

# Morinaga Milk Corporate Profile

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(Securities code: 2264)  
<https://www.morinagamilk.co.jp/english/ir/>

As of February, 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 Mission

### Corporate Slogan

**“For Ever Brighter Smiles”**

### Corporate Philosophy

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

# 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)

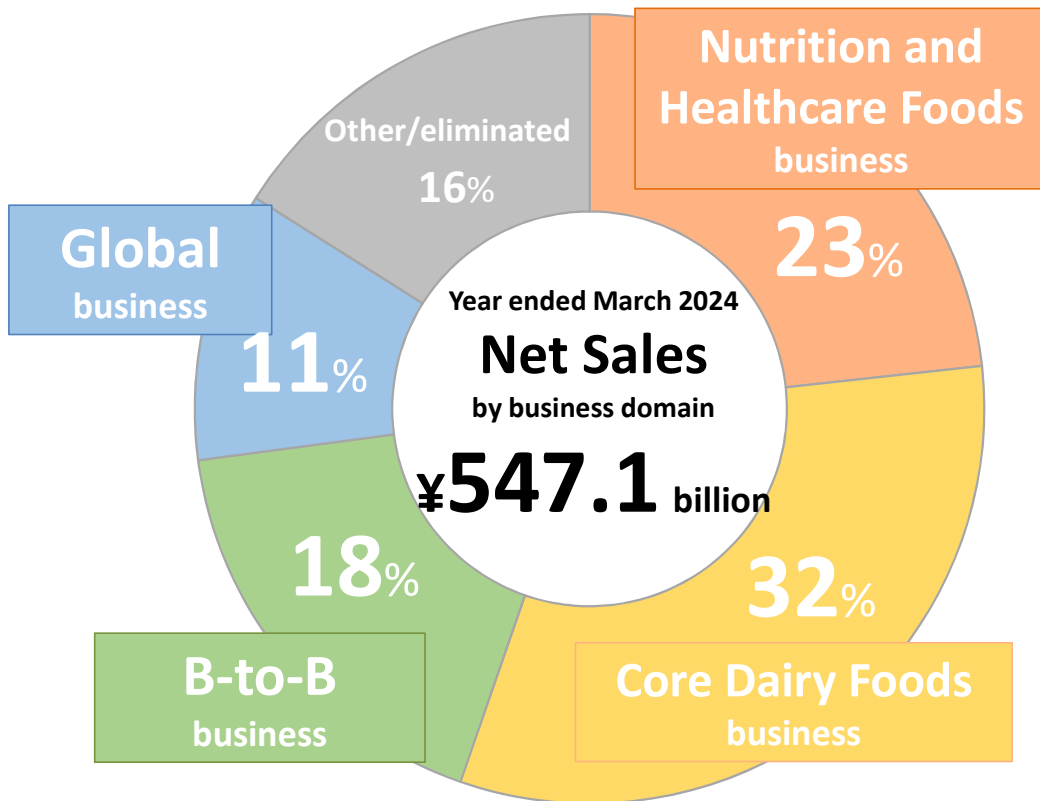
Operating profit margin	3.8 %*		<b><u>At least 7%</u></b>
R O E	8.6 %*		<b><u>At least 10%</u></b>
Ratio of overseas sales	5.0 %*		<b><u>At least 15%</u></b>

\* The figures are for the fiscal year ended March 2019.

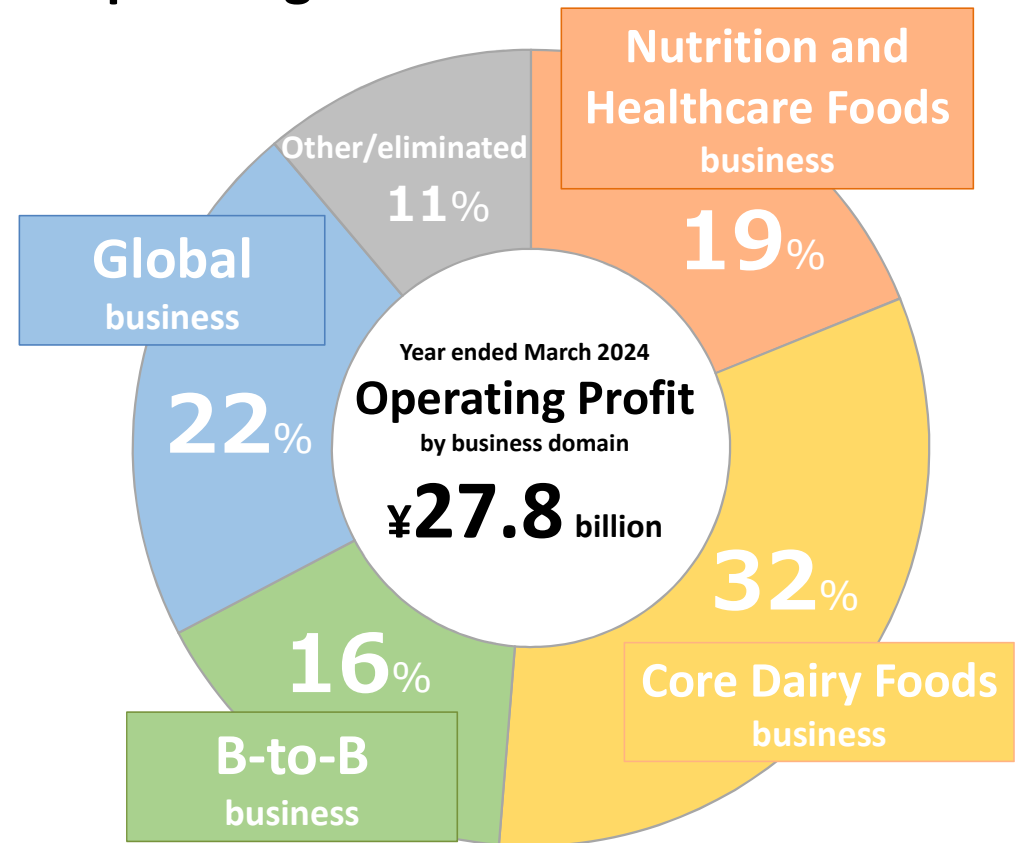
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# 1 - 3. Group Business Structure

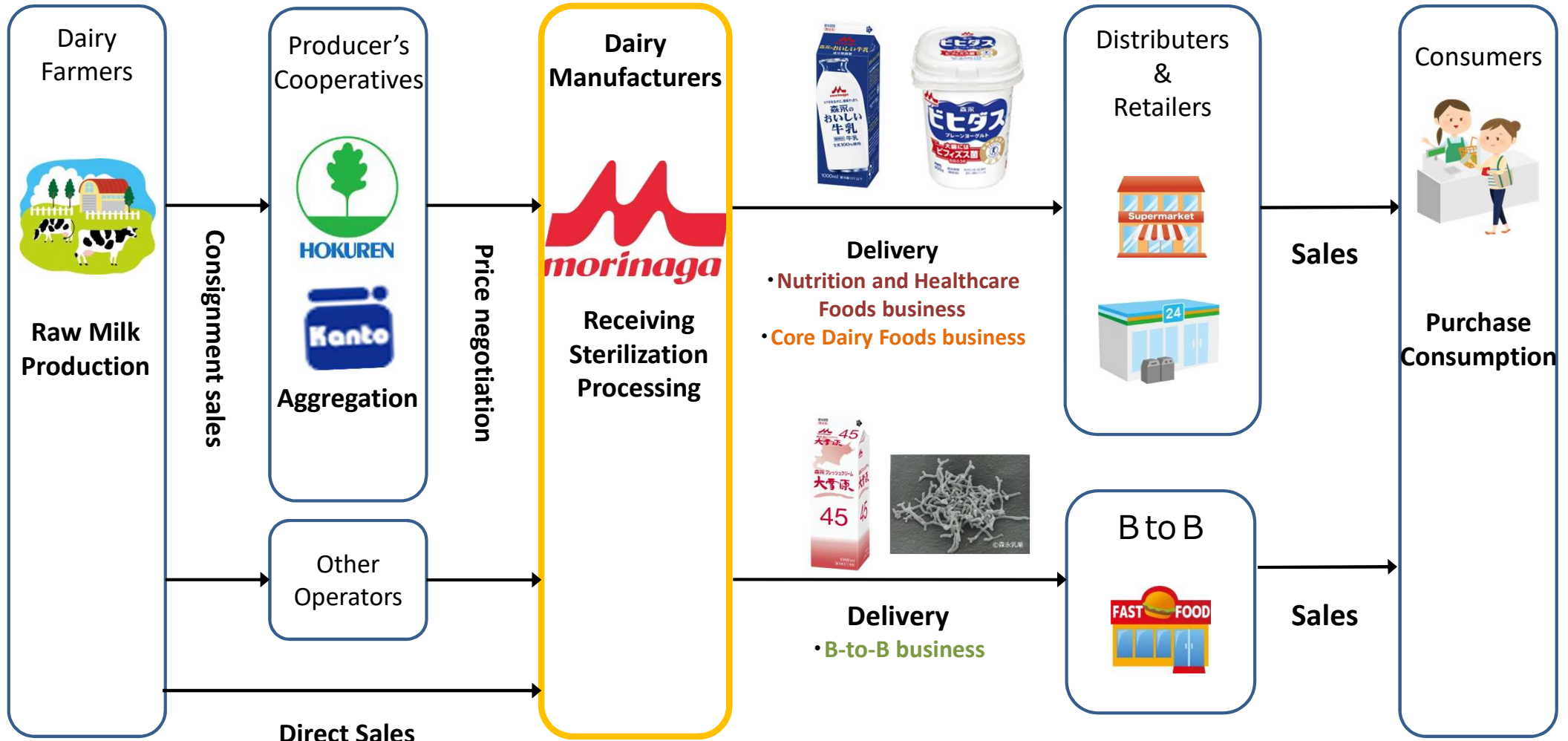
## Net Sales



## Operating Profit

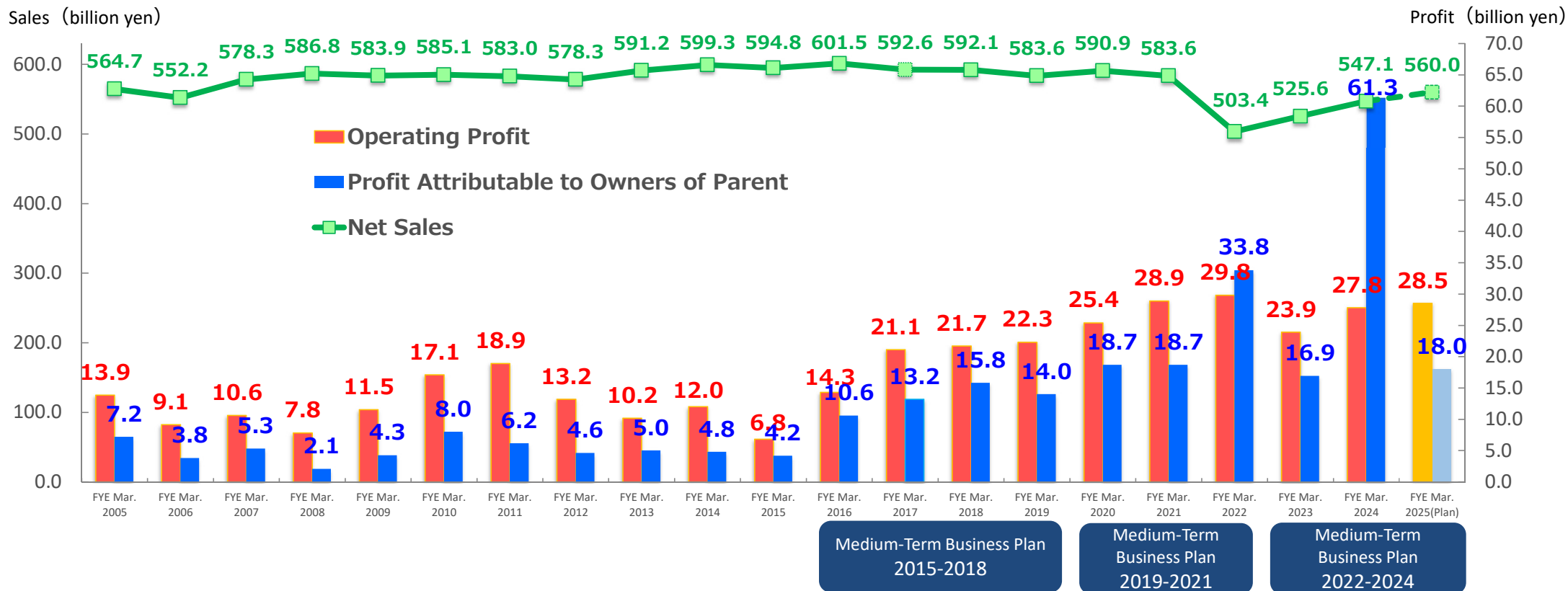


# 1 - 4. Distribution of Milk and Dairy products



# 1 - 5 . 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 2025: **Operating profit (forecast): 28.5 billion yen, Operating profit to sales (forecast): 5.1%.**

• 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 - 5 . Financial Summary



(Unit: billion yen)

	FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	Year on Year Change*	Year on Year (%)*	FYE March 2025 E	Year on Year Change	Year on Year (%)
<b>Net Sales</b>	583.6	503.4	525.6	547.1	+21.5	+4.1%	<b>560.0</b>	<b>+12.9</b>	<b>+2.4%</b>
<b>Operating Profit</b>	28.9	29.8	23.9	27.8	+3.9	+16.3%	<b>28.5</b>	<b>+0.7</b>	<b>+2.4%</b>
<b>Ordinary Profit</b>	30.1	31.1	25.2	28.1	+2.9	+11.4%	<b>28.2</b>	<b>+0.1</b>	<b>+0.3%</b>
<b>Profit</b> Attributable to Owners of Parent	18.7	33.8	16.9	61.3	+44.4	+263.3%	<b>18.0</b>	<b>-43.3</b>	<b>-70.6%</b>
<b>Operating Profit to Net Sales</b>	4.9%	5.9%	4.6%	5.1%			<b>5.1%</b>		
<b>ROE</b> (Net Income / Equity Capital)	9.8%	16.7%	7.9%	24.5%			<b>6.4%</b>		

\* As of November 8, 2024



# 1 - 6 . Four Business Domains

(Net Sales and Operating Profit)



(Unit: billion yen)

Net Sales	FYE March 2023	FYE March 2024	FYE March 2025 E	Year on Year (%)
Nutrition and Healthcare Foods Business	123.7	127.3	130.0	+2.1%
Core Dairy Foods Business	170.2	175.3	178.6	+1.9%
B-to-B Business	93.2	96.4	98.1	+1.8%
Global Business	59.4	60.4	71.0	+17.5%
Other/Eliminated	79.2	87.7	82.3	-6.2%
<b>Total</b>	<b>525.6</b>	<b>547.1</b>	<b>560.0</b>	<b>+2.4%</b>

Operating Profit	FYE March 2023	FYE March 2024	FYE March 2025 E	Year-on-year Change
Nutrition and Healthcare Foods Business	5.6	5.3	6.0	+0.7
Core Dairy Foods Business	5.1	9.0	10.5	+1.5
B-to-B Business	1.5	4.5	4.7	+0.2
Global Business	10.1	6.2	6.3	+0.1
Other/Eliminated	1.6	3.1	1.0	-2.1
<b>Total</b>	<b>23.9</b>	<b>27.8</b>	<b>28.5</b>	<b>+0.7</b>

# 1 - 6 . Four Business Domains

(Sub-segment net sales (Non-consolidated) )



(Unit: billion yen)

Sales	FYE March 2021	FYE March 2022 * <sub>1</sub>	FYE March 2023 * <sub>2</sub>	FYE March 2024	Year on Year (%)	FYE March 2025 E	Year on Year (%)
<b>Nutrition and Healthcare Foods Business</b>							
Yogurt	58.8	53.1	53.2	54.1	+2%	<b>56.7</b>	<b>+5%</b>
Commercial milk (Home deliveries, etc.)	20.9	19.3	19.0	18.3	-3%	<b>16.3</b>	<b>-11%</b>
Nutritional food products	-	12.9	12.6	13.3	+5%	<b>13.5</b>	<b>+2%</b>
CLINICO Co., Ltd.	-	24.6	25.3	26.7	+6%	<b>27.2</b>	<b>+2%</b>
<b>Core Dairy Foods Business</b>							
Beverages	54.5	45.3	50.3	54.8	+9%	<b>55.3</b>	<b>+1%</b>
Ice cream	46.6	39.8	42.0	44.3	+6%	<b>46.6</b>	<b>+5%</b>
Cheese	35.2	26.0	25.1	26.5	+6%	<b>27.2</b>	<b>+3%</b>
Milk	59.0	54.1	43.4	45.2	+4%	<b>44.5</b>	<b>-2%</b>
Chilled desserts	8.8	7.9	7.3	7.2	-2%	<b>7.9</b>	<b>+11%</b>

\*1 The accounting standard for revenue recognition is applied from FYE Mar. 2022.

\*2 Adjusted Year-on-year % change to those after transfer to transfer products between Beverages and Milk.

# 1 - 6 . Four Business Domains

(Sub-segment net sales (Non-consolidated) )



(Unit: billion yen)

Sales		FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	Year on Year (%)	FYE March 2025 E	Year on Year (%)
<b>Global Business</b>								
<b>MILEI GmbH (Germany)</b>	<b>(Billions of yen)</b>	24.7	29.8	41.5	36.4	-12%	41.1	+13%
	<b>(Millions of euros)</b>	195	229	295	234	-21%	-	-
<b>NutriCo Morinaga (Pakistan)</b>	<b>(Billions of yen)</b>	-	-	-	6.8	-	6.8	±0%
	<b>(Billions of PKR)</b>	-	-	-	13.6	-	-	-
<b>MNF (US)</b>	<b>(Billions of yen)</b>	-	2.9	3.5	7.4	+115%	10.2	+38%
	<b>(Millions of USD)</b>	-	25	26	53	+101%	-	-
<b>MNF Vietnam</b>	<b>(Billions of yen)</b>	-	3.5	4.8	4.3	-10%	3.9	-8%
	<b>(Billions of VND)</b>	-	685.6	858.4	742.6	-13%	-	-

# 1 - 6 . Four Business Domains: Nutrition and Healthcare Foods Business



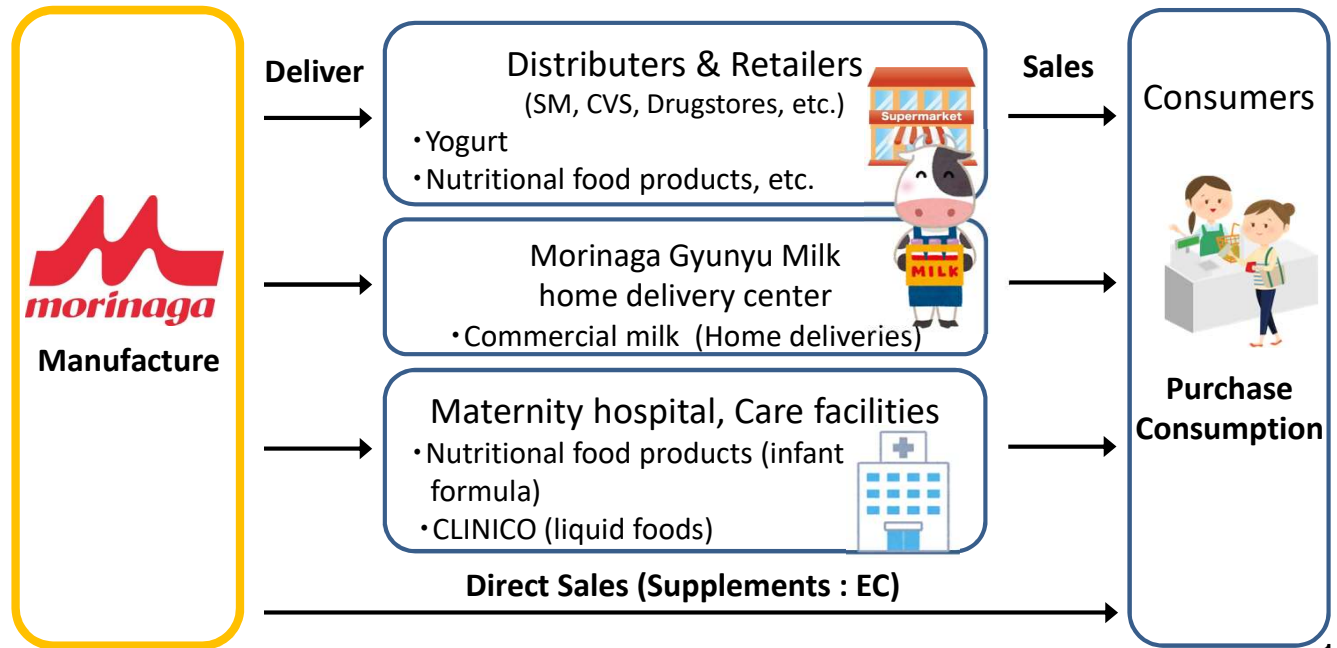
## Nutrition and Healthcare Foods Business

Net Sales : 127.3 billion yen  
 Operation Profit : 5.3 billion yen (Operating profit margin: 4.1%) (FYE Mar. 2024)

- This business will provide the impetus for the provision of health value and will drive the rapid growth of our health brands as sources of future success. Diverse channels, including home delivery and online sales, will be used to market yogurt products, such as Bifidus Yogurt and Greek Yogurt PARTHENO, and powdered milk products, such as Hagukumi and the Nutritional milk powder (Milk Life) series, as well as liquid foods and supplements.

(Unit: billion yen)

Sub-segments	Net Sales (FYE Mar. 2024)
Yogurt	54.1
Commercial milk (Home deliveries, etc.)	18.3
Nutritional food products	13.3
CLINICO Co., Ltd.	26.7
*Others : Supplements (EC), Creap (creaming powder) , etc.	



# 1 - 6. Four Business Domains: Core Dairy Foods Business



## Core Dairy Foods Business

Net Sales : 175.3 billion yen  
 Operation Profit : 9.0 billion yen (Operating profit margin: 5.1%) (FYE Mar. 2024)

- The mission of this business is to establish upward trajectories for long-selling products that drive our business growth as our main providers of “tastiness and delightfulness” value.
- It is building a diverse range of popular products to meet changing consumer needs, including beverages, such as Mt. RAINIER CAFFÈ LATTE and Pino, PARM, and MOW ice cream, as well as cheese and milk.

(Unit: billion yen)

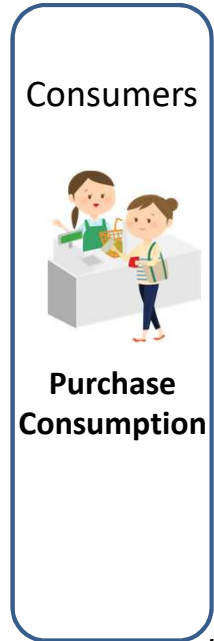
Sub-segments	Net Sales (FYE Mar. 2024)
Beverages	54.8
Ice cream	44.3
Cheese	26.5
Milk	45.2
Chilled desserts	7.2



Deliver



Sales

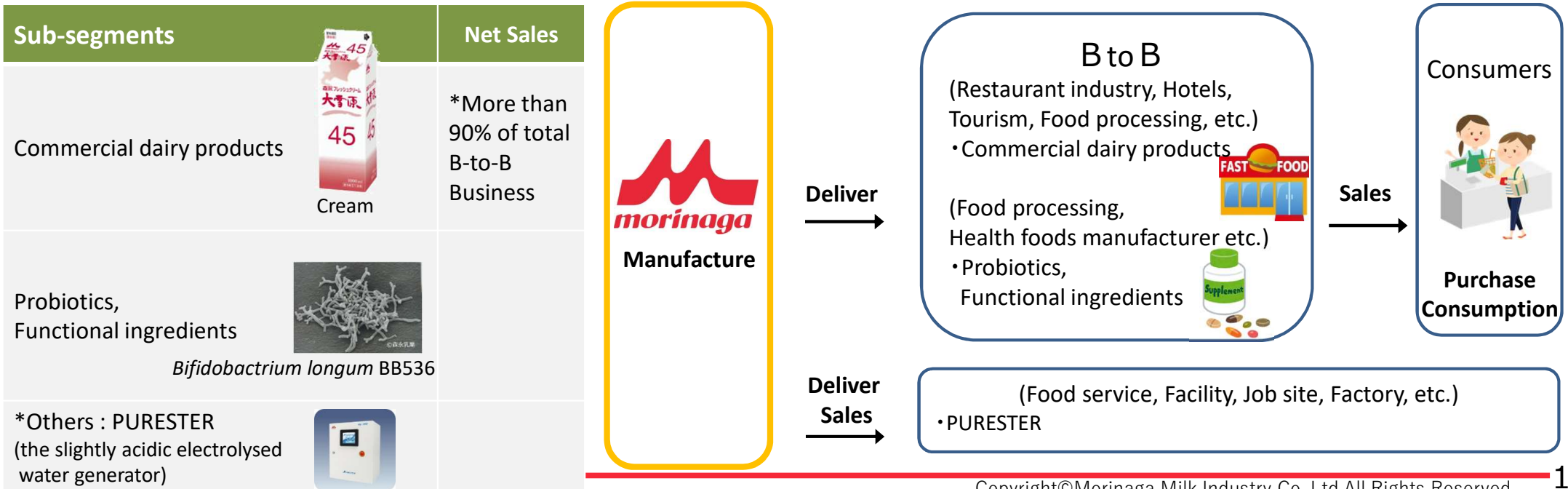


# 1 - 6 . Four Business Domains: B-to-B Business

## B-to-B Business

Net Sales : 96.4 billion yen  
 Operation Profit : 4.5 billion yen (Operating profit margin: 4.6%) (FYE Mar. 2024)

- 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.

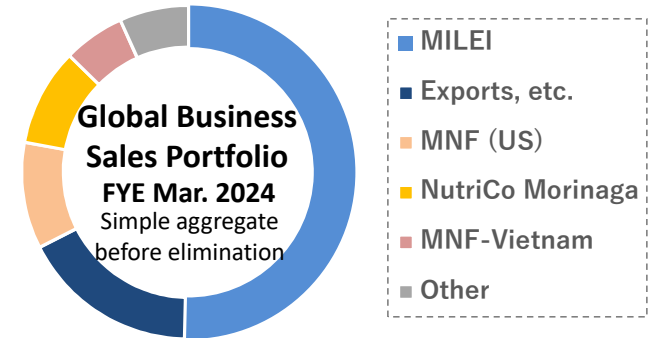


# 1 - 6. Four Business Domains: Global Business

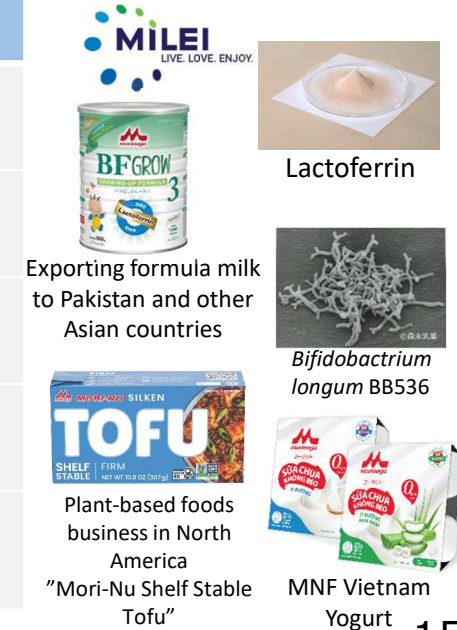
## Global Business

Net Sales : 60.4 billion yen  
 Operation Profit : 6.2 billion yen (Operating profit margin: 10.2%) (FYE Mar. 2024)

- The mission of the Global Business is to drive growth by responding to expanding health needs on a global scale.
- Our Global Business operations include MILEI, which manufactures and sells dairy product ingredients, our formula milk business in Asia, the probiotics business, the plant-based foods business in North America, and our business operations in Vietnam, which center on MNF Vietnam.



Main Business	Net Sales (FYE Mar. 2023)	Overview
Germany, MILEI GmbH	36.4 billion yen 234 million €	<ul style="list-style-type: none"> <li>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.</li> </ul>
Formula milk (Exports, Joint venture)		<ul style="list-style-type: none"> <li>Exports: Expanding mainly in Asian countries such as Pakistan, Vietnam, Malaysia, etc.</li> <li>Joint venture: Pakistan (NutriCo Morinaga), Indonesia (PT.Kalbe Morinaga Indonesia), Vietnam (Morinaga Le May)</li> </ul>
Probiotics		<ul style="list-style-type: none"> <li>Exporting bifidobacteria and lactobacillus discovered through more than 50 years of our research to global markets.</li> <li>B-to-B development as an additive to formula milk, raw material for supplements, etc.</li> </ul>
North America MNF (US PBF)	7.4 billion yen 53 million \$	<ul style="list-style-type: none"> <li>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.</li> <li>Turtle Island Foods (TIF): MNF subsidiary, manufacturing and sales of PBF, including "Tofurky" brand</li> </ul>
Vietnam MNF Vietnam	4.3 billion yen 742.6 billion VND	<ul style="list-style-type: none"> <li>Morinaga Nutritional Foods Vietnam : Acquired 100% of its shares in 2021, the company is a wholly owned subsidiary of Morinaga Milk.</li> <li>The company manufactures and sells products that include milk-based beverage and yogurt.</li> </ul>





# 1 - 6. Four Business Domains: 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.

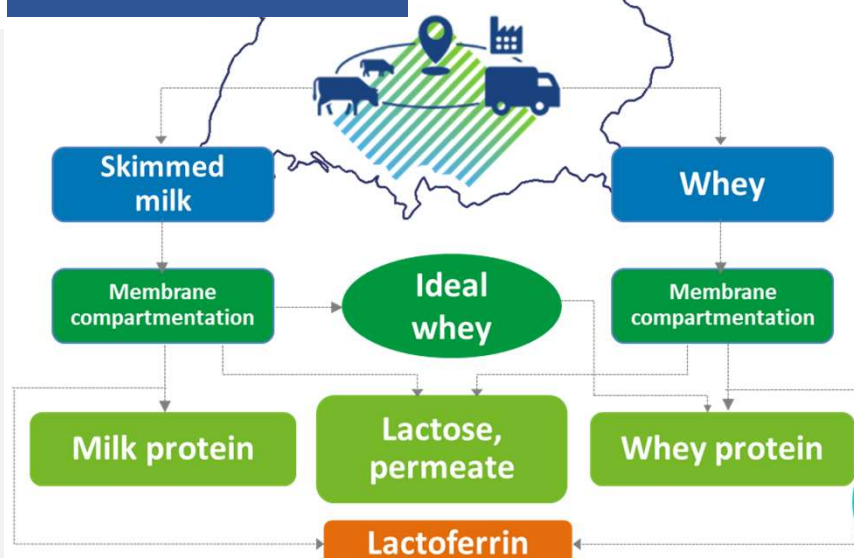


Address: Kemptener Strasse 91, 88299 Leutkirch, Germany

### 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

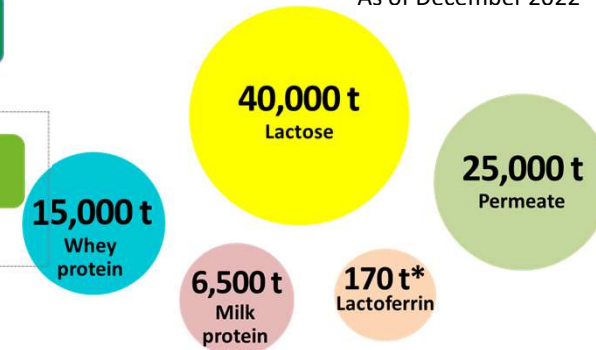
### Production flow



- 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



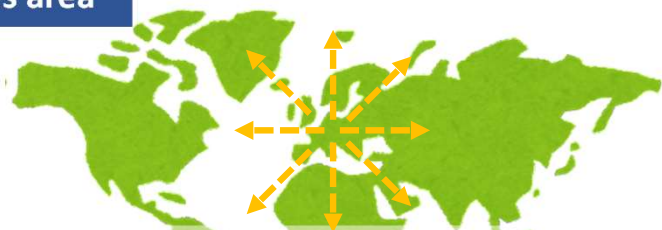


# 1 - 6. Four Business Domains: Global Business, MILEI GmbH



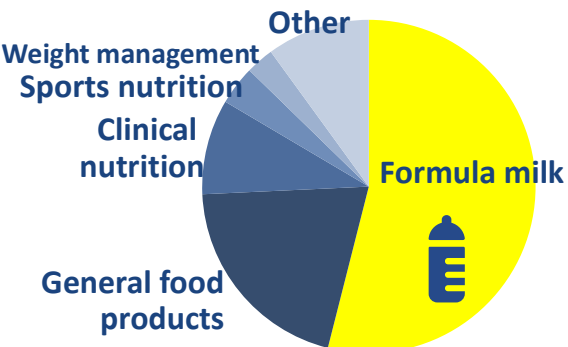
## Global Business: MILEI GmbH

### Sales area



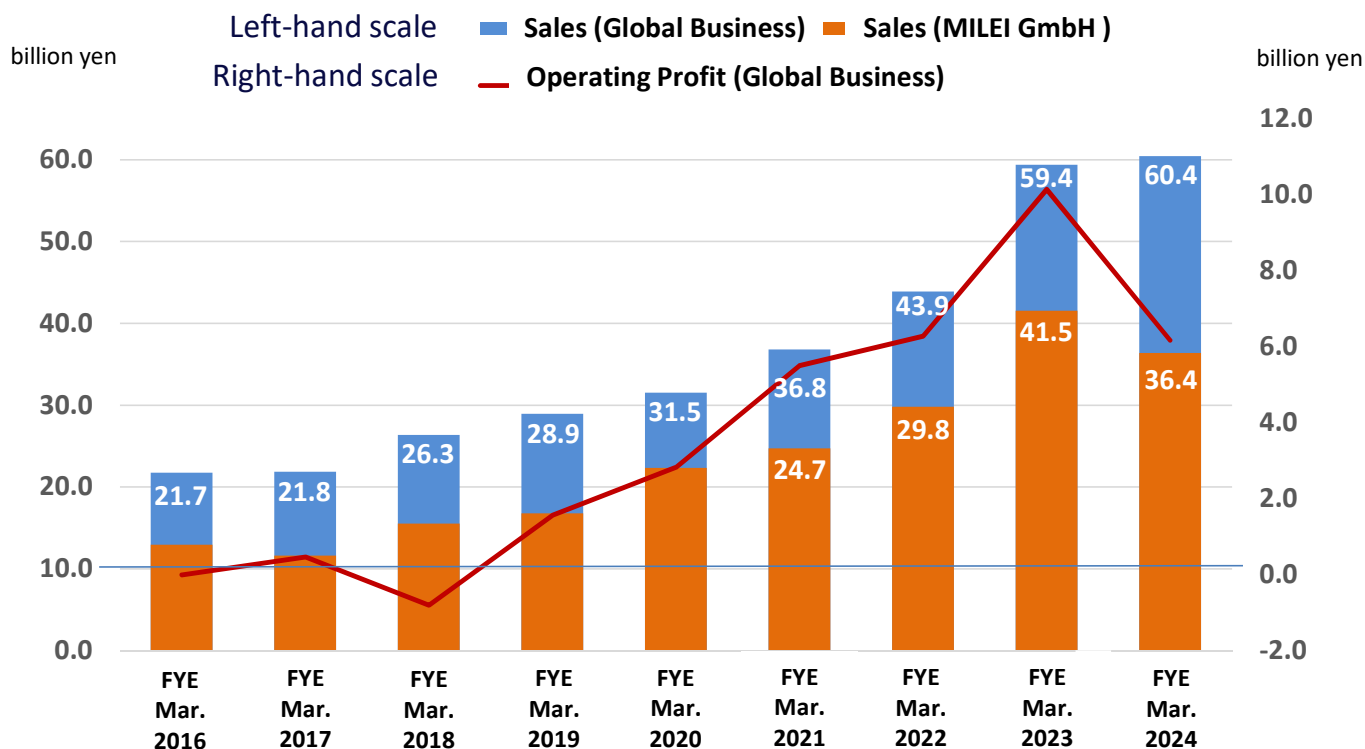
- Primary supply of products as raw materials for final products such as formula milk, mainly in Germany and Europe where MILEI GmbH is located.
- Expansion to Europe, the U.S., Asia, and various other countries and regions through suppliers.

### Component of sales by application



Created from 2018-2023 cumulative sales

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



# 1 - 7. Market Shares of Major Categories



Chilled cup-type coffee  
**1st 40%**



Chilled tea  
**1st 54%**



Cheese  
**3th 10%**



Yogurt  
**2nd 12%**



Ice cream  
**4th 11%**



Chilled desserts  
**4th 13%**

Note: Shares of home-use products by monetary amount  
Source: INTAGE Inc.'s SRI+ (share of sales amounts in Apr. 2023-Mar. 2024)

# 1 - 8. Partner Brands



Kraft Foods is the biggest food company in North America. We formed a technical alliance with Kraft Foods in 1970 in the area of cheese and cheese-related products.



Lipton is a brand with over 100 years of history. It is a favorite of tea lovers worldwide.



Sunkist is a leading fruit brand in the U.S. In Japan, Morinaga Milk sells Sunkist brand fruit juices.



# 1 - 9 . 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®

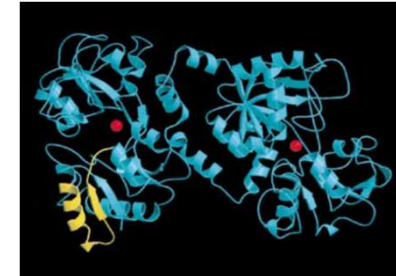
Morinaga Milk has obtained more than 10 Japanese patents for applications based on this rare functional food ingredient.

## • 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.



Multifunctional peptide, Lactoferrin



*Bifidobacterium longum* BB536

## 2. Medium-term Business Plan 2022-2024 (FYE Mar. 2023 ~ FYE Mar. 2025 )

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

**\* Partially updated on May 14, 2024**

# 2-1. Course of Action for the New Medium-Term Business Plan in Consideration of the Internal and External Environments



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

**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!**

<b>Course of action</b>	<b>Basic policy 1</b>	<b>Achieving sustainable growth by increasing the added value of our business</b>
	<b>Basic policy 2</b>	<b>Further strengthening our business base with an eye on the future</b>
	<b>Basic policy 3</b>	<b>Financial strategies focused on efficiency</b>

## 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%



# 2 - 2. 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

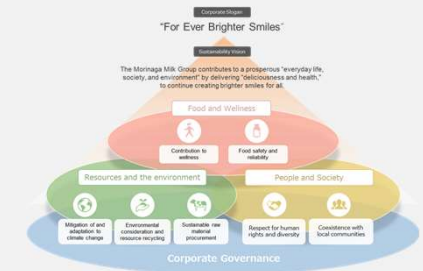
### Basic policy 2: Further strengthening our business base with an eye on the future

- 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

## 2-3. Numerical Targets for the Medium-Term Business Plan

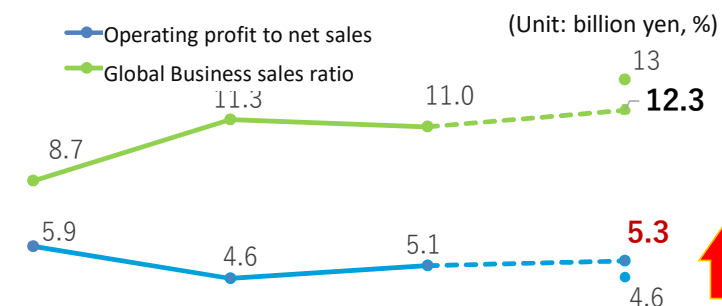


Based on progress so far, numerical targets for final year revised up

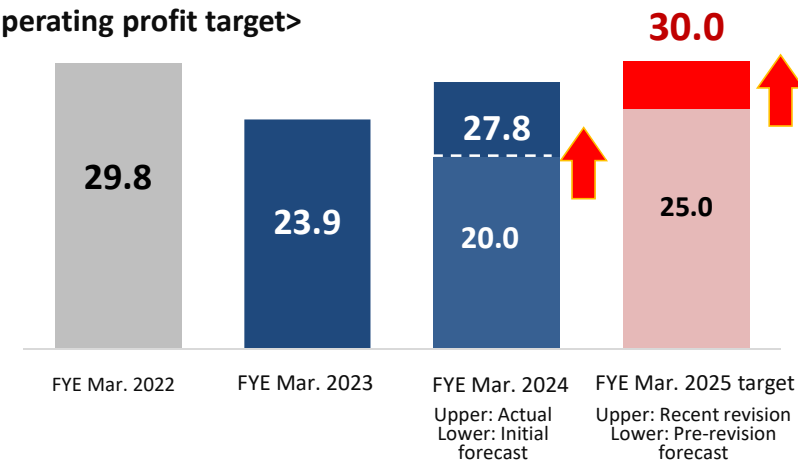
\* As of May 14, 2024

(Unit: billion yen)

	FYE Mar. 2022	FYE Mar. 2023	FYE Mar. 2024	FYE Mar. 2025 target	Revised targets	Vs. FYE Mar. 2022
Net sales	503.4	525.6	547.1	<b>570.0</b>	<b>+30.0</b>	+66.6
Operating profit	29.8	23.9	27.8	<b>30.0</b>	<b>+5.0</b>	+0.2
Profit attributable to owners of parent	33.8	16.9	61.3	<b>19.0</b>	<b>+3.0</b>	-14.8
Operating profit to net sales	5.9%	4.6%	5.1%	<b>5.3%</b>	<b>+0.7 points</b>	
ROE	16.7%	7.9%	24.5%	<b>7.0%</b>	<b>+1.0 points</b>	
Global Business sales ratio	8.7%	11.3%	11.0%	<b>12.3%</b>	<b>-0.7 points</b>	



<Operating profit target>

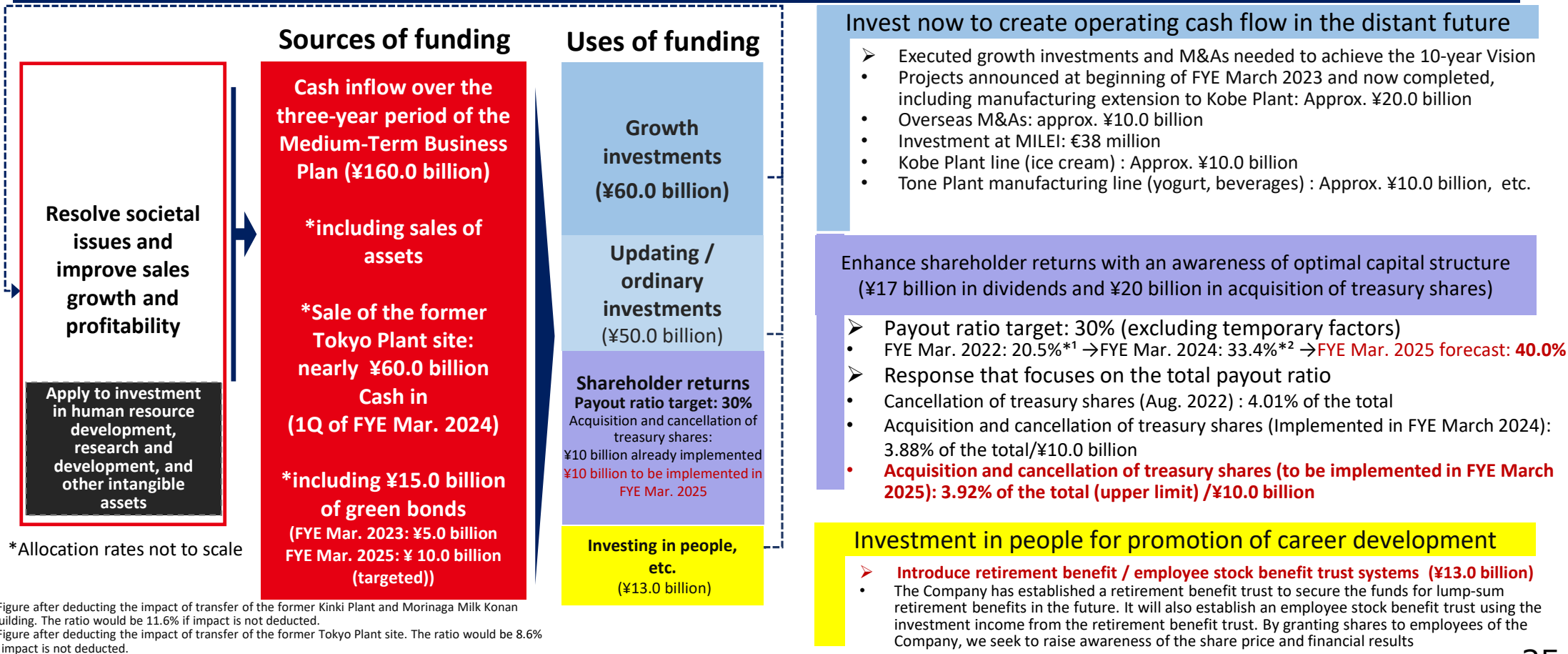




## 2 - 4 . Financial Strategies of the Medium-Term Business Plan 2022–2024 (FYE Mar. 2023 – FYE Mar. 2025)



Invest in business expansion / organizational reinforcement, provide shareholder returns as a key challenge (dividend increases + acquisition of treasury shares)  
Invest in human capital with the aim of promoting career development and raising awareness of the capital markets (retirement benefit / employee stock benefit trust)



\*Allocation rates not to scale

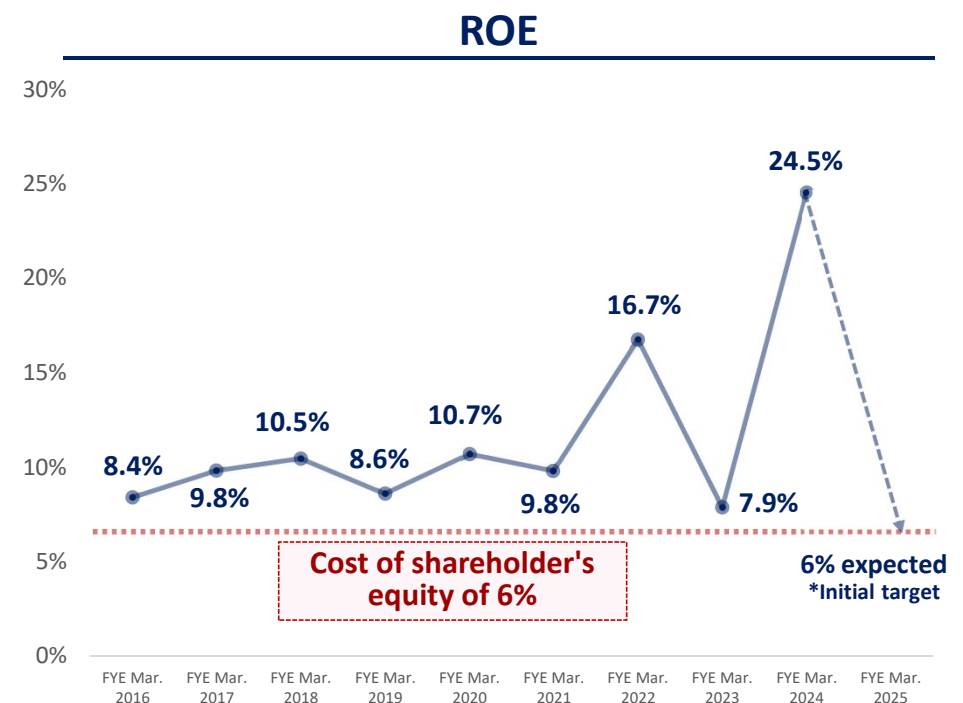
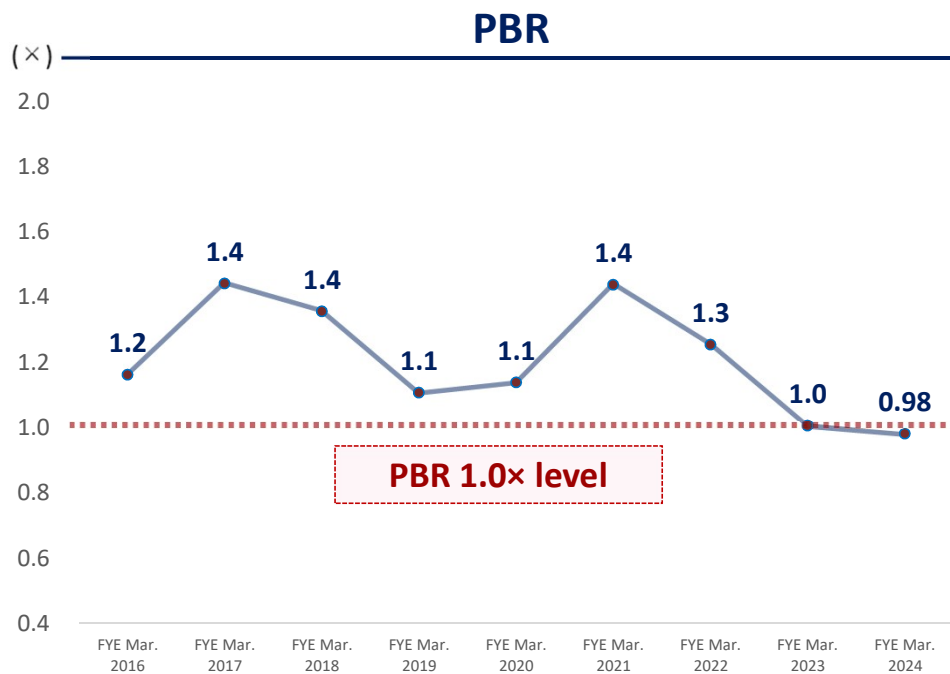
\*1 Figure after deducting the impact of transfer of the former Kinki Plant and Morinaga Milk Konan Building. The ratio would be 11.6% if impact is not deducted.

\*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.

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

# 3-1. PBR and ROE

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



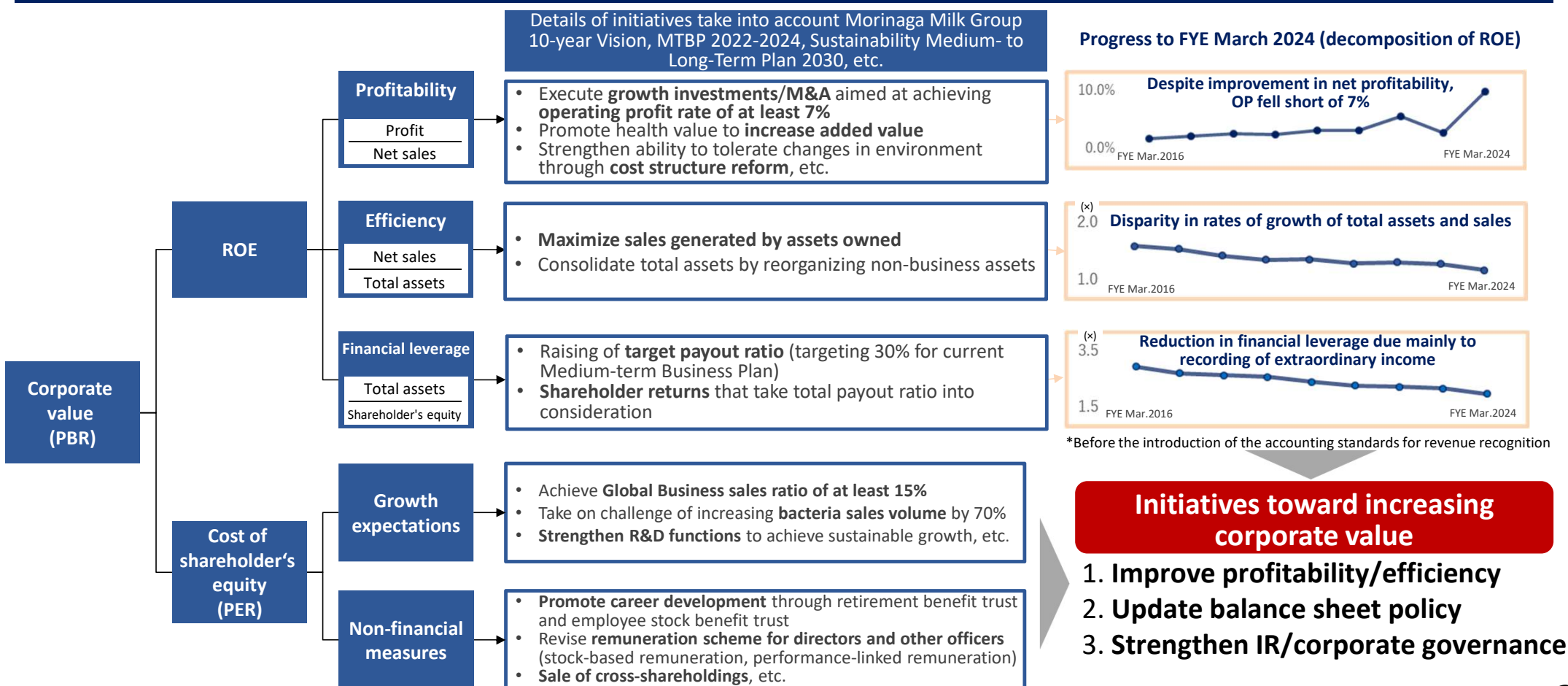
- Despite maintaining PBR above 1.0x, profit increases and major asset sales (Morinaga Plaza Building, former sites of Kinki and Tokyo plants) over past few years have pushed up shareholders' equity. Figure for FYE March 2024 is 0.98x

- 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



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

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 as well as responding to dramatic changes in environment



## Outlook for financial results in FYE March 2025

	Initial plan	Figures announced in May 2024
Net sales	¥540 billion	¥570 billion
Operating profit	¥25 billion	¥30 billion
Operating profit rate	4.6%	5.3%
ROE	6%	7%
Global Business sales ratio	13%	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)



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

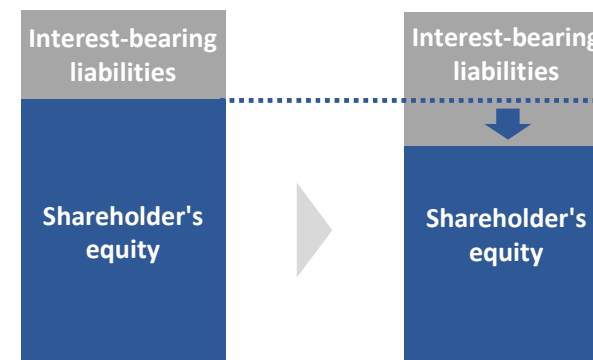
Consider both sides in pursuit of optimal capital structure

#### (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



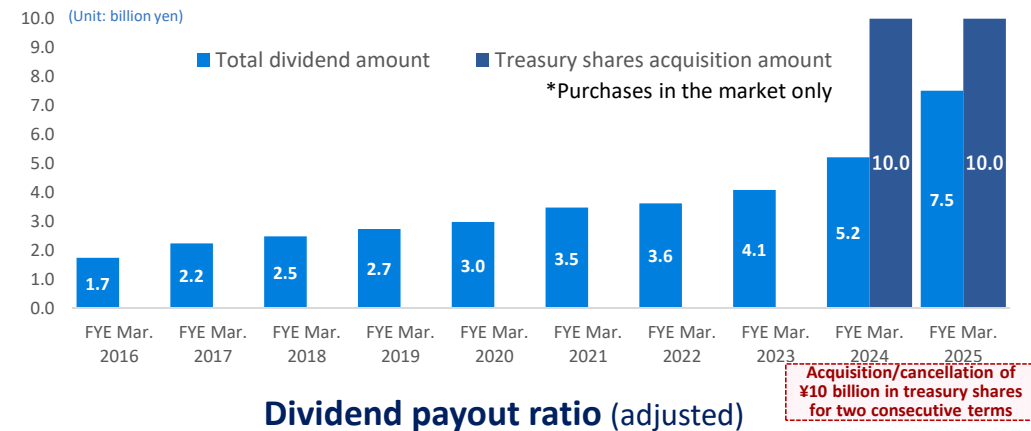
# 3 - 4. Update Balance Sheet Policy (Shareholder Return Policy)

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

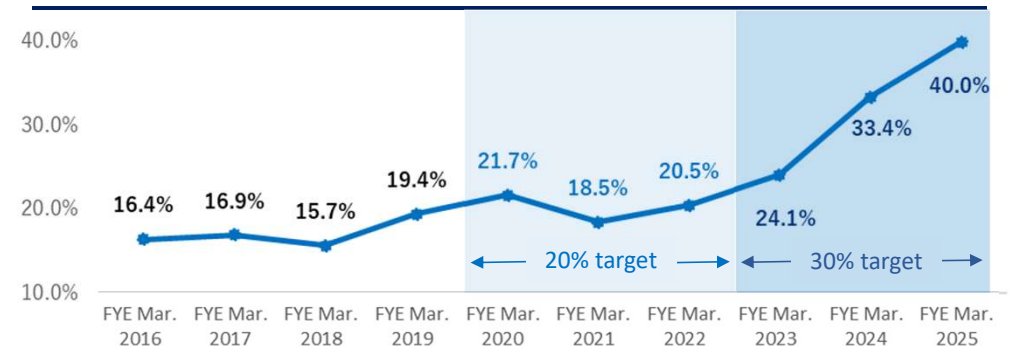
## Shareholder return policy

	Current MTBP	FYE Mar. 2024	FYE Mar. 2025 (forecast)	FYE Mar. 2026 and beyond
<b>Dividend</b>	Target dividend payout 30%	Annual dividend 60 yen Payout ratio 33.4%* <small>*Excluding impact of asset sales</small>	Annual dividend 90 yen Payout ratio 40.0% Introduction of interim dividend system	Dividend policy aimed at optimal capital structure  Flexible acquisition of treasury shares
<b>Treasury shares acquisition amount</b>	Maintain awareness of total payout ratio	10.0 billion yen <small>*Canceled</small>	10.0 billion yen <small>*Cancellation scheduled</small>	

## Shareholder returns



## Dividend payout ratio (adjusted)





# 3 - 5. Strengthen Investor Relations and Corporate Governance

## 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

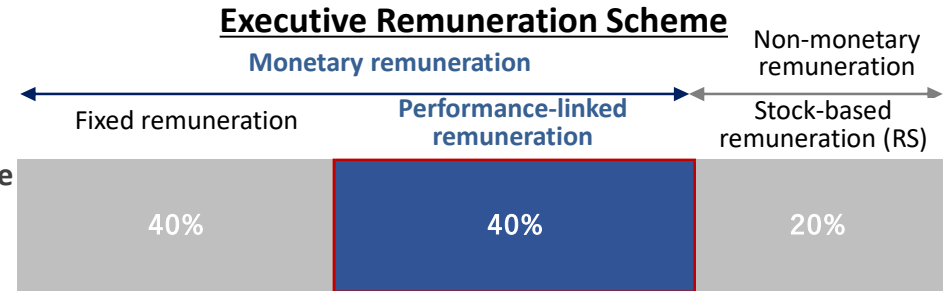
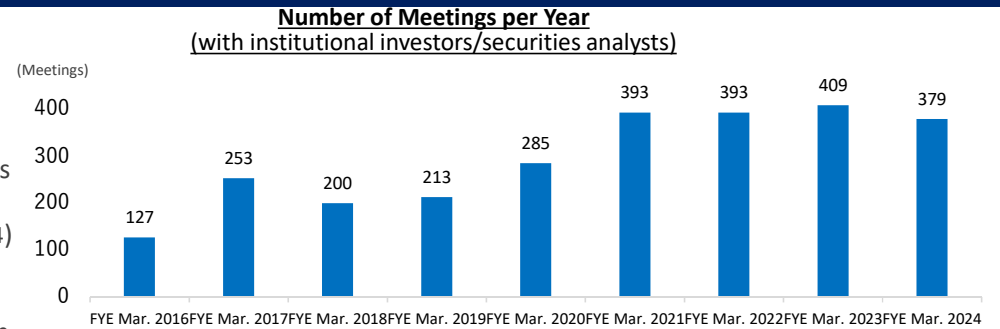
#### 5. Executive remuneration scheme revised (performance-linked remuneration design; see chart at lower right)

#### 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)



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

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

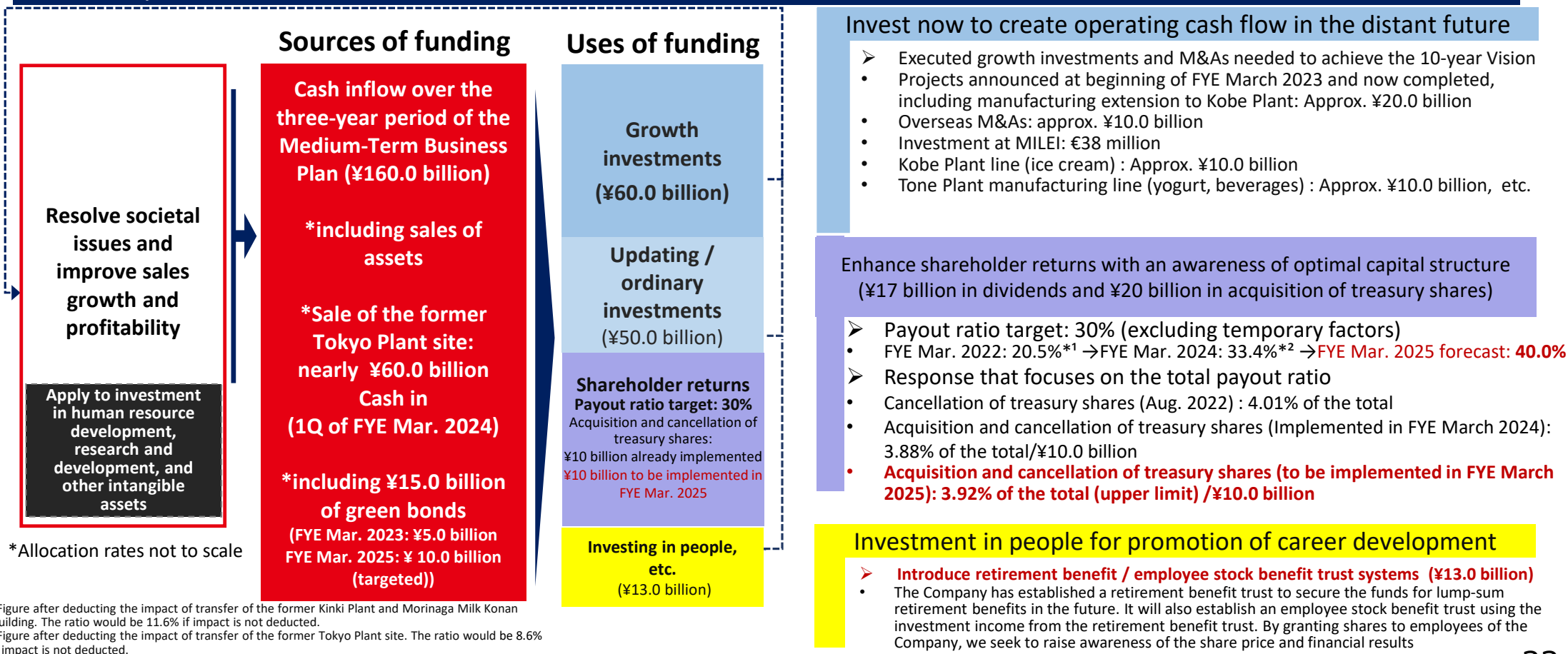
Copyright©Morinaga Milk Industry Co.,Ltd.All Rights Reserved.



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



Invest in business expansion / organizational reinforcement, provide shareholder returns as a key challenge (dividend increases + acquisition of treasury shares)  
 Invest in human capital with the aim of promoting career development and raising awareness of the capital markets (retirement benefit / employee stock benefit trust)



\*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.

## 4. Sustainability Medium- to Long-Term Plan 2030

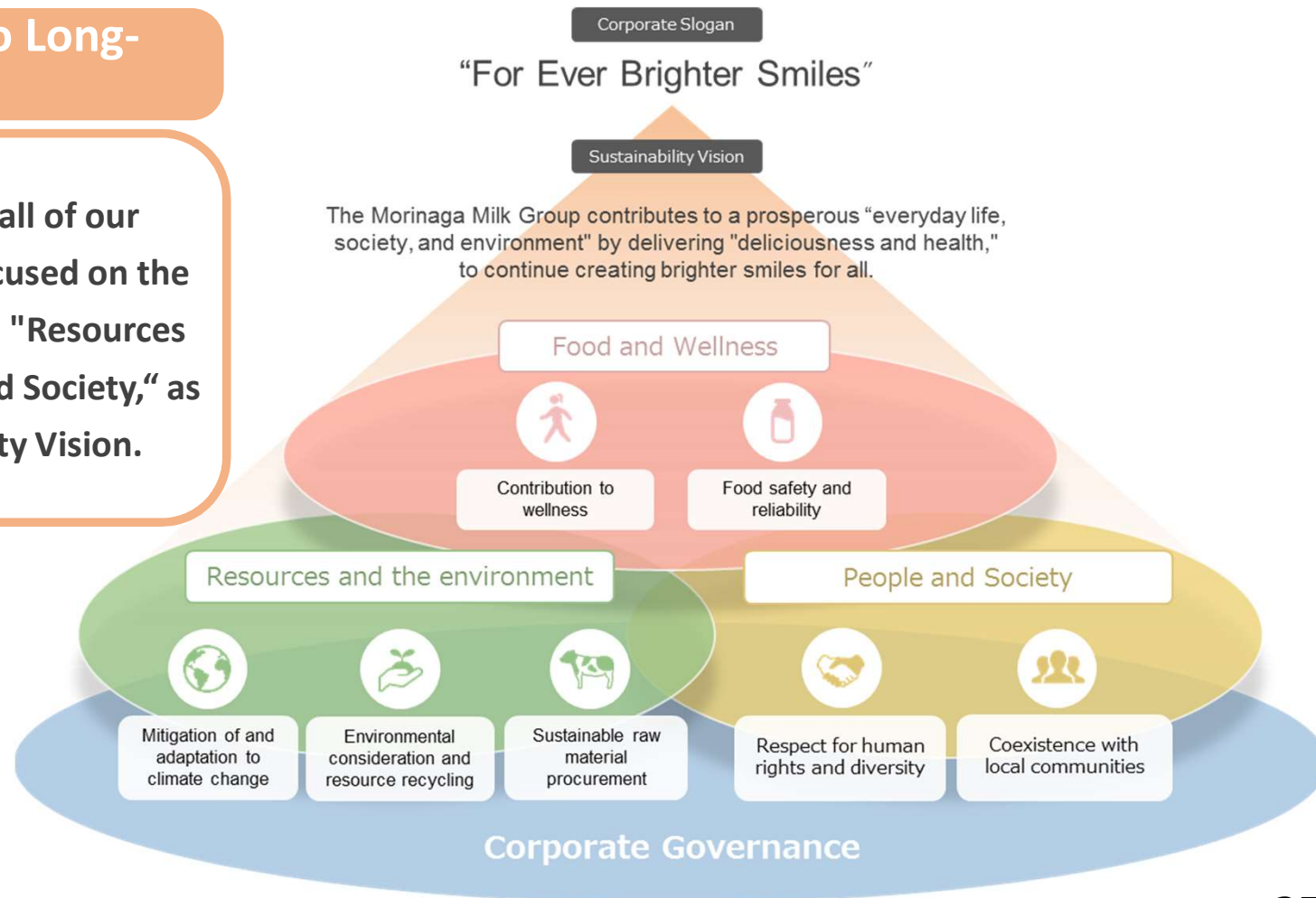
\* For more information, please visit our website  
<https://www.morinagamilk.co.jp/english/sustainability/>

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

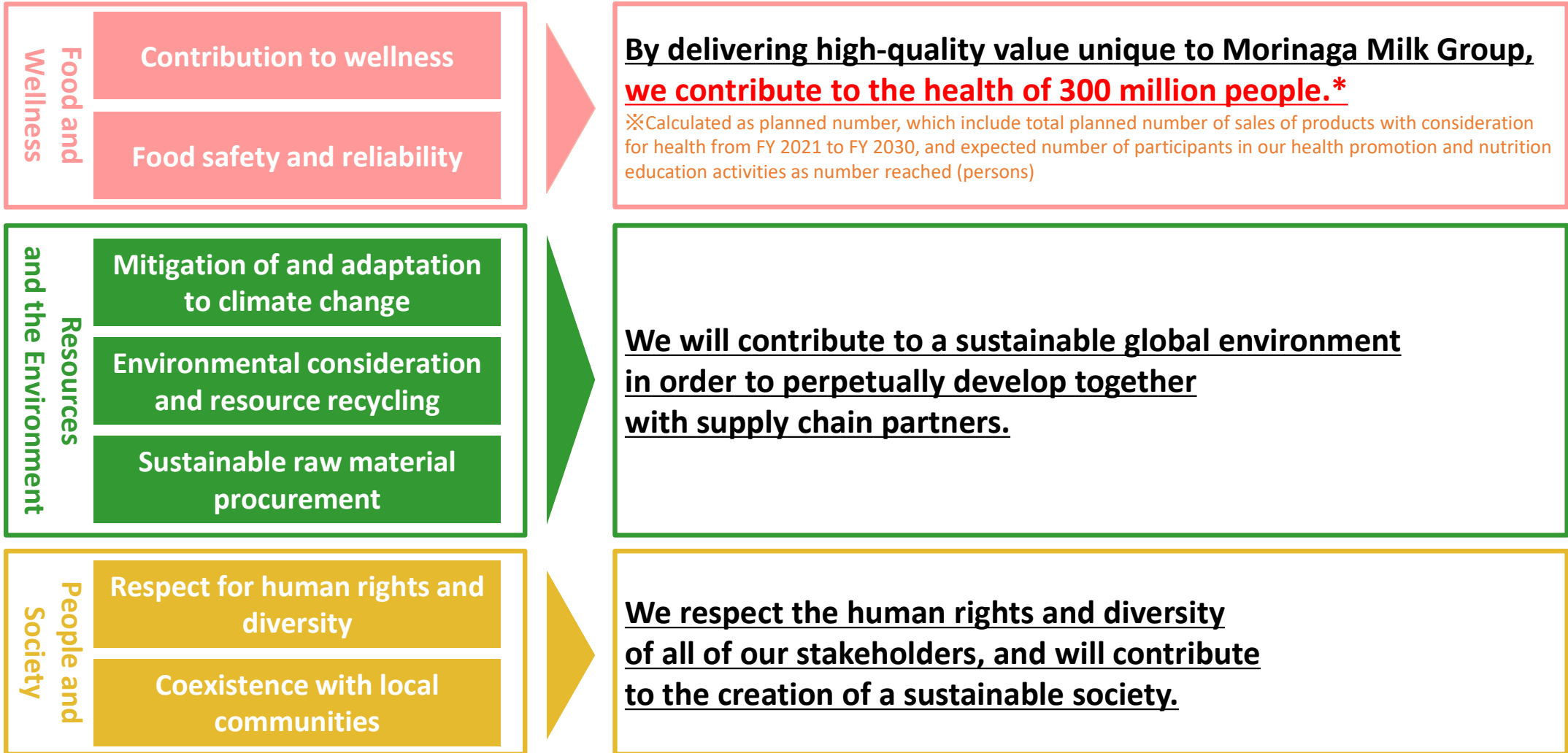


### the Sustainability Medium- to Long-Term Plan 2030

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



## 4 - 2. Objectives of Each Materiality Theme



## 4-3. Materiality Thematic Summary – “Food and Wellness” Medium- to Long-Term Target (FY2030)

### 【Our vision】

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

### Contribution to Wellness

Net sales of products with consideration for health issues (compared with FY 2021)  
**1.7 fold**



Participants in health promotion and nutrition education activities (FY 2021 to FY 2030)  
**Total 1,000,000**

<Intermediate Target>  
Total 350,000(by FY 2024)

**Increase in the number of published research papers on health and nutrition (including patent applications)**

**Increase our image as a company that contribute to health (Corporate brand image survey)**  
**25% ← 15% (FY 2021)**

### Food safety and reliability

Acquisition of FSSC22000 and other GFSI certification standards at all Group manufacturing sites

**100%**

<Intermediate Target>(by FY 2024)  
Maintenance and strengthening of certification at all domestic manufacturing sites

**Enhancement of traceability mechanisms**

**Continuation of zero quality-related incidents and initiatives to ensure compliance with laws and regulations**

### 4-3. Materiality Thematic Summary – “Resources and the Environment” Medium- to Long-Term Target (FY2030)

#### 【Our vision】

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

#### Mitigation of and adaptation to climate change

Scope 1 + 2 CO<sub>2</sub> emissions reduction rate  
**38% or higher**  
(compared to FY 2013)

<Intermediate Target>  
23% or higher (by FY 2024)

Scope 3 GHG emissions reduction rate  
**10% or higher**  
(compared to FY 2020)

<Intermediate Target>  
3% or higher (by FY 2024)

Aiming for **carbon neutrality** by 2050

Percentage of sites formulating BCPs to address climate change **100%**

#### Sustainable raw material procurement

Rate of transition to RSPO mass balance certification (by FY 2028)  
**100%**

<Intermediate Target>  
80% or higher (by FY 2023)

Usage ratio of FSC-certified or other environmentally friendly paper  
**100%** (by FY 2024)

Expansion of support for raw material suppliers

#### Environmental consideration and resource recycling

ISO14001 certification maintenance rate at domestic manufacturing sites  
**100%**

<Intermediate Target>(by FY 2024)  
Completion of certification acquisition at domestic manufacturing sites

Petroleum-derived virgin plastic usage reduction rate  
**25% or higher**  
(compared to FY 2013)

<Intermediate Target>(by FY 2024)  
10% or higher

Industrial waste recycling rate  
**Achievement of zero emissions**

<Intermediate Target>(by FY 2024)  
99%

Water resource usage reduction rate  
**15% or higher**  
(compared to FY 2013)

<Intermediate Target>(by FY 2024)  
11% or higher

Rate of accommodation of environmentally friendly design in major brands  
**100%**

## 4 - 3 . Materiality Thematic Summary – “People and Society” Medium- to Long-Term Target (FY2030)



### Our vision

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

### Respect for human rights and diversity

Continuous compliance with our Human Rights Policy throughout the supply chain

<Intermediate Target> (by FY 2024)  
Human rights due diligence execution and measures;  
construction of continuity system

Ratio of Female Managers  
**20% or higher**

<Intermediate Target> (by FY 2026)  
10% or higher

Childcare leave usage ratio (men)  
**1 0 0 %**

Turnover for elderly care  
**0**  
people (by FY 2024)

Number of major work-related accidents  
**0**  
(continued enforcement)

Employee Engagement Ratings  
**A**

\*The third rating from the top out of 11 ratings from AAA to DD, which are deviations from the survey results by a third-party research company.

Amount of investment in human resource development  
**40,000**  
yen/person/year

### Coexistence with local communities

Total number of participants in community activities at business sites  
(From FY 2021 to FY 2030)  
**Total 100,000**

<Intermediate Target> (by FY 2024)  
Total 37,000

Ratio of Group business sites carrying out community activities  
**1 0 0 %**

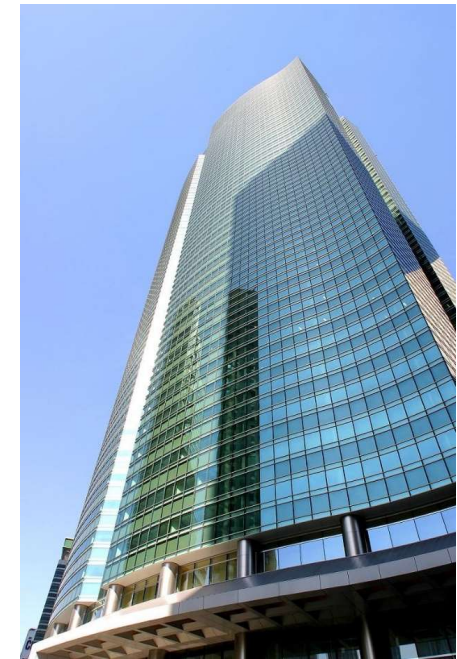
<Intermediate Target> (by FY 2024)  
Domestic 100%

# Appendix



## Appendix (Overview of Morinaga Milk Group)

<b>Company name</b>	Morinaga Milk Industry Co., Ltd.
<b>Head office</b>	5-2, Higashishimbashi 1-chome, Minato-ku, Tokyo
<b>Founded</b>	September 1, 1917
<b>Established</b>	April 13, 1949
<b>Capital</b>	¥21,821 million
<b>Employees</b>	Consolidated 7,415 (M 5,528 F 1,887) Non-consolidated 3,302 (M 2,620 F 682)
<b>Representative</b>	Yohichi Ohnuki (Representative Director and President) Teiichro Okawa (Representative Director and Executive Vice President)
<b>Business year</b>	From April 1 to March 31 in the following year
<b>Date of record for shareholders eligible to receive dividends</b>	March 31 (The company doesn't pay an interim dividend.)
<b>Group</b>	34 consolidated subsidiaries and two equity method companies

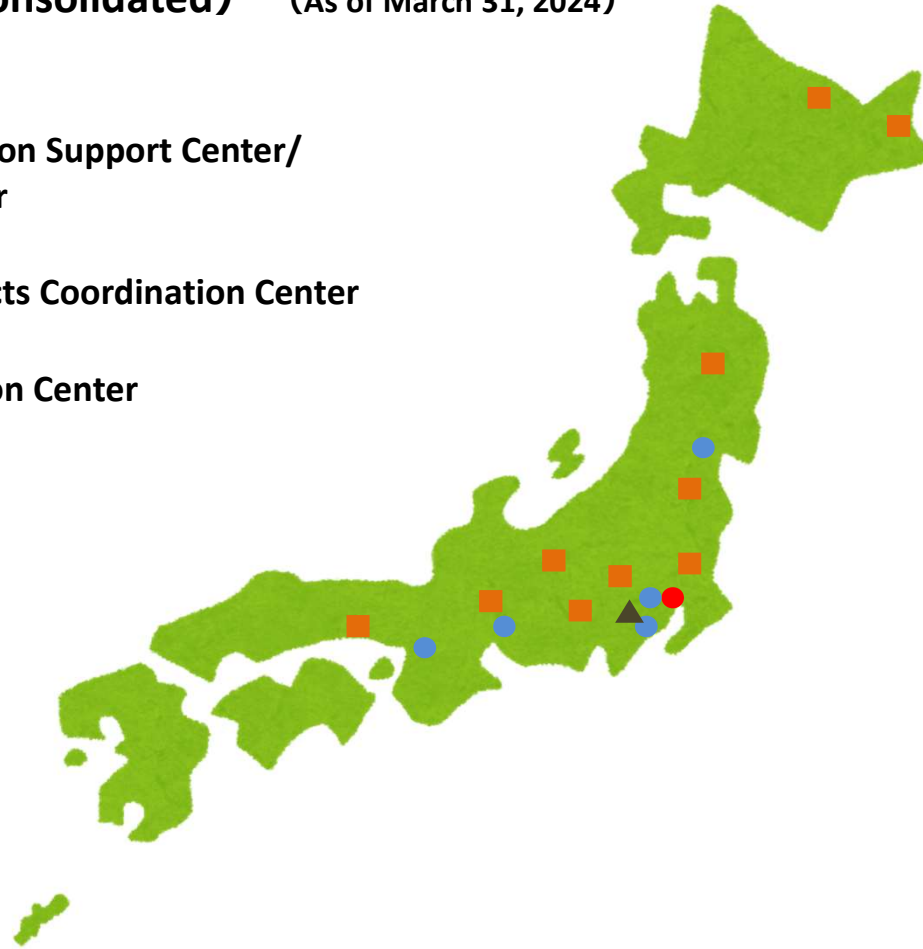


(As of March 31, 2024 \*As of June 28, 2024 for Representative only)

# Appendix (Overview of Morinaga Milk Group)

## Business Sites (Non-Consolidated) (As of March 31, 2024)

- Head Office
- Branch/Administration Support Center/  
Order Control Center
- Plant/Chilled Products Coordination Center
- ▲ Research/Information Center



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



## MILEI GmbH

Established in Germany in 1972 (Japanese-European joint venture), 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.

## Morinaga Milk Industry (Shanghai) Co., Ltd.

Established in Shanghai, China, in 2011, the company is a wholly owned subsidiary of Morinaga Milk. Serves as a hub for bacteria sales from 2023.

## Turtle Island Foods, Inc.

Became a wholly owned subsidiary of Morinaga Nutritional Foods (MNF) through an M&A transaction in February 2023. Has developed a business around the manufacture and sale of plant-based food under brands such as "Tofurky," primarily in the U.S.

## Pacific Nutritional Foods, Inc.

Established in 1995. Wholly owned subsidiary of MNF. Manufacturer of plant-based food, centered on tofu.

## Headquarters

## NutriCo Morinaga (Private) Ltd.

Established as a joint venture in Pakistan in 2017. Developing a business based on the import, manufacture, and sale of formula milk. In January 2023, Morinaga Milk acquired additional shares to take the total held to 51%, making it a consolidated subsidiary.

## Morinaga Nutritional Foods, Inc.

Established in Los Angeles in 1985. In addition to plant-based foods and long-life TOFU made possible by Morinaga Milk technology, it also sells functional ingredients such as bacteria.

## Morinaga Nutritional Foods Vietnam Joint Stock Company

Acquired 100% of its shares in 2021, the company is a wholly owned subsidiary of Morinaga Milk. A dairy products manufacturer based on the outskirts of Hanoi, Vietnam, which manufactures and sells beverages and yogurt. In November 2022 it began distributing products manufactured locally under the Morinaga Milk brand.

## PT. Kalbe Morinaga Indonesia

Established in Indonesia in 2005. Manufacturer of formula milk, established as a joint venture with Kalbe, Indonesia's largest pharmaceutical manufacturer.

## Morinaga Le May Vietnam Joint Stock Company

Became a subsidiary in May 2023. Developing a business based on the import and sale of formula milk through a joint venture with Le May, the local sales agent in Vietnam.

## Morinaga Nutritional Foods (Asia Pacific) Pte., Ltd.

Established in Singapore in 2015. Sells products such as dairy ingredients and bifidobacteria to manufacturers of formula milk and other companies in Southeast Asia and the Pacific region.

- Headquarters
- Subsidiary
- Minority joint venture
- Sales locations
- Manufacturing (sales) locations

## Appendix (Overview of Morinaga Milk Group)

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### 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)

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## 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
- Nov. 2011 Concluded a technical assistance agreement with the Want Want Group
- 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<sup>th</sup> anniversary of the founding of Morinaga Milk Industry, Co., Ltd.

## Appendix (Overview of Morinaga Milk Group)

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### 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. 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)

Sales	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2021 (After Application)	FYE March 2022
<b>B-to-C</b>	322.7	310.7	305.7	310.0	262.3	260.1
<b>Wellness</b>	48.8	49.1	55.7	55.5	43.0	44.2
<b>B-to-B</b>	95.5	96.9	96.7	78.9	74.2	82.1
<b>Global</b>	26.3	28.9	31.5	37.2	36.8	43.9
<b>Other/Eliminated</b>	98.8	97.9	101.3	101.9	72.4	73.1
<b>Total</b>	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>B-to-C</b>	11.5	10.5	12.6	16.1	16.1	14.6
<b>Wellness</b>	2.5	3.1	4.2	3.5	3.5	3.8
<b>B-to-B</b>	6.1	5.8	5.3	2.6	2.6	3.4
<b>Global</b>	-0.8	1.6	2.8	5.5	5.5	7.2
<b>Other/Eliminated</b>	2.4	1.3	0.4	1.2	1.2	0.8
<b>Total</b>	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.