, except for a certain portion that will be retained to allow for a flexible capital policy in the future.

Guided by the aforementioned vision and policies, we will devote our efforts on the various initiatives by positioning the coming fiscal year (fiscal year ending March 31, 2023) as an important start to the new stage. Note that we have postponed announcement of numerical targets such as those for net sales and operating income given the rapid changes in the external environment, which are making it difficult to properly calculate at this time the cost impact in the medium to long term.

To create a society in which people can enjoy happiness and fulfillment, the Morinaga Milk group will continue to contribute to society by improving and delivering its unique values.

3. Other

Details of the Plan will be published on the Company's website at the time of the financial results presentation scheduled to be held on May 17, 2022.

Morinaga Milk Industry Co., Ltd. IR information: <https://www.morinagamilk.co.jp/english/ir/>

(Note) Matters concerning performance forecasts and future prospects

All plans, policies and statements in the disclosure materials of the Company other than past facts are based on management assumptions and opinions formed on the basis of information currently identified. Therefore, actual performance of the Company may differ from forecasts as a consequence of various factors. In addition, materials are disclosed for the purpose of giving the public a fuller understanding of the Company, not necessarily for recommending investment.

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