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**Meiji Holdings Co., Ltd.**  
**Financial Results for the H1 of FYE March 2025 (FY2024)**  
**The Presentation Scripts**

November 11, 2024, 4:00 – 5:30 pm

**Presenter:**

Kazuo Kawamura

CEO, President and Representative Director

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## Financial Results for the H1 of FYE March 2025 (FY2024)

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

November 11, 2024

Meiji Holdings Co., Ltd.

**Kawamura:** I am Kawamura, CEO. Thank you very much for taking the time to join us today. I would also like to take this opportunity to express our gratitude for your continued support.

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1. Financial Summary for the H1 of FY2024
2. Outlook for the H2 and Full -year of FY2024

Today, I will go over the key points as shown.

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## 1. Financial Summary for the H1 of FY2024

## Summary for H1 FY2024 Consolidated Results

(JPY bn)	FY2023 H1 Results	FY2024 H1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Net sales	546.0	569.0	+4.2% +22.9	+1.3% +7.5	561.5
(Overseas sales)	64.9*	76.7	+18.3% +11.8	+2.2% +1.6	75.0
Operating profit	44.4	44.3	-0.1% -0.0	+23.3% +8.3	36.0
Op. profit margin	8.1%	7.8%	-0.3pt	+1.4pt	6.4%
Profit attributable to owners of parent	27.9	26.8	-3.8% -1.0	+27.9% +5.8	21.0
EPS (JPY)	100.13	97.66	-2.47	+22.39	75.27

- Sales: Increased both in Food and Pharmaceutical segments, in line with the initial plan
- Operating profit: Flat as H1 FY2023. Pharmaceutical segment posted significant profit increase, greatly exceeding the initial plan as a whole
- Profit attributable to owners of parent: Decreased mainly from absence of gain on sale of shares of subsidiaries and associates, associated with the transfer of a subsidiary, recorded in the previous FY

First, regarding the H1 results for FY2024. Consolidated net sales for H1 were JPY569.0 billion, a 4.2% increase YoY. Operating profit was JPY44.3 billion, roughly in line with the same period last year. Compared to the initial plan, operating profit exceeded by JPY8.3 billion, primarily due to a significant increase in profit within the pharmaceutical segment.

On the other hand, profit attributable to owners of parent was JPY26.8 billion, a 3.8% decrease YoY. This decline was mainly due to a reduction in extraordinary income, such as gains on sales of shares of affiliates recorded in the same period of the previous year. Compared to the initial plan, profit attributable to owners of parent exceeded by JPY5.8 billion, driven by the significant increase in operating profit.

## Food: Summary – H1 FY2024

(JPY bn)	FY2023 H1 Results	FY2024 H1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Net sales	445.4	455.4	+2.2% +9.9	+0.5% +2.0	453.3
Operating profit	29.6	27.6	-6.9% -2.0	-7.8% -2.3	30.0



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Next, an overview by segment.

Net sales in the food segment were JPY455.4 billion, an increase of 2.2% YoY, landing almost in line with the plan. Operating profit decreased by 6.9% YoY to JPY27.6 billion. However, in Japan, profit increased, with the profit decline in overseas business significantly impacting the result.

Looking at the factors of increase and decrease, as shown in the graph, rising raw material costs caused a JPY8.0 billion decrease in profit. Conversely, price increases had a positive effect of JPY9.1 billion, and measures such as product amount change contributed JPY1.1 billion. Covering the negative impact of volume and product mix, which added JPY1.0 billion, we managed to offset the increase in costs. Distribution and marketing expenses resulted in a JPY700 million negative factor, while other expenses, such as indirect manufacturing costs,

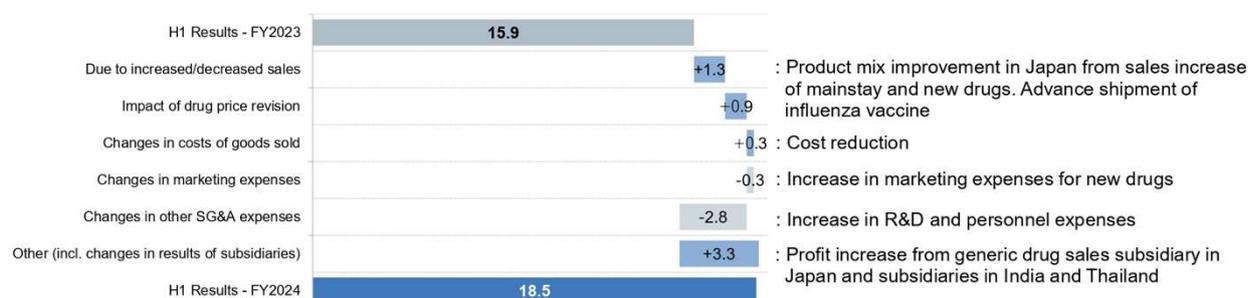
provided a JPY100 million positive factor.

Subsidiaries were a negative factor of JPY2.5 billion. While subsidiaries in Asia and the feed business saw increased profits, subsidiaries in China and the Americas experienced declines.

## Pharmaceutical: Summary – H1 FY2024

(JPY bn)	FY2023 H1 Results	FY2024 H1 Results	YoY Change	vs. H1 Plan	FY2024 H1 Plan
Net sales	100.8	113.8	+12.9% +13.0	+4.9% +5.2	108.6
Operating profit	15.9	18.5	+16.7% +2.6	+117.5% +10.0	8.5

### Analysis of changes in operating profit



Next, the pharmaceutical segment.

Net sales were JPY113.8 billion, a 12.9% increase YoY. Operating profit was JPY18.5 billion, up 16.7% YoY, marking an increase in both sales and profit. As shown in the graph, sales of our mainstay injectable antibiotics and *REZUROCK* launched in May grew. Additionally, early shipments of influenza vaccines contributed to a JPY1.3 billion increase in profit.

The impact of NHI drug price revisions resulted in a JPY900 million positive factor due to price increases for antibacterial drugs. Cost reduction contributed JPY300 million to profit. On the other hand, marketing expenses for *REZUROCK*, *Quintovac*, a five-in-one combination vaccine along with increases in R&D and personnel expenses, combined to result in a JPY3.1 billion negative factor.

Subsidiary profit and loss provided a JPY3.3 billion positive factor. In Japan, the generic drugs sales company saw an increase in profit, aided by revenue growth resulting from completed product transfers from Meiji Seika Pharma's main business unit. Overseas, subsidiaries in India and Thailand saw an increase in profits.

This concludes the key points of H1 financial results. With respect to the full-year plan, while there are variances in progress among individual businesses, we view the overall group performance as progressing smoothly.

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## 2. Outlook for the H2 and Full-year of FY2024

## Outlook for H2 and Full-year of FY2024

		(JPY bn)							
		FY2024 H1 Results	YoY Change	FY2024 H2 Plan (Rev. Nov)	YoY Change	FY2024 H2 Plan (Int. May)	FY2024 Full-year Plan	YoY Change	
Consolidated	Net sales	569.0	+4.2% +22.9	589.9	+5.5% +30.5	597.5	1,159.0	+4.8% +53.5	
	Operating profit	44.3	-0.1% -0.0	41.6	+4.3% +1.7	50.0	86.0	+2.0% +1.6	
	Profit attributable to owners of parent	26.8	-3.8% -1.0	23.1	+1.7% +0.3	29.0	50.0	-1.3% -0.6	
Food	Net sales	455.4	+2.2% +9.9	458.4	+0.8% +3.8	460.5	913.8	+1.5% +13.7	
	Operating profit	27.6	-6.9% -2.0	38.3	+10.8% +3.7	36.0	66.0	+2.6% +1.6	
Pharma	Net sales	113.8	+12.9% +13.0	131.9	+25.4% +26.6	137.2	245.8	+19.3% +39.7	
	Operating profit	18.5	+16.7% +2.6	6.4	-4.9% -0.3	16.5	25.0	+10.2% +2.3	
HD/ Elimination	Net sales	-0.3	— -0.0	-0.4	+0.0	-0.2	-0.7	— +0.0	
	Operating profit	-1.8	— -0.6	-3.2	— -1.6	-2.5	-5.0	— -2.3	

- No change for consolidated Full-year plan. Aim to achieve the initial plan through measures adapted to market conditions
- No change for Full-year plan by segment, while reviewing net sales and operating profit for each business under segment

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Next, I will explain the outlook for H2 and the full year.

Firstly, in terms of figures, there is no change to the full-year plan. For both the food and pharmaceutical segments, we aim to achieve the initial targets. However, based on H1 progress, we have revised both sales and profit forecasts for specific businesses within each segment. For H2 alone, consolidated net sales are planned at JPY589.9 billion, a 5.5% increase YoY.

Operating profit is expected to increase by 4.3% to JPY41.6 billion, with growth anticipated in the food segment and a decline expected in the pharmaceutical segment. I will now explain this in more detail.

## Food: Progress of the Full-year Plan

(JPY bn)		FY2024 H1		FY2024 H2		FY2024 Full-year	
			YoY change		YoY change		YoY change
Operating profit	Int. Plan (May 10)	30.0	+1.1% +0.3	36.0	+4.0% +1.3	66.0	+2.6% +1.6
	H1 results H2/Full-year rev. plan (Nov 11)	27.6	-6.9% -2.0	38.3	+10.8% +3.7	66.0	+2.6% +1.6
	Difference	-2.3	—	+2.3	—	—	—

Aim to achieve initial operating profit plan for the full-year

### Major factors for change

- Cost increase in cocoa, exceeding our plan
- Negative change in product mix in Japan. High profitability products such as functional yogurt and infant formula fell short of the plan
- Profit decreased for frozen dessert business in China

- In response to cocoa cost increase, reviewed price for B2B from Sep, implementing price increase of approx. 20% for B2C chocolate in Oct
- Improve product mix in Japan
  - Functional yogurt: Enhance products other than R-1
  - Infant formula: Stimulate inbound demand
  - Promote product strategy leveraging strong brand such as *Meiji Bulgaria Yogurt* and *Meiji Oishii Gyunyu*
- For frozen dessert in China, will not expect it to contribute to performance given non-demand period

First, the food segment.

While operating profit is expected to be flat for the full year, the plan for H2 targets a 10% increase in profit to offset the H1 decline. There were three main factors for the variance in H1.

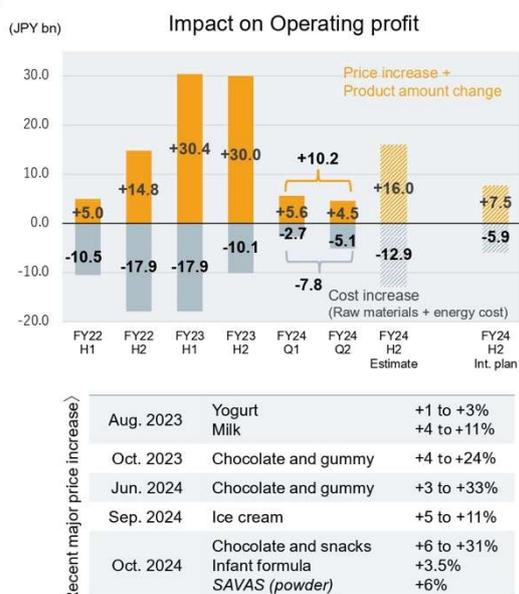
The first factor is a rise in cocoa raw material costs, which exceeded our initial plan. In response to this, we revised prices for the BtoB business in September and implemented a 20% price increase for commercial chocolate in October.

The second factor is the impact of a product mix shift, with high-margin products such as probiotics and infant formula not meeting initial targets. In H2, we plan to recover by strengthening these areas and implementing a product strategy leveraging brand power.

The third factor is the underperformance of the ice cream business in China. However, as H2 is an off-season for ice cream, the initial plan does not expect a significant contribution, and we do not anticipate variances similar to those in H1.

With these assumptions, we have set our H2 outlook, and I will now explain specific initiatives going forward.

## Food: Overcome Cost Increase, Realizing Value-Added Strategy



- Peaking in during FY2022-2023, when prices soared for all raw materials, cost increases are beginning to level off. In addition to rapid FX fluctuations, risks still remain in cost increase for some raw materials
- Continue to pursue value-added strategy from products and marketing perspectives to maintain and increase profitability, even in the event of continued cost increases



First, let's discuss our approach to managing rising costs.

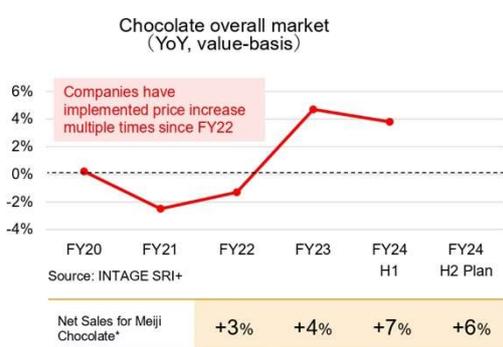
As shown in the graph on the left, while cost increases seemed to peak in H1 of FY2023, risks remain, especially with FX fluctuations and a sharp rise in cocoa raw material prices.

Our initial estimate for H2 cost increases was JPY5.9 billion, but we have revised this to JPY12.9 billion. Of this JPY7.0 billion adjustment, JPY4.8 billion is attributed to cocoa raw materials. We have already implemented price increases in response, but with a 20% adjustment rate, there are concerns about the impact on volumes.

Previous price increases also led to short-term impacts on volume; however, we have been proactive in minimizing these impacts by implementing marketing investments early on. At the same time, we are actively working to strengthen our product appeal, which we would like you to recognize.

While initiatives like the structural reform of our *Meiji Bulgaria Yogurt* product line may take time to show results, we believe that without efforts to enhance product appeal and pursue added value, profitability improvements will not be realized. We will continue to address future cost increases by combining price increases with strengthened marketing and product appeal.

Chocolate business  
**Food: Promote Product / Marketing Strategy, not Affected by Rising Raw Materials Prices**



Procurement status of cacao raw materials

- Cocoa beans: Securing amount necessary for production enabled by varied procurement sources
- Cocoa butter: Shorter inventory period compared to cocoa beans, susceptible to market environment

〈Cacao raw material procurement cost / Year-on-year change (JPY)〉

	Int. Plan	Results / Rev. Plan	Difference
H1	+2.3bn	+4.8bn	+2.5bn
H2	+2.3bn	+7.1bn	+4.8bn

- Review products specification without affecting strengths and brand value
- Strengthen value appeals such as taste and health value for products that focus on cacao raw materials
- Promote ethical consumption through disseminating information related to Meiji Cacao Support (MCS)

Let's start with the cocoa business, which is most impacted by rising raw material costs.

Cocoa raw material costs increased by JPY2.5 billion in H1 and are expected to rise by an additional JPY4.8 billion in H2, beyond our initial estimates. The impact is particularly severe for cocoa butter, given its shorter inventory period.

As shown in the graph on the left, while we already have raised prices multiple times since FY2022, so we consider this October price increase somewhat a challenge, although competitors also have raised prices. Naturally, this might have a greater impact on volumes than before. Therefore, where possible, without affecting brand value, we are working on revising product specifications.

On the other hand, for products like *Chocolate Kouka* where the cocoa raw material is directly tied to the product's inherent value, we will maintain the specifications and continue to emphasize the value through marketing investments. We will also enhance our efforts to communicate the rarity and value of cocoa. A survey conducted in March showed that customers who learned about our sustainable cocoa initiatives made approximately 1.7 times more purchases compared to those unaware of them. To link the appeal of sustainability with increased sales and customer loyalty, we will actively share this information through our website and product packaging.

Chocolate business

## Food: Strengthen Promoting through Growing Sales Channels

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- Capture inbound demand
  - Enhanced marketing to raise brand awareness (incl. posting information by SNS influencers)
  - Promotion in sync with multi-language products site
  - Themed promotions at sales stores (Japanese essence, *Kinoko no Yama vs Takenoko no Sato*, *Kawaii* etc.)
  - Strengthen popular brands lineup (Matcha flavor, sales period/channel limited edition)
    - **Contribute to overseas growth, by linking consumption experiences in Japan to purchases in home countries**



Launched in Oct in response to inbound demand  
Upper: Meiji Almond Chocolate Matcha Flavor  
Lower: Meiji Macadamia Chocolate Matcha Flavor



Multi-language products site

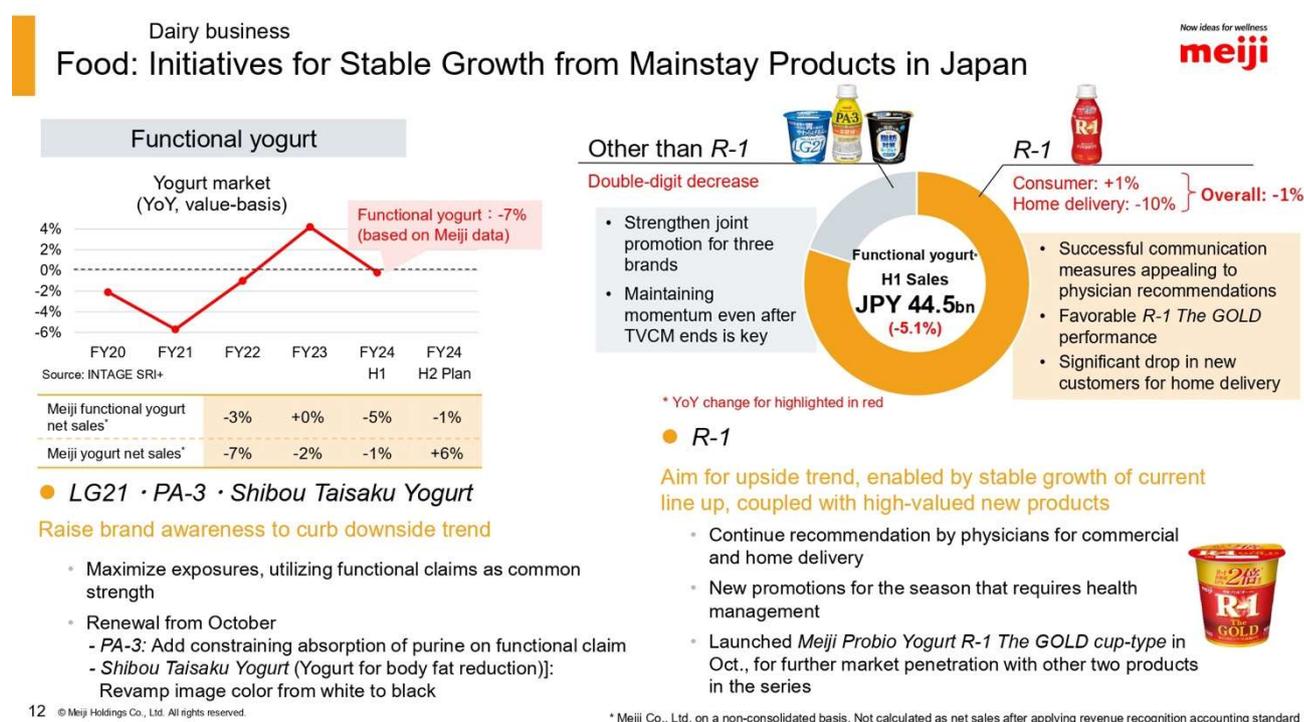
- Expand E-commerce sales
  - Proportion of purchases through e-commerce is rising from its high level of convenience  
TV exposures which promote the health value of cocoa contributes to consumers' purchase actions
    - **Further strengthen marketing focused on e-commerce**

Additionally, we will adjust our channel strategy.

Our focus will be on capturing inbound demand and strengthening e-commerce. In particular,

inbound demand is significant, not only for souvenirs but also for purchases made during tourists' stays, which highlights their growing role as a customer base for confectionery. This customer segment, which is less deterred by price comparisons with the past, presents an opportunity to strengthen our approach across products, marketing, and retail environments.

Specifically, in stores frequented by tourists, we are creating displays themed around Japanese ingredients and enhancing our product line to better appeal to inbound demand. We are also collaborating with marketing efforts in various countries to encourage purchases once these tourists return home. Through these efforts, we aim to minimize the impact from price increases on H2 sales and achieve overall profit growth across the business, including overseas markets.



Next, let's discuss our core products in the dairy business, such as probiotics.

As shown in the left graph, the yogurt market in H1 remained steady YoY. However, functional yogurts alone saw a challenging 7% decline.

The right pie chart shows the status of our probiotics, with H1 sales down by 5%. However, *R-1* showed only a 1% decrease, and if we focus on consumer segment, it even showed a 1% increase, which we consider a positive outcome. This success is due to the physician-recommended messaging resonating as a selling point at retail and the growth of the high-priced *R-1 The GOLD*, which has attracted new customers.

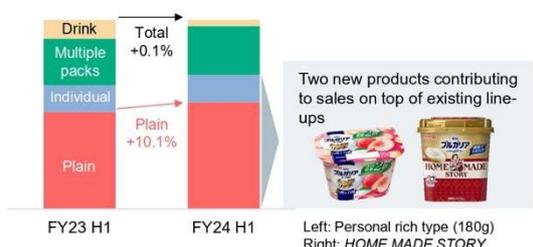
In October, we launched a cup type of *R-1 The GOLD*, and we plan to maintain a positive trend by focusing on the stable growth of existing products and the mix improvement driven by *R-1 The GOLD*'s growth. As for the home delivery segment, which remains a challenge, we will strengthen the physician-recommended messaging that has proven effective in retail.

On the other hand, the three brands other than *R-1* all saw double-digit declines in H1. To address this in H2, we will strengthen promotions. While it may be challenging to invest in marketing for individual products, we will leverage the common feature of functional labeling to conduct joint promotions. Additionally, both *PA-3* and *Shibou Taisaku Yogurt* have been renewed, and we intend to use these initiatives to curb the downward trend.

Dairy business  
Food: Initiatives for Stable Growth from Mainstay Products in Japan

*Meiji Bulgaria Yogurt*

Sales by brand type\*



Impact from drink type structural reforms settled For H2, will further strengthen product line up for profitability

- Further growth with high value-added HOME MADE STORY
- Promote individual-type products given changing lifestyle
- Propose value of yogurt suggesting various eating habits

*Meiji Oishii Gyunyu*



Source: INTAGE SRI+

Meiji drinking milk net sales (consumer/delivery)	FY21	FY22	FY23	FY24 H1
	-6%	+4%	+3%	+5%

In market with polarization advancing, will promote product and marketing strategy that leverages our brand strengths

- Continue TVCM for brand promotion
- Develop new products to expand milk consumption
  - Launched Oishii Milk Coffee in Oct
- Optimize production structure



Next, regarding *Meiji Bulgaria Yogurt*. H1 sales were overall in line with the previous year, with plain varieties up by 10% and both individual-type and multi-packs showing growth, indicating that the decline in drink-type yogurt impacted the overall results. Since this impact ended in H1 and will not be given in H2 onward, we expect the growth in plain varieties to contribute positively to performance.

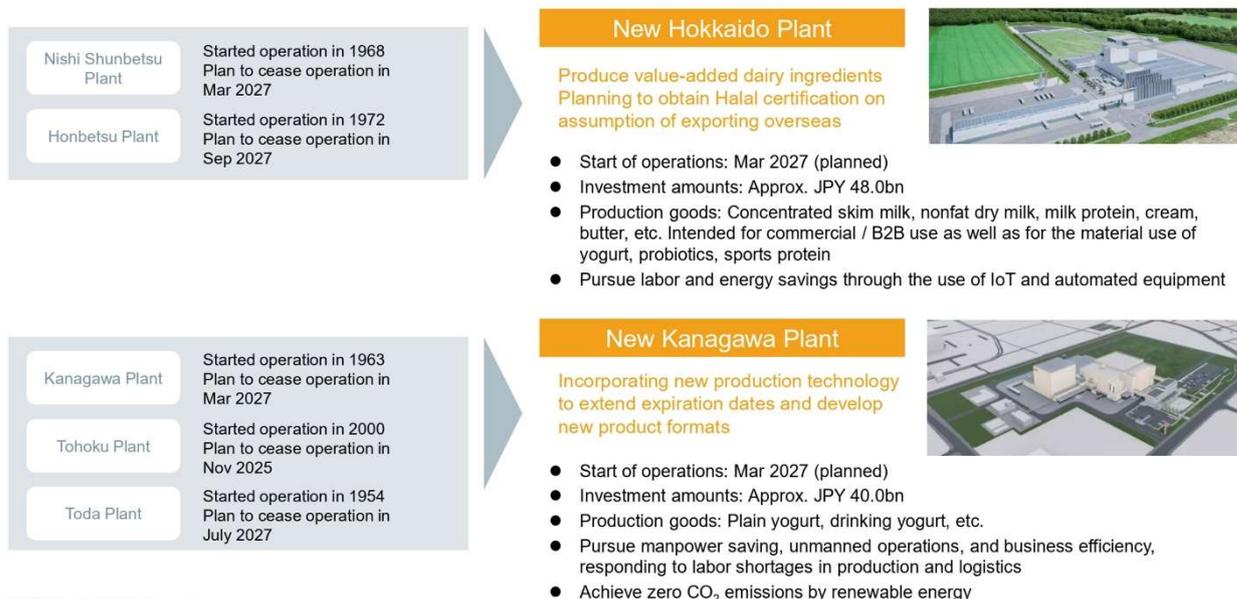
Of course, it's not just a matter of recovering naturally. We aim to further amplify strengths where they exist. We will enhance the appeal of high-value-added products, including the plain yogurt line, *HOME MADE STORY*, and launch new products.

Next, let's discuss *Meiji Oishii Gyunyu*. According to SRI data, the milk market grew approximately 3% YoY in H1. While private-label products, which expanded due to a

preference for low prices, grew in line with the market, our *Meiji Oishii Gyunyu* saw a 6% increase, which we attribute to the strong brand power driving this difference.

To achieve profitability in the drinking milk business, appropriate price adjustments and an increased proportion of high-value-added products were necessary. In this context, we have strengthened the product line under the *Oishii* brand, with our October launch of *Oishii Milk Coffee* performing favorably. We will continue to promote the value of the *Oishii* brand in H2, including through television commercials.

## Food: Establish Optimal Production System to Improve ROIC by Business



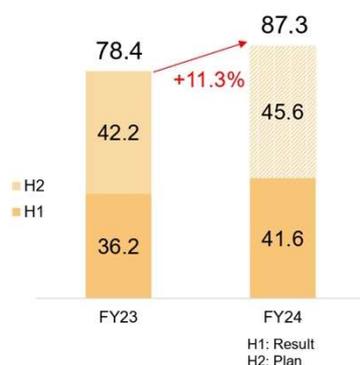
Additionally, in Japan, we are steadily optimizing the production system. The new Hokkaido plant announced last December consolidates production of items like nonfat dry milk powder, which will impact not only the dairy business but also nutrition, food solutions, and other

segments.

Furthermore, the new Kanagawa plant announced in September will consolidate yogurt production, representing an investment focused on the dairy business. While the new plants are scheduled to come online later, the production halt at certain facilities is planned for the next fiscal year. This investment will enable cost reductions by optimizing production capacity and reducing fixed costs, such as personnel expenses. Additionally, we plan to introduce new production technologies to strengthen our product lines of high-value-added products and improve ROIC.

### Food: Enhance and Expand B to B business, by Leveraging New products and Technologies

Domestic B to B business\* net sales (JPY bn)



**Aim for steady growth based on a balanced structure, instead of relying on any specific sales channel**

- Differentiation and profitability improvement, enabled by proprietary technological products
  - *Lumieije*: Cream that contains only 18% plant-based fat but can be whipped in a short amount of time
  - *Mizuneri Nama Chocolat*: Can be stored for long periods at raw temperature, based on a unique water-containing mixing process
  - *CACAOLOR*: Cream with the natural aroma and flavor of cocoa that uses no artificial fragrances
- Promote sales of materials in pursuit of uniqueness
  - Original materials, utilizing our expertise in cacao research such as cacao granule
  - Develop new milk materials, that can be produced at new plants
- Sales channel expansion for our brand
  - Utilize our brand competitiveness in commercial market for B2B market



Example of utilizing Bulgaria brand

\*B to B business is included into Food solutions for category

Next, I will explain the Japan BtoB business, which we have positioned as a growth driver.

Sales from the Japan BtoB business are included in the food solutions business, which may

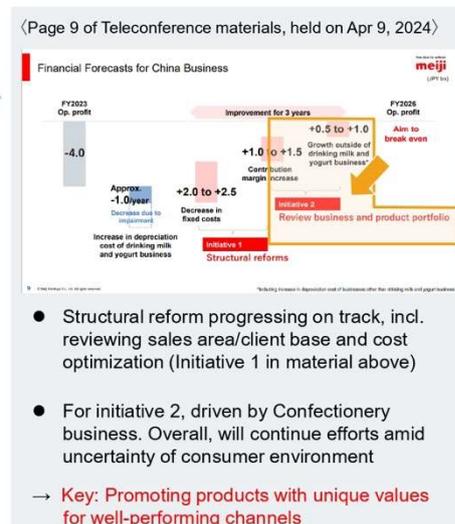
have made it challenging to grasp the full picture; however, as shown in the bar graph on the left, it is expected to expand to JPY87.3 billion this fiscal year.

A major area of growth is processed food products for professional use based on unique technologies, as indicated on the slide. Moving forward, we will expand our focus to include ingredients developing differentiated products. By increasing sales of these core products, we aim to enhance profitability across the entire business.

This concludes the key points of our domestic business.

### Food: China Business ~Progress of Profitability Improvement Plan~

(JPY bn)		FY2024 H1 Results	FY2024 H2 Plan (Rev. Nov)	FY2024 Full-year Plan (Rev. Nov)	YoY Change	vs. Int. Plan
China	Net sales	11.3	13.6	25.0	+2.5% +0.6	-19.5% -6.0
	Op. Profit	-4.6	-2.7	-7.4	— -3.6	— -1.7
Asia	Net sales	15.2	13.6	28.9	+59.4% +10.7	+6.9% +1.8
	Op. Profit	0.8	0.8	1.6	+4.7% +0.0	+10.2% +0.1
Europe Americas	Net sales	19.1	17.7	36.9	+12.6% +4.1	+7.2% +2.4
	Op. Profit	0.8	1.1	1.9	-18.5% -0.4	+20.3% +0.3
Overseas	Net sales	43.2	39.4	82.6	+6.3% +4.9	-6.4% -5.6
	Op. Profit	-4.7	-2.5	-7.2	— -4.8	— -1.1



Next, let me provide an overview of our overseas business.

As shown in the table on the left, the full-year forecast for overall overseas sales has been

revised downward to JPY82.6 billion, with operating profit adjusted to a loss of JPY7.2 billion, both lower than the initial plan. By region, China's sales and operating profit forecasts have been revised downward based on H1 results, but other regions are performing well and are expected to exceed the initial full-year plan in both sales and profit.

Let's start with the situation in China. In H1, ice cream underperformance impacted results, but structural reforms outlined in our revival plan, such as reassessing sales channels, are progressing as planned. In the short term, sales are declining, but the contribution margin is improving, and the focus now is on how to increase profit amounts.

Expanding unique, high-value-added products is essential to achieving this, even amid a sluggish consumer environment. We are advancing efforts to broaden our initiatives in high-value-added areas that continue to grow despite market conditions.

## Food: China Business

### ~Differential Advantage through Meiji Unique Products~

#### Drinking milk and yogurt for consumers

- Enhance high-value added lineup
- Strengthen marketing activities
  - Tie-up with Japanese animation
  - Share best practices of favorable sales stores for sales expansion
- Explore new channels



Hokkaido Flavor Yogurt  
Drink-type launched  
in Aug, following  
cup-type



#### Frozen dessert

##### <Market condition>

- For 2024 season, trended roughly -20% YoY due to the acceleration of low-priced sales impacted by weather fluctuations and overstocking. Project market inventory levels to normalize by next season
- Rational consumption expanding, leading to increased demand for low-priced products

- Enhance product line-up for next season
  - Pursue differential advantage, utilizing production lines at new Shanghai plant
  - Enrich low-to-mid priced products accommodating consumers' sentiment
- Expand business area
- Explore new channels



In the confectionery business, the wholesale clubs channel is expanding, with differentiated products like *Almond Chocolate*, which stand out for their taste and technology, performing favorably.

Based on these insights, we are enhancing the development of high-value-added products in our drinking milk and yogurt business by leveraging the perspectives of local staff. In terms of marketing, we are incorporating local trends through tie-up campaigns and other initiatives.

For the ice cream business, we are working to strengthen product appeal in preparation for the next season, which starts in the latter half of H2. Specifically, we are focusing on developing new products using our new plant and enhancing our lineup in the low- and mid-price segments. Additionally, we are exploring new channels for both businesses, including utilizing distributors.

Our strategy remains to focus on deploying unique, high-value-added products across strong-performing channels.

China / Asia / Europe and Americas Business  
**Food: Foster Global Brand, Establishing Global Production System**



Hello Panda Overseas Net Sales (JPY bn)



- Hello Panda, available only in overseas, grown to match the scale of Japanese main confectionery brand

- The U.S.: As driving force, will expand production capacity through approx. JPY 4.0bn
- Aim to expand sales area/stores in response to robust demand



- Grow into a global brand with a focus on confectionery products by differentiating by deliciousness and manufacturing technology
  - Kinoko no Yama (Choco rooms) : Available in more than 10 countries/ areas
  - Enhancing marketing utilizing SNS in each country, in sync with measures for inbound demand in Japan
- Effectively utilize production capabilities across globe
  - Hello Panda Pretzel: Produce at Sakado plant in Japan to ship for the U.S.
  - Gummy Chocolate: Produce at Shanghai plant to ship for Japan

Hello Panda Pretzel  
 New product available from Oct in the U.S.



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\* Kinoko no Yama / Takenoko no Sato, Nuts Chocolate, Chocolate Kouka and others

Next, let's discuss the confectionery business in China, Asia, and the U.S.

Our flagship product, *Hello Panda*, is expected to generate JPY19.9 billion in sales this fiscal year, reaching a scale comparable to major Japanese brands like *Kinoko no Yama* and *Chocolate Kouka*. The U.S., in particular, has shown strong growth, prompting us to invest JPY4.0 billion to expand capacity. We aim to increase sales to 1.5 times the current level by FY2026. Production of *Hello Panda* has also begun in China, so we see significant room for further expansion.

We will continue to expand the distribution area for other differentiated products beyond *Hello Panda*. A key focus in this expansion is building a robust production system. By leveraging the advantages of room temperature products, we are standardizing product specifications and optimizing the combination of exports to improve productivity and profitability.

For the overall overseas business, while implementing initiatives in line with China's revival plan, we aim to steadily accumulate profits by focusing on profitable growth in the confectionery business.

This concludes the key points of the food segment.

### Pharmaceutical: Progress of the Full-year Annual Plan

(JPY bn)

		FY2024 H1 Results		FY2024 H2 Plan		FY2024 Full-year Plan	
			YoY change		YoY change		YoY change
Operating profit	Int. Plan (May 10)	8.5	-46.3% -7.3	16.5	+142.2% +9.6	25.0	+10.2% +2.3
	H1 results H2/Full-year rev. plan (Nov 11)	18.5	+16.7% +2.6	6.4	-4.9% -0.3	25.0	+10.2% +2.3
	Difference	+10.0	—	-10.0	—	—	—

Aim to achieve initial operating profit plan for the full-year

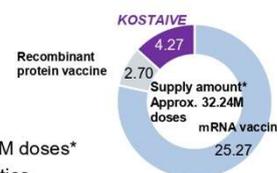
#### Major factors for change

- Favorable performance for both domestic / overseas
- Accomplished advance shipment of influenza vaccine
- R&D expenses shifted to H2

- For domestic business, strong momentum sustained for mainstay drugs incl. injectable antibacterial drugs and new drugs
- R&D expenses shifted to H2
- Decrease in shipment of influenza vaccine
- Review the plan of *KOSTAIVE*, new COVID-19 vaccine

#### <Major pre-requisite>

- Supply amount for 2024/25 season: approx. 32.24M doses\*  
Estimated shipment amount as of 5W of Sep: approx. 12.38M doses\*
- Impact on vaccination rate from anti-vaccination group activities  
→ Reflected more risks than initial plan. Reevaluated net sales, cost, allocation amount for *KOSTAIVE*



\* Materials from the Health Sciences Council, Vaccine subcommittee, R&D and production/distribution departmental meeting, Sep 2, 2024

Next, let's discuss the pharmaceutical segment.

We have maintained the full-year operating profit target at JPY25.0 billion, which means that H2 is projected to show a decrease, with a decline of JPY10.0 billion compared to the initial plan. In H1, influenza vaccines were shipped early, generating approximately JPY4.0 billion in sales, with corresponding profits recorded ahead of schedule. Additionally, approximately JPY5.0 billion in R&D expenses have been deferred to H2. These factors align with the full-year plan but will contribute to reduced profit in H2.

Another key point is the outlook for the COVID-19 vaccine, *KOSTAIVE*. Initially, we planned to ship 4.27 million doses. However, as you are aware, the situation has become challenging, partly due to this being a new type of vaccine.

We initially estimated demand for COVID-19 vaccines to be around 20 million people, based on last autumn's vaccination trends. However, current vaccination rates are very low, and demand may only reach about half of our initial estimate. As a result, we have revised our shipment forecast for *KOSTAIVE* to less than half of the original plan, adjusting both sales and operating profit downward.

That said, the strong performance of our business in Japan from H1 is continuing into H2, and we anticipate growth, including for newly launched, high-margin products. We aim to offset the downward revision for *KOSTAIVE* primarily through our business in Japan and are committed to achieving the initial plan.

## Pharmaceutical: *KOSTAIVE*, Intramuscular Injection against COVID-19 ~ Achievements and Challenges Going Forward ~

(Progress for the past year)

Sep. 2023	Initiation of P3 clinical trial for booster immunization in adults (Bivalent: original strain and omicron strain)
Nov. 2023	Primary and booster immunization in adults <b>Approved</b>
May. 2024	Omicron subvariant JN.1 for booster immunization in adults <b>Application filed</b> * Submitted partial amendment to approval, based on data of P3 clinical trial for original strain and omicron strain
Sep. 2024	Omicron Subvariant JN.1 for booster immunization in adults <b>Approved</b>

- Began shipment for 24/25 season from E/Sep
- Partial amendment to approval filed for domestic production. Shipment from domestic manufacturing site planned from Dec

### Current situation of *KOSTAIVE*, attributable to its novelty

- Unscientific claims by anti-vaccine groups ex) mRNA vaccine continues to reproduce after injection / *Shedding*, virus transmission from breath or sweat / Concerns of safety due to not being approved overseas
- Cases where some medical institutions face continuous libel and threats, thereby difficult to continue seeing patients

- Will continue to cooperate with the government and academic associations to constantly provide objective and scientific information through science communication
- Will take strict actions, including legal measures, against organizations and individuals who repeatedly make false or unscientific claims



Special website regarding next-generation mRNA vaccines, providing information for medical professionals and general public respectively (upper page: Explanatory video about how vaccines function)

Here is additional information regarding *KOSTAIVE*.

Recently, we applied for the addition of a production facility in Japan, and if approved, we will begin shipping Japan-produced vaccines from December onward. Establishing a system to produce and supply necessary vaccines domestically, quickly and reliably, would be a significant achievement.

However, the response to this new type of vaccine has been more severe than anticipated, not only leading to hesitancy toward COVID-19 vaccines but also affecting vaccine acceptance in general. We are working closely with the government and medical societies to address this situation.

## Pharmaceutical: *KOSTAIVE*, Intramuscular Injection against COVID-19 ~ Achievements and Challenges Going Forward ~

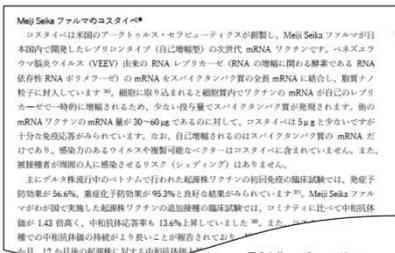
Oct 17, 2024

Three academic associations, the Japanese Association for Infectious Diseases, the Japanese Respiratory Society, and the Japanese Society for Vaccinology, released their "View on FY2024 routine vaccinations for COVID-19

**"The risk in the elderly of severe illness and death from COVID-19 is greater than influenza. In preparation for any outbreak this winter, we strongly recommend the routine vaccination for COVID-19 that began in October."**

- COVID-19 vaccines have so far shown high efficacy in preventing the onset and severity of the disease
- COVID-19 outbreaks will continue to occur as mutant strains emerge
- The risk in the elderly of severe illness and death from COVID-19 is higher than that of influenza
- Additional vaccination against COVID-19 is required, that is compatible with the prevalent strain

Demonstrates grounds for their strong support, by showing data and evidence



Suggests characteristics and clinical data for each of five routine vaccination

### *KOSTAIVE* by Meiji Seika Pharma

The spike protein is expressed at low doses. ~ (omitted) ~ Please note that only mRNA spike protein is self-amplified, and that *KOSTAIVE* does not contain any infectious viruses or replicable vectors. Additionally, there is no risk of the vaccinated person infecting those around them (shedding).

P6 View from three academic associations

Website of the Japanese Association for Infectious Diseases (Japanese only)  
[https://www.kansensho.or.jp/modules/news/index.php?content\\_id=672](https://www.kansensho.or.jp/modules/news/index.php?content_id=672)

In this context, three medical societies recently issued statements. They strongly recommended routine vaccination, presenting data and evidence. They also addressed the characteristics of individual vaccines, explicitly dismissing concerns about “shedding” (Unscientific claims that the virus is transmitted through breath or sweat) related to *KOSTAIVE*. In addition to these joint efforts, we have independently launched a dedicated *KOSTAIVE* page on our pharmaceuticals website and are providing information to medical institutions through our MRs to promote the vaccine.

This is the first routine vaccination following the reclassification of COVID-19 as a Class 5 infectious disease, so there are challenges in predicting vaccination rates and volume of vaccines returned. We will continue to address these issues in collaboration with relevant parties.

## Pharmaceutical: Stable Growth in Japan, Driven by Infectious Disease area

(JPY bn)

Net Sales		FY2024 H1 Results		FY2024 H2 Plan		FY2024 Full-year Plan	
		YoY change	YoY change	YoY change	YoY change		
	Domestic pharmaceuticals (Japan)	53.6	+7.8% +3.8	63.1	+13.8% +7.6	116.7	+10.9% +11.5
	[Included in the above] Infectious disease area*1	21.8	+7.9% +1.5	24.9	+11.3% +2.5	46.8	+9.7% +4.1

### Systemic antibacterial drugs market<sup>2</sup>

	FY2023 H1	FY2023 H2	FY2024 H1
Market Total (value) YoY change	+19.2%	+17.8%	+8.5%
(Breakdown)			
Injectable antibacterial drugs			+9.3%
Oral antibacterial drugs (tablet)			+2.5%
Oral antibacterial drugs (powder)			+4.4%
Meiji share (value)	23.0%	23.4%	24.8%

- Continuing to maintain stable supply, while the market continues to restrict shipments of most oral antibacterials, amid prolonged infectious disease outbreak
- Strengthen capability to provide stable supply through increased production system for mainstay drug, *MEIACT*
- Pneumonia cases are increasing with elderly population growing. Demand for injectable penicillin is growing in terms of combatting AMR
  - Top market share<sup>2</sup> maintained for *SULBACILLIN* and *TAZOPIPE*
  - Domestic production of bulk drug/starting materials (6-APA): Steadily progressing for starting operations at Gifu Plant within FY2025

\*1 : Includes generic drugs

\*2 : Copyright © 2024 IQVIA

Source: Defined and created by Meiji, based on IQVIA JPM Apr 2023 - Sep 2024  
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Next, let me explain the infectious disease area within our favorable business in Japan.

As shown in the table on the left, the market continues to grow in terms of value, with injectable antibiotics showing growth in both volume and value. This increase is driven by a rise in patient visits post-COVID, a resurgence in infectious diseases as people movement recovers, and the expanding usage of injectable antibiotics due to an aging population, which is expected to further increase demand.

However, this field has very high entry barriers, with only a limited number of suppliers, so we anticipate further growth in our market share. The foundation for this growth lies in strengthening our production system to ensure stable supply and increased production capacity. We have already expanded production capacity for *MEIACT*, and we are steadily

advancing efforts to domestically source the raw materials for injectable antibiotics, addressing the current bottlenecks. In H2 and beyond, including the next fiscal year, we plan to use the infectious disease field as a stable base for growth in our business in Japan.

This concludes the key points for each segment.

## FY2024 Full-year Plan: Unchanged

(JPY bn)	FY2023 Results	FY2024 Plan	YoY Change
Net sales	1,105.4	1,159.0	+4.8% +53.5
Operating profit	84.3	86.0	+2.0% +1.6
Op. profit margin	7.6%	7.4%	-0.2 pt
Profit attributable to owners of parent	50.6	50.0	-1.3% -0.6
EPS (JPY)	181.64	181.74	+0.10
Cash dividends per share (JPY)	95	100	+5
Total 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	53.4	77.0	+44.2% +23.6
Cash flows from operating activities	107.9	60.0	-44.4% -47.9
Free cash flows	83.3	1.0	-98.8% -82.3

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While each segment faces environmental changes and individual business challenges, we are committed to steadily implementing these initiatives to achieve our full-year plan.

That concludes my presentation. Thank you very much for your attention.

Now ideas for wellness

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## Appendices

## Analysis of Consolidated Operating Profit – H1 FY2024

(JPY bn)	Consolidated	Food	Pharma	Other
Results - H1 FY2023	44.4	29.6	15.9	-1.1
Due to increased/decreased sales	+9.3	+8.0	+1.3	—
Impact of drug price revision	+0.9 <sup>*1</sup>	—	+0.9	—
Changes in costs of goods sold	-6.6	-6.9	+0.3	—
Changes in other SG&A expenses	-3.8 <sup>*2</sup>	-0.6	-3.2	—
Other (incl. change in results of subsidiaries)	+0.2 <sup>*3</sup>	-2.5	+3.3	-0.6
Results - H1 FY2024	44.3	27.6	18.5	-1.8

\*1: Includes the effect of price increase  
(Breakdown)

\*2: Food: Increase in raw materials costs (incl. domestic raw milk and cocoa): -8.0, Others (Incl. volume change) +1.1  
Pharma: Cost decrease : +0.3

\*3: Food: Increase in marketing expenses: -0.7, Decrease in other costs: +0.1  
Pharma: Increase in marketing expenses: -0.3, Increase in other costs: -2.8

## Food: Analysis of Operating Profit by Business – H1 FY2024

(JPY bn)	Food Total	Dairy	Chocolate	Nutrition	Food solutions	Other
Op. profit results –H1 FY2023	<b>29.6</b>	<b>9.4</b>	<b>4.3</b>	<b>8.2</b>	<b>6.3</b>	<b>1.2</b>
Due to increased/decreased sales	<b>+8.0</b>	+1.3	+1.7	+0.6	+4.0	+0.3
Changes in COGS	<b>-6.9</b>	-1.6	-2.9	+0.7	-2.5	-0.5
Changes in other SG&A expenses	<b>-0.6</b>	+1.2	+0.3	-1.1	-1.0	+0.0
<i>Changes in marketing expenses</i>	<b>-0.7</b>	+0.6	-0.1	-0.6	-0.7	+0.1
<i>Changes in other expenses (R&amp;D expenses)</i>	<b>+0.1 (+0.7)</b>	+0.6	+0.3	-0.5	-0.3	-0.0
Other (incl. changes in results of subsidiaries)	<b>-2.5</b>	+0.1	-0.4	+0.2	-2.9	+0.5
Op. profit results –H1 FY2024	<b>27.6</b>	<b>10.4</b>	<b>3.1</b>	<b>8.5</b>	<b>3.9</b>	<b>1.4</b>

## Food: Analysis of Operating Profit by Business – H2 FY2024

(JPY bn)	Food Total	Dairy	Chocolate	Nutrition	Food solutions	Other
Op. profit results –H2 FY2023	<b>34.6</b>	<b>10.2</b>	<b>11.1</b>	<b>8.5</b>	<b>3.5</b>	<b>1.2</b>
Due to increased/decreased sales	<b>+18.3</b>	+2.3	+8.4	+3.5	+5.5	-1.5
Changes in COGS	<b>-10.7</b>	-0.2	-6.8	-1.5	-1.8	-0.3
Changes in other SG&A expenses	<b>-2.7</b>	-1.1	+0.1	-1.2	-1.3	+0.7
<i>Changes in marketing expenses</i>	<b>-3.0</b>	-0.7	-0.6	-0.4	-0.9	-0.3
<i>Changes in other expenses (R&amp;D expenses)</i>	<b>+0.3 (-0.0)</b>	-0.3	+0.7	-0.8	-0.3	+1.0
Other (incl. changes in results of subsidiaries)	<b>-1.2</b>	+0.6	-1.2	-0.3	+0.1	-0.4
Op. profit –H2 FY2024 (Rev. plan as of Nov)	<b>38.3</b>	<b>11.8</b>	<b>11.6</b>	<b>9.0</b>	<b>6.0</b>	<b>-0.2</b>

## Food: Analysis of Operating Profit by Business – FY2024

(JPY bn)	Food Total	Dairy	Chocolate	Nutrition	Food solutions	Other
Op. profit results –FY2023	<b>64.3</b>	<b>19.6</b>	<b>15.5</b>	<b>16.7</b>	<b>9.8</b>	<b>2.4</b>
Due to increased/decreased sales	<b>+26.3</b>	+3.6	+10.1	+4.1	+9.5	-1.2
Changes in COGS	<b>-17.6</b>	-1.8	-9.7	-0.8	-4.3	-0.8
Changes in other SG&A expenses	<b>-3.3</b>	+0.1	+0.4	-2.3	-2.3	+0.7
<i>Changes in marketing expenses</i>	<b>-3.7</b>	-0.1	-0.7	-1.0	-1.6	-0.2
<i>Changes in other expenses (R&amp;D expenses)</i>	<b>+0.4 (+0.7)</b>	+0.3	+1.0	-1.3	-0.6	+1.0
Other (incl. changes in results of subsidiaries)	<b>-3.7</b>	+0.7	-1.6	-0.1	-2.8	+0.1
Op. profit –FY2024 (Rev. plan as of Nov)	<b>66.0</b>	<b>22.2</b>	<b>14.8</b>	<b>17.6</b>	<b>10.0</b>	<b>1.2</b>

## Food: H1 FY2024 Results by Business

### ■ Dairy

(JPY bn)	FY2024 H1 Results		FY2024 Full-year Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	135.5	-3.3% -4.6	270.1	-1.5% -4.0
Op. Profit	10.4	+10.1% +0.9	22.2	+13.2% +2.5

### ● Sales by main category\*

YoY change, FY2024 H1	
Functional yogurt	-5.1%
Yogurt	-0.6%
Drinking milk	+3.1%

- Market size in Japan (H1)
  - Yogurt: Same level as FY23, Drinking milk: +2 to +3%
- Net sales
  - Functional Yogurt: Decreased. Impacted by decrease in sales of home delivery channels, despite *R-1* for the consumer market on a recovery path
  - Yogurt: Strong performance of *Bulgaria Yogurt* plain type. Discontinued large -volume (900g) *Bulgaria Yogurt* drink at the end of September 2023, no impact from FY24 H2
  - Overseas: Decreased in sales due to narrowing down sales targets through the execution of profitability improvement plan in China
- Operating profit
  - Japan: Increased from price increase of drinking milk and reduction in indirect manufacturing expenses
  - Overseas: Reduced losses resulting from profitability improvement plan in China

## Food: H1 FY2024 Results by Business

### Chocolate

(JPY bn)	FY2024 H1 Results		FY2024 Full-year Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	73.9	+8.7% +5.9	163.5	+5.2% +8.0
Op. profit	3.1	-28.5% -1.2	14.8	-4.8% -0.7

- Market size in Japan (H1)
  - Chocolate: +3 to +4%, Gummy: +15 to +16%
- Net sales
  - Chocolate: Benefited from price increases and favorable performance from mainstay products incl. *Chocolate Kouka*
  - Gummy: Decreased due to discontinued products
  - Overseas: Significant growth of Meiji brand products in the U.S.
- Operating profit
  - Japan: Decreased on volume decline from price increase and discontinued products
  - Overseas: Decreased due to cost increase from the operation of a new plant in China

### Nutrition

(JPY bn)	FY2024 H1 Results		FY2024 Full-year Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	62.3	+5.7% +3.3	121.9	+5.0% +5.7
Op. profit	8.5	+4.0% +0.3	17.6	+4.9% +0.8

- Market size in Japan (H1)
  - Sports protein (ready -to-drink): +6 to +7%
- Net sales
  - SAVAS: Ready -to-drink type grew
  - Overseas: Infant formula in Vietnam grew
- Operating profit
  - Japan: Increased due to growth of SAVAS series coupled with price increase impact
  - Overseas: Decreased due to higher expenses for new market development, posted in Q1

## Food: H1 FY2024 Results by Business

### ■ Food Solution

(JPY bn)	FY2024 H1 Results		FY2024 Full-year Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	99.4	+6.1% +5.6	196.0	+6.9% +12.6
Op. Profit	3.9	-37.0% -2.3	10.0	+2.0% +0.1

#### ● Net sales

- B to B: Increased from expanded sales of cream and chocolate by strengthening proposals, impacted from inbound demand
- Frozen dessert: Increased, driven by mainstay product, *Meiji Essei Super Cup*
- Overseas: Significant drop. Frozen dessert business in China impacted by weather fluctuations

#### ● Operating profit

- Japan: Increased resulting from strong sales of B to B and frozen dessert
- Overseas: Significant decrease from sales decline in frozen dessert business and cost increase associated with the operation at new plants in China

### ■ Others

(JPY bn)	FY2024 H1 Results		FY2024 Full-year Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	84.1	-0.4% -0.3	162.1	-5.1% -8.7
Op. Profit	1.4	+22.3% +0.2	1.2	-48.7% -1.1

#### ● Net sales

- Decreased from a subsidiary of feed business, impacted by decrease in raw materials price

#### ● Operating profit

- Increased due to decrease in raw material costs

## Food: H1 FY2024 Results by Business

### Overseas

	(JPY bn)	FY2023 Results	FY2024 H1 Results	YoY Change	FY2024 H2 Plan (Rev. Nov)	YoY Change	FY2024 Full-year Plan (Rev. Nov)	YoY Change
China	Net sales	24.3	11.3	-14.0% -1.8	13.6	+22.0% +2.4	25.0	+2.5% +0.6
	Op. Profit	-3.7	-4.6	— -3.4	-2.7	— -0.2	-7.4	— -3.6
Asia	Net sales	18.1	15.2	+97.8% +7.5	13.6	+30.9% +3.2	28.9	+59.4% +10.7
	Op. Profit	1.5	0.8	+124.8% +0.4	0.8	-31.9% -0.3	1.6	+4.7% +0.0
Europe Americas	Net sales	32.7	19.1	+25.1% +3.8	17.7	+1.6% +0.2	36.9	+12.6% +4.1
	Op. Profit	2.3	0.8	-24.7% -0.2	1.1	-13.4% -0.1	1.9	-18.5% -0.4
Overseas total	Net sales	77.7	43.2	+15.1% +5.6	39.4	-1.9% -0.7	82.6	+6.3% +4.9
	Op. Profit	-2.4	-4.7	— -3.6	-2.5	— -1.2	-7.2	— -4.8

#### China

- Drinking milk and yogurt for the consumer market:
  - Decreased in sales, increased in profit due to narrowing down sales target based on profitability improvement plan
- Drinking milk and cream for the commercial market:
  - Increased in sales resulting from expanding new clients
  - Decreased in profit due to cost increase by starting the operation of new plants
- Confectionery
  - Increased in sales, driven by strong chocolate performance for wholesale clubs, despite decrease in profit from cost increase by the operation of a new plant
- Frozen dessert
  - Significantly decreased in sales due to an increase in distributors' inventories caused by weather fluctuations
  - Profit decreased, resulting from sales decrease and cost increase from the operation of a new plant

#### Asia

- Increased both in sales and profit due to growth of infant formula in Vietnam
- Sales of a subsidiary in Singapore increased, including export business to Meiji in Japan, but no impact on profit

#### The U.S.

- Sales increased, driven by strong Meiji brand chocolate snacks, promoted by MLB ads and other vigorous marketing activities
- Profit decreased from increased depreciation associated with investment for production capacity expansion

## Food: Net Sales and Op. Profit by Business

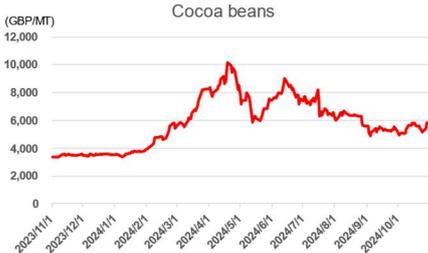
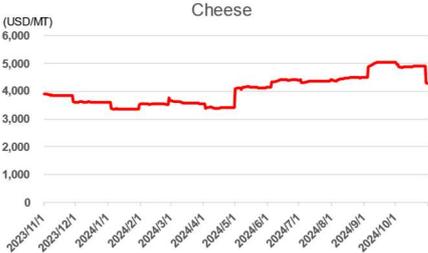
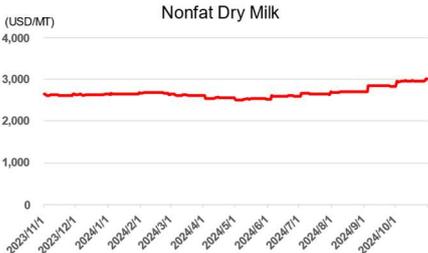
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		(JPY bn)						
		FY2023 Results	FY2024 H1 Results	YoY Change	FY2024 H2 Plan (Rev. Nov)	YoY Change	FY2024 Plan (Rev. Nov)	YoY Change
Dairy	Net sales	274.1	135.5	-3.3% -4.6	134.6	+0.5% +0.6	270.1	-1.5% -4.0
	Op. profit	19.6	10.4	+10.1% +0.9	11.8	+16.1% +1.6	22.2	+13.2% +2.5
Chocolate	Net sales	155.5	73.9	+8.7% +5.9	89.5	+2.4% +2.1	163.5	+5.2% +8.0
	Op. profit	15.5	3.1	-28.5% -1.2	11.6	+4.5% +0.5	14.8	-4.8% -0.7
Nutrition	Net sales	116.1	62.3	+5.7% +3.3	59.6	+4.2% +2.3	121.9	+5.0% +5.7
	Op. profit	16.7	8.5	+4.0% +0.3	9.0	+5.8% +0.4	17.6	+4.9% +0.8
Food solutions	Net sales	183.3	99.4	+6.1% +5.6	96.6	+7.8% +7.0	196.0	+6.9% +12.6
	Op. profit	9.8	3.9	-37.0% -2.3	6.0	+72.5% +2.5	10.0	+2.0% +0.1
Other	Net sales	170.8	84.1	-0.4% -0.3	77.9	-9.7% -8.3	162.1	-5.1% -8.7
	Op. profit	2.4	1.4	22.3% +0.2	-0.2	— -1.4	1.2	-48.7% -1.1
[Included in the above] Overseas	Net sales	77.7	43.2	+15.1% +5.6	39.4	-1.9% -0.7	82.6	+6.3% +4.9
	Op. profit	-2.4	-4.7	— -3.6	-2.5	— -1.2	-7.2	— -4.8

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### Market Prices of Main Imported Raw Materials



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Source: Bloomberg

## Pharmaceutical: Analysis of Operating Profit – H1 FY2024

(JPY bn)	Pharma Total	Domestic pharmaceuticals (Japan)	Overseas pharmaceuticals	Vaccine/Veterinary drugs
Operating Profit – H1 FY2023	<b>15.9</b>	<b>7.8</b>	<b>3.6</b>	<b>4.3</b>
Due to increased/decreased sales	<b>+1.3</b>	+0.5	+0.5	+0.4
Impact of drug price revision	<b>+0.9</b>	+0.9	–	–
Changes in COGS	<b>+0.3</b>	+0.3	-0.0	-0.0
Changes in other SG&A expenses	<b>-3.2</b>	-0.8	-1.7	-0.7
<i>Changes in marketing expenses</i>	<b>-0.3</b>	-0.0	-0.0	-0.3
<i>Changes in other expenses (R&amp;D expenses)</i>	<b>-2.8 (-2.4)</b>	-0.7	-1.7	-0.4
Other (incl. changes in results of subsidiaries)	<b>+3.3</b>	+2.0	+1.0	+0.3
Operating Profit – H1 FY2024	<b>18.5</b>	<b>10.8</b>	<b>3.4</b>	<b>4.3</b>

## Pharmaceutical: Analysis of Operating Profit – H2 FY2024

(JPY bn)	Pharma Total	Domestic pharmaceuticals (Japan)	Overseas pharmaceuticals	Vaccine/Veterinary drugs
Operating Profit – H2 FY2023	<b>6.8</b>	<b>7.9</b>	<b>1.2</b>	<b>-2.4</b>
Due to increased/decreased sales	<b>+7.2</b>	+0.4	-0.9	+7.6
Impact of drug price revision	<b>+0.6</b>	+0.6	—	—
Changes in COGS	<b>+0.6</b>	+0.6	+0.0	-0.0
Changes in other SG&A expenses	<b>-8.9</b>	-1.1	-2.5	-5.3
<i>Changes in marketing expenses</i>	<b>-1.2</b>	-0.2	-0.4	-0.5
<i>Changes in other expenses (R&amp;D expenses)</i>	<b>-7.8 (-4.9)</b>	-0.9	-2.1	-4.8
Other (incl. changes in results of subsidiaries)	<b>+0.2</b>	+1.1	-1.3	+0.5
Operating Profit – H2 FY2024 (Rev. plan as of Nov)	<b>6.4</b>	<b>9.5</b>	<b>-3.3</b>	<b>0.2</b>

## Pharmaceutical: Analysis of Operating Profit – FY2024

(JPY bn)	Pharma Total	Domestic pharmaceuticals (Japan)	Overseas pharmaceuticals	Vaccine/Veterinary drugs
Operating Profit – FY2023	<b>22.7</b>	<b>15.8</b>	<b>4.9</b>	<b>1.9</b>
Due to increased/decreased sales	<b>+8.5</b>	+0.9	-0.4	+8.0
Impact of drug price revision	<b>+1.5</b>	+1.5	—	—
Changes in COGS	<b>+0.8</b>	+0.9	-0.0	-0.0
Changes in other SG&A expenses	<b>-12.1</b>	-1.9	-4.2	-6.0
<i>Changes in marketing expenses</i>	<b>-1.5</b>	-0.2	-0.4	-0.8
<i>Changes in other expenses (R&amp;D expenses)</i>	<b>-10.6 (-7.3)</b>	-1.6	-3.8	-5.2
Other (incl. changes in results of subsidiaries)	<b>+3.6</b>	+3.1	-0.3	+0.8
Operating Profit – FY2024 (Rev. plan as of Nov)	<b>25.0</b>	<b>20.3</b>	<b>0.0</b>	<b>4.6</b>

## Pharmaceutical: Net sales and Op. Profit by Business

(JPY bn)

		FY2023 Results	FY2024 H1 Results	YoY Change	FY2024 H2 Plan (Rev. Nov)	YoY Change	FY2024 Plan (Rev. Nov)	YoY Change
Domestic pharmaceuticals (Japan)	Net sales	105.2	53.6	+7.8% +3.8	63.1	+13.8% +7.6	116.7	+10.9% +11.5
	Op. profit	15.8	10.8	+37.5% +2.9	9.5	+19.7% +1.5	20.3	+28.6% +4.5
Overseas pharmaceuticals	Net sales	57.1	33.5	+22.7% +6.2	36.2	+21.9% +6.5	69.8	+22.3% +12.7
	Op. profit	4.9	3.4	-6.7% -0.2	-3.3	— -4.6	0.0	-99.5% -4.9
Vaccines and Veterinary drugs	Net sales	43.7	26.6	+12.5% +2.9	32.5	+62.6% +12.5	59.1	+35.4% +15.4
	Op. profit	1.9	4.3	-1.1% -0.0	0.2	— +2.7	4.6	+137.2% +2.6

## Pharmaceutical: Net sales by Category in Japan

(JPY bn)

	FY2023 Results	FY2024 H1 Results	YoY Change	FY2024 H2 Plan (Rev. Nov)	YoY Change	FY2024 Plan (Rev. Nov)	YoY Change
Infectious Diseases* <sup>1</sup>	42.7	21.8	+7.9% +1.5	24.9	+11.3% +2.5	46.8	+9.7% +4.1
Immune System* <sup>1</sup>	20.1	10.8	+28.6% +2.4	14.9	+27.3% +3.2	25.7	+27.9% +5.6
CNS* <sup>1</sup>	22.2	10.9	+0.2% +0.0	11.8	+4.9% +0.5	22.8	+2.6% +0.5
Generic drugs* <sup>2</sup>	20.1	9.9	-1.6% -0.1	11.3	13.2% +1.3	21.2	+5.8% +1.1
Human Vaccine	33.0	21.8	+16.8% +3.1	27.0	+87.9% +12.6	48.8	+47.6% +15.7

## Pharmaceutical: H1 FY2024 Results by Business

### ■ Domestic pharmaceuticals (Japan)

(JPY bn)	FY2024 H1 Results		FY2024 Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	53.6	+7.8% +3.8	116.7	+10.9% +11.5
Operating profit	10.8	+37.5% +2.9	20.3	+28.6% +4.5

- Net sales
  - Grew significantly due to antibacterial drugs *Sulbacillin* and *MEIACT*, and blood plasma products
- Operating profit
  - Sales volume growth of mainstay drugs and increase in profit from a generic drug sales subsidiary contributed to higher profit

### ■ Overseas pharmaceuticals

(JPY bn)	FY2024 H1 Results		FY2024 Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	33.5	+22.7% +6.2	69.8	+22.3% +12.7
Operating profit	3.4	-6.7% -0.2	0.0	-99.5% -4.9

- Net sales
  - Increased due to the positive impact of foreign exchange and favorable performance of a subsidiary in Thailand and CMO/CDMO business operated by a subsidiary in India
- Operating profit
  - Decreased due to increase in R&D expenses for global pipelines

## Pharmaceutical: H1 FY2024 Results by Business

### ■ Vaccines and Veterinary drugs

(JPY bn)

	FY2024 H1 Results		FY2024 Plan (Rev. Nov)	
		YoY Change		YoY Change
Net sales	26.6	+12.5% +2.9	59.1	+35.4% +15.4
Operating profit	4.3	-1.1% -0.0	4.6	+137.2% +2.6

- Net sales
  - Shipment volume for influenza vaccine largely increased
- Operating profit
  - Decreased due to increase in marketing and R&D expenses

## 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	Human plasma-derived products	Induction and maintenance therapy for patients with chronic inflammatory demyelinating polyneuropathy (CIDP) and multifocal motor neuropathy (MMN)	Phase III (Japan)
	KD-416*	Human plasma-derived products	Suppression of bleeding tendency in blood coagulation factor X deficiency	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) Approved (South Korea), Product name: REZUROCK Tablets Filed (Taiwan, Thailand)
	DMB-3115	Biosimilar	Plaque psoriasis/Psoriaticarthritis/Crohn's disease /Ulcerative colitis	Approved (The U.S.) 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 Bcell non-Hodgkin's lymphoma	Phase Ib / II (Japan) **

## 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 influenza type b (Five-in-one combination vaccine)	Launched (Japan) Product name: Quintovac Aqueous Suspension injection (Launched on March 14, 2024)
	KOSTAIVE	Vaccine	Self-amplifying mRNA vaccine against COVID -19	Launched (Japan) - Received approval for partial amendment to manufacturing and marketing approval on Sep 13, 2024 (Omicron strain JN.1)
	KD-414	Vaccine	Inactivated vaccine against COVID -19 (Adults, Original strain)	Phase III (18-40 yrs old, Japan)**
	KD-414	Vaccine	Inactivated vaccine against COVID -19 (Pediatric, Original strain)	Phase III (6 month- 11 yrs old, Japan)
	KD-414	Vaccine	Inactivated vaccine against COVID -19 (Pediatric, Omicron strain)	Phase III (6 month- 12 yrs old, Japan)
	KD2-396	Vaccine	Hexavalent vaccine against diphtheria, tetanus, pertussis, poliovirus, Haemophilus influenza 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	Approved (Japan)
	KD-412*	Vaccine for cattle	Approved (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

## Business Category Changes within Segments from FY2024

### Until FY2023

	Category	Main Products
Food	Yogurt&cheese	Functional yogurt, yogurt, cheese
	Nutrition	Infant formula, sports nutrition (incl. SAVAS Milk Protein), enteral formula, beauty supplement
	Chocolate&gummy	Chocolate, gummy
	Drinking milk	Drinking milk
	B to B	B to B food products
	Frozen dessert&ready meal	Ice cream, prepared foods, butter and margarine
	Overseas	Overseas subsidiaries, exports
	Other / domestic subsidiaries	Domestic subsidiaries, candy, OTC drugs
Pharma	Domestic ethical pharmaceuticals	Domestic ethical pharmaceuticals, blood plasma products
	Overseas ethical pharmaceuticals	Overseas ethical pharmaceuticals
	Human vaccines	Human vaccines
	Veterinary drugs	Veterinary drugs (Japan/overseas), veterinary vaccines

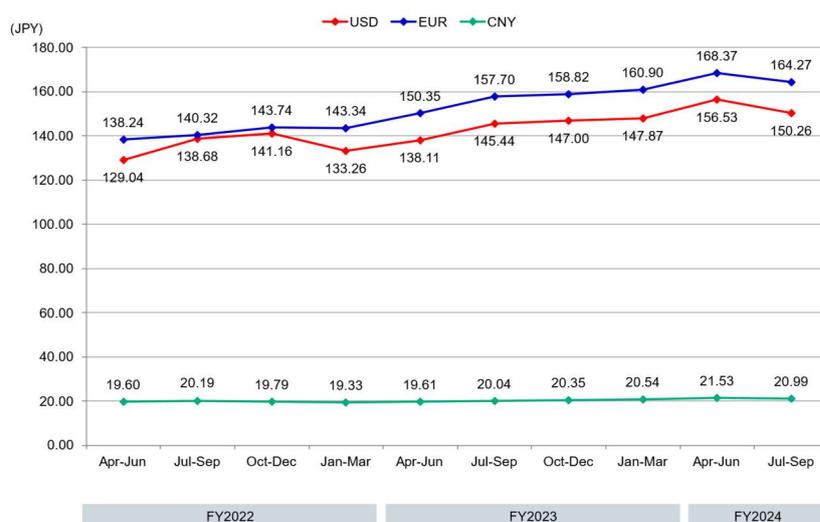
### From FY2024

	Category	Main Products
Food	Dairy	Functional yogurt, yogurt, drinking milk, overseas
	Chocolate	Chocolate, gummy, overseas
	Nutrition	Infant formula, sports nutrition, rich in nutrition foods, overseas
	Food solutions	B to B, cheese, frozen dessert, overseas
	Other	Dairy ingredients, domestic subsidiaries
Pharma	Domestic pharmaceuticals (Japan)	Infectious disease, immune system, central nervous system (CNS), generic drugs
	Overseas pharmaceuticals	Overseas direct sales business, overseas CMO/CDMO, global products
	Vaccines and Veterinary drugs	Vaccines, veterinary drugs, newborn screening drugs

\*Overseas business is included into each business category



## Key Currencies and our Average Exchange Rates



### Exchange rate assumptions

#### FY2024 Plan

USD	JPY145
EUR	JPY155
RMB	JPY20

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