

Meiji Holdings Co., Ltd.

CEO Small Meeting Q&A for Securities Analysts

June 23, 2025, 13:30 – 15:00

Presenters:

Katsunari Matsuda	Member of the Board, COO (Food Segment), Executive Officer *Appointed CEO, President and Representative Director on June 27, 2025
Jun Hishinuma	CFO, Member of the Board and Managing Executive Officer *Appointed CFO, Member of the Board and Senior Managing Executive Officer on June 27, 2025

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

Q-1

Food segment profit is down by 30% from peak levels. As new CEO, what is your approach to profitability improvement and business growth strategy?

A-1

Over the past several years, rising raw material and energy costs have negatively impacted the Food segment quite severely. In Japanese market, which is characterized by advancing population decline, low birth rates, and population aging, we have responded by expanding products targeting seniors. However, recognizing that there is a limit to expected benefits of such measures, we have worked to strengthen overseas development. At the time, we are struggling in China as marketing and sales strategies have not gone as planned.

For the rising cost issue in Japan, we will address by implementing price increase. Furthermore, in addition to formulating new product categories, we will accelerate the launch of new products such as functional yogurt and chocolate to achieve both business growth and profitability improvement. Overseas, especially in China, we will reevaluate unprofitable transactions and products based on the profitability improvement plan we are currently implementing to launch new products and develop new areas. We will aim to achieve profitability for the China business in FY2026.

Q-2

The Food segment has not released hit products in several years. What do you view as an issue and what policies will you implement moving forward?

A-2

One point of regret on the Japanese market is that being overly successful with *Meiji Probio Yogurt R-1* led to us being unable to produce follow-up hit products. However, *Meiji Oishii Milk Coffee*, which we released in FY2024 under the *Meiji Oishii Gyunyu* brand, was listed on the Nikkei MJ Hit Product Ranking for 1H of 2025. In addition to driving increased milk consumption, this product is

also contributing to capturing younger consumers. *Meiji Nama no Toki*, released in May 2025 for limited area and quantity, is a product with Meiji's proprietary new technology. Featuring characteristics that place it between chocolate and ganache chocolate with unprecedented moist texture, it can be stored at room temperature. We expect it to be a promising product in terms of both consumer sales and B2B. Now that we are able to produce these types of intriguing products, we plan to use this momentum to propel the business forward.

Q-3

Please discuss your strategies for improving profit levels for the milk and yogurt business in China.

A-3

We reevaluated unprofitable transactions and products in FY2024 due to there being numerous business partners and products resulting in marginal profit losses. Although net sales decreased significantly, we restored the marginal profit rate to target levels. However, we have not yet achieved the target absolute value for sales marginal profit required to absorb fixed costs. We will launch sales of the Chinese version of *Oishii Gyunyu* this coming July, so we expect to see a gradual recovery. As for B2B business, sales have been steady thanks to our products earning strong praise for their high quality.

Q-4

As the new CEO, what changes do you want to make to Meiji Group's existing business management style?

A-4

In the Food segment, we can secure a certain level of stable sales if we continue with the business management style we have implemented thus far. However, that would lead to stagnancy in growth. Achieving continued growth will require that we create an exciting corporate culture and expand

into new business domains.

I want to develop businesses that will bring excitement to both our employees and society, particularly focusing on new business and overseas business. To that end, I want to increase the number of employees who are capable of acting autonomously.

Q-5

Your stock price has been sluggish recently. Moving forward, how will you engage in management that is conscious of stock price?

A-5

While we have always engaged in business management that is conscious of stock price, I believe it is important to achieve stated goals such as our operating profit targets and also fulfill the promises we make to society. I believe the approach of taking on challenges, providing excitement to our shareholders and investors, demonstrating ourselves worthy of growth expectations will lead to increases in our stock price.

Q-6

Looking at your business portfolio, it does not appear that the company's future potential is reflected in your stock price. What is your view on this? There are also pessimistic opinions regarding whether or not to bet on the future growth of the Pharmaceutical segment. Also, there are doubts concerning revenue profitability for the China business in the Food segment.

A-6

On the subject of Pharmaceutical segment, it is true that *KOSTA/VE*, vaccine against COVID-19 has not progressed as anticipated. The infectious disease domain, an area in which we specialize, is expected to see even greater needs as global warming advances and the pace of human travel increases. We also have a robust development pipeline. While time is required for launch to market,

we believe we can address our responsibilities to the needs of society.

As for the China business in the Food segment, we are steadily implementing our profitability improvement plan, but in the event that we do not achieve targets, we will make speedy management decisions to apply that know-how and experience towards our next actions.

Q-7

Please discuss Meiji Group culture in terms of how your corporate culture leads to a competitive advantage. As CEO, what aspects of the company do you want to emphasize moving forward?

A-7

The positive aspect of our corporate culture is that we have a sense of comradery. We support each other and don't try to hold each back. On the other hand, one issue we do face is that some of our human resource have excellent potential but lack awareness towards self-improvement. I want to transform Meiji Group into an organization in which people don't fade away before they even have an opportunity to shine. I want to create an organization that promotes autonomous thinking, develops people capable of taking action, and encourages people to proactively take on challenges.

Q-8

Moving from head of an operating company to head of the entire Group, what role will you fulfill moving forward? How will you apply your strengths as CEO in the areas of team building and organizational management?

A-8

It is necessary for the organization as a whole to feel positive about heading in the same direction. I will advance the delegation of authority to chief officers in charge (CxO) and shift towards organizational management that enables CxO to take action and reach conclusions more rapidly.

Individually, I want to focus on listening to the opinions of others and making decisions based on that input. I am someone who tends to make a decision and take action on my own, but I understand the need to be flexible and change depending on my responsibilities and the task at hand.

Q-9

What is your evaluation of progress relative to the targets of the 2026 Medium-Term Business Plan? Please discuss in detail your decision if China business in the Food segment does not achieve the targets of the 2026 Medium-Term Business Plan.

A-9

Looking at FY2024, we made steady progress. However, success hinges on FY2025 because the ratio of profit growth for FY2026 is so significant. In the Pharmaceutical segment, I expect to see contributions from the launch of new products and the benefits of initiatives implemented thus far. In the Food segment, we plan to launch new products such as functional yogurt and chocolate in FY2025 and FY2026. I believe we can achieve our targets if we can offer products that generate new value while continuing to reduce fixed costs. For the China business, the first step is making every effort to break even in FY2026. From there, we will evaluate each category from various perspectives, including profitability, and make decisions concerning each business.

Q-10

In FY2024, you shifted to an organizational structure that integrated the Japanese and overseas businesses. What has been the effect of that change?

A-10

There has been a positive impact. The new organizational structure has enabled the heads of each business to make decisions based on comprehensive views of both Japanese and overseas business. This has enabled the more efficient creation of frameworks from a global perspective in

various aspects of business, not only with product development and marketing, but as it relates to production and sales structures.

Q-11

Looking at the status of your overseas business, even if you conduct major M&A overseas in the future, it does not appear that you would be able to conduct management effectively. Including in terms of global human resource and organizational changes, have you established a structure that will enable overseas management?

A-11

To ensure the success of M&A, it is important to have a management structure that enables us to promote local human resources to leadership positions and delegate authority to them. However, at this point we have not established such a structure. We are planning to gradually increase our global human resources, including through mid-career recruitment. To further expand these recruitment activities, we have established a training system and are currently creating a structure that will allow employees seeking reassignment overseas to apply unconditionally.

Q-12

You position the B2B business in Japan as a growth driver but what is your view on future potential?

A-12

Our product lineup is expanding to include products that mix cream and chocolate. With the ongoing growth of dining and take-out, we believe we can lead the market in both cream and cream substitutes, which are our areas of expertise.

Q-13

Please discuss the growth potential of the U.S. business in the Food segment. Is there room to further improve profitability?

A-13

In FY2025, profits will remain largely unchanged due to increased depreciation attributable to capital expenditures. However, these line investments will increase production volume, so we can expect future growth. For example, our production capability issues made it necessary to limit areas in which we conduct campaigns, even for our major business partners. However, this fiscal year, it will be possible to expand campaigns to all areas of North America. We also are successfully expanding volume at other major retail chains, so there is still room for growth. In addition to expanding sales, there is still significant opportunity to improve profitability.

Q-14

What are your projections for yogurt demand moving forward and for ROIC improvement in the Dairy business?

A-14

As a leading company, we believe we can lead the way and drive further market growth by analyzing lactobacilli function and its benefit to promote the value of yogurt.

As for ROIC, we are making improvements by reorganizing our lines and production bases. However, as we are a manufacturer, our basic stance is to generate higher capital profitability by making appropriate investments where needed and creating good products.

To achieve the ROIC targets of the 2026 Medium-Term Business Plan, we are expecting the China business to break even and planning on contributions from profitability turnaround for the drinking milk business and improved profitability for yogurt in Japan.

Q-15

What changes or impacts will occur as a result of the new Kanagawa plant opening after closing the existing plants?

A-15

In the long run, the Tohoku Plant faces the problem of securing workers, while the Kanagawa Plant faces the problem of aging. The new plant will make it possible to consistently produce products by reducing the number of workers.

In addition, the factory will be able to not only reduce costs but also generate added value.

For example, if new technology extends shelf life, we can change from a daily delivery model to an inventory model, allowing factory workers to have a five-day workweek, thereby increasing productivity. Furthermore, the extended shelf life allows to produce multiple products on one line. Holding inventory allows more time to respond to orders, leading to improved delivery efficiency.

Q-16

Has the reorganization of the production system for drinking milk been completed?

Will there be further restructuring in the future? To what extent do you expect profitability as a result of this reorganization?

A-16

We are constantly looking into the establishment of optimal production system.

However, since major production restructuring is underway in Hokkaido and Kanagawa, the number of remaining target plants is limited.

Due to the structural reforms implemented to date and other factors, we expect to achieve profitability in the drinking milk business for consumer market in FY2026.

Q-17

Please tell us about creating an exciting organizational climate.

A-17

There are various initiatives such as Self-nomination System on Training Programs, Accelerator Program, and In-house Value Creation Program. But even though employees at the head office are aware of these programs, they have not spread to frontline employees. We will make an effort to communicate in this regard. If opinion leaders can communicate that the company is doing new things, by disseminating relevant information, I think the internal culture will change.

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