

Morinaga Milk Corporate Profile



(Securities code: 2264)

<https://www.morinagamilk.co.jp/english/ir/>

As of November 2025

1. Corporate Profile

*The accounting standard for revenue recognition is applied from FYE March 2022

*Before FYE March 2021 applying accounting standard for revenue recognition

1 - 1. Corporate Slogan, Corporate Philosophy

Corporate Philosophy

Contribute to healthy and enjoyable lifestyles
through offering unique products derived from
advanced milk technology.

Corporate Slogan

“For Ever Brighter Smiles”

1 - 2. Morinaga Milk Group 10-year Vision (Established in 2019)



Vision 1 A company that balances “delicious and pleasurable food” with “health and nutrition”

Vision 2 A global company that exerts a unique presence worldwide

Vision 3 A company that persistently helps make social sustainability a reality

10-year Targets

(for the fiscal year ending March 31, 2029)

Operating profit margin	3.8 % [*]		<u>At least 7%</u>
R O E	8.6 % [*]		<u>At least 10%</u>
Ratio of overseas sales	5.0 % [*]		<u>At least 15%</u>

^{*} The figures are for the fiscal year ended March 2019.

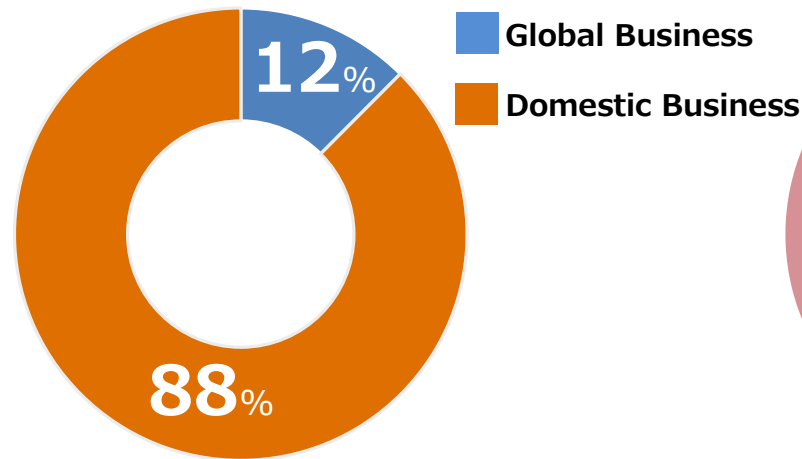
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1 - 3 . Group Business Structure

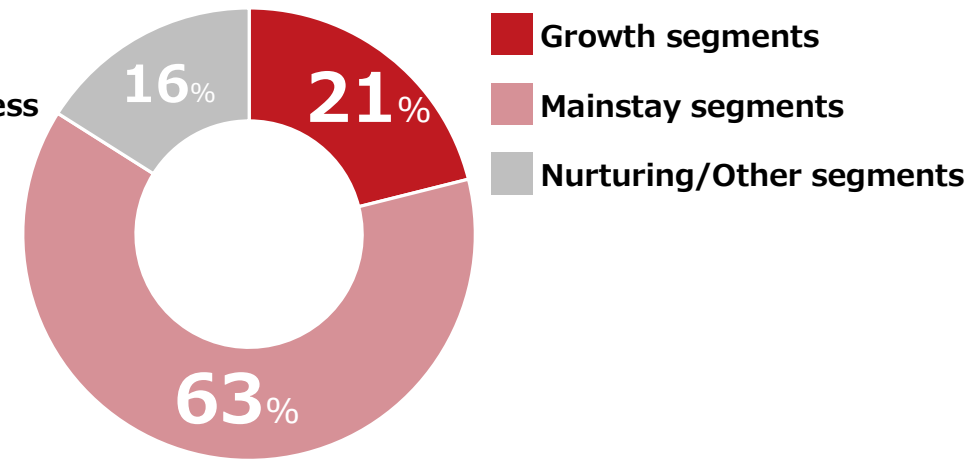
Breakdown of Domestic and Global Business

Year ended March 2025

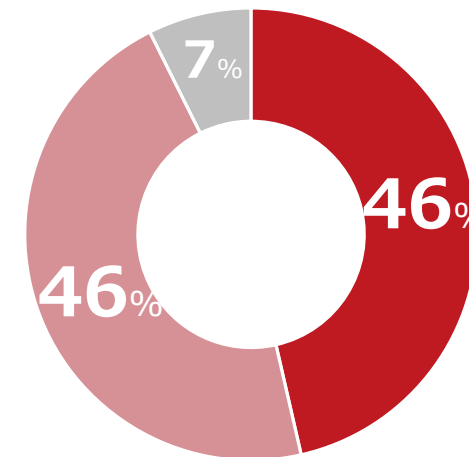
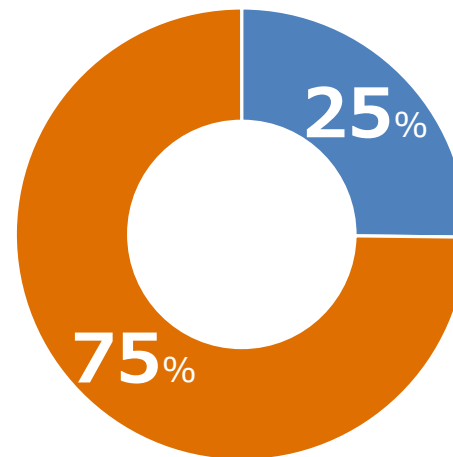
Net Sales
¥561.2
billion



Medium-term business plan 2025-2028:
Breakdown by Segments

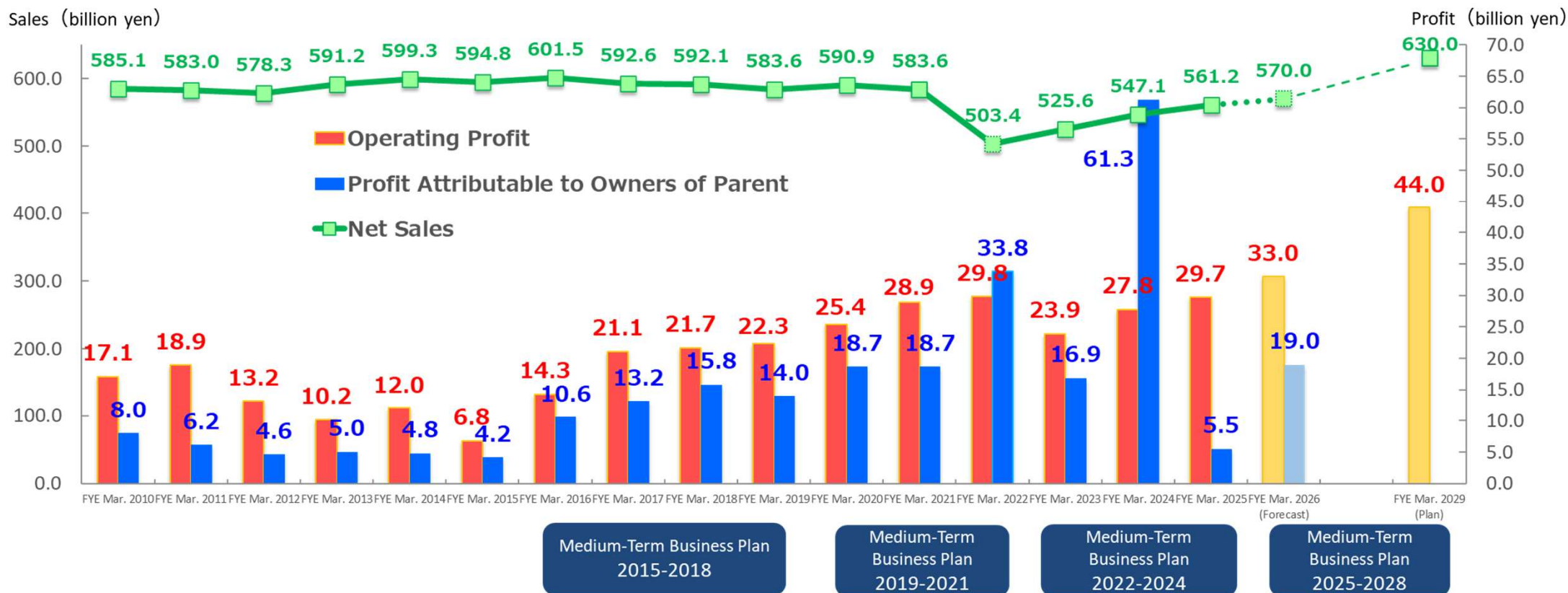


Year ended March 2025
Operating Profit
¥29.7
billion



1 - 4 . Financial Summary

※ The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and related guidance from the beginning of the fiscal year ended March 31, 2022.



• FYE March 2026: **Operating profit (forecast): 33.0 billion yen, Operating profit to sales (forecast): 5.8%.**

• FYE March 2029: Morinaga Milk Group 10-year Vision **1) Operating profit margin at least 7%, 2) ROE at least 10%, 3) Ratio of Global business sales at least 15%**

1 - 4 . Financial Summary

(Unit: billion yen)

	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025	Year on Year Change	Year on Year (%)	FYE March 2026 Forecast	Year on Year Change	Year on Year (%)
Net Sales	503.4	525.6	547.1	561.2	+14.1	+2.6%	570.0	+8.8	+1.6%
Operating Profit	29.8	23.9	27.8	29.7	+1.8	+6.5%	33.0	+3.3	+11.3%
Ordinary Profit	31.1	25.2	28.1	29.9	+1.8	+6.3%	33.9	+4.0	+13.5%
Profit Attributable to Owners of Parent	33.8	16.9	61.3	5.5	-55.8	-91.1%	19.0	+13.5	+248.0%
Operating Profit to Net Sales	5.9%	4.6%	5.1%	5.3%			5.8%		
ROE (Net Income / Equity Capital)	16.7%	7.9%	24.5%	2.0%			7.1%		
ROIC (NOPAT / Invested Capital)			5.7%	5.7%			6.2%		

1 - 5 . Net Sales & Operating Profit by Segments

(Unit: billion yen)

Net Sales	FYE March 2025	FYE March 2026 Forecast	Year on Year (%)	FYE March 2029 Plan
Growth segments (Growth)	118.3	123.9	+4.7%	155.0
Mainstay segments (Core/Fundamental/Strategic Transformation)	353.0	354.2	+0.3%	375.0
Nurturing/Other segments (Nurturing/Unique & other/Eliminations, etc.)	89.9	91.9	+2.3%	100.0
(Breakdown) Global business	69.9	82.2	+17.6%	95.0
Total	561.2	570.0	+1.6%	630.0

Operating Profit	FYE March 2025	FYE March 2026 Forecast	Year on Year (%)	FYE March 2029 Plan
Growth segments (Growth)	13.8	12.3	-1.5	20.0
Mainstay segments (Core/Fundamental/Strategic Transformation)	13.7	17.5	+3.8	20.0
Nurturing/Other segments (Nurturing/Unique & other/Eliminations, etc.)	2.2	3.2	+1.0	4.0
(Breakdown) Global business	7.5	14.0	+6.5	15.0
Total	29.7	33.0	+3.3	44.0

1 - 6 . Net Sales by Category (Non-consolited, or Consolidated Subsidiaries)

(Unit: billion yen)

Net Sales	FYE March 2022	FYE March 2023*	FYE March 2024	FYE March 2025	Year on Year (%)	FYE March 2026 Forecast	Year on Year (%)
Growth areas							
Yogurt	53.1	53.2	54.1	56.9	+5%	58.4	+3%
Ice cream	39.8	42.0	44.3	46.4	+5%	48.2	+4%
NutriCo Morinaga (Pakistan)	-	-	6.8	7.9	+16%	7.8	-1%
	-	-	13.6 billion PKR	14.2 billion PKR	+4%	-	-
Core areas							
Beverages	45.3	50.3	54.8	54.4	-1%	53.6	-2%
Cheese	26.0	25.1	26.5	26.7	+1%	26.2	-2%
Nutritional food products	12.9	12.6	13.3	13.7	+3%	13.9	+2%
CLINICO	24.6	25.3	26.7	27.2	+2%	26.9	-1%
MILEI GmbH (Germany)	29.8	41.5	36.4	40.7	+12%	53.3	+31%
	229 million EUR	295 million EUR	234 million EUR	248 million EUR	+6%	-	-

* Adjusted Year-on-year % change to those after transfer to products between Beverages and Milk.

1 - 6 . Net Sales by Category (Non-consolited, or Consolidated Subsidiaries)

(Unit: billion yen)

Net Sales	FYE March 2022	FYE March 2023*	FYE March 2024	FYE March 2025	Year on Year (%)	FYE March 2026 Forecast	Year on Year (%)
Fundamental areas							
Milk	54.1	43.4	45.2	44.3	-2%	41.7	-6%
B-to-B business (excluding domestic probiotics)	-	-	-	82.2	-	84.7	+3%
Strategic Transformation areas							
Chilled desserts	7.9	7.3	7.2	8.0	+11%	-	-
Commercial milk (Home deliveries, etc.)	19.3	19.0	18.3	16.1	-12%	-	-
MNF (US)	2.9 25 million USD	3.5 26 million USD	7.4 53 million USD	9.8 62 million USD	+32% +18%	- -	- -
Nurturing areas							
MNF Vietnam	3.5 685.6 billion VND	4.8 858.4 billion VND	4.3 742.6 billion VND	4.3 690.1 billion VND	-1% -7%	- -	- -

* Adjusted Year-on-year % change to those after transfer to products between Beverages and Milk.

1 - 7 . Business in Japan: Domestic(B-to-C) Business

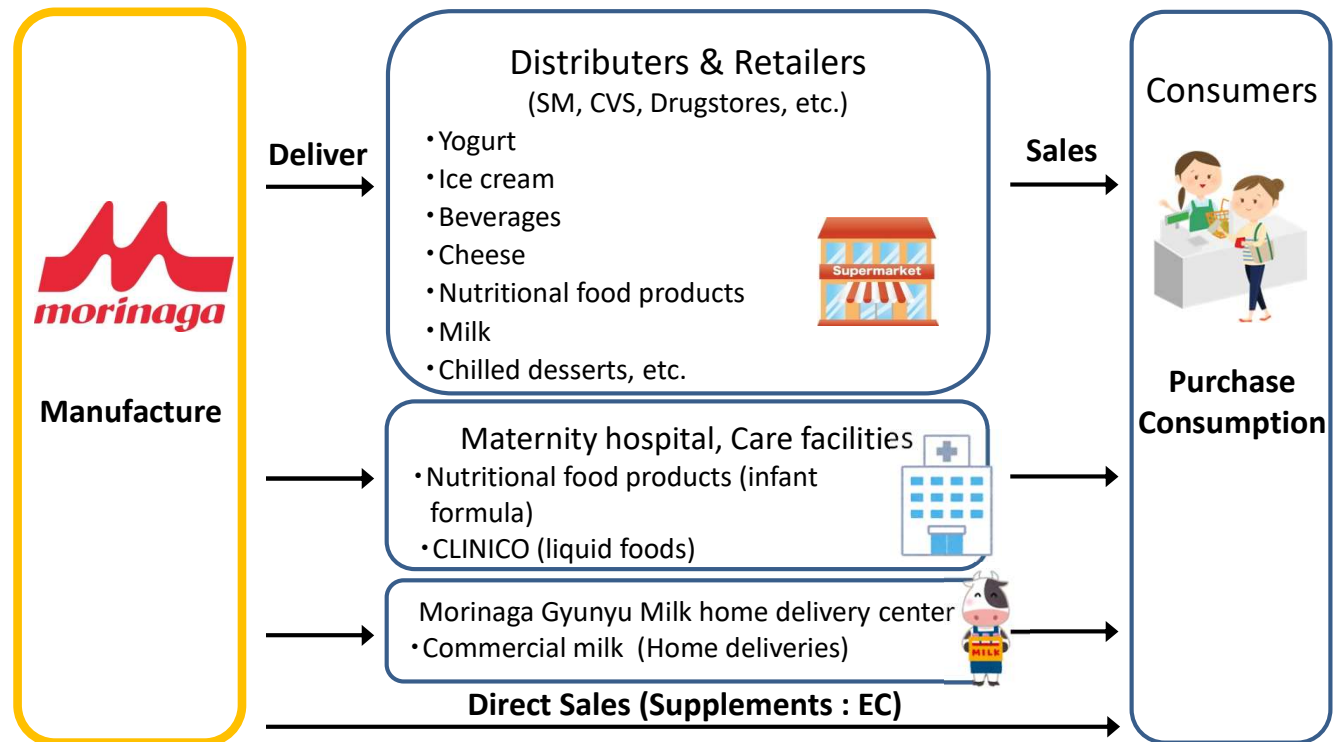
Domestic(B-to-C) Business

Sales as a percentage of total sales of Morinaga Milk Industry: approx. 60% (as of March 2025)

- The business provides “health value” and “tastiness and delightfulness” value through a variety of products familiar to consumers, such as yogurt, ice cream, beverages, cheese, and milk, including the long-selling brands “Bifidus Yogurt,” “Pino,” “PARM,” “MOW,” and “Mt. RAINIER CAFFÈ LATTE,” among others.

(Unit: billion yen)

Sub-segments	Net Sales (FYE Mar. 2025)
Yogurt	56.9
Ice cream	46.4
Beverages	54.4
Cheese	26.7
Nutritional food products	13.7
CLINICO (liquid foods)	27.2
Milk	44.3
Chilled desserts	8.0
Others: Supplements (EC), Creap (creaming powder) , etc.	



1 - 7 . Business in Japan: Domestic(B-to-B) Business

Domestic(B-to-B) Business

Sales as a percentage of total sales of Morinaga Milk Industry: approx. 20% (as of March 2025)

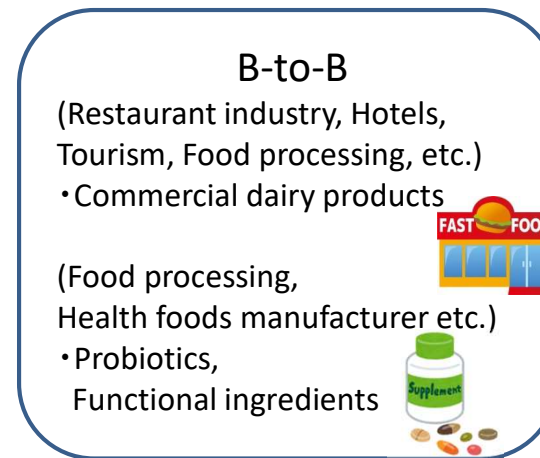
- The role of this business is to identify the increasingly diverse problems experienced by consumers, to anticipate potential needs that have not yet emerged, and to co-create solutions, including the development of recipes, with diverse customers.
- In this area, we offer solutions to customers in a wide range of industries, including cream and other dairy product ingredients, functional ingredients, such as bifidobacteria and lactoferrin, and products, such as PURESTER.

Sub-segments		(Unit: billion yen)
		Net Sales (FYE Mar. 2025)
Commercial dairy products	 Cream	82.2
Probiotics, Functional ingredients	 <i>Bifidobacterium longum</i> BB536	
*Others : PURESTER (the slightly acidic electrolysed water generator)		

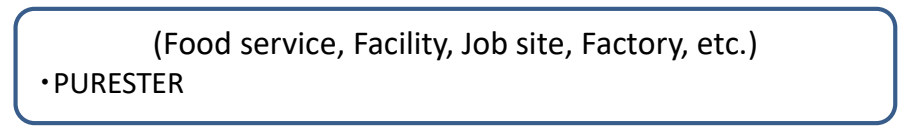


Deliver

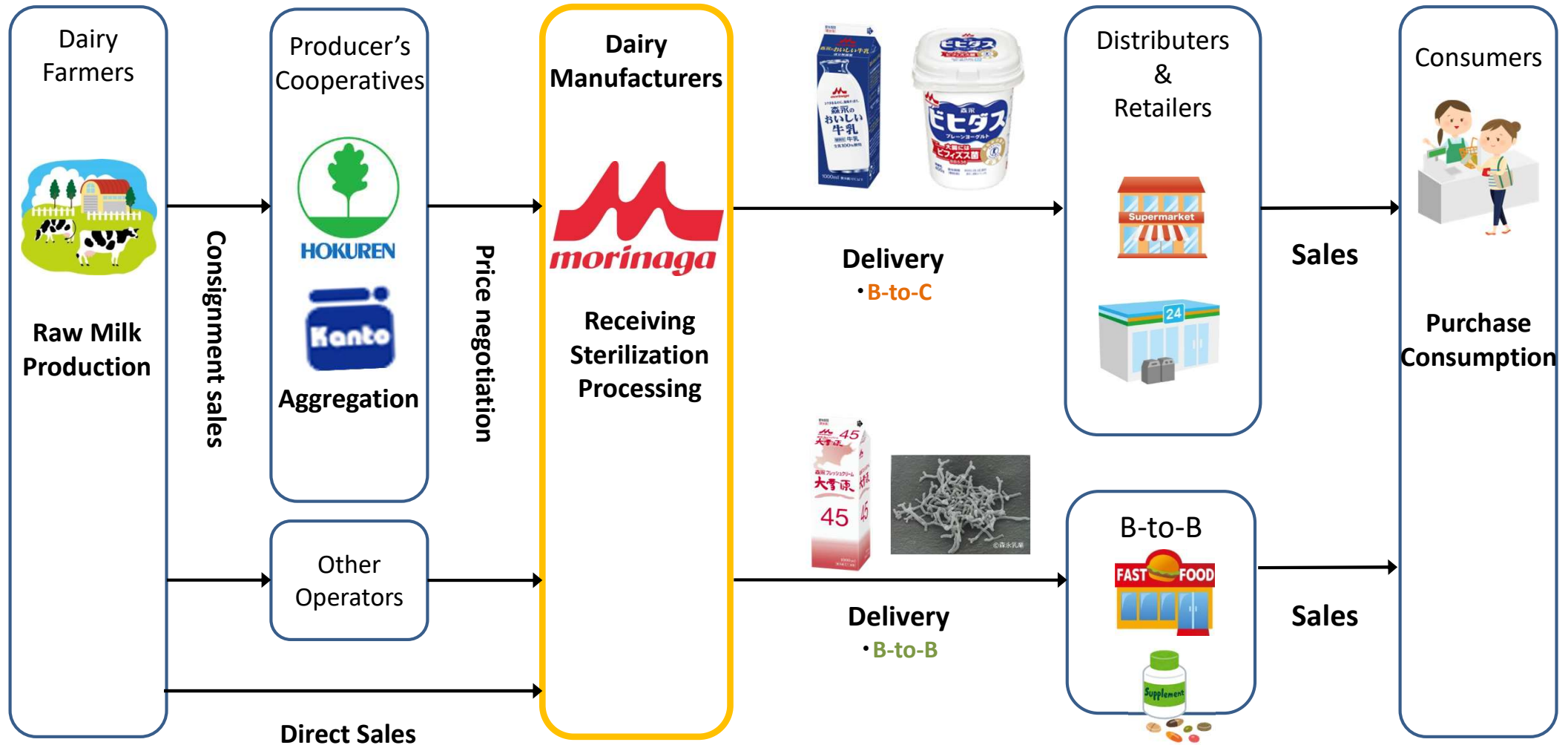
Deliver
Sales



Sales



1 - 7 . Distribution of Milk and Dairy products



1 - 7. Market Shares of Major Categories of B-to-C



Growth segments



Yogurt
2nd 12%



Ice cream
4th 11%

Mainstay segments



Chilled cup-type coffee
1st 38%



Chilled tea
1st 54%



Cheese
3rd 10%

Source: Based on INTAGE Inc.'s SRI+, our own survey (share of sales amounts in Apr. 2024-Mar. 2025)

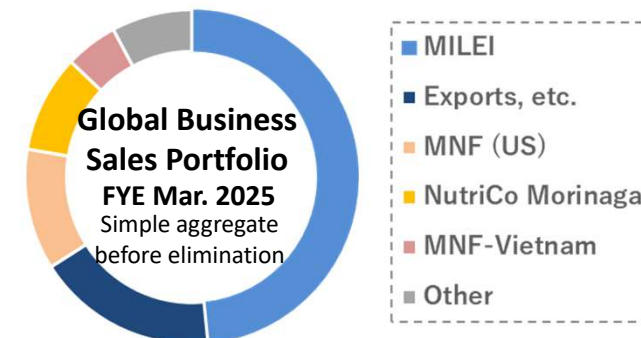
1 - 8. Global Business



Global Business

Net Sales : 69.9 billion yen (Global business sales ratio: 12.5%)
 Operation Profit : 7.5 billion yen (Operating profit margin: 10.7%) (FYE Mar. 2025)

- The mission of the business is to drive growth by responding to expanding health needs on a global scale.
- Shift to a concentrated strategy centered on probiotics and formula milk, with the company of core areas, MILEI, as the profit base



Main Business	Net Sales (FYE Mar. 2025)	Overview
Germany, MILEI GmbH	40.7 billion yen 248 million €	Established as a joint venture by Morinaga Milk and other companies in 1972, the company is now a wholly owned subsidiary of Morinaga Milk. The company manufactures and sells products that include whey protein concentrate, lactose, and lactoferrin.
Formula milk (Exports, Joint venture)		- Exports: Expanding mainly in Asian countries such as Pakistan, Vietnam, Malaysia, etc. - Joint venture: Pakistan (NutriCo Morinaga), Indonesia (PT.Kalbe Morinaga Indonesia), Vietnam (Morinaga Le May)
Probiotics		- Exporting bifidobacteria and lactobacillus discovered through more than 50 years of our research to global markets. - B-to-B development as an additive to formula milk, raw material for supplements, etc.
North America MNF (US PBF)	9.8 billion yen 62 million \$	- Morinaga Nutritional Food: Established in Los Angeles in 1985, this company supplies US consumers with long-life TOFU made possible by Morinaga Milk technology and also plant-based foods. - Turtle Island Foods (TIF): MNF subsidiary, manufacturing and sales of PBF, including "Tofurky" brand
Vietnam MNF Vietnam	4.3 billion yen 690.1 billion VND	- Morinaga Nutritional Foods Vietnam : Acquired 100% of its shares in 2021, the company is a wholly owned subsidiary of Morinaga Milk. - The company manufactures and sells products that include milk-based beverage and yogurt.



Lactoferrin

Exporting formula milk to Pakistan and other Asian countries



Bifidobacterium longum BB536



Plant-based foods business in North America
 "Mori-Nu Shelf Stable Tofu"



MNF Vietnam Yogurt

1 - 8. Global Business: MILEI GmbH



Global Business: MILEI GmbH

- Established as a joint venture by Morinaga Milk and other companies in 1972, the company is now a wholly owned subsidiary of Morinaga Milk. The company manufactures and sells products that include whey protein concentrate, lactose, and lactoferrin.

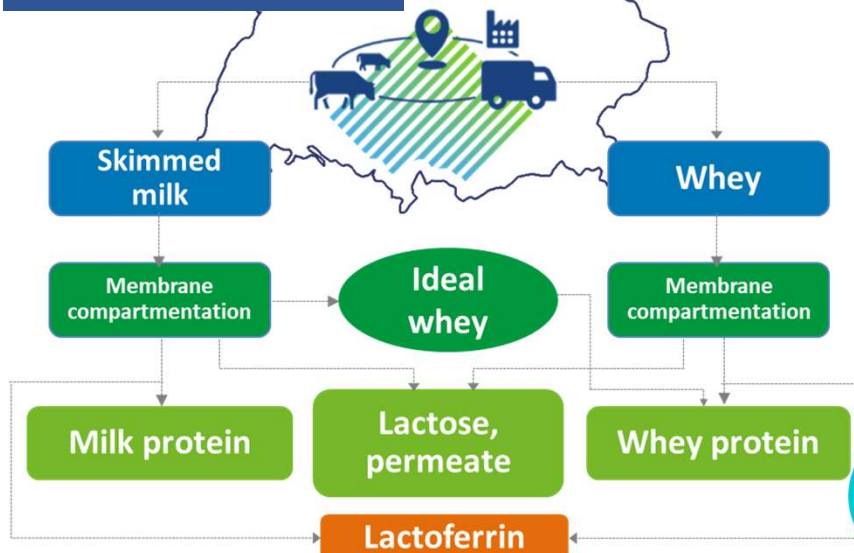


Address: Kemptener Strasse 91, 88299 Leutkirch, Germany

History

- 1972: MILEI GmbH was established, as a joint venture between four Japanese and European companies, for the purpose of processing and effectively utilizing whey, which was becoming a social problem at the time.
- 1975: Begins manufacturing whey powder and lactose
- 1976: Introduces compartmentation of membrane processes (begins WPC)
- 1989: Begins Manufacturing lactoferrin
- 2003–2006: Reinforces manufacturing capacity (UF membrane)
- 2012: Acquired as a wholly owned subsidiary of Morinaga Milk
- 2016: Begins phased commercial production at the new plant
- 2018: Completes construction of the new plant
- 2021: Reinforcement of lactoferrin manufacturing capacity
- 2022: Reinforcement of manufacturing to improve lactose quality

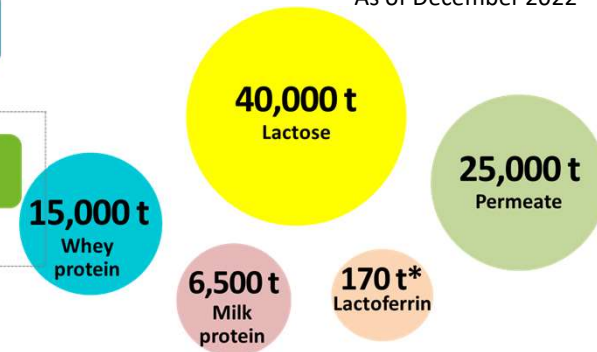
Production flow



- Enters into long-term partnerships with local cheese makers and other suppliers of ingredients, primarily in the south of Germany, securing stable supply of high-quality ingredients
- After procuring these ingredients, it uses fractionation and pulverization processes to manufacture the various products

Manufacturing capacity

As of December 2022

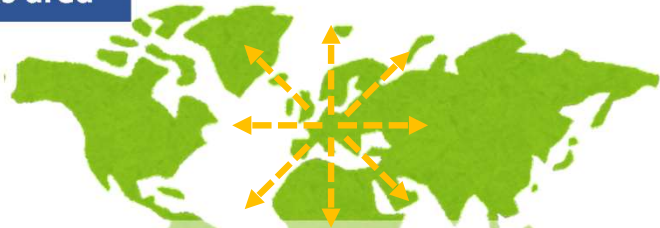


1 - 8. Global Business: MILEI GmbH



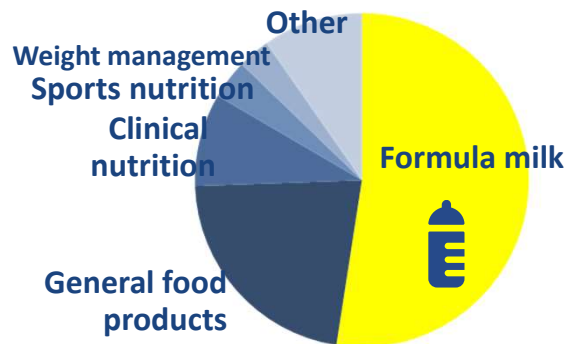
Global Business: MILEI GmbH

Sales area



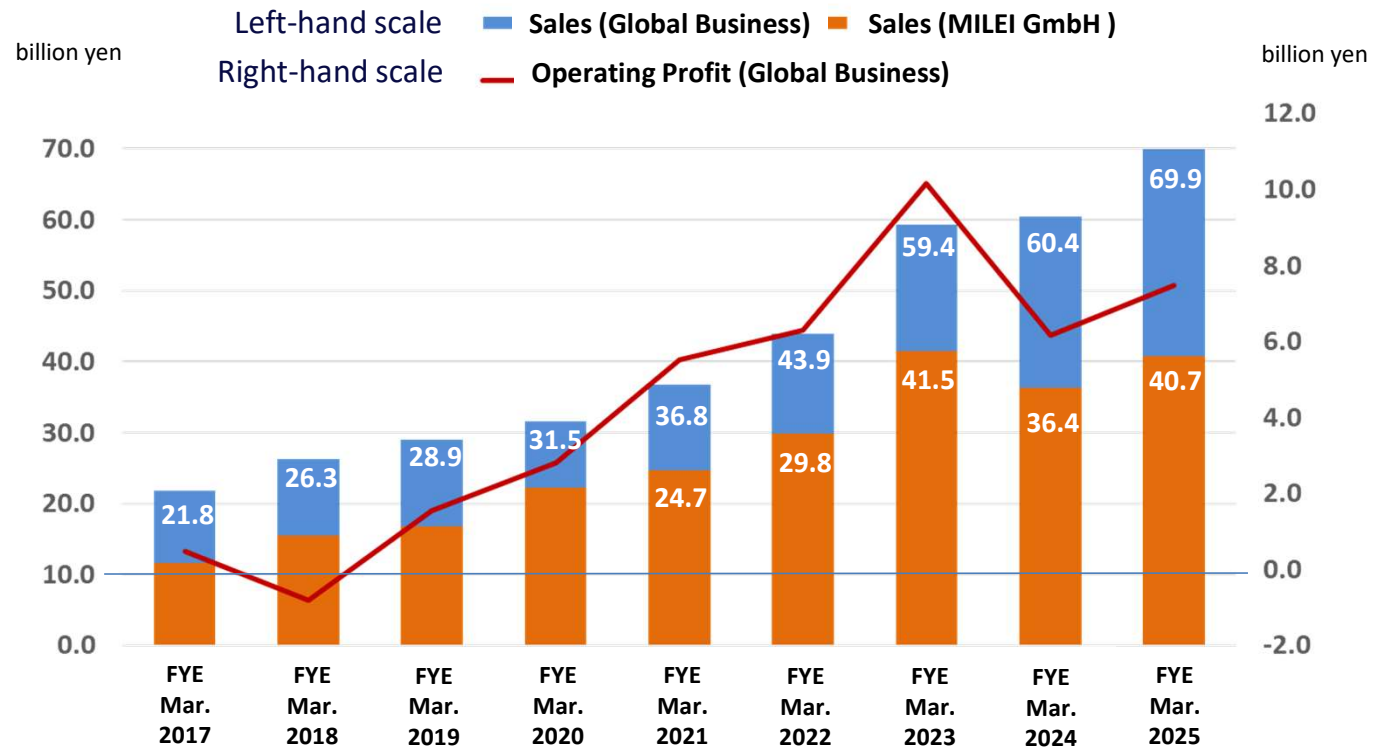
- Primary supply of products as raw materials for final products such as formula milk, mainly in Germany and Europe where MILEI GmbH is located.
- Expansion to Europe, the U.S., Asia, and various other countries and regions through suppliers.

Component of sales by application



Created from 2020-2024 cumulative sales

Global Business sales (including MILEI GmbH), Operating Profit Trends



2. Medium-term Business Plan 2025-2028 (FYE Mar. 2026 ~ FYE Mar. 2029)

* For more information, please visit our website
<https://www.morinagamilk.co.jp/english/ir/management/plan/>

Medium-Term Business Plan 2022–2024 in Review (Management Indicators)



- Despite falling short of revised forecast, initial forecasts for net sales and operating profit were achieved, and overseas sales ratio target was also more or less accomplished
- ROE improved due to sales of idle assets and acquisition of treasury shares, but fell significantly short due to impairment losses in final fiscal year

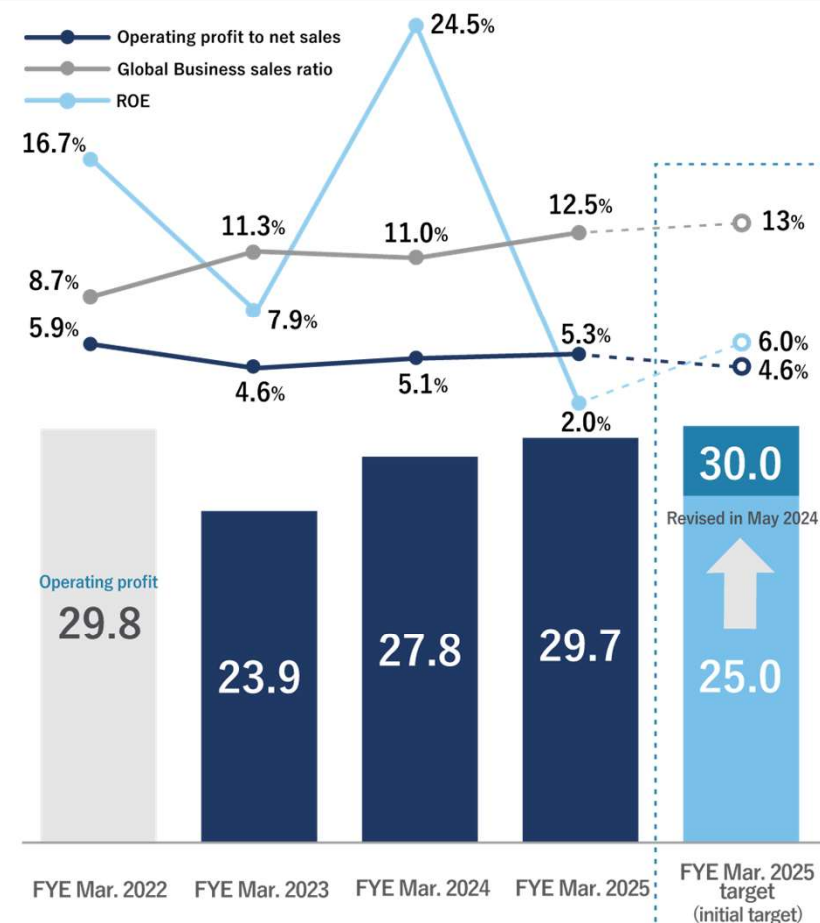
Companywide financial indicators

	FYE Mar. 2022	FYE Mar. 2023	FYE Mar. 2024	FYE Mar. 2025	(Initial target) FYE Mar. 2025 (Published Nov. 2022)	(Unit: billion yen) (Revised target) FYE Mar. 2025 (Published May 2024)
Net sales	503.4	525.6	547.1	561.2	540.0	570.0
Operating profit	29.8	23.9	27.8	29.7	25.0	30.0
Operating profit to net sales	5.9%	4.6%	5.1%	5.3%	4.6%	5.3%
Global Business sales ratio	8.7%	11.3%	11.0%	12.5%	13.0%	12.3%
ROE (profit / equity capital)	16.7% *1	7.9%	24.5% *2	2.0% *3	6.0%	7.0%

*1 Includes impact of profit from sale of the former Kinki Plant site and Konan Building

*2 Includes impact of sale of the former Tokyo Plant site

*3 Includes impact of impairment losses and profit from sale of cross-shareholdings



Medium-Term Business Plan 2025–2028 - Basic Policies



Our vision for next stage

A Clearly Differentiated and Highly Profitable Company

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 FYE Mar. 2029

- Operating profit margin: at least 7%
- Global Business sales ratio: at least 15%
- ROE: maintain at least 10%

Medium-term Business Plan 2019–2021

Medium-term Business Plan 2022–2024

Medium-term Business Plan 2025–2028

Strengthening our defenses

- 1) Performing business with an ESG-focus
- 2) Further enhancing our eight main brands
Accelerating development of bifidobacteria and proprietary seeds
- 3) Developing overseas business
- 4) Improving profitability
- 5) Further strengthening our business base

Rebuilding our systems

- 1) Expansion of nutrition and healthcare foods business, Global Business, five domains of wellness
- 2) Resumption of progress in functional ingredients and probiotics
- 3) Reinforcing resistance to changes in the external environment (Cost structure reform)
- 4) Made growth investments/environment-related investments focused on the 10-year Vision
- 5) Strategically executed growth investments and utilized funds with a focus that included shareholder returns and our financial standing
- 6) Improved ROE with a focus on capital efficiency

Toughening ourselves up for the push forward

Basic policies

Growth strategy

- Focus our resources in areas where we can leverage our strengths

Structural reforms

- Rebuild the organization to enhance product development/sales capabilities
- Enhance production efficiency by restructuring production systems

Culture reforms

- Strengthen initiatives to improve return on capital
- Build an energetic team with professional skills and diversity

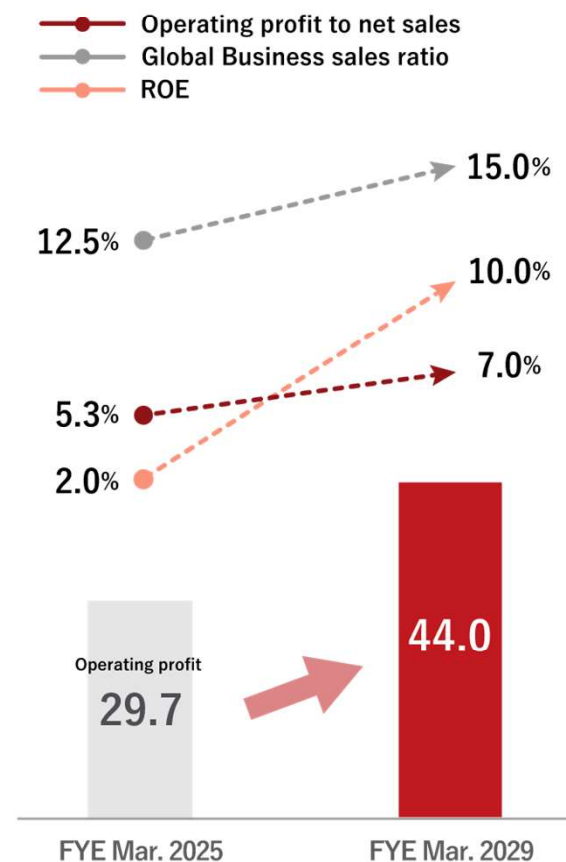
Medium-Term Business Plan 2025–2028 - Management Indicators



- Aim to hit all numerical targets, using the plan as a period to put finishing touches to the 10-year Vision
- Add new management indicators in the form of return on capital and pre-financial indicators that lead to future financial value

		(Unit: billion yen)			
		FYE Mar. 2025	FYE Mar. 2029	Increase (amount) compared to FYE Mar. 2025	Increase (%) compared to FYE Mar. 2025
Financial	Net sales	561.2	630.0	+ 68.8	+ 12.3%
	Operating profit	29.7	44.0	+ 14.3	+ 48.4%
	Operating profit to net sales	5.3%	7.0%		
	Global Business sales ratio	12.5%	15.0%		
	ROE (profit / equity capital)	2.0%	10.0%		
	New ROIC (NOPAT / invested capital)	5.7%	7.0%		
Pre-financial	New Employee engagement rating	B	BBB		

*Targeting "A" by FYE Mar. 2031



Growth Strategy (Positioning by Category/Clarification of Role)

Growth
strategy

Structural
reforms

Culture
reforms



- Revise management categories in accordance with role, based on the unchanging value we provide of “Health value/Tastiness and delightfulness”
- Free ourselves from an omnidirectional approach in Japan and overseas, and make concentrated commitments of resources in growth areas where we can leverage our strengths

Categories corresponding to
four pillars of earnings

[Medium-Term Business Plan 2022-2024]

Nutrition
and Healthcare Foods Business

Yogurt,
commercial milk (home deliveries, etc.),
nutritional food products,
CLINICO products,
health foods, etc.

Core Dairy Foods Business

Beverages, ice cream,
cheese, milk, chilled desserts

B-to-B Business

Probiotics,
functional ingredients,
food service and institutional food products

Global Business

Probiotics, formula milk,
milk derivatives,
plant-based food, Vietnam Business

Clarify categories on which
we should focus

Growth areas

Core areas

**Fundamental
areas**

**Strategic
Transformation
areas**

**Nurturing
areas**

Domestic
Business

- Yogurt
- Ice Cream
- Probiotics

- Beverages
- Cheese
- Nutritional food products
(Formula milk, etc.)
- CLINICO
- Functional ingredients
(Lactoferrin, etc.)

- Milk
- Food service and
institutional food products
(Dairy products)

- Chilled dessert
- Commercial milk
(Home deliveries, etc.)

- Health foods
(Supplements)

Global
Business

- Probiotics
- Formula milk

- Milk derivatives (MILEI)

- PBF

- Vietnam Business

Role

Areas of tightest focus for
becoming a highly profitable company

Areas that are core generators of
funds for the growth of
the Company as a whole

Areas that underpin the Company
as a whole for the purpose of
overall optimization

Areas that prioritize
structural reform
and profitability improvement

Areas oriented towards
increases in scale,
with the aim of becoming
a next-generation pillar of earnings

Structural Reforms (Enhance Production Efficiency by Restructuring Production Systems)

Growth
strategy

Structural
reforms

Culture
reforms



- Improve profitability by responding to market changes, such as focusing on growth areas, adapting to volume reductions, and shifting to long-life products at room temperature.
- Although global raw milk production is increasing, the supply and demand for imported dairy ingredients is unclear. We will accelerate the restructuring of our bases with a view to securing a stable supply of domestic dairy ingredients.

Hokkaido Eniwa Plant



Concept

A sustainable factory that is friendly to both people and the environment



Planning to improve productivity and reduce environmental impacts through the introduction of advanced technology

New manufacturing building at Kobe Plant

*Yogurt and ice cream production capacity expansion

Morinaga
-Hokuriku Milk Industry Co., Ltd.
Toyama Plant
*End of ice cream production

1

Accelerating restructuring production system

- Renew aging facilities at an appropriate scale to meet demand
- Promote the consolidation of production sites in preparation for building a more efficient production/supply system
- Expand yogurt and ice cream facilities, which had lost opportunities due to capacity limitations

	FYE Mar. 2025	FYE Mar. 2029	By FYE Mar. 2033
No. of paper pack lines		Halved	
No. of production sites		Reduced by 20%	

2

Improving profitability by taking advantage of the characteristics of long-life products at room temperature

- Expand sales channels by taking advantage of the characteristics of long-life products at room temperature, such as through e-commerce and overseas exports (utilizing the Hokkaido brand)
- Improve energy conservation and delivery efficiency by transporting and storing at room temperature
- Promote labor saving through planned manufacturing

3

Ensuring a stable supply of dairy ingredients

- Hokkaido's share of domestic raw milk production is on the rise, and we will secure a base in the Hokkaido region for medium- to long-term procurement of milk resources

*International raw milk production is expected to grow at an annual rate of around 1-3%, but supply and demand are expected to become tight as demand increases due to population growth.

Culture Reforms (Strengthen Initiatives to Improve Return on Capital)

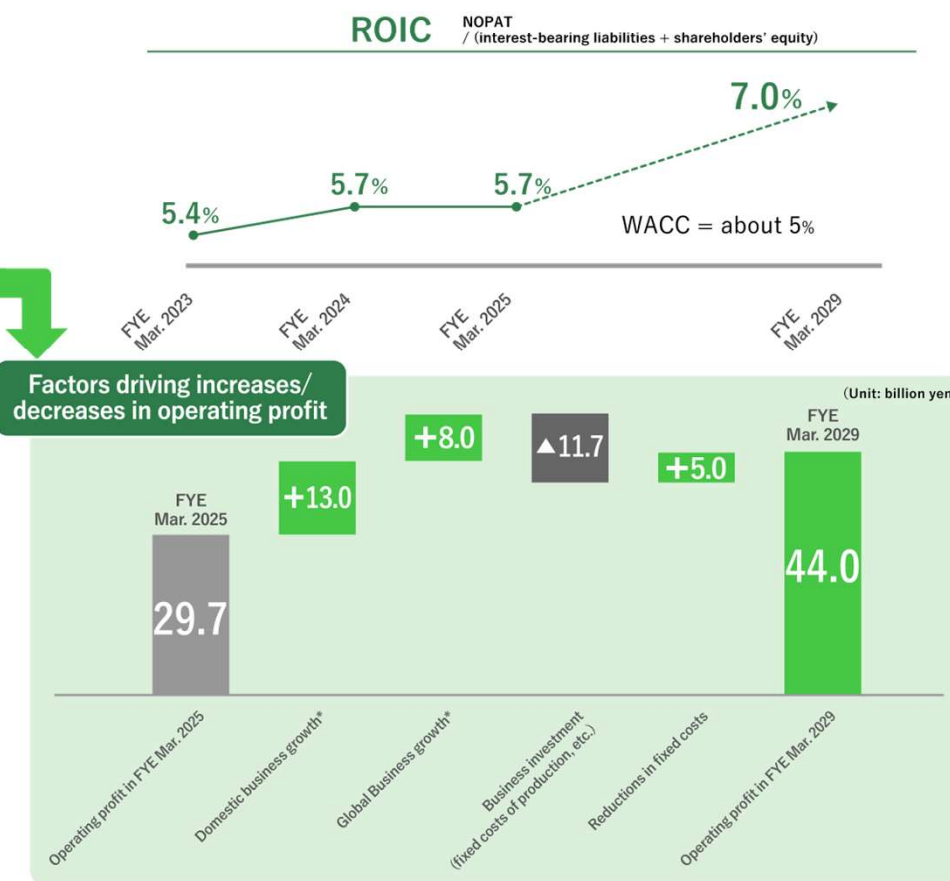
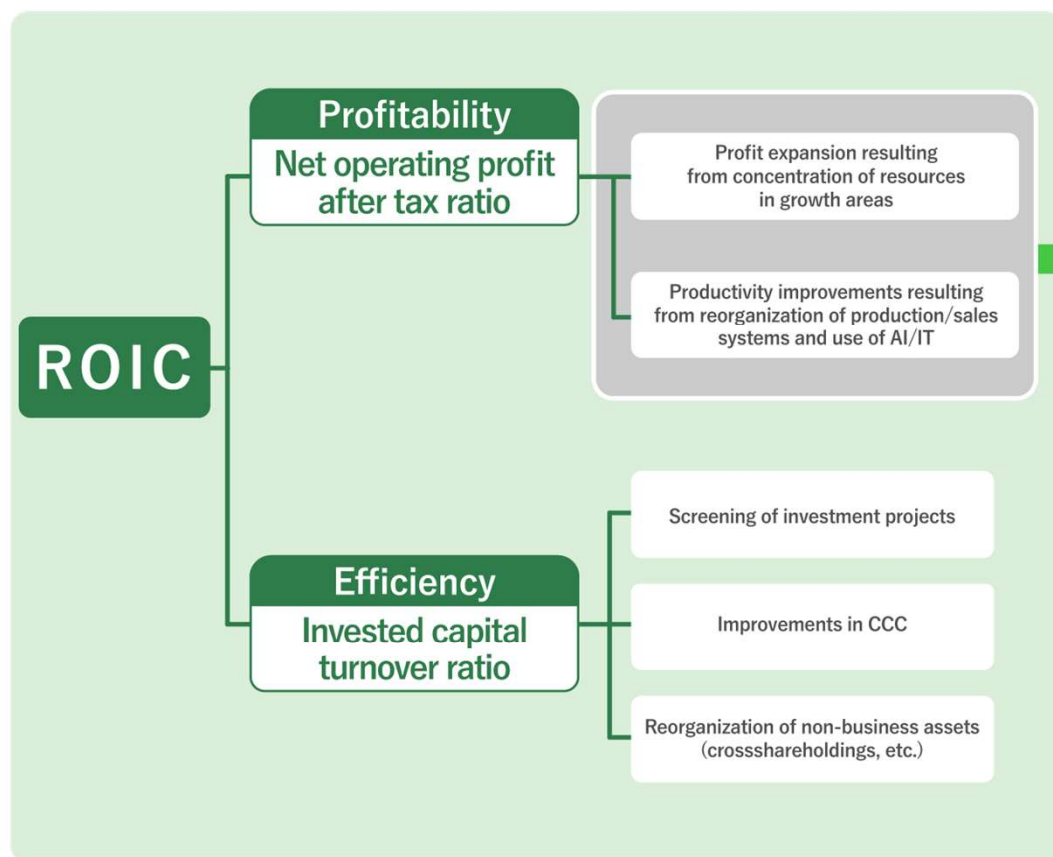
Growth
strategy

Structural
reforms

Culture
reforms



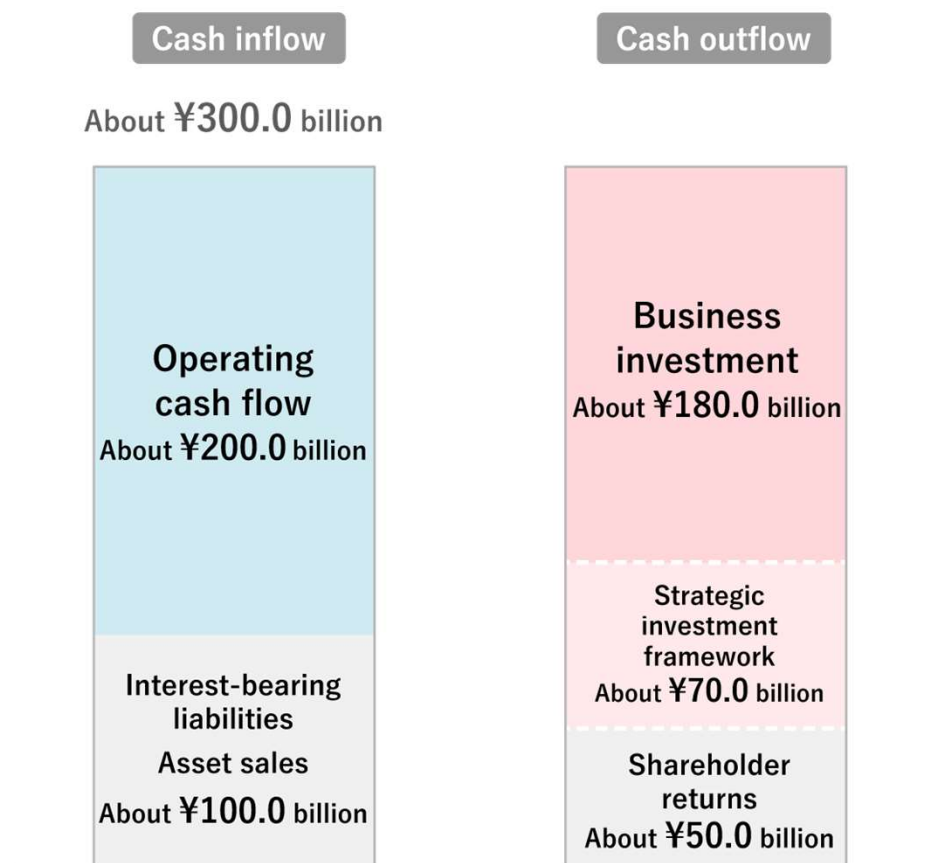
- By introducing an ROIC target of 7% as a new management indicator, we will further raise awareness of the cost of capital
- We aim to enhance corporate value over the medium to long term through screening of investment projects and improvements in CCC, etc., in addition to growing profits



*Business growth is the amount of profit growth after cost increases driven by such external factors as rising raw material expenses have been absorbed

Allocation of Cash and Shareholder Returns Policies

- Allocation of cash to achieve concentration of resources in growth areas
- Use interest-bearing liabilities to optimize capital structure and enhance shareholder returns to reduce the cost of capital



Concentrate resources in growth areas

- Seek to concentrate resources in growth areas focused on yogurt and ice cream
- Establish strategic investment framework that includes M&A and R&D, etc., and make timely and appropriate investments
- Make investment decisions with an awareness of capital cost (WACC) and after assigning priorities based on investments that contribute to business growth

Use interest-bearing liabilities to achieve optimal capital structure

- Also use interest-bearing liabilities to target a net DER of 0.4–0.5

Shareholder returns policy

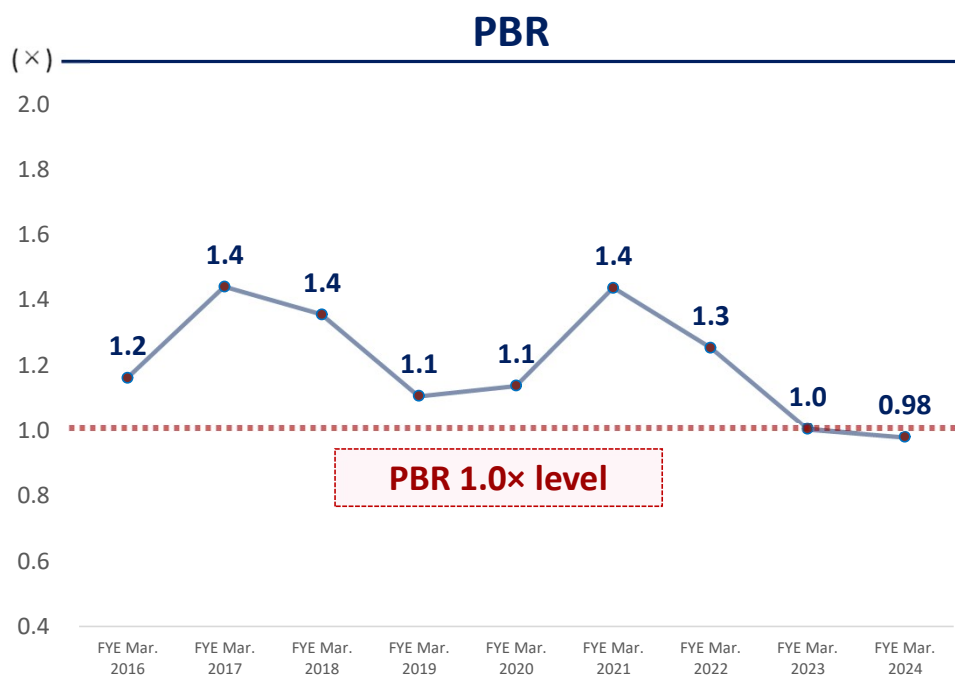
- Raise the payout ratio target from 30% to **40%**
- Acquire treasury stock flexibly according to circumstances
- **¥10.0 billion in acquisitions of treasury shares scheduled for FYE Mar. 2026** (cancellation planned after acquisition)

3. Action to Implement Management That is Conscious of Cost of Capital and Stock Price

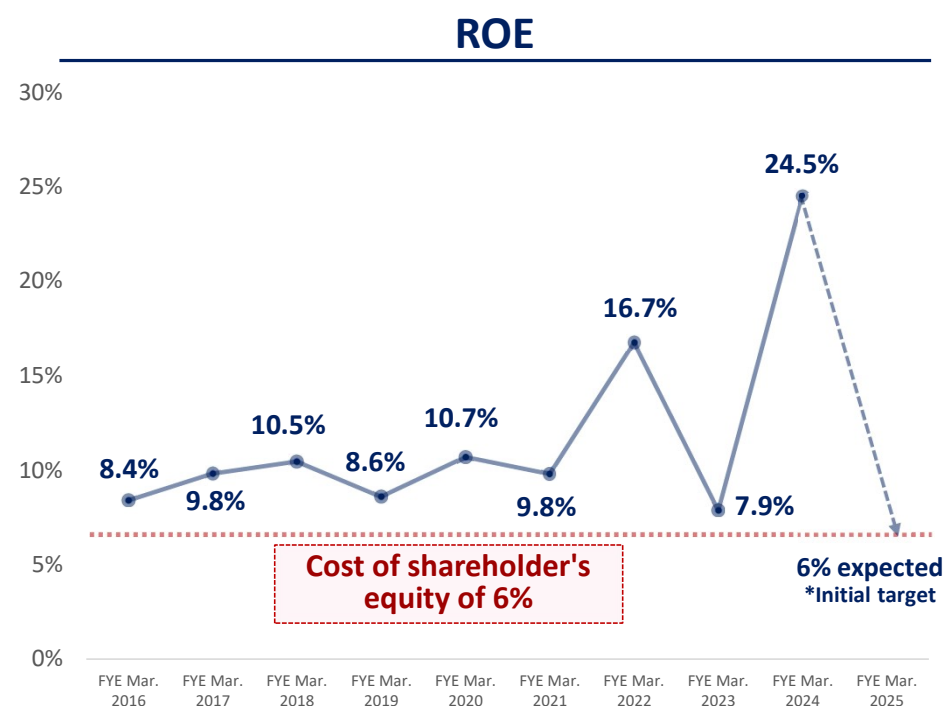
3-1. PBR and ROE

*Disclosed on May 14, 2024. 

Despite maintaining PBR above 1.0x and ROE of over 8%, shareholders' equity has risen recently due to impact of major asset sales, etc., pushing down ROE, but we recognize importance of quickly returning to 8% or more



- Despite maintaining PBR above 1.0x, profit increases and major asset sales (Morinaga Plaza Building, former sites of Kinki and Tokyo plants) over past few years have pushed up shareholders' equity. Figure for FYE March 2024 is 0.98x

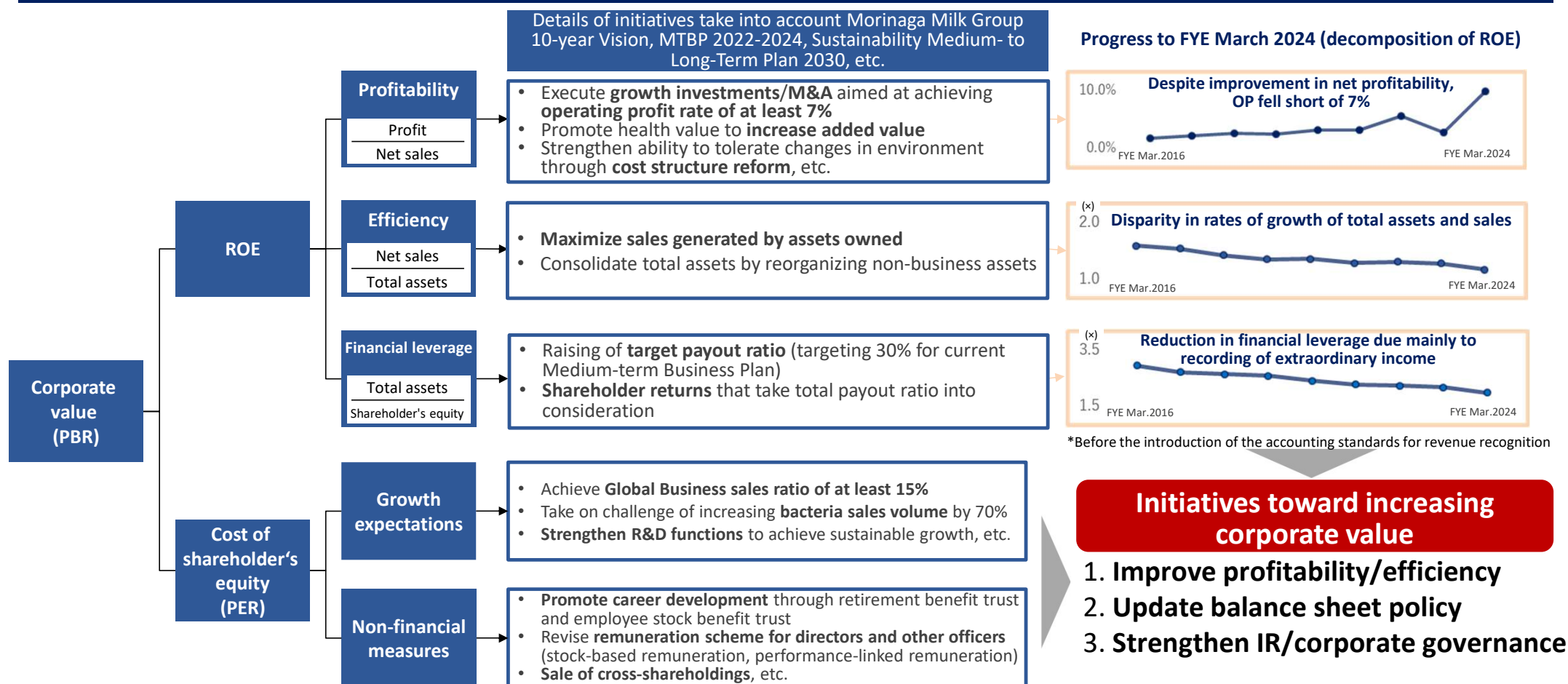


- We perceive our cost of shareholder's equity to be around 6%, based on CAPM model and interviews with shareholders and investors

3-2. Our Perception of Issues, and Overview of Initiatives Aimed at Increasing Corporate Value

*Disclosed on May 14, 2024. 

We will work on 1. Improve profitability/efficiency, 2. Update balance sheet policy, and 3. Strengthen IR/corporate governance, to increase corporate value



3 - 3 . Initiatives to Improve Profitability and Efficiency

*Disclosed on May 14, 2024.

In this dramatically changing environment our focus is on executing price revisions and restoring profitability. There has been no change in the positioning or direction of the current MTBP within the 10-year vision; we will steadily execute initiatives in line with policy (next MTBP scheduled to be announced in spring 2025)

Medium-term Business Plan 2022–2024

(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!

Direction

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

Execute basic policy including initiatives to “improve profitability and efficiency,” we have formulated our Medium-Term Business Plan 2025-2028.

Impact of rise in prices of raw milk, raw materials, and energy, and

Rise in prices of raw milk, raw materials, and energy

Price revisions (change in selling unit prices)



Focus on restoring profitability through price revisions to

Net sales (vs. FYE March 2022)

Operating profit (vs. FYE March 2022)

Operating profit rate (vs. FYE March 2022)

ROE (vs. FYE March 2022)

Global Business sales ratio (vs. FYE March 2022)

Strengthen sales structures and proposal capabilities in preparation for expanding bacteria

Enhance R&D structures and expenditure with focus on basic research

¥60.0 billion in growth investments, e.g. overseas M&A/extension to Kobe Plant

Use of funds that takes into account both shareholder returns and our financial characteristic

Outlook for financial results in FYE March 2025

Figures announced in May 2024

Net sales	¥570 billion
Operating profit	¥30 billion
Operating profit rate	5.3%
ROE	7%
Global Business sales ratio	12%

Initiatives to further improve profitability and efficiency

(FYE March 2026 onwards)

Considering various perspectives, such as

■ Concentrating resources on high-value-added products and priority areas

■ Building the structures and business foundation to enable us to continue to provide new value to the market

■ Improving business efficiency through revision of production and sales structures

Next Medium-term Business Plan will be the final phase of the 10-year vision (scheduled to be announced in spring 2025)

3 - 4. Update Balance Sheet Policy (Optimal Capital Structure)

*Disclosed on May 14, 2024.

While preserving financial soundness, we will update the balance sheet policy with the aim of maximizing corporate value by pursuing the optimal capital structure and reducing the cost of capital. Going forward we aim for growth while utilizing a certain amount of debt.

Approach to optimal capital structure

- We will control shareholders' equity to a range in which there is no problem in terms of business risk and that is consistent with maintaining "A" rating
- For the time being we will aim at a net interest-bearing liabilities / shareholder's equity of 0.4-0.5× (reviewed every fiscal year in response to internal/external environments)
- We will optimize gradually over the medium to long term, taking into account future investment plans

Approaches

(1) Business risk approach

Minimum level of shareholders' equity required in an emergency

Amount that takes into consideration the perspective of creditors, based on general indicators, and the perspective of the Company, based on capital analysis

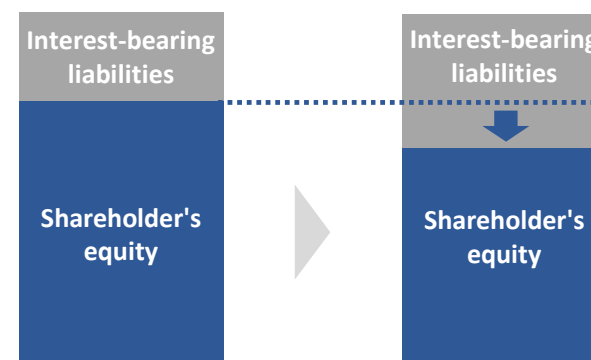
Consider both sides in pursuit of optimal capital structure

(2) Credit rating approach

Financial balance consistent with maintaining "A" rating

Net interest-bearing liabilities / shareholders' equity of no more than 0.7 ×
Net interest-bearing liabilities / EBITDA of no more than 3.0 ×

How it might look



3 - 4. Update Balance Sheet Policy (Shareholder Return Policy)

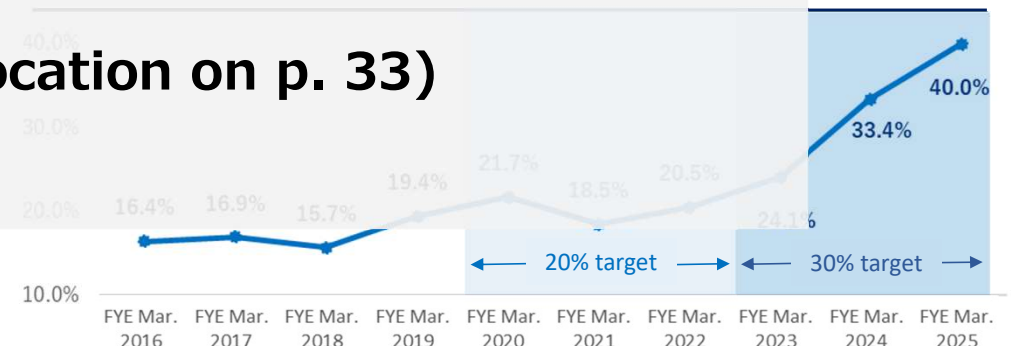
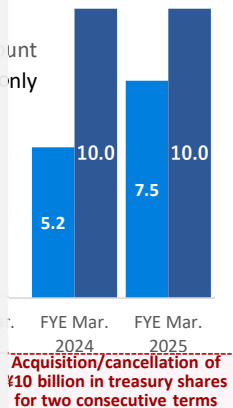
Enhance shareholder returns based on balance sheet policy that pursues optimal capital structure

Raise annual dividend from 60 yen in the previous fiscal year to 90 yen in FYE March 2025, with another ¥10.0 billion in treasury share acquisitions planned for FYE March 2025 in a continuation of the previous fiscal year

- In the Medium-term Business Plan 2025-2028, we have raised our dividend payout ratio target to 40%.

- For the fiscal year ending March 31, 2026, the first year of the medium-term business plan, we have announced plans to acquire and cancel 10 billion yen of treasury stock. We will continue to consider flexible measures depending on the situation.

- (Please also refer to Cash Allocation on p. 33)



3 - 5. Strengthen Investor Relations and Corporate Governance *Disclosed on May 14, 2024.

Reduce cost of shareholder's equity through active information disclosure and dialogue with capital markets, and strengthened corporate governance

<Dialogue with markets / information disclosure>

1. Enhance information disclosure for the Global Business

- Net sales plans and factors driving increases/decreases in operating profit for consolidated overseas subsidiaries, etc.
FYE Mar. 2024 onwards: Disclosure of net sales results for main subsidiaries
FYE Mar. 2025 onwards: Disclosure of net sales plans for main subsidiaries, changes in Global Business operating profit

2. Create opportunities for dialogue with Outside Directors (scheduled for FY2024)

3. Provide explanations / foster understanding of capital markets among Morinaga Milk Group employees

- Introduce employee stock benefit trust system (to be implemented from FYE March 2025 onward at Morinaga Milk)
Invest in human capital, raise interest in/awareness of capital markets
- Create opportunities for dialogue with internal stakeholders and foster understanding of capital markets
Lectures by institutional investors or securities analysts: once-yearly
Internal IR meetings: 17 in total

<Strengthen corporate governance >

4. Review of the operating structure of the Personnel Remuneration Committee

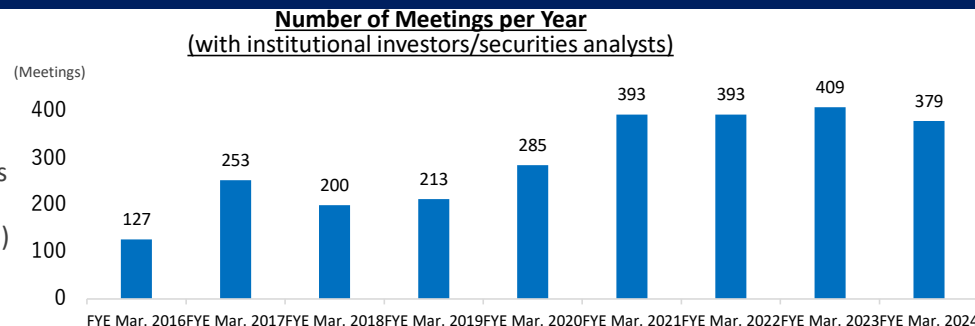
5. Executive remuneration scheme revised (performance-linked remuneration design; see chart at lower right)

6. Change in target for ratio of female managers, setting of employee engagement targets

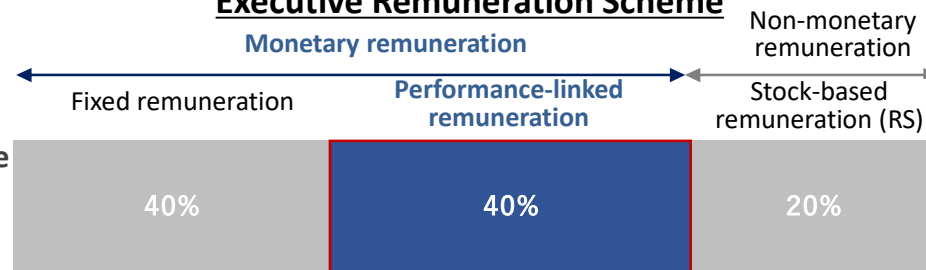
- Target for ratio of female managers by FY2030: at least 10% → at least 20%
by FY2026: at least 6% → at least 10%
- New targets set in relation to employee engagement
Employee engagement rating for FY2030: "A"

7. Reduction of cross-shareholdings

- Cash generated by sales to be used for growth investments and shareholder returns
Targeting reduction of 50% over the five years to FYE March 2029 (vs. FYE March 2024 book value)



Executive Remuneration Scheme



Before change		FYE March 2024 onwards			
Financial KPI 100%		Financial KPI 80%		Non-financial KPI 20%	
Consolidated net sales	40%	Consolidated net sales	30%	FTSE	50%
Consolidated operating profit	40%	Consolidated operating profit	40%	MSCI	50%
ROE	20%	ROE	30%		

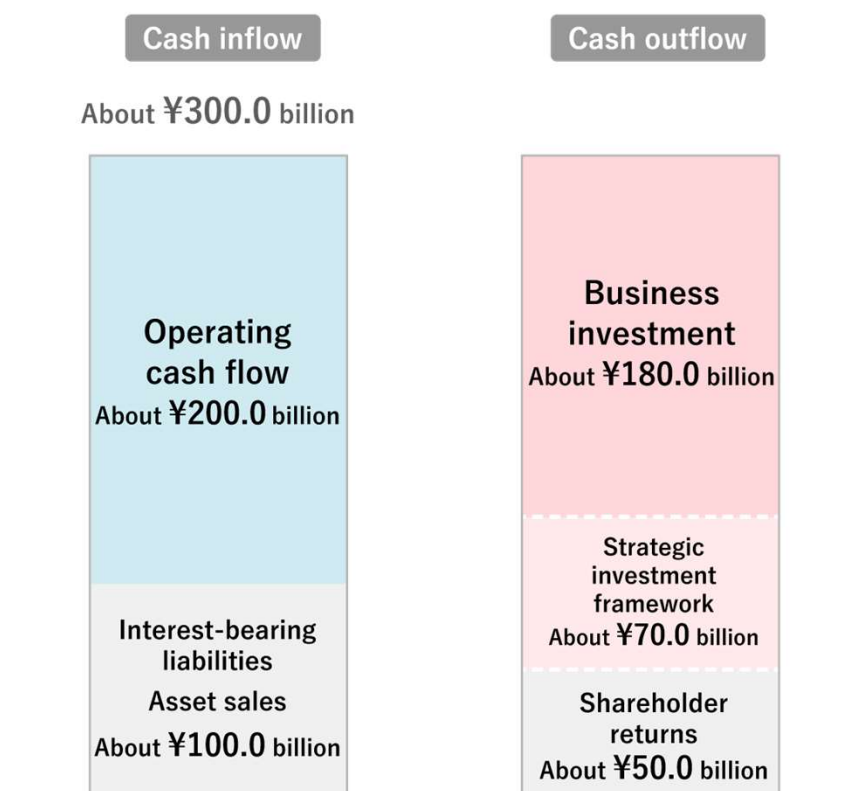
*KPIs and evaluation ratios are deliberated and determined by the Board of Directors every year

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3 - 6 . Cash Allocation for the Current Medium-term Business Plan (Reprint)



- Allocation of cash to achieve concentration of resources in growth areas
- Use interest-bearing liabilities to optimize capital structure and enhance shareholder returns to reduce the cost of capital



Concentrate resources in growth areas

- Seek to concentrate resources in growth areas focused on yogurt and ice cream
- Establish strategic investment framework that includes M&A and R&D, etc., and make timely and appropriate investments
- Make investment decisions with an awareness of capital cost (WACC) and after assigning priorities based on investments that contribute to business growth

Use interest-bearing liabilities to achieve optimal capital structure

- Also use interest-bearing liabilities to target a net DER of 0.4–0.5

Shareholder returns policy

- Raise the payout ratio target from 30% to **40%**
- Acquire treasury stock flexibly according to circumstances
- **¥10.0 billion in acquisitions of treasury shares scheduled for FYE Mar. 2026** (cancellation planned after acquisition)

4. Sustainability Medium- to Long-Term Plan 2030

* For more information, please visit our website
<https://www.morinagamilk.co.jp/english/sustainability/>

4 - 1 . “Sustainability Medium- to Long-Term Plan 2030” system diagram

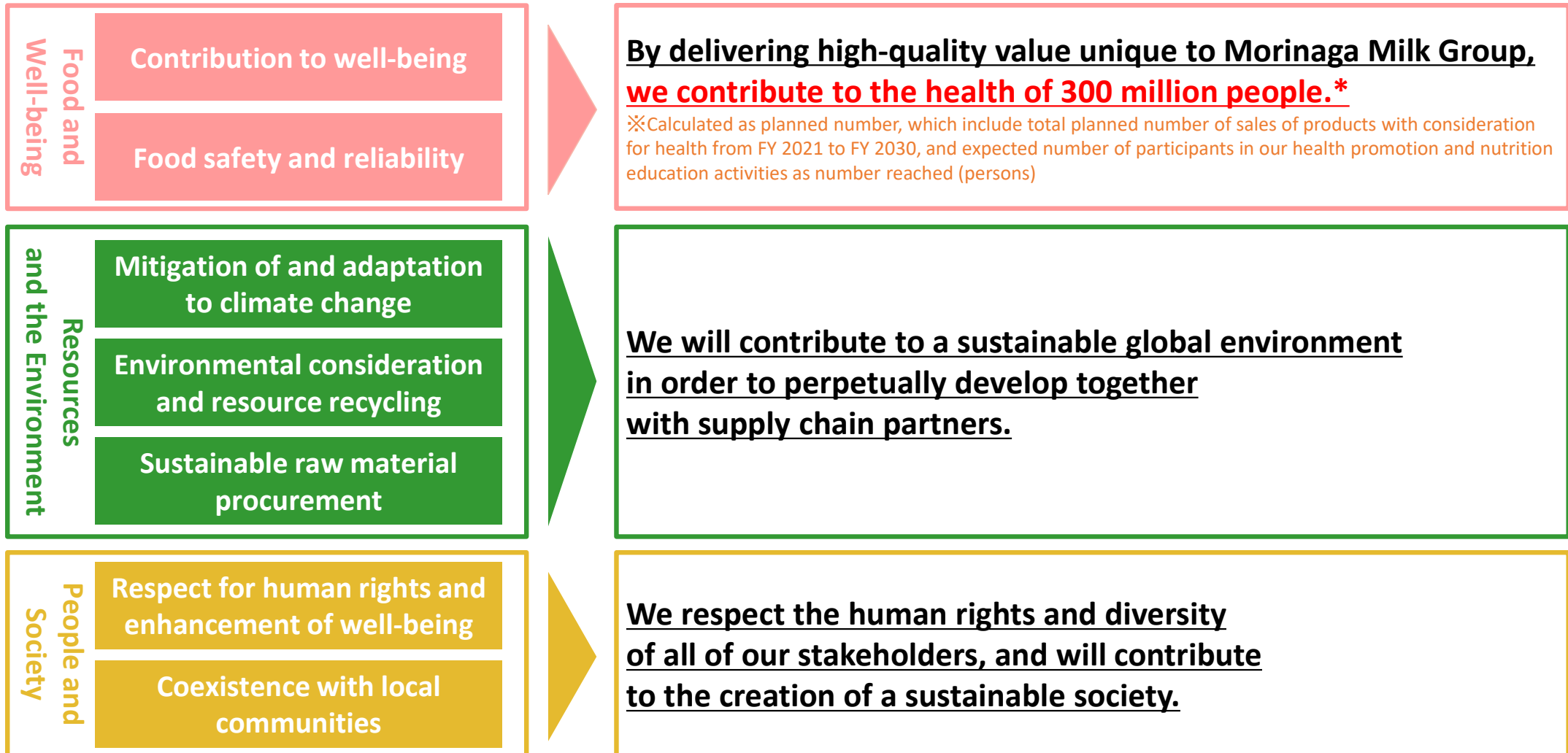


the Sustainability Medium- to Long-Term Plan 2030

In order to bring brighter smiles to all of our stakeholders, we conduct activities focused on the three themes of "Food and Well-being," "Resources and the Environment," and "People and Society."



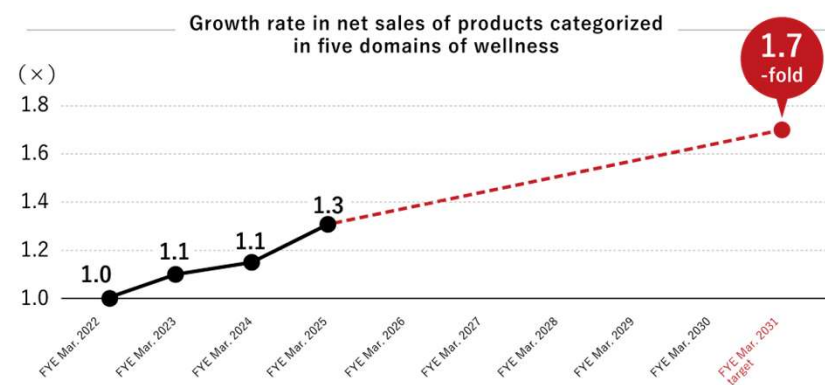
4 - 2. Objectives of Each Materiality Theme



Revision of Sustainability Medium- to Long-Term Plan 2030

As of May 2022 (target for FYE Mar. 2031)		Details of revision
KPIs	Targets	
Contribution to well-being ^{*1}	Net sales of products with consideration for health issues (compared to FYE Mar. 2022)	1.7-fold
	Participants in health promotion and nutrition education activities (from FYE Mar.2022~Mar.2031)	Total 1,000,000 (Scope) Expand to domestic consolidated subsidiaries
	Increase in the number of published research papers on health and nutrition (including patent applications)	Not set (KPI) Promote research and development that safely and reliably leads to the creation of high-quality products that contribute to the health and nutrition of consumers
	Increase our image as a company that contribute to health (Corporate brand image survey)	25% —
	—	— (New) Improve our image as a supplier of products that provide tastiness and delightfulness (Corporate brand image survey) (Target 30%)
Food safety and reliability	Acquisition of FSSC 22000 and other GFSI certification standards at all Group manufacturing sites	Acquisition at all Group manufacturing sites (Footnotes to KPIs) GFSI certification standards
	Continuation of zero quality-related incidents and initiatives to ensure compliance with laws and regulations	Not set (KPI) Number of serious quality-related incidents (Target 0)

^{*1} Changed the name from "Materiality: Contribution to wellness"



Revision of Sustainability Medium- to Long-Term Plan 2030



As of May 2022 (target for FYE Mar. 2031)			Details of revision
KPIs		Targets	
Mitigation of and adaptation to climate change	Scope 1+2 CO ₂ emissions reduction rate (compared to FYE Mar. 2014)	38% or higher	Scope Expand to global consolidated subsidiaries Target 38% or higher → 50% or higher
	Scope 3 GHG emissions reduction rate (compared to FYE Mar. 2021)	10% or higher	Scope Domestic consolidated subsidiaries (from FYE Mar. 2026) Global consolidated subsidiaries (from FYE Mar. 2027)
	Percentage of sites formulating BCPs to address climate change	100%	—
Environmental consideration and resource recycling	ISO 14001 certification maintenance rate at domestic manufacturing sites	100%	—
	Petroleum-derived virgin plastic usage reduction rate (compared to FYE Mar. 2014)	25% or higher	Scope Expand to global consolidated subsidiaries
	Industrial waste recycling rate	Achieving zero emissions	Scope Expand to global consolidated subsidiaries
	Water resource usage reduction rate (compared to FYE Mar. 2014)	15% or higher	Scope Expand to global consolidated subsidiaries
	Rate of accommodation of environmentally friendly design in major brands	100%	—
Sustainable raw material procurement	Rate of transition to RSPO mass balance certification	100% *FYE Mar. 2029	—
	Usage ratio of FSC-certified or other environmentally friendly paper	100% *FYE Mar. 2025	Scope Expand to global consolidated subsidiaries Target 100%
	Expansion of support for raw material suppliers	Not set	Scope Expand to domestic consolidated subsidiaries Target 100% deployment of supplier support tools
	—	—	New Increase the number of initiatives aimed at enhancing the value of dairy industry Target 500

As of May 2022 (target for FYE Mar. 2031)			Details of revision
KPIs		Targets	
Respect for human rights and enhanced well-being	Continuous compliance with human rights policy throughout supply chain	Ongoing compliance	KPI Continuous compliance with human rights policy → ongoing implementation of initiatives to raise respect for human rights
	Ratio of female managers	10% or higher	Target 20% or higher *3
	Childcare leave usage ratio (men)	100%	—
	—	—	New Strengthen health management initiatives aimed at achieving "White 500 certification" status Target Morinaga Milk Industry: maintain certification as Health & Productivity Management Outstanding Organization Domestic consolidated subsidiaries: promote certification of Health & Productivity Management Outstanding Organization
	Number of major work-related accidents	0	—
	Employee engagement ratings	A	Target Additional interim target: "BBB" by FYE Mar. 2029
	Amount of investment in human resource development	40,000 yen/person/year	Target 40,000 yen/person/year → 50,000 yen/person/year
Coexistence with local communities	Total number of participants in community activities at business sites (FYE Mar. 2022– FYE Mar. 2031)	100,000	—
	Ratio of Group business sites carrying out community activities	100%	—

*2 Changed the name from "materiality: respect for human rights and diversity"

*3 The target for the ratio of female managers for FYE Mar. 2031 changed to at least 20% in March 2024

Appendix

Appendix (Overview of Morinaga Milk Group)

Company name	Morinaga Milk Industry Co., Ltd.
Head office	5-2, Higashishimbashi 1-chome, Minato-ku, Tokyo
Founded	September 1, 1917
Established	April 13, 1949
Capital	¥21,821 million
Employees	Consolidated 7,453 (M 5,511 F 1,942) Non-consolidated 3,310 (M 2,597 F 713)
Representative	Yohichi Ohnuki (Representative Director and President) Teiichro Okawa (Representative Director and Executive Vice President)
Business	Production and sale of milk, dairy products, ice cream, beverages, and other foods
Group	32 consolidated subsidiaries and two equity method companies
Stock exchange listing	Tokyo Stock Exchange Prime Market (Securities code: 2264)



(As of March 31, 2025)

Appendix (Overview of Morinaga Milk Group)

Business Sites (Non-Consolidated and Consolidated Subsidiaries) (As of March 31, 2025)

● Head Office

● Branch/Administration Service Center

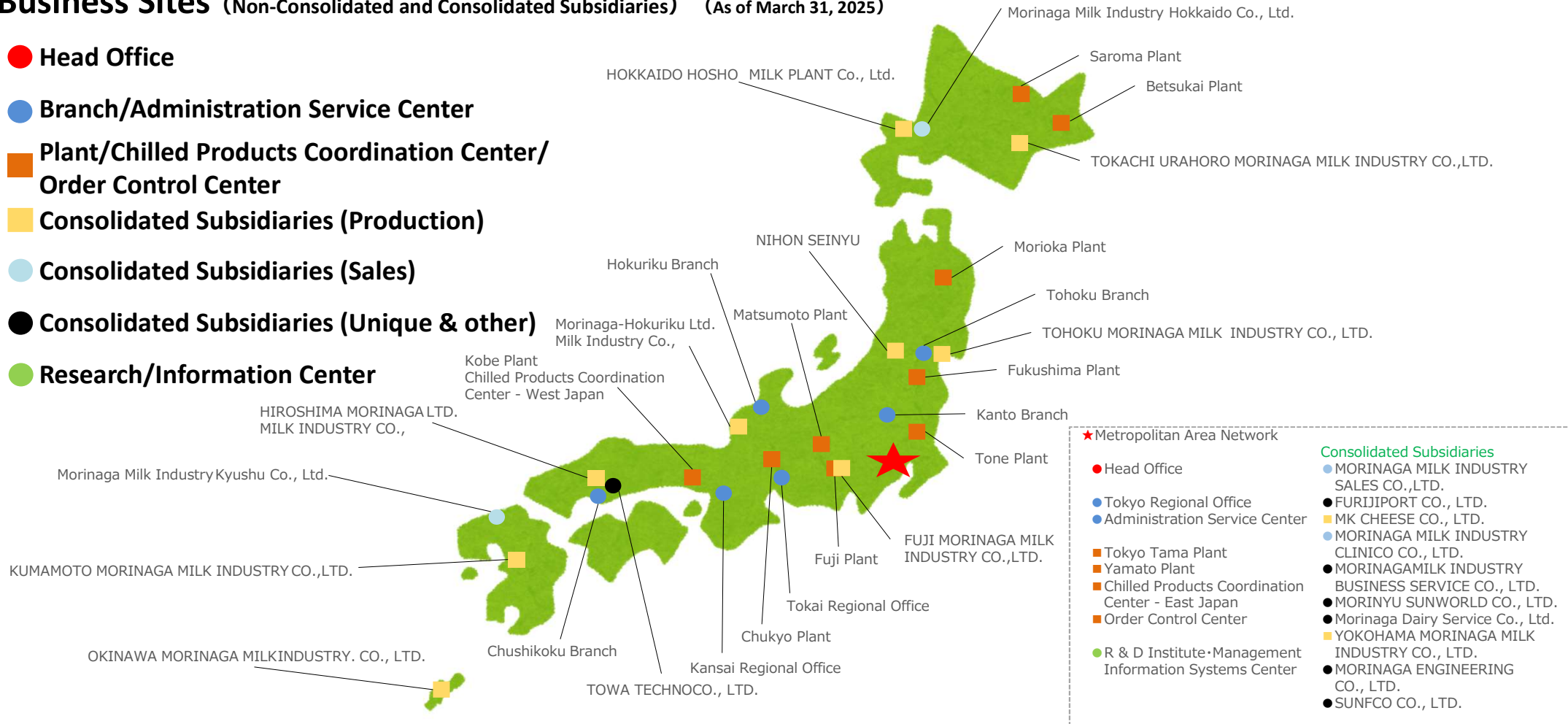
■ Plant/Chilled Products Coordination Center/
Order Control Center

■ Consolidated Subsidiaries (Production)

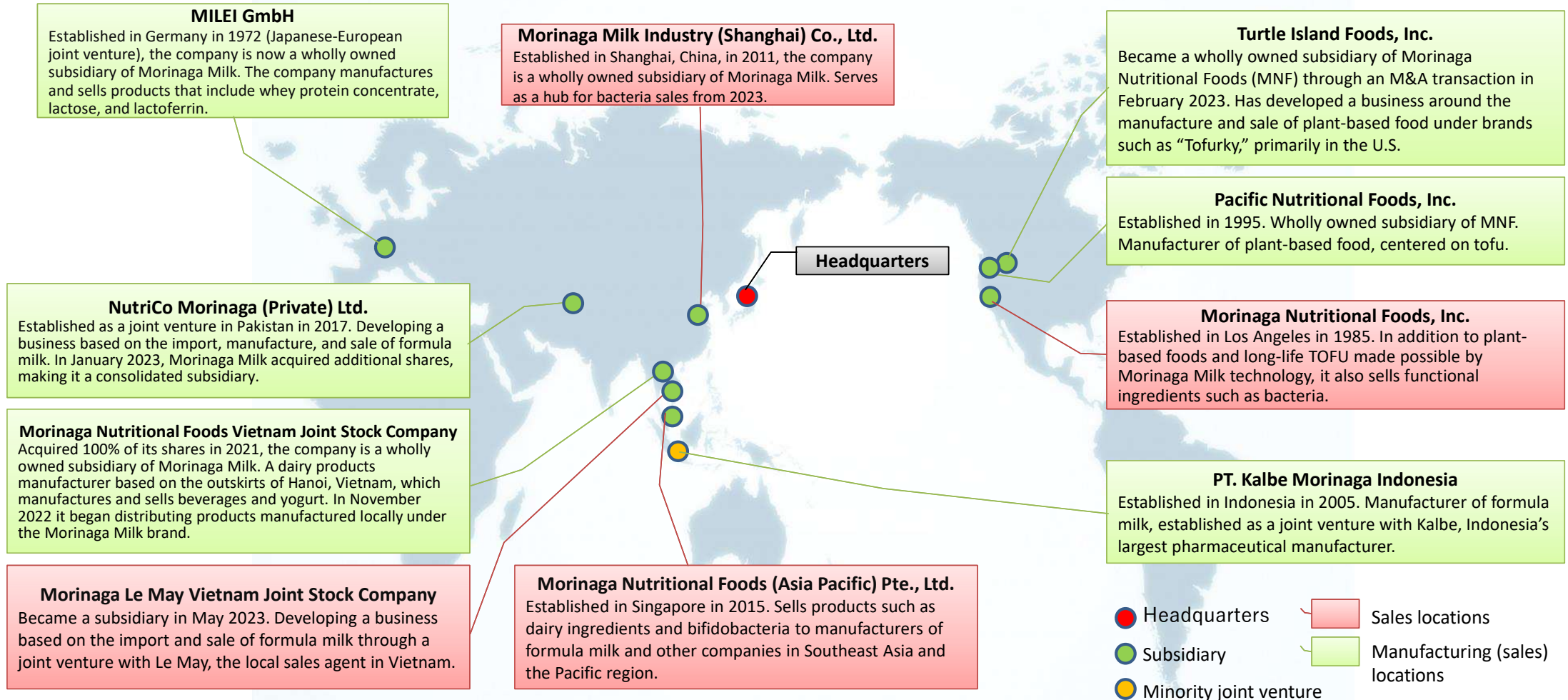
● Consolidated Subsidiaries (Sales)

● Consolidated Subsidiaries (Unique & other)

● Research/Information Center



Appendix (Overview of Morinaga Milk Group, Main Overseas Business Locations)



Appendix (Strength of Technologies & Proprietary Materials)



To explore the amazing potential of milk, and to make optimal use of that potential.

- **Bifidobacteria**

Morinaga Milk has used its original technology to develop commercial uses for powdered bacteria. There is intense international interest in powdered Bifidobacteria.

- **Lactulose**

Morinaga Milk overcome major difficulties before succeeding in the production of powdered lactulose. There are many potential uses for this oligosaccharide.

- **Lactoferrin**

Morinaga Milk created the world's first infant formula containing powdered lactoferrin, which can be added to a wide variety of products.

- **Lac-Shield™**

Capable of providing useful effects even in small quantities, this product has minimal effect on flavor and is being used in an expanding range of processed foods.

- **Aloesterol®**

Morinaga Milk has obtained more than 10 Japanese patents for applications based on this rare functional food ingredient.

- **OrabARRIER®**

A highly safe original functional ingredient containing an antimicrobial component.

- **Peptides**

Original Morinaga Milk technology has resulted in the development of milk products for those who have milk allergies.



Bifidobacterium longum BB536



Multifunctional peptide, Lactoferrin

Appendix (Overview of Morinaga Milk Group)

Chronology of Morinaga Milk (1917-1971)

- Sep. 1917 Founded as Nippon Rennyu Co., Ltd. *To procure condensed milk for the Milk Caramel of Morinaga & Co., Ltd.
- May. 1919 Launched “Morinaga Milk,” small cans of condensed milk
- Jul. 1920 Merged Nippon Rennyu with Morinaga & Co., Ltd.
- Nov. 1921 Launched “Morinaga Dried Milk (infant formula)” *It is Japan’s first domestically infant formula by machinery.
- Apr. 1927 Split off the Rennyu Division to establish Morinaga Rennyu Co., Ltd.
- Dec. 1929 Launched “Morinaga Pasteurized Milk (bottled milk)”
- May. 1941 Changed company name to Morinaga Milk Industry Co., Ltd.
- Oct. 1942 Merged Morinaga & Co., Ltd. with Morinaga Milk Industry Co., Ltd., Morinaga Food Industry Co., Ltd., Tokai Seika KK, Ltd., and Morinaga Kansai Milk Co., Ltd.
- Apr. 1949 Re-established Morinaga Milk Industry Co., Ltd.
- Sep. 1954 Listed shares on the Tokyo Stock Exchange
- Aug. 1955 Morinaga Arsenic Milk Poisoning Incident occurred
- Apr. 1961 Launched “Creap (creaming powder)”
- Feb. 1970 Affiliation with Kraft, Inc. *currently the Kraft Foods Group Brands LLC, others.
- Dec. 1971 Conclusion of a trademark licensing agreement with Sunkist Growers, Inc.

Appendix (Overview of Morinaga Milk Group)

Chronology of Morinaga Milk (1972-2017)

Feb. 1972	Established MILEI GmbH, a joint venture company in West Germany
Apr. 1974	Established Public Interest Incorporated Foundation Hikari Kyokai
Nov. 1978	Launched “Morinaga Bifidus Yogurt”
May. 1984	Established affiliation with Lipton Japan *currently LIPTON Teas and Infusions Japan Service K.K.
May. 1985	Established Morinaga Nutritional Foods, Inc. to expand the sales of aseptically packaged TOFU in the U.S.
Feb. 1993	Launched “Mt. RAINIER CAFFÈ LATTE” (milk-based beverage in an aseptic cup)
Dec. 1994	Launched “Morinaga Aloe Yogurt”
Apr. 2005	Launched “PARM” (ice cream bar)
Sep. 2011	Launched “PARTHENO,” a Greek-style yogurt
May. 2012	Capitalized MILEI GmbH as a wholly owned subsidiary
Dec. 2015	Established Morinaga Nutritional Foods (Asia Pacific) Pte. Ltd. in Singapore
Oct. 2016	New factory for MILEI GmbH begins operation
Sep. 2017	Celebrated the 100 th anniversary of the founding of Morinaga Milk Industry, Co., Ltd.

Appendix (Overview of Morinaga Milk Group)

Chronology of Morinaga Milk (2018-2023)

Apr. 2019	Launched “Triple Yogurt”
Feb. 2020	New building at Tone Plant begins operation
Apr. 2020	Launched “Bifidus Yogurt Improves Bowel Movement”
Jun. 2021	Elovi Vietnam Joint Stock Company (currently Morinaga Nutritional Foods Vietnam Joint Stock Company) becomes a wholly owned subsidiary
Jan. 2023	NutriCo Morinaga (Private) Limited becomes a subsidiary
Feb. 2023	Turtle Island Foods Holdings, Inc. (currently Turtle Island Foods, Inc.) becomes a wholly owned subsidiary
May. 2023	Morinaga Le May Vietnam Joint Stock Company becomes a subsidiary

Appendix (Business domains of former classification)

(Unit: billion yen)

Net Sales	FYE March 2023	FYE March 2024	FYE March 2025	Year on Year (%)
Nutrition and Healthcare Foods Business	123.7	127.3	130.0	+2.1%
Core Dairy Foods Business	170.2	175.3	176.4	+0.7%
B-to-B Business	93.2	96.4	99.0	+2.7%
Global Business	59.4	60.4	69.9	+15.7%
Other/Eliminated	79.2	87.7	85.8	-2.1%
Total	525.6	547.1	561.2	+2.6%

Operating Profit	FYE March 2023	FYE March 2024	FYE March 2025	Year-on-year Change
Nutrition and Healthcare Foods Business	5.6	5.3	5.5	+0.2
Core Dairy Foods Business	5.1	9.0	9.6	+0.6
B-to-B Business	1.5	4.5	3.8	-0.6
Global Business	10.1	6.2	7.5	+1.3
Other/Eliminated	1.6	3.1	3.3	+0.3
Total	23.9	27.8	29.7	+1.8

Appendix (Business domains of former classification)

(Unit: billion yen)

Sales	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2021 (After Application)	FYE March 2022
B-to-C Business	322.7	310.7	305.7	310.0	262.3	260.1
Wellness Business	48.8	49.1	55.7	55.5	43.0	44.2
B-to-B Business	95.5	96.9	96.7	78.9	74.2	82.1
Global Business	26.3	28.9	31.5	37.2	36.8	43.9
Other/Eliminated	98.8	97.9	101.3	101.9	72.4	73.1
Total	592.1	583.6	590.9	583.6	488.7	503.4

Operating Profit	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2021 (After Application)	FYE March 2022
B-to-C Business	11.5	10.5	12.6	16.1	16.1	14.6
Wellness Business	2.5	3.1	4.2	3.5	3.5	3.8
B-to-B Business	6.1	5.8	5.3	2.6	2.6	3.4
Global Business	-0.8	1.6	2.8	5.5	5.5	7.2
Other/Eliminated	2.4	1.3	0.4	1.2	1.2	0.8
Total	21.7	22.3	25.4	28.9	28.9	29.8



“For Ever Brighter Smiles”
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.