

Meiji Holdings Co., Ltd.

Financial Results for the H1 of FYE March 2026 (FY2025)

The Online Briefing Q&A

November 13, 2025, 5:10 – 6:30 pm

Presenters:

Katsunari Matsuda	CEO, President and Representative Director
Toshiaki Nagasato	COO of the Pharmaceutical Segment, Member of the Board and Executive Officer
Bunjiro Yao	COO of the Food Segment, Member of the Board and Executive Officer
Jun Hishinuma	CFO, Member of the Board and Senior Managing Executive Officer

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

Q-1-1

I would like to ask about China.

This time you revised downward its forecast again, and I think the progress of the profitability improvement plan is still behind schedule. How do you think about the time frame for structural reforms, optimizing the scale there, and also regarding the restructuring of the business model? Is there anything you can give us more of a sense of what you envision in terms of strategy?

A-1-1

Yao: There is no change in our target for the China business, which is to achieve breakeven as of FY2026 as promised in the time-based profitability improvement plan. However, we are now making progress on the plan, and we are almost on schedule, especially with regards to increasing the marginal profit of the dairy and its drinking milk businesses.

Moving forward, we are entering a phase where we will simultaneously expand both sales volume. We plan to introduce various novel products, such as *Meiji Oishii Gyunyu*, and have already launched some products; however, it is also true that there is some uncertainty regarding whether this plan will be able to secure the targeted volume as planned.

However, we have not changed our target for FY2026, so if we fall short of our plan in terms of marginal profit, we will take appropriate measures on the fixed cost side to make up for the shortfall, aiming to achieve our goal.

Q-1-2

In that sense, I think the situation in the China business is still severe, but it sounds like the direction of your view and strategy has not changed that much since the last financial results announcement. Is my interpretation correct? What is the speed of the structural reform there, or whether you are in a situation where things are going to speed up a bit more?

A-1-2

Yao: The target for FY2026 has not changed, so the idea is that if marginal profit is earned at a slower rate, the amount covered by the fixed cost side measures will be larger.

Q-1-3

Does that mean you might be able to further leverage the fixed cost side measures going forward?

A-1-3

Yao: We believe that if the marginal profit growth is not well, it will naturally be necessary to take measures on the fixed cost side, so we think it is a balance between them.

Matsuda: The ultimate target is not changed. If we can't get there, we will take a slightly different approach.

Q-2-1

As for Japan's consumption environment and sales trends of your company's main products, can you please tell me how we should think about future risks or expectations?

Many companies, including other food companies and in other categories, are struggling in Japan, with down-trading, a shift to private brand products, and pressure from distributors. In the case of your company, looking at FY2025 Q2, the sales of yogurt and nutrition seem to have improved a little from Q1. How do you see the current consumption environment? I believe your company primarily offers higher-priced products. Could you share your thoughts on the top line for the food segment moving forward? In your 2026 Medium-Term Business Plan, you are aiming for a large increase in operating profit next fiscal year, but could you please explain about it including whether there might be a risk?

A-2-1

Yao: As you pointed out, the market is indeed experiencing price hike fatigue. With wages failing to keep pace with rising prices, consumers are adopting a more frugal mindset, I agree that's the case.

However, we are not trying to follow the lead of other companies, but rather to develop products with unique value. In addition to the earlier example of *Meiji Bulgaria Yogurt*, we have introduced a new character called *Uncle R* to promote *Meiji Probio Yogurt R-1*. While influenza is spreading earlier than usual, its sales are progressing very well.

As for new products, we recently launched *Meiji Hemoglobin A1c Yogurt*, and this has also received overwhelming customer support beyond expectations. We recognize that products with unique value are performing well.

Additionally, as part of our initiatives, we launched midsize options for products like *Meiji Chocolate Kouka*, which had become somewhat too expensive due to price increase, and this has been very well received. As for infant formula, we will reduce the cubes amount and offer more affordable price.

And for infant formula, available from November 25, we will offer *Meiji Hohoemi* new products that contain bifidobacteria for the first time in Japan. This is the first of its kind in Japan, offering new value.

Therefore, we will quickly remove from the market those products that are no longer in balance between value and price, and expand customer support by introducing products with new value. We have been developing our products based on this concept, and we will continue to do so in the future.

Q-2-2

Is it correct to understand that nutrition business has improved somewhat compared to FY2025 Q1? Also, is it fair to understand that the measures, such as infant formula and sports nutrition, are having a bit of an effect?

A-2-2

Yao: In terms of nutrition business, we have been struggling since the end of last year. In the case of *Meiji SAVAS* powder, there were some manufacturers, including those in EC market, who introduced products at a very low price despite the rising cost, and the market was significantly rough last year, that is my recognition.

However, regarding this year specifically, the market is somewhat calming down. For instance, we have returned to the number one position in major EC sales, so there is a slight recovery trend in the sports nutrition field as well.

Regarding the infant formula, the fact is that inbound demand in the Japanese market as a whole, including that for other companies, has been decreasing considerably. This particular aspect is inevitably negative, and we have structured our plans based on the expectation that it will fall short of the initial projections.

Q-2-3

Regarding the 2026 Medium-Term Business Plan, you aim for an operating profit target of JPY83.0 billion for the food segment. Could you share your level of confidence in achieving this, and what you see as the key drivers for growth?

A-2-3

Yao: Our target for FY2025 is JPY71.0 billion, so I recognize it is not easy to increase JPY12.0 billion in a single year. Therefore, regarding the budget figures for the final fiscal year of the 2026 Medium-Term Business Plan, FY2026, we ask for your understanding that we will announce them again after detailed review.

Q-3-1

I'd like to ask about *Change and Transformation*.

Now we're hearing about Next Career Special Support Program and production discontinuation at Shikoku Meiji. What sense of crisis is driving these discussions that are gradually emerging at this

point? I feel that at this scale, it's probably still far from sufficient. I'd really appreciate it if you could tell me whether we can expect more aggressive measures to be implemented as we take the next step in piling up cost reductions.

In addition, you mentioned earlier that you are thinking about the ideal business portfolio for the long-term vision. Personally, I thought things had settled down to a point where you'd focus your efforts on places like dairy and chocolate, and really push forward here. I would be most grateful if you could also explain the ideal business portfolio structure that Mr. Matsuda is currently considering.

A-3-1

Matsuda: We do have a strong sense of crisis. We also recognize that we need to draw up a more solid growth strategy. However, I don't think that's necessarily true for the Group as a whole. That would be from quite a significant success experience, or the awareness and penetration of this brand. I think history is also playing a bad role.

We must avoid becoming like the frog in boiling water without realizing it. That's why, through thorough discussions among top management, we decided to implement the measures I've just outlined. I think we need to make this even stronger.

We have plans for the next one or two stages. We are determined to move forward with a sense of urgency, firmly implementing and executing the decisions we make.

Also, regarding the food business portfolio, I think we have been able to implement this for a large part. However, there is still a shortfall there. We are working on this in concrete terms, and will more clearly indicate this direction in the near future. We will make another announcement for details.

Q-3-2

For the food segment, what specific time horizon are you looking at?

A-3-2

Matsuda: In terms of the current transformation of the existing business portfolio, our intention is

within this fiscal year, or at least within a year. I am not be able to explain specifically today, but I promise we will take firm action.

Q-4-1

Regarding the *Change and Transformation* outlined on the third page of presentation, for the initiatives you've now decided to implement, what level of scale and contribution can we expect? You mentioned earlier that if overseas food segment sales do not reach next year's profit target, you will adjust from cost-control side. Should we understand that the decision will be made at the end of FY2026? Or, does that judgment come at the stage of formulating the initial plan for FY2026? I would like to confirm the time frame and the scale.

A-4-1

Hishinuma: Regarding the decision to end production at Shikoku Meiji, we expect this to have a net effect of about JPY1.0 billion. While manufacturing overhead costs will see a larger reduction, marginal profit will also decrease, and there are increases in expenses associated with consolidation.

Yao: I think your question is about when exactly we will make our decision about China business. We have not changed our target of achieving breakeven as of FY2026. We will assess the growth of marginal profit in the latter half of FY2025. If it becomes necessary to significantly reduce assets, we will make a decision by the end of this fiscal year and implement the measures in FY2026. From a purely physical standpoint, if we don't operate according to that timetable, achieving breakeven as of FY2026 will be impossible. Therefore, starting from that point, the larger the scale of the measures, the earlier the decision must be made. Based on this approach, we intend to take thorough measures accordingly.

Q-4-2

With regards to adopting a job-specific HR system and implementing Next Career Special Support Program, do these have any impact on profit and loss?

A-4-2

Hishinuma: For Next Career Special Support Program, it is not about restructuring or anything like that, but about helping employees become self-reliant. Thus, I don't think it will be a very large number, and an extraordinary loss will be recorded based on the number of applicants.

Q-5-1

From your perspective, Mr. Matsuda, what are Meiji's strengths? What kind of company do you intend to transform Meiji into in the future? Looking back over the past five years or so, your company's business has stagnated. The direction you should be taking has become very unclear. Cost reduction and restructuring are important themes moving forward, and I believe they are a crucial theme. However, if that's all there is, I still don't think we can see the direction for your next growth. What kind of company are you trying to make Meiji into the future, including what to restructure and what to invest in?

A-5-1

First, when it comes to our strengths, they include our history, the current strengths of our employees, and our expertise and technology in the pharmaceutical and food segments; however, when asked whether these have truly been strengths that we've been able to leverage over the past few years, the answer is no. I believe these very strengths have instead become negative weaknesses in recent years.

This is due to the fact that the Company is still resting on the history of strong successes, and the Company as a whole has not yet developed a sense of forward movement and change.

With those reflections in mind, we tried to introduce the job-specific HR system I mentioned earlier. We are now doing what we need to do about cost cutting at a level that we have to do more and

more.

At the same time, when it comes to what synergies between the pharmaceutical and food segments have emerged in the past, I would say nothing has emerged. Currently we're launching an initiative to create new value led by Meiji Holdings. When the time comes, I intend to make another presentation on the direction we are taking and what specific actions we will take.

In terms of the scale, we are planning to focus on JPY100.0 billion in sales and 30% of operating profit that I mentioned earlier, and we are also planning to take firm action in all areas, whether in Japan or overseas.

We will aim to create a category or value that can only be created by Meiji by combining the knowledge and technology of food and pharmaceutical. By aiming for this goal, we would like to become a company that can contribute to society.

I believe that this will make us a lively, exciting, interesting, and rewarding company and corporate entity for society, and within the Group. That is what we hope to achieve.

Q-5-2

You mentioned that you need to break away from past successes. Regarding this, what are you thinking now? Since you mentioned you have introduced initiatives such as job-specific HR system, are there any changes that you can already see now?

A-5-2

Matsuda: Currently, by means of townhall meetings or so, we are visiting the front lines of respective companies, meeting with employees who are actually putting in the work.

I myself already feel that, overall, the Group is changing in that direction. I would like to ask Yao and Nagasato about the on-site image of transformation.

Yao: One of my key policies has been to prioritize dialogue. I'm now spending a lot of time on the ground, actively seeking opportunities to engage in conversation with employees at our business sites, especially younger staff members including head office, a number of branch offices and plants.

Indeed, the first reaction from them was that despite all the talk of *Change and Transformation*, that sense hadn't quite trickled down to the front lines. In what way is the image about to change? Through dialogue, we talk about the various changes we would like to make in the future.

What I feel is that everyone at the site has a very strong desire to improve this Meiji Company.

So, how can we directly convey the passion of the frontline to Meiji's profit and loss statements? I feel this is my most important mission right now. I firmly believe Japan still possesses significant growth potential. We intend to translate these opportunities into concrete growth strategies and will seek another opportunity to present them to you.

Nagasato: I also have been holding townhall meetings at pharmaceutical sales branches and also at plants. We are continuing these meetings, face to face, with employees, to explain the Company's future growth strategy for the pharmaceutical business.

Since sales and operating profits have been growing steadily for the past 10 years, I have conveyed how we will continue to implement measures in FY2026. And after that, what kind of products will be released on a global scale? We have a very full development pipeline, and I have explained to them that I want them to have dreams and work hard in their work, and I have received many questions. These meetings will continue until around next February, and I would like to make a strong appeal for various strategies from my own mouth.

Matsuda: Essentially, I believe the best outcome is when the energy generated by each individual employee combines with the energy from management to form a powerful force. We believe there will be somewhat friction, but we will not be deterred by it. We intend to implement policies that foster understanding, ensuring the Company and its employees are aligned and moving forward together. It is through this approach that true transformation will occur.

Q-6-1-1

I am very interested in hearing about any changes in the food segment in Japan compared between FY2025 Q1 and Q2. Nutrition business saw a significant decline in Q1 but recovered to a slight

decrease in Q2. Conversely, food solutions business showed a slight increase in Q1 and appears to have grown substantially in Q2.

A-6-1-1

Yao: Regarding nutrition business, in the sports nutrition, the market was quite turbulent and is now on the road to recovery. To be specific, manufacturers who had been looking at the market at too low price have corrected their prices slightly, and the price difference between us has disappeared to such an extent that the market is now on the path to recovery.

In the case of infant formula, we enhanced the promotion at stores by launching special products. Moving forward, we will reduce the number of cubes contained to offer in a more affordable price range. Also, from November 25, we will be introducing a new infant formula product with bifidobacteria under *Meiji Hohoemi* brand. Considering all that, I think the measures we've implemented so far are finally starting to bear fruit.

Regarding the food solutions business, both Q1 and Q2 performed well for B2B; however, for B2C in Q1, we introduced challenging seasonal flavors for *Meiji Essel Super Cup*. Its sales did not meet expectations, resulting in a buildup of stock. This was a temporary factor. The inventory clearance has been completed in Q1 and moderated in Q2. So, the situation has been there since Q2, which means that the good business condition is directly reflected in the figures.

Q-6-1-2

For price increase in food solutions business, is this reflected from FY2025 H2?

A-6-1-2

Hishinuma: For B2B, we implement when appropriate. For B2C, we have revised the prices of cheese and butter since July, and ice cream since September in Japan.

Q-6-2

Do you have plans to advance reforms going forward, including personnel exchanges or the recruitment of external talent, in the territory of product development and marketing?

A-6-2

Yao: We have already been actively recruiting outside personnel.

In the area of marketing, we sincerely welcome outside perspectives on these matters and have received concrete proposals regarding our marketing approach. If we find them valid and agree with them, we intend to take immediate action to implement changes.

Also, personnel exchanges between departments are also active, including dairy and chocolate. For example, *Uncle R* as a new character for *Meiji Probio Yogurt R-1*, is actually a new version of Uncle Karl, newly created by the illustrator. Before, the Dairy business's approach has been rather one-sidedly serious, so I believe this kind of initiative could only be realized through collaboration with other departments. Currently, *R-1* is doing very well right now. We plan to incorporate a bit of enjoyment and some fun elements into TV commercials that we've not done before for dairy business. By doing things that appeal to younger audiences and encourage them to pick up our products again, we hope to sustain our current strong performance while also driving even greater sales growth.

Q-7-1

I'd like to ask about the FY25 H1 results versus plan for the pharmaceutical.

The results have shown a deviation of over JPY3.0 billion compared to the plan in the section of Other (incl. changes in results of subsidiaries). This appears to be contributing to the upward revision in the pharmaceutical segment. I would like to ask the details of the upswing in the overseas business. What was better than planned, and how much was the amount of the R&D cost shifted to FY2025 H2?

Also, regarding the H2 plan, you have revised downward sales forecast of *KOSTAIVE*. I had heard before that this product would likely be contributing to the result after switching to two-dose

formulation. What factors are contributing to downside?

A-7-1

Nagasato: First of all, regarding our overseas business, all of our subsidiaries are doing very well. However, there is still a slight decline globally as a whole for infectious disease drugs, as well as domestically. For supplementing this gap, we are looking at cost reduction in administrative and other costs, efficient production and the CMO and CDMO that are doing well.

And for the H2 plan revised, this would have added JPY2.0 billion if things had gone according to plan; however, we have revised downward given the factors that cannot be controlled by us only.

In fact, regarding the influenza vaccine, we have already distributed more doses than last year.

They have been clearly moved away from the warehouse and they are stocked now at medical facilities. For *KOSTAIVE*, it's better than last year as well. However, we cannot fully gauge how much of these will be actually consumed at medical institutions, and how much of the unused portion will be returned. Based on these projections, we have revised our budget for H2, FY2025.

Q-7-2

There's a research and development expenses shifted to FY2025 H2. How much is this?

A-7-2

Hishinuma: The amount shifted from H1 to H2 is just under JPY1.5 billion. At the moment, we are planning to use almost all of the planned R&D cost for the full year, so we expect it will contribute positively to operating profit by little more than JPY1.0 billion in H1, and the opposite in H2.

Q-8

For the chocolate business. During the Q1 earnings briefing, there were comments expressing concern about that demand trend during the summer season, but in this Q2 earnings report, the profit plan has actually been revised upward. Please explain how the environment for that chocolate business has changed since then, along with the outlook for H2.

A-8

Yao: We were predicting conservatively the sales for Q2 due to the soaring cost of cocoa beans and the extremely hot summer. However, looking at the current situation, products like *Meiji Chocolate Kouka* have enjoyed enduring popularity. Our core customer base tends to view them more as supplements for health consciousness rather than simply as chocolate to eat.

We increased prices while exceeding JPY1,000 did prove somewhat challenging. But the demand remained solid and continued to receive strong customer support. This resulted in sales exceeding our initial projections and we revised upward our outlook for H2.

Q-9

Please discuss the pharmaceuticals in FY2026. While *KOSTAIVE* is downward trend, how do you plan to achieve operating profit of JPY40.0 billion for the next fiscal year?

Regarding antibacterial drugs, it seems somewhat less stable as it fluctuates with the prevalence of infections.

Also, about sales transfer of authorized generic drugs (AG) from Sanofi, how much can we expect it to contribute to performance starting next fiscal year?

A-9

Nagasato: First of all, for the COVID-19 vaccine market situation, when we formulated the 2026 Medium-Term Business Plan, you administered about 50 million doses overall. Now it is 5 million, and this year it is expected to be only about 3 million doses, which is about one-tenth of what it used to be, which means a downward trend.

However, there are actually quite a few positive factors. *Vorzzz* for the insomnia treatment is going to be launched soon. It is expected to contribute to our results from the entire year of FY2026. Additionally, *Rezurock* continues to perform well, this is not only in Japan, but we are getting approvals globally, which means that we will be starting to launch these as well.

Also, three AG drugs of Sanofi are coming in with the sales transfer to us. The sales figures for these three drugs reach almost JPY10.0 billion. In particular, we will be receiving AG of *Allegra*, the

Now ideas for wellness



well-known hay fever medication, which we believe will be a considerable factor in boosting both sales and profits. Based on these, we intend to thoroughly estimate how closely we can reach the target of JPY40.0 billion and announce the outlook later.

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