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Meiji Holdings Co., Ltd.
Financial Results for the Q1 of FYE March 2025 (FY2024)
The Presentation Scripts

August 9, 2024, 4:00 – 5:00 pm

Presenters:

Jun Hishinuma	CFO, Member of the Board and Managing Executive Officer
Masashi Tanaka	General Manager of IR Dept.

*This material has been edited to make it easier to understand some of the questions and answers.

Financial Results for the Q1 of FYE March 2025 (FY2024)

(From April 1, 2024 to June 30, 2024)

August 9, 2024

Meiji Holdings Co., Ltd.

Hishinuma: I am CFO Hishinuma, in charge of the IR Department. Thank you.

I will now explain the financial results for Q1 of fiscal year 2024 in accordance with the Q1 financial results explanatory materials disclosed on our website.

If you are viewing the presentation document, please see page one.

Summary for Q1 FY2024 Consolidated Results

(JPY bn)	FY2023 Q1 Results	FY2024 Q1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Net sales	262.7	278.7	+6.1% +15.9	49.6%	561.5
Operating profit	19.4	20.4	+5.1% +1.0	56.9%	36.0
Op. profit margin	7.4%	7.4%	-0.1 pt	—	6.4%
Profit attributable to owners of parent	11.5	13.9	+20.3% +2.3	66.4%	21.0
EPS (JPY)	41.59	50.23	+8.64	—	75.27

- Results for Q1: Increased both in sales and operating profit
 - Food segment: Increased in sales and decreased in operating profit
 - Pharmaceutical segment: Increased both in sales and operating profit
 - Profit attributable to owners of parent: Increased due to tax expense decrease

In Q1, net sales totaled JPY278.7 billion, up 6.1% YoY. Operating profit was JPY20.4 billion, up 5.1% YoY.

Profit attributable to owners of parent for Q1 was JPY13.9 billion, up 20.3% YoY. The decrease in tax expenses was the main factor.

Food: Summary – Q1 FY2024

(JPY bn)	FY2023 Q1 Results	FY2024 Q1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Net sales	218.7	225.9	+3.3% +7.2	49.8%	453.3
Operating profit	15.2	13.5	-11.0% -1.6	45.1%	30.0

Analysis of changes in operating profit

Q1 Results - FY2023	15.2	
Due to increased/decreased sales	+3.4	: Increased due to price increases +4.8 Change in sales volume and product mix -1.4
Changes in costs of goods sold	-2.3	: Increased in raw material costs -3.1 (incl. domestic raw milk and cocoa beans) Cost reduction (incl. decrease in product amount) +0.8
Changes in marketing expenses	-1.4	: Increased in promotional and selling expenses
Changes in other SG&A expenses	+0.4	: Decreased indirect manufacturing costs by optimizing our production structure
Other (incl. change in results of subsidiaries)	-1.8	: Decreased from a subsidiary in China
Q1 Results - FY2024	13.5	

Next, page two. This is a summary of the Q1 financial results for the food segment.

Net sales totaled JPY225.9 billion, up 3.3% YoY. Operating profit was JPY13.5 billion, down 11% YoY.

Although price increases absorbed the impact of higher raw material costs, overall segment profit decreased due to the introduction of marketing costs such as promotional expenses, and lower profit at a subsidiary in China.

Food: Analysis of Operating Profit – Q1 FY2024

(JPY bn)	Segment Total	Dairy	Chocolate	Nutrition	Food solutions	Other
Q1 Operating Profit – FY2023	15.2	5.2	3.2	3.8	2.5	0.4
Due to increased/decreased sales	+3.4	+1.0	+0.4	+0.5	+1.5	+0.1
Changes in COGS	-2.3	-1.2	-1.0	+0.7	-0.9	+0.1
Changes in other SG&A expenses	-1.0	+0.1	+0.1	-0.9	-0.5	+0.1
Change in marketing expenses	-1.4	-0.4	-0.2	-0.4	-0.4	-0.0
Change in other expenses (R&D expenses)	+0.4 (+0.0)	+0.5	+0.3	-0.5	-0.1	+0.2
Other (incl. change in results of subsidiaries)	-1.8	-0.2	-0.5	+0.1	-1.0	-0.2
Q1 Operating Profit – FY2024	13.5	4.8	2.2	4.1	1.6	0.5

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Next is an explanation of the factors behind the increase/decrease in profit by business category. Please refer to page three.

Sales increase/decrease was a factor of increase in all businesses due to the implementation of price increases. The breakdown is as follows: price increase effect was positive JPY4.8 billion, volume and product mix effects were negative JPY1.4 billion, and the food solutions business posted a large increase in profit due to volume growth.

The breakdown of changes in costs of goods sold was JPY3.1 billion in higher raw material costs and JPY0.8 billion in cost reduction effects due to decrease in product amount and other factors. Most of the cost increase was due to higher raw milk prices which were revised during the previous period and higher cocoa bean market prices, and the negative impact was significant in the dairy, chocolate, and food solutions businesses.

The decline in whey market prices was a factor in higher profits, especially in the nutrition business, but costs are expected to increase in H2 of the fiscal year.

Changes in marketing expenses were a factor in the JPY1.4 billion decrease in profit. This was due to an increase in advertising expenses, mainly in the dairy business, and an increase in sales expansion expenses in each business.

Other including changes in results of subsidiaries was a total negative factor of JPY1.8 billion. This was mainly due to an increase in costs resulting from the operation of new plants at a subsidiary in China.

Food: Q1 FY2024 Results by business

■ Dairy

(JPY bn)

	FY2024 Q1 Results	YoY Change
Net sales	67.2	-0.0% -0.0
Operating profit	4.8	-5.9% -0.3

● Market size in Japan (Q1)

- Yogurt: Largely unchanged YoY, Drinking milk: +5 to +6%

● Net sales

- Functional Yogurt: Decreased
 - Due to decrease in sales of home delivery channels
 - *R-1* for the consumer market was largely unchanged YoY
- Yogurt: Largely unchanged YoY
 - *Bulgaria Yogurt* plain type was strong
 - Discontinued large-volume (900g) *Bulgaria Yogurt* drink at the end of September 2023
 - Overseas: Decrease in sales due to the execution of the revival plan in China

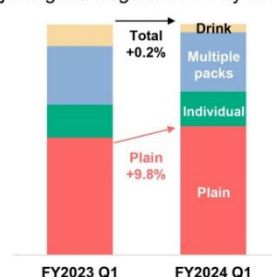
● Operating profit

- Japan: Decreased due to volume decline while price increases absorbed raw material cost increase
- Overseas: Decreased due to lower sales in China

● Sales by main category*

FY2024 Q1 Net sales YoY changes	
Functional yogurt	-5.7%
Yogurt	-0.6%
Drinking milk	+5.3%

● *Meiji Bulgaria Yogurt*: Sales by brand type*



* Meiji Co., Ltd. on a non-consolidated basis
Not calculated as net sales after applying revenue recognition accounting standard

Next, I will provide an overview of each business category. Please see page four of the document.

First is the dairy business. In functional yogurt, sales of *R-1* for the consumer market were on par with the previous year, partly due to the launch of *R-1 the Gold* last October, but overall sales declined due to a drop in the home-delivery channel and poor performance of *LG21*. Yogurt sales were on par with the previous year. The contribution of *HOME MADE STORY*, a high-value-added product launched in April under the mainstay *Bulgaria* brand, also

contributed to the growth of plain-type products, which offset the impact of the end of sales of large-volume drink-type products.

Drinking milk sales increased, partly due to the effect of price increase. Small-volume sales have been particularly strong, and the product mix is improving.

Operating profit decreased for the business as a whole due to the impact of lower sales volume in functional yogurt and lower profit in China, although the impact of higher raw material costs was offset by the effect of price increases.

As for the details of our overseas performance, we will provide a summary on a separate slide later in this presentation.

In order to disclose consolidated financial statements more appropriately, the fiscal year end of overseas subsidiaries was changed from the end of December to the end of March in the current period. As a result, the period covered by Q1 was from April to June in the current period, while the period covered by Q1 was from January to March in the previous period.

Food: Q1 FY2024 Results by business

Chocolate

(JPY bn)	FY2024 Q1 Results	YoY Change
Net sales	37.3	+7.1% +2.4
Operating profit	2.2	-29.2% -0.9

- Market size in Japan (Q1)
 - Chocolate: +2 to +3%, Gummy: +11 to +12%
- Net sales
 - Chocolate: Benefitted from price increases and favorable performance from mainstay products incl. *Chocolate Kouka*
 - Gummy: Decreased due to discontinued some products
 - Overseas: Significant growth of Meiji brand products in the U.S.
- Operating profit
 - Japan: Decreased due to volume decline and discontinued products
 - Overseas: Decreased due to cost increase from the operation of a new plant in China

Nutrition

(JPY bn)	FY2024 Q1 Results	YoY Change
Net sales	30.5	+11.0% +3.0
Operating profit	4.1	+10.3% +0.3

- Market size in Japan (Q1)
 - Sports protein (ready-to-drink): Approx. +8%
- Net sales
 - SAVAS: Favored SAVAS series both in powder and ready-to-drink
 - Overseas: Growth of infant formula in Vietnam
- Operating profit
 - Japan: Increased due to growth of SAVAS series and decrease in raw material costs
 - Overseas: Decreased due to higher expenses for new market development

Next, on page five, we will discuss the chocolate business.

Chocolate sales increased due to the effect of price increases, the impact of TV broadcasts of high cocoa and inbound demand, and strong sales of the *Chocolate Kouka*, *Kinoko no Yama* and *Takenoko no Sato* series.

On the other hand, sales of gummy products decreased due to the impact of product reorganization and changes in the production system to ensure profitability amid market expansion. We intend to strengthen our product lineup and expand sales.

Operating profit decreased due to a decrease in sales volume caused by some discontinued products and an increase in costs resulting from the operation of a new plant in China, although the effect of price increases absorbed the impact of higher raw material costs.

Next is the nutrition business.

In sports protein, sales of SAVAS milk, in particular, grew significantly due to enhanced sales promotion, especially in convenience stores. Operating profit increased due to the effect of higher sales of sports protein and lower raw material costs.

Food: Q1 FY2024 Results by business

Food Solution

(JPY bn)	FY2024 Q1 Results	YoY Change
Net sales	48.1	+2.0% +0.9
Operating profit	1.6	-36.4% -0.9

Net sales

- BtoB: Increased
 - Expanded handling of cream and chocolate by strengthening proposals
- Frozen dessert: Increased
 - Favored mainstay products and value-added new products
- Overseas: Significant growth
 - Drinking milk and cream businesses for the commercial market increased share in major café chains and acquired new customers

Operating profit

- Japan: Increased because of higher sales of frozen dessert
- Overseas: Significant decrease due to cost increase from the operation of new plants in China

Others

(JPY bn)	FY2024 Q1 Results	YoY Change
Net sales	42.6	+2.0% +0.8
Operating profit	0.5	+29.8% +0.1

Net sales

- Increased: Increased sales from subsidiaries handling sugar products

Operating profit

- Increased: Decrease in raw material costs

Next, on page six of the document. The food solutions business includes BtoB and frozen desserts products and cheese for the consumer market.

BtoB grew mainly in cream and chocolate, thanks to efforts to strengthen proposal menus and other measures, which led to new hires and an increase in transaction volume.

In frozen dessert products, sales of mainstay *Essel Super Cup* products were strong. *Dear Milk*, a new product made from 100% dairy product manufactured in Tokachi, also contributed to the increase in sales.

Operating profit decreased for the business as a whole due to increased costs from the operation of new plants in the BtoB business and the ice cream business in China, despite the positive effect of increased sales in frozen dessert products.

Other businesses are as described.

Food: Q1 FY2024 Results by business

Overseas

(JPY bn)

		FY2023 Q1 Results	FY2024 Q1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
China	Net sales	6.0	6.4	+6.8% +0.4	41.8%	15.4
	Op. Profit	-0.3	-2.1	— -1.8	—	-2.8
Asia	Net sales	3.6	6.8	+89.0% +3.2	50.9%	13.3
	Op. Profit	0.2	0.5	+129.8% +0.3	87.6%	0.6
Europe and Americas	Net sales	7.7	9.7	+25.9% +2.0	58.3%	16.6
	Op. Profit	0.6	0.3	-42.7% -0.2	80.8%	0.4
Overseas	Net sales	18.4	22.7	+23.4% +4.3	52.6%	43.1
	Op. Profit	0.0	-2.4	— -2.4	—	-3.2

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China

- Drinking milk and yogurt for the consumer market
 - Decreased both in sales and profit: Narrowed down sales destinations for the execution of the revival plan
- Drinking milk and cream for the commercial market
 - Increased in sales: Increased share in major café chains and acquired new customers
 - Decreased in profit: Cost increase from the operation of new plants
- Chocolate
 - Decreased in sales: Due to sluggish consumption, but have been recovering since June
 - Decreased in profit: Cost increase from the operation of a new plant
- Ice cream
 - Increase in sales in Q1, but we expect to decline from Q2 due to an increase in distributors' inventories caused by poor weather
 - Decreased in profit: Cost increase from the operation of a new plant

Asia

- Increase both in sales and profit: Grown infant formula in Vietnam
- Singapore's preparations made from cocoa for Japan increased sales, but did not affect profit

The U.S.

- Increased in sales: Favored Meiji brand chocolate snacks due to MLB ads and other aggressive marketing activities
- Decreased in profit: Depreciation increased due to investment in production capacity expansion

Then, please look at page seven. I will explain the performance of our overseas business by area.

In China, we are working to improve profitability based on the revival plan in the consumer market's drinking milk and yogurt business. In Q1, sales and profits declined due to the review of unprofitable customers and transaction terms. The same trend will continue in the current fiscal year, but marginal profit margins are improving. We will make steady progress toward recovery in the next fiscal year.

In the commercial drinking milk and cream business, sales expanded due to an increase in market share in major café chains, but operating profit declined due to higher costs associated with the operation of new plants.

Sales in the chocolate business are down but have been gradually recovering since June. Nut chocolates are performing particularly well in the wholesale channel. Operating profit decreased due to higher costs resulting from the operation of a new plant.

In the ice cream business, sales increased compared to the January to March period of the previous fiscal year, but the market was depressed due to unfavorable local weather, and the Company was significantly affected. Operating profit also declined due to higher costs associated with the operation of a new plant.

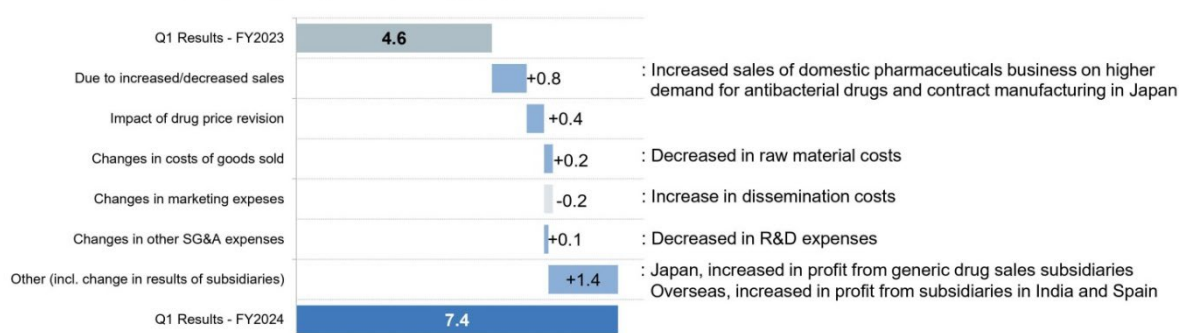
In Asia, sales and profit increased due to strong sales of infant formula in Vietnam. Sales increased significantly in reaction to the drop in the previous fiscal year due to inventory adjustments by distributors.

In the US, sales of Meiji bland products, especially chocolate snacks, were strong due to successful efforts to develop new markets and strengthen promotions. However, operating profit declined due to the increased burden of depreciation expenses associated with the expansion of production capacity.

Pharmaceutical: Summary – Q1 FY2024

(JPY bn)	FY2023 Q1 Results	FY2024 Q1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Net sales	44.1	52.9	+19.8% +8.7	48.7%	108.6
Operating profit	4.6	7.4	+61.2% +2.8	87.0%	8.5

Analysis of changes in operating profit



Next, page eight. This is about the pharmaceutical segment.

Net sales were JPY52.9 billion, up 19.8% YoY. Operating profit was JPY7.4 billion, up 61.2%

YoY.

The increase in sales was due to higher sales of antibacterial drugs and blood plasma products, as well as growth in contract manufacturing sales in Japan. The impact of the NHI drug price revision was a factor in the increase in profit due to the positive revision of antibacterial drugs. Changes in costs of goods sold were also a factor in the increase in profit.

On the other hand, on the cost side, despite a decrease in R&D expenses, an increase in dissemination costs in the domestic business was a factor in the decrease in profit. R&D expenses are on track as expected and are expected to increase significantly from the previous year for the full year as planned at the beginning of the fiscal year.

Changes in results of subsidiaries were a major factor in the increase in profit of the pharmaceutical segment. In Japan, generic drugs sales subsidiaries reported an increase in profit. The completion of the transfer of items from Meiji Seika Pharma contributed to the increase in sales.

Overseas, subsidiaries in India and Spain reported higher profits. In addition to the increase in sales, the Company also benefited from the effect of the yen's depreciation.

For an analysis of changes in operating profit and an overview by business category, you may look at the appendices starting on page 20.

Pharmaceutical: Q1 FY2024

Status of Approval Applications for the Self-amplifying mRNA Vaccine

On May 31, we applied for approval of partial change ahead of the launch to market for our vaccine targeting the 2024/2025 season infectious strain (JN.1)



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Next, page nine. I will explain the status of the application for approval of the self-amplifying mRNA vaccine.

On May 31 of this year, we filed an application for partial change approval for the self-amplifying mRNA vaccine, *Kostaive*. If all goes well, the product is expected to be launched this fall/winter season.

Although there are still some uncertainties such as the inoculation environment and unit price at the timing of market launch, we are confident in the efficacy and safety of the product. We believe that this could become the first choice COVID-19 vaccine when it becomes a routine vaccination.

Kostaive's contribution to our performance is a major factor in achieving our JPY25 billion profit target for the pharmaceutical segment. We will continue to make utmost efforts to bring the product to the market.

Outlook for FY2024 (No revisions)

(JPY bn)	FY2023 Results		FY2024 Plan			
	H1	Full-year	H1	YoY Change	Full-year	YoY Change
Net sales	546.0	1,105.4	561.5	+2.8% +15.4	1,159.0	+4.8% +53.5
Operating profit	44.4	84.3	36.0	-19.0% -8.4	86.0	+2.0% +1.6
Op. profit margin	8.1%	7.6%	6.4%	-1.7 pt	7.4%	-0.2 pt
Profit attributable to owners of parent	27.9	50.6	21.0	-24.8% -6.9	50.0	-1.3% -0.6
EPS (JPY)	100.13	181.64	75.27	-24.86	183.23	-1.59
Cash dividends per share (JPY)	47.50	95.00	50.00	+2.50	100.00	+5.00
Dividend payout ratio	—	52.3%	—	—	114.6%	+62.3 pt
ROE	—	6.9%	—	—	7.0%	+0.1 pt
ROIC	—	6.2%	—	—	7.0%	+0.8 pt
Capital expenditures	25.0	53.4	39.1	+56.2% +14.0	77.0	+44.2% +23.6
Cash flows from operating activities	25.8	107.9	—	—	60.0	-44.4% -47.9
Free cash flows	10.5	83.3	—	—	10.0	-98.8% -82.3

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Finally, please see page 10 of the document. Here is the outlook for the current fiscal year.

Since the Group as a whole is making steady progress in Q1 against the H1 and full-year plan, there is no change at this time to the initial plan figures announced in May.

In the food segment, we aim to expand sales in the BtoB business, in addition to establishing price increases for chocolate and recovering sales of functional yogurt, despite the impact of soaring raw material costs, particularly cocoa beans. Additionally, we will continue to steadily implement the revival plan for the China business to achieve our profit targets.

In the pharmaceutical segment, the vaccine business is a key point. In addition to working on the early shipment of influenza vaccines starting in Q2, the Company aims to steadily carry out the planned launch of the self-amplifying mRNA vaccine, *Kostaive*, in H2 of the year.

That's all for my explanation. Thank you very much for your attention.

Appendices

Consolidated Financial Results for Q1 FY2024

(JPY bn)	FY2024 Q1 Result	YoY Change	Main factors for the change
Net sales	278.7	+6.1% +15.9	— Details on page 1-2 and 8
Operating profit	20.4	+5.1% +1.0	— Details on page 1-2 and 8
Non-operating profit	1.4	+5.3% +0.0	- Foreign exchange gains (+0.1) - Dividend income (-0.1)
Non-operating expenses	1.2	-27.7% -0.4	- Share of loss of entities accounted for using equity method (-0.1)
Ordinary profit	20.7	+8.0% +1.5	—
Extraordinary income	3.5	-35.1% -1.9	- Gain on sale of shares of subsidiaries and associates (-2.7) - Gain on sale of non-current assets (-1.3) - Gain on sale of investment securities (+2.7)
Extraordinary losses	2.1	+4.5% +0.0	- Loss on abandonment of non-current assets (+1.0) - Loss on tax purpose reduction entry of non-current assets (-0.5) - Loss on sale of shares of subsidiaries and associates (-0.5)
Profit before income taxes	22.1	-2.0% -0.4	—
Income taxes-total	7.7	-23.4% -2.3	—
Profit attributable to non-controlling interests	0.4	-49.7% -0.4	—
Profit attributable to owners of parent	13.9	+20.3% +2.3	—

Financial Position as of June 2024

(JPY bn)	Results as of Jun. 2024	Change	Main Factors for Change
Current assets	556.6	-1.1% -6.3	- Cash and deposits (-15.9) - Merchandise and finished goods (+9.0)
Non-current assets	646.0	+0.6% +3.7	- Machinery, equipment and vehicles, net (+2.7) - Buildings and structures, net (+1.5)
Total assets	1,202.7	-0.2% -2.5	—
Current liabilities	317.1	-1.6% -5.1	- Income taxes payable (-9.3) - Provision for bonuses (-4.7) - Commercial papers (+20.0)
Non-current liabilities	94.7	-0.4% -0.3	- Notes and accounts payable-trade (-5.9) - Accrued expenses (-3.8) - Long-term borrowings (-0.9)
Total liabilities	411.9	-1.3% -5.5	—
Shareholders' equity	680.0	-1.5% -10.3	- Treasury shares (-10.1)
Accumulated other comprehensive income	69.4	+23.6% +13.2	- Foreign currency translation adjustments (+14.9)
Non-controlling interests	41.2	+0.0% +0.0	—
Total net assets	790.7	+0.4% +2.9	—
Interest bearing debt	68.9	+38.1% +19.0	- Commercial papers (+20.0)
Equity ratio	62.3%	+0.4 pt	—

Consolidated Cash Flows for Q1 FY2024

(JPY bn)	FY2024 Q1 Results	YoY Change	Main Factors for Change
Cash flows from operating activities	-19.4	-21.8	<ul style="list-style-type: none"> - Decrease in trade payables (-5.9) - Increase in inventories (-4.8) - Income taxes paid (-3.0) - Gain on sale of investment securities (-2.7)
Cash flows from investing activities	9.7	+15.4	<ul style="list-style-type: none"> - Proceeds from sales of investment securities (+19.6)
Cash flows from financial activities	-6.1	-28.6	<ul style="list-style-type: none"> - Net decrease in short-term borrowings (-37.9) - Increase in treasury shares (-10.7) - Increase in commercial papers (+20.0)
Free cash flows	-9.6	-6.4	—

Analysis of Consolidated Operating Profit – Q1 FY2024

(JPY bn)	Consolidated Operating Profit	Food	Pharma	Other
Q1 Results - FY2023	19.4	15.2	4.6	-0.3
Due to increased/decreased sales	+4.2 *1	+3.4	+0.8	—
Impact of drug price revision	+0.4	—	+0.4	—
Changes in costs of goods sold	-2.1 *2	-2.3	+0.2	—
Changes in other SG&A expenses	-1.1 *3	-1.0	-0.1	—
Other (incl. change in results of subsidiaries)	-0.5	-1.8	+1.4	-0.1
Q1 Results - FY2024	20.4	13.5	7.4	-0.4

*1: Including the effect of price increases

*2: [Food] Increase in raw materials costs (incl. domestic raw milk and cocoa beans): -3.1,
Other (incl. decrease in product amount): +0.8

[Pharma] decrease in raw materials costs: +0.2

*3: [Food] Increase in marketing expenses: -1.4, Decrease in other costs: +0.4

[Pharma] Increase in marketing expenses: -0.2, Decrease in other costs: +0.1

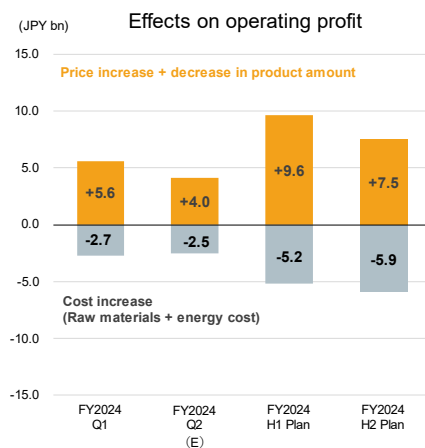
Food: Net Sales and Op. Profit by Business

(JPY bn)		FY2023 Q1 Results	FY2024 Q1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Dairy	Net sales	67.3	67.2	-0.0% -0.0	49.2%	136.7
	Op. profit	5.2	4.8	-5.9% -0.3	43.8%	11.1
Chocolate	Net sales	34.8	37.3	+7.1% +2.4	52.8%	70.7
	Op. profit	3.2	2.2	-29.2% -0.9	79.0%	2.9
Nutrition	Net sales	27.4	30.5	+11.0% +3.0	52.1%	58.6
	Op. profit	3.8	4.1	+10.3% +0.3	40.7%	10.3
Food solutions	Net sales	47.2	48.1	+2.0% +0.9	46.8%	102.9
	Op. profit	2.5	1.6	-36.4% -0.9	30.8%	5.2
Other	Net sales	41.8	42.6	+2.0% +0.8	50.6%	84.3
	Op. profit	0.4	0.5	+29.8% +0.1	167.6%	0.3
[Included in the above] Overseas	Net sales	18.4	22.7	+23.4% +4.3	52.6%	43.1
	Op. profit	0.0	-2.4	— -2.4	—	-3.2

Food: Sales by Main Product for Q1 FY2024

(JPY bn)	FY2023 Q1 Results	FY2024 Q1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Yogurt	19.7	19.6	-0.6%	49.7%	39.4
Functional yogurt	23.9	22.6	-5.7%	47.4%	47.5
Cheese	7.2	6.6	-8.5%	50.1%	13.2
Chocolate	21.3	23.1	+8.8%	54.3%	42.6
Infant formula and enteral formula	17.2	17.0	-1.6%	48.0%	35.4
Sports nutrition (incl. SAVAS Milk Protein)	12.7	13.5	+6.3%	48.0%	28.1
Drinking milk, milk for home delivery	18.3	19.2	+5.3%	50.7%	37.9
Ice cream	11.7	12.8	+9.4%	45.3%	28.2

Food: Strategies to Overcome Cost Increase



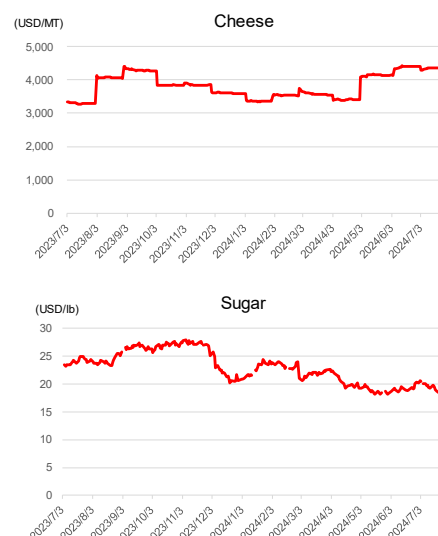
- In Q1, price increases covered raw material cost increase

● Price Increases in FY2023 and FY2024

Apr. 2023	Chocolate and gummy	+5 to +10%
	Yogurt	+4 to +6%
	Functional Yogurt	+4%
	Cheese	+6 to +13%
	SAVAS (powder)	+4 to +5%
	SAVAS Milk	+2 to +7%
May 2023	Infant formula	Approx. +8%
	Commercial liquid diet	+4 to +9%
Jun. 2023	Some of chocolate and gummy	+8%
Aug. 2023	Yogurt	+1 to +3%
	Milk	+4 to +11%
Oct. 2023	Chocolate and gummy	+4 to +24%
Dec. 2023	Cream	Approx. +4 %
	Butter	Approx. +7 %
Jun. 2024	Chocolate and gummy	+3 to +33%
Sep. 2024	Ice cream	+5 to +11%
Oct. 2024	Chocolate and snacks	+6 to +31%

Market Prices of Main Raw Materials Imported

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Pharmaceutical: Analysis of Operating Profit – Q1 FY2024

(JPY bn)	Segment Total	Domestic pharmaceuticals (Japan)	Overseas pharmaceuticals	Vaccines and Veterinary drugs
Q1 Operating Profit – FY2023	4.6	3.9	1.7	-1.0
Due to increased/decreased sales	+0.8	+1.0	+0.2	-0.4
Impact of drug price revision	+0.4	+0.4	–	–
Changes in COGS	+0.2	+0.2	+0.1	-0.0
Changes in other SG&A expenses	-0.1	-0.7	+0.0	+0.6
Change in marketing expenses	-0.2	-0.3	-0.0	+0.1
Change in other expenses (R&D expenses)	+0.1 (+0.2)	-0.4	+0.0	+0.5
Other (incl. change in results of subsidiaries)	+1.4	+1.3	+1.1	-0.9
Q1 Operating Profit – FY2024	7.4	6.1	3.0	-1.7

Pharmaceutical: Net Sales and Op. Profit by Business

(JPY bn)		FY2023 Q1 Results	FY2024 Q1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Domestic pharmaceuticals (Japan)	Net sales	24.5	28.4	+15.7% +3.8	53.6%	53.1
	Op. profit	3.9	6.1	+53.9% +2.1	84.0%	7.3
Overseas pharmaceuticals	Net sales	13.2	18.6	+40.4% +5.3	58.5%	31.9
	Op. profit	1.7	3.0	+76.4% +1.3	—	-0.4
Vaccines and Veterinary drugs	Net sales	6.3	5.8	-7.9% -0.5	24.6%	23.6
	Op. profit	-1.0	-1.7	— -0.6	—	1.6

Pharmaceutical: Q1 FY2024 Results by business

■ Domestic pharmaceuticals (Japan)

(JPY bn)	FY2024	
	Q1 Results	YoY Change
Net sales	28.4	+15.7% +3.8
Operating profit	6.1	+53.9% +2.1

- Net sales
 - Significant growth: In addition to antibacterial drugs *Sulbacillin* and *Tazopipe*, blood plasma products and the sales of contract manufacturing are also favorable
- Operating profit
 - Increased: Sales volume growth, the positive impact of NHI drug price revisions, and the increase in profit from a generic drug sales subsidiary contributed to higher profit

■ Overseas pharmaceuticals

(JPY bn)	FY2024	
	Q1 Results	YoY Change
Net sales	18.6	+40.4% +5.3
Operating profit	3.0	+76.4% +1.3

- Net sales
 - Increased: The positive impact of foreign exchange and growth subsidiaries in India and Spain
- Operating profit
 - Increased: Increased in sales from subsidiaries in India and Spain

Pharmaceutical: Q1 FY2024 Results by business

■ Vaccines and Veterinary drugs

(JPY bn)	FY2024	
	Q1 Results	YoY Change
Net sales	5.8	-7.9% -0.5
Operating profit	-1.7	— -0.6

- Net sales
 - Decreased in sales of fourin-one combination vaccine
 - Contract revenues accrued in the previous period but not accrued in the current period
- Operating profit
 - Contract revenues accrued in the previous period but not accrued in the current period
 - Increased R&D expense in a subsidiary

Pharmaceutical: R&D Pipeline - 1

	Code No. (Generic Name)	Efficacy Classification	Target Disease	Stage
Infectious disease	OP0595* (Nacubactam)	β -lactamase inhibitor	Infections caused by carbapenem-resistant bacteria	Phase III (Japan, Overseas)**
Immune system	KD-380	Blood plasma product	Induction and maintenance therapy for patients with chronic inflammatory demyelinating polyneuropathy (CIDP) and multifocal motor neuropathy (MMN) (Immunoglobulin preparation)	Phase III (Japan)
New fields	ME3208 (Belumosudil)	ROCK2 inhibitor	Chronic Graft Versus Host Disease	Launched (Japan), Product name: REZUROCK Tablets (Launched on May 22, 2024) Filed (South Korea, Taiwan, Thailand)
	DMB-3115	Biosimilar	Plaque psoriasis/ Psoriatic arthritis/ Crohn's disease/ Ulcerative colitis	Filed (Overseas) Phase I (Japan)
	HBI-8000 (Tucidinostat)	Histone deacetylase (HDAC) inhibitor	Unresectable or metastatic melanoma	Phase III (Japan, Overseas)**
	ME3183*	Selective PDE4 inhibitor	Psoriasis	Phase II (Overseas)
	HBI-8000 (Tucidinostat)	Histone deacetylase (HDAC) inhibitor	Relapsed or refractory B-cell non-Hodgkin's lymphoma	Phase Ib / II (Japan)

*Discovered in-house
**Multi-Regional Clinical Trials

Pharmaceutical: R&D Pipeline - 2

	Code No. (Generic Name)	Efficacy Classification	Target Disease	Stage
Vaccine	KD-370	Vaccine	Pentavalent vaccine against diphtheria, tetanus, pertussis, poliovirus, and Haemophilus influenzae type b (Five-in-one combination vaccine)	Launched (Japan), Product name: Quintovac Aqueous Suspension Injection (Launched on March 14, 2024)
	ARCT-154	Vaccine	Self-amplifying mRNA vaccine against COVID-19 (Original strain)	Approved (Japan) Product name: Kostaive
	Kostaive	Vaccine	Self-amplifying mRNA vaccine against COVID-19 (Omicron strain JN.1)	Partial change approval application (Japan) - Trial data of ARCT-2301 was used for the partial change approval application (Omicron strain JN.1)
	KD-414	Vaccine	Inactivated vaccine against COVID-19 (Adults, Original strain)	Phase III (18-40 years old, Japan)**
	KD-414	Vaccine	Inactivated vaccine against COVID-19 (Pediatric, Original strain)	Phase III (6 months - 11 years old, Japan)
	KD-414	Vaccine	Inactivated vaccine against COVID-19 (Pediatric, Omicron strain)	Phase III (6 months - 12 years old, Japan)
	KD2-396	Vaccine	Hexavalent vaccine against diphtheria, tetanus, pertussis, poliovirus, Haemophilus influenzae type b, and Hepatitis B virus (Six-in-one combination vaccine)	Phase II (Japan)
	KD-382	Vaccine	Quadrivalent vaccine against dengue fever	Phase I (Overseas)

*Discovered in-house
**Multi-Regional Clinical Trials

Pharmaceutical: R&D Pipeline - 3

	Code No.	Efficacy Classification	Stage
Veterinary Drugs	ME4137	Injectable antibacterial drug for cattle	Launched (Japan), Product name: FORCYL (Launched on May 27, 2024)
	ME4137	Injectable antibacterial drug for swine	Filed (Japan)
	KD-412*	Vaccine for cattle	Filed (Japan)
	MD-22-3002	Anti-inflammatory drug for cattle, swine and horse	Filed (Japan)
	ME4305*	Antibacterial drug for cattle	Under development
	MD-22-1001-1	Injectable antibacterial drug for cattle	Under development
	ME4406*	Feed Additive	Under development

*Discovered in-house

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