

# Recording of Impairment Loss related to China Business and Future Management Policy

Explanatory Material for Online Briefing

March 25, 2026

# AGENDA

## 1. Recording of Impairment Loss related to China Business and Future Outlook

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## 2. Revisions to FY2025 Consolidated Financial Forecasts and Future Management Policy

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# 1. Recording of Impairment Loss related to China Business and Future Outlook

# Recording of Impairment Loss Related to China Business

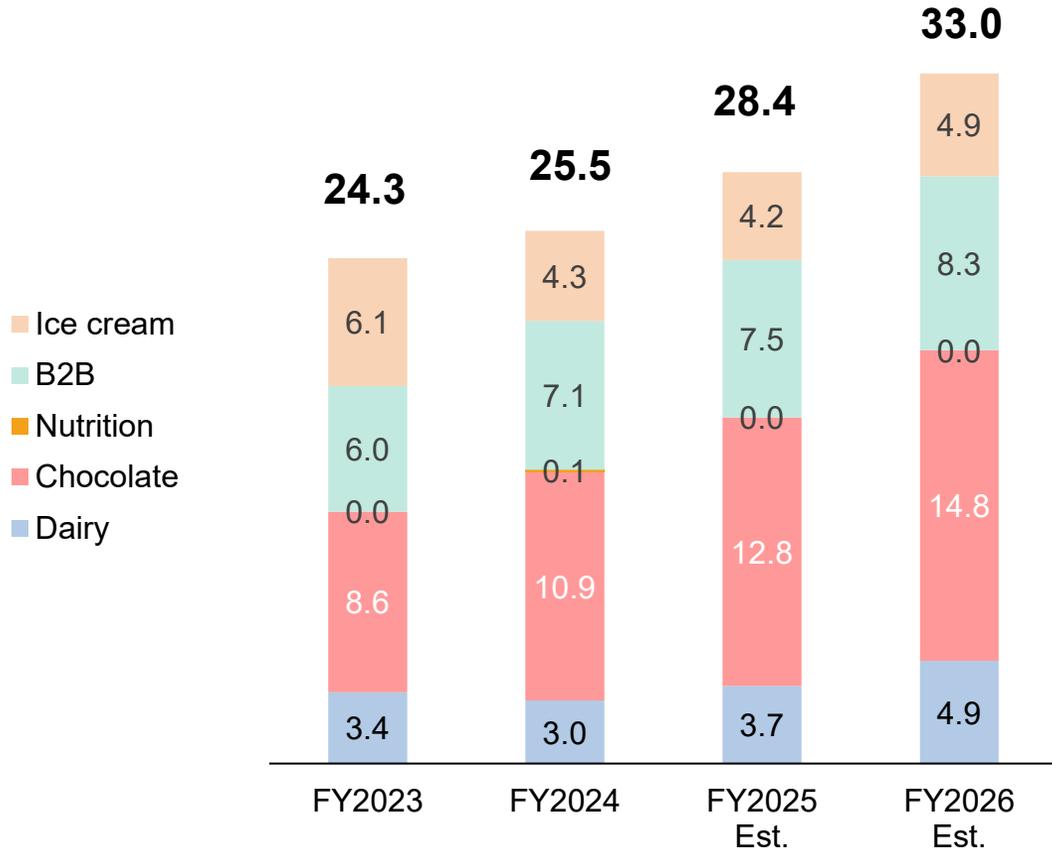
Impairment loss on non-current assets related to China business [Extraordinary losses]		Total: 19.4	
<u>By business</u>			
	Dairy, B2B	2.7	After recording an impairment loss of JPY 14.3 billion at the end of FY2023, we promoted contribution margin improvement and cost reforms, but net sales fell below plans
	Chocolate	8.8	Net sales increased steadily but profitability worsened due to an increase in indirect costs associated with the launch of the Guangzhou plant and rising raw material costs
	Ice Cream	7.9	Net sales and contribution margin rate declined due to delays in responding to market stagnation. Unable to cover the increase in indirect costs associated with the launch of the Shanghai plant

- We were unable to overcome existing issues despite leveraging the brand recognition, and safety and reassurance associated with being Japan's No. 1 brand to develop businesses centered on products with a competitive advantage
- Dairy business saw the emergence of local powerful brands and there was a limit to the ability to leverage accumulated marketing knowledge. Changes in the business environment and consumer trends due to COVID-19 also had a negative impact

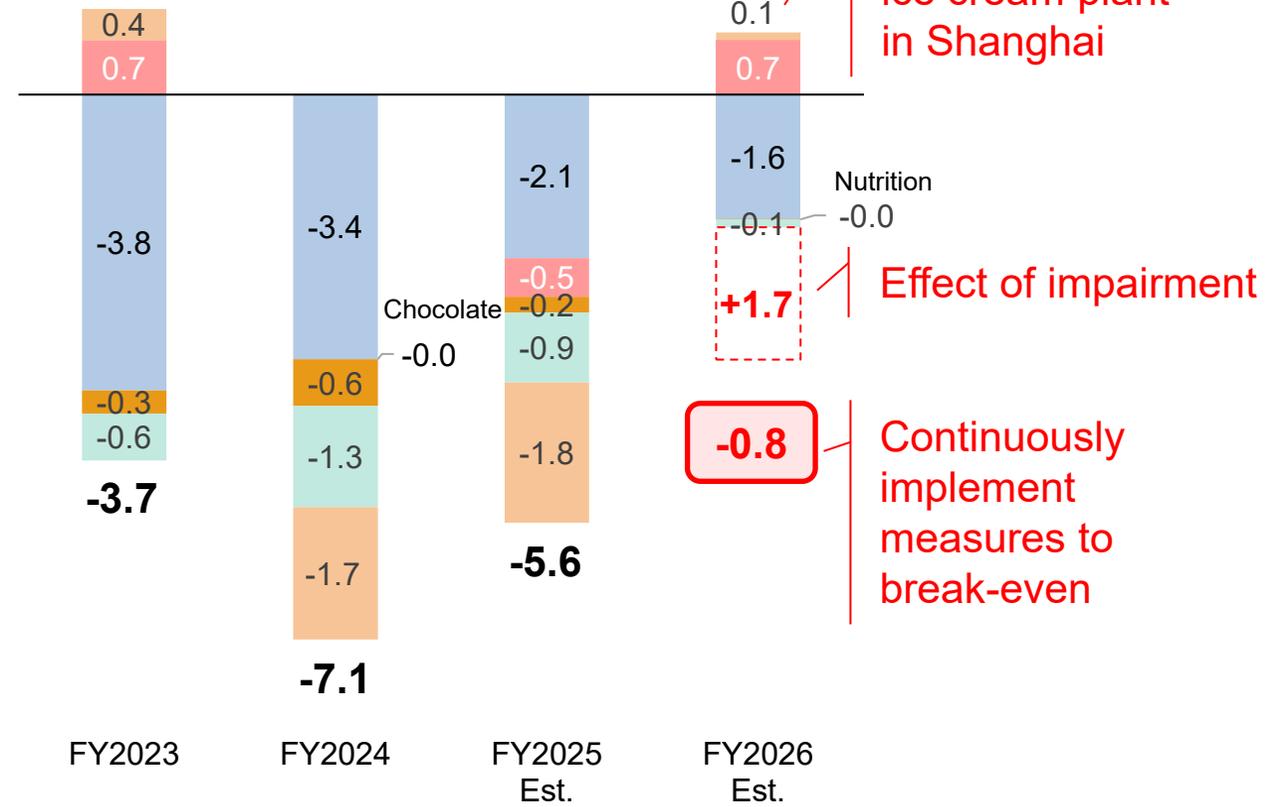
# China Business Performance Trend

(JPY bn)

Net sales by business



Op. profit by business



Including this impairment loss and the effect of suspending operations at the Shanghai ice cream plant, we expect to reduce FY2026 operating losses to JPY 0.8 billion. We will continue to evaluate next steps toward achieving break-even.

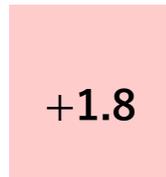
# Review of Profitability Improvement Efforts

FY2023  
Op. profit for  
China business

FY2026 Est.  
Op. profit for  
China business



[Dairy / B2B]  
Decrease in  
fixed costs



[Dairy / B2B]  
Increase in  
contribution  
margin



Decrease in Op. profit  
in business other than  
Dairy / B2B



-0.8  
Loss  
reduction  
through  
impairment



Continuously implement  
measures  
to break-even

## Dairy / B2B business

- B2B business remained strong
- Cost reforms implemented, including shifting personnel allocation to align with product and sales strategies
- Review of sales areas and distribution channels with a focus on profitability proved effective. This resulted in a significant improvement in the contribution margin for Dairy, which had been a particular issue

FY2023: **around 8%** → **30% level**

- Although unique value-added products introduced, struggled to take hold, resulting in underperformance against the plan

## Chocolate business

- Raw material costs increased
- Due to weak performance of new products, unable to offset additional costs associated with the plant operation in Guangzhou, through contribution margin

## Ice cream business

- Slow response to market downturn, and even with increased promotional spending, sales continued to decline
- Cost increase associated with the plant operation in Shanghai further weighed on performance

# Future Outlook for Dairy, B2B and Ice Cream Business

## Dairy / B2B Business

Inject management resources into the well-performing B2B business to increase capacity utilization

Control costs while improving sales and profits

- Further expand B2B
  - Focus on differentiated chilled creams
  - Expand transactions with new distributors
- Strengthen new and renewed products
  - Enhance value communication for *Meiji Oishii Gyunyu*
  - Product renewals
- Continue cost reforms
  - Review low-profitability products
  - Steadily reduce costs

## Ice Cream Business

Reduction in fixed costs due to production suspension at the Shanghai plant

Focus on differentiated products, and reform product and sales strategy

- Temporarily suspend production at Shanghai plant
  - Cost reduction of just over JPY 0.5 bn
  - Increase capacity utilization at Guangzhou plant
- Review product strategy
  - Focus on strong-performing *Soft Cone* 
  - Enhance product lineup in volume-price segment
- Review sales strategy
  - Promote appropriate pricing through revisions to trading terms
  - Expand sales area, increase exports

# Future Outlook for Chocolate Business

Focusing on expanding sales volume for strong-performing chocolate, while also working on raw material cost reductions and sales areas expansion

- Further expand mainstay Chocolate products
  - Sales have remained strong despite the price increases in September–October 2025; efforts to strengthen deployment continue
  - Develop new distributors and expand distribution to key accounts
  - Improve production efficiency
- Expand sales areas
  - Expand transactions with high-performing channels
  - Increase exports
- Reduce raw material costs
  - Review product specifications
  - Promote stable and low-cost procurement through long-term contracts and development of new suppliers



Confirmed that our production technology, which enables us to leverage the characteristics of cocoa beans to create complex blends, is also a strength in China. Will concentrate management resources to position this as a domain in which profit growth is achievable through sales growth

## 2. Revisions to FY2025 Consolidated Financial Forecasts and Future Management Policy

# Revisions to FY2025 Consolidated Financial Forecasts

(JPY bn)	FY2024 Results	FY2025 Plan (Rev. Nov. 2025)	FY2025 Estimate (Rev. Mar. 2026)	YoY Change	vs Plan as of Nov. 2025
Net sales	1,154.0	1,177.0	1,177.0	+2.0% +22.9	—
Operating profit	84.7	91.0	91.0	+7.4% +6.2	—
Ordinary profit	82.0	87.5	93.0	+13.4% +10.9	+6.3% +5.5
Profit attributable to owners of parent	50.8	54.0	36.5	-28.2% -14.3	-32.4% -17.5

- Net sales, Op. profit: Unchanged
- Ordinary profit: **Revised upward**
  - Share of loss of entities accounted for using equity method improved due to a decline in our Group's equity ratio in AustAsia Group Ltd.
  - Factoring in FX gains
- Profit attributable to owners of parent: **Revised downward**
  - Impairment loss related to China business
  - Losses associated with structural reforms (Production system reorganization, Next Career Special Support Program etc.)
- Impact on balance sheets: Decrease in non-current assets at the end of March 2026
- Impact on cash flows: Minor
- Year-end dividend: No change from previous forecast, announced in May 2025

# Executive Summary

- We made a decision regarding China business in the Food segment, which had long been a challenge. Established a clear path toward fundamental structural reforms  
While applying the lessons learned from our China operations—such as leveraging external partners and talent, and ensuring speed in management decision-making—we will strengthen our overseas and new business domains as future growth pillars
- In our domestic businesses as well, we will implement structural reforms and strategically allocate the cash generated to both shareholder returns and investments in growth areas
- Through these initiatives, we will aim to restore business to a growth trajectory and an accelerated recovery to an ROE of 10%
- The management indicator, Meiji ROESG has played a key role in deeply embedding sustainability within the organization. Going forward, while maintaining our commitment to fusing sustainability and business strategies, we will place ROE at the center of our management approach as a metric more directly linked to shareholder value

# Meiji Group's Future

- ✓ Product development capabilities
- ✓ Research expertise in lactic acid bacteria, immunity, microorganism and ingredients



- ✓ Globally unique combination of Food and Pharmaceuticals
- ✓ Diverse solutions for health challenges

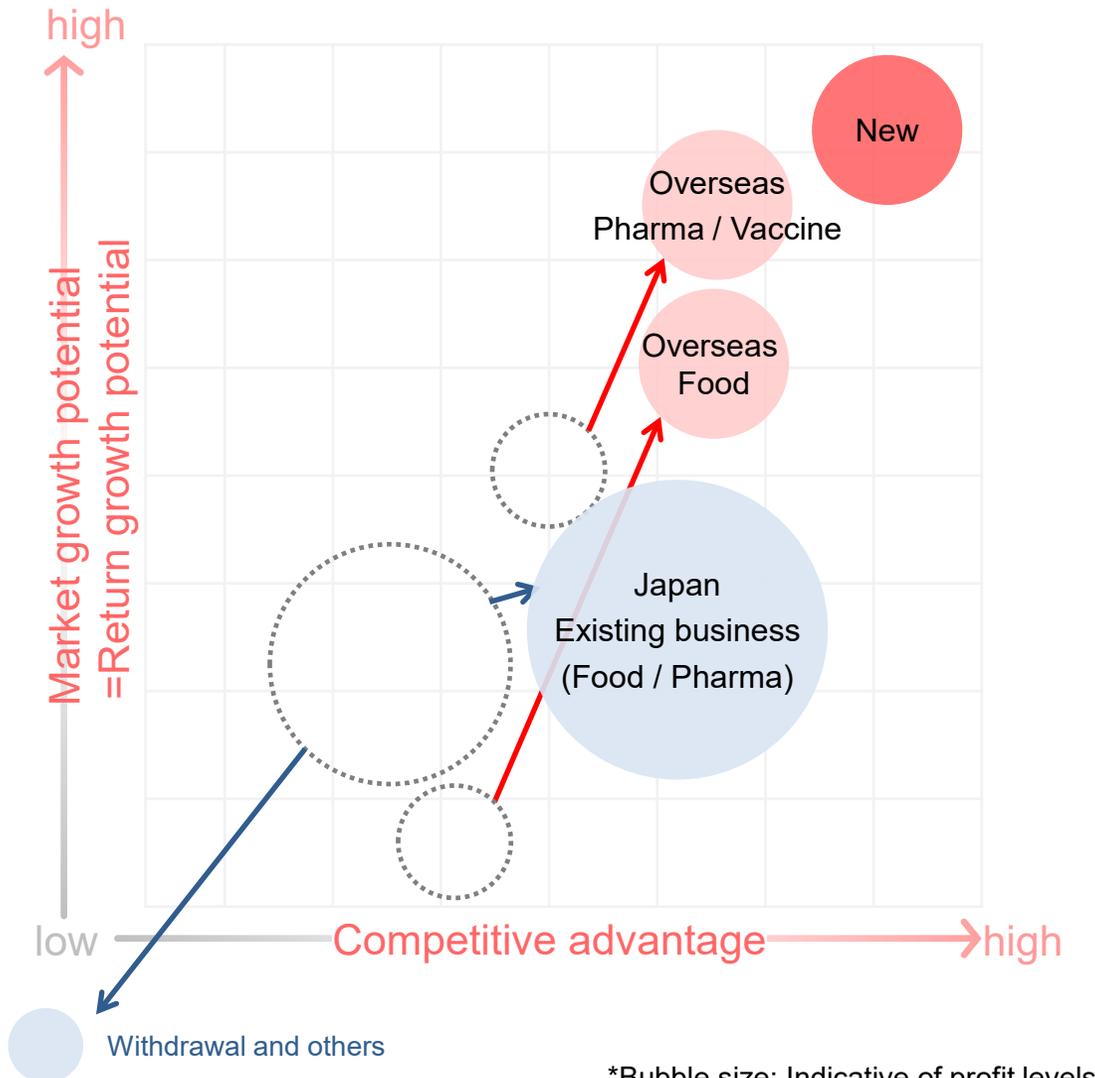
Without limiting ourselves to Food or Pharmaceuticals, we will resolve social issues by providing products with unique value such as foods that are aligned with medical care

- ✓ Trusted brand built over more than 100 years
- ✓ Unmatched customer reach
- ✓ Quality and Supply that supports foundation of society

Achieve sustainable growth and returns through business expansion in growth markets

Offering the world an exciting future with no healthy lifespan gap

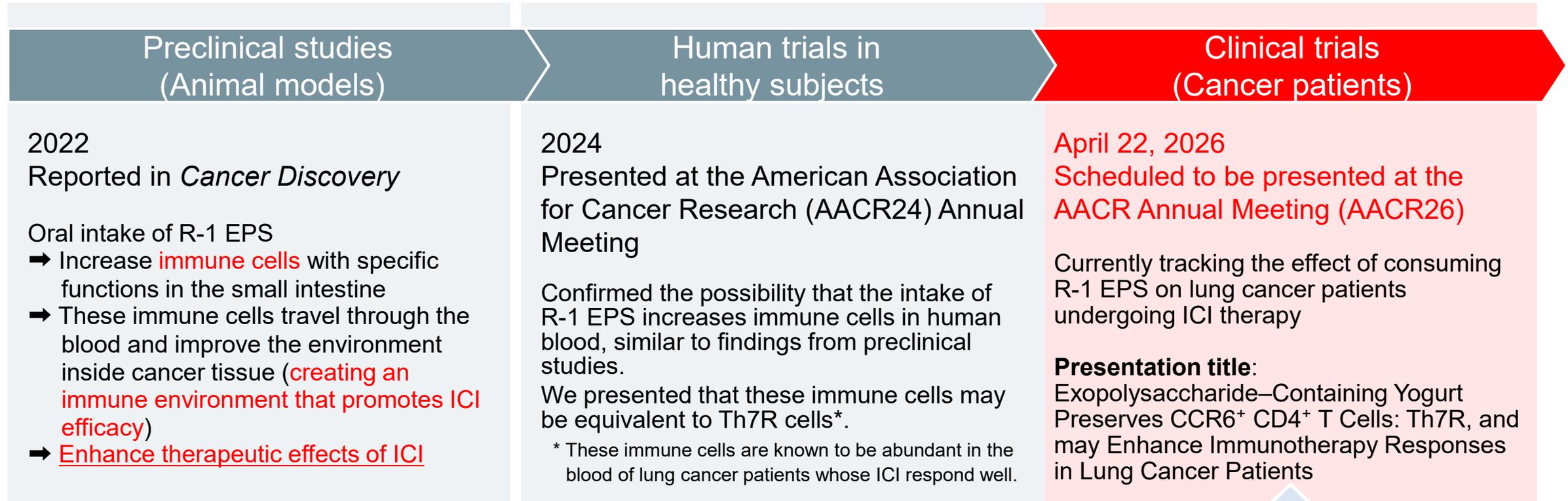
# Transform Business Portfolio toward Achieving our Desired Future State



\*Bubble size: Indicative of profit levels

- |                   |   |
|-------------------|---|
| New business      | <ul style="list-style-type: none"> <li>• Use value propositions that cannot be mimicked by our competitors to establish high-growth, highly profitable domains</li> <li>• Actively leverage open innovation, M&amp;A, partnerships to accelerate commercialization</li> </ul>   |
| Overseas business | <ul style="list-style-type: none"> <li>• Allocate management resources to confectionery, category with competitive advantages and strong profit growth potential</li> <li>• Strengthen investment in global strategic pharmaceutical products such as Nacubactam, dengue vaccine and Mpox vaccine to accelerate growth</li> <li>• Actively pursue and execute M&amp;A and partnering opportunities</li> </ul> |
| Domestic business | <ul style="list-style-type: none"> <li>• Maximize investment returns implemented through 2026 Medium-Term Business Plan, enhance productivity, ensure stable cash flow generation</li> <li>• Identify true value that will fuel our competitive advantage and promote fundamental structural reforms, including withdrawing from non-strategic domains</li> </ul>   |

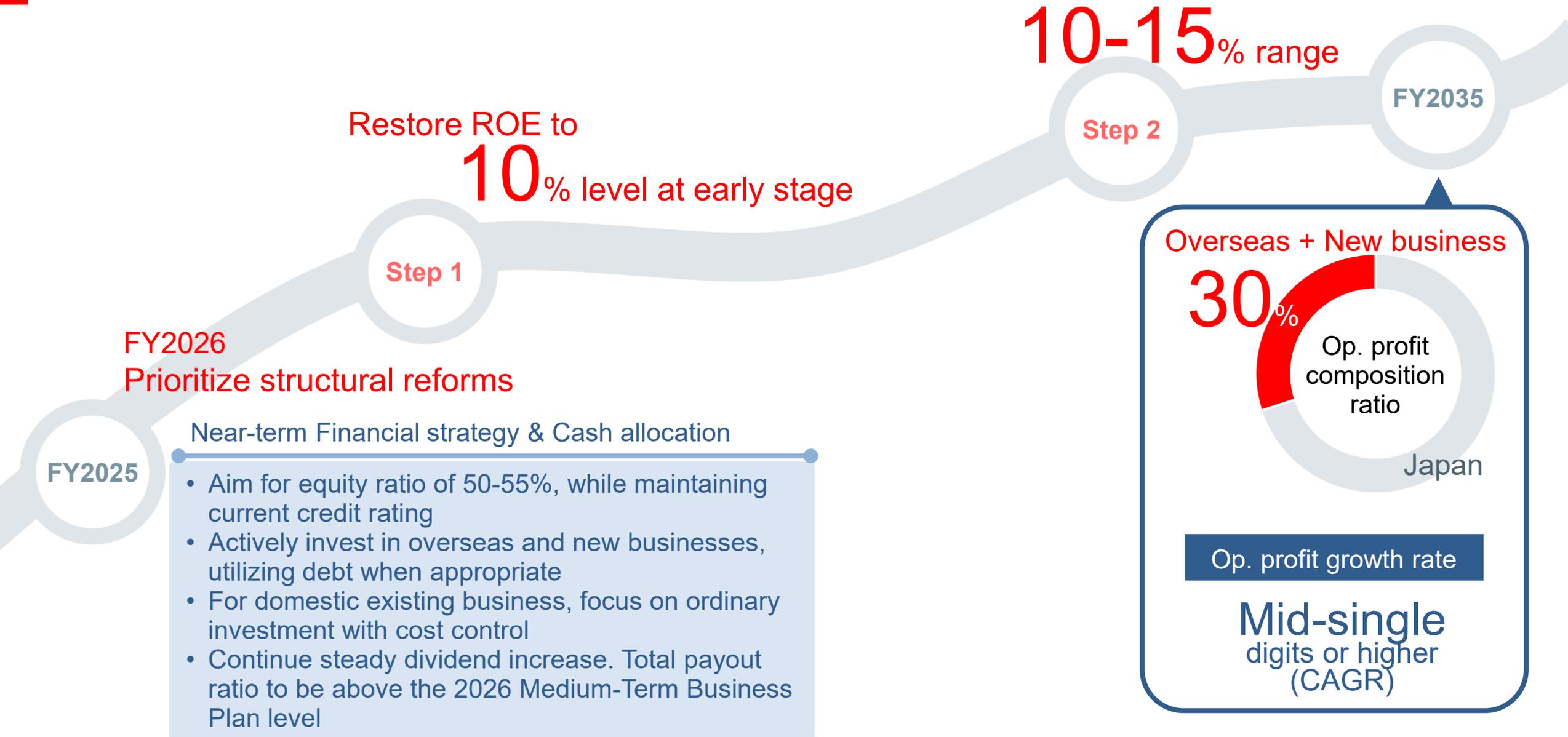
# Creating Synergy Business: Progress of Research regarding Therapeutic Effects Enhancement of Immune Checkpoint Inhibitors (ICI) by R-1 EPS



Current progress

- Results and mechanism confirmed in preclinical studies and human trials in healthy subjects also confirmed via clinical trials involving lung cancer patients
- Scheduled to present at the AACR, the world's largest cancer society that boasts over 60,000 members in more than 140 countries. Working towards commercialization, we are steadily building evidence and exploring co-creation opportunities

# Place ROE at the Core of Management Indicator, Evolve into a Globally Competitive Company, Pursuing Long-term Corporate Value Growth



# Appendix

# Status of Investment in China Business

(JPY bn)

		Investment amount (incl. loans)	Impairment loss recorded			Remaining asset value
			~FY2023	FY2025		
Meiji Dairies (Suzhou) Co., Ltd.	Dairy, B2B	8.0	2.2	0.3	2.6	2.3
Meiji Dairies (Tianjin) Co., Ltd.	Dairy, B2B	11.4	4.6	0.3	4.9	6.9
MEIJI FOOD (GUANGZHOU) CO., LTD.	Dairy, B2B, Confectionery	27.7	7.4	6.1	13.6	12.8
Meiji Seika Food Industry (Shanghai) Co., Ltd.	Confectionery, Ice cream	18.9	—	11.3	11.3	9.9
Meiji Ice Cream (Guangzhou) Co., Ltd.	Ice cream	3.6	—	0.9	0.9	3.6
Meiji (China) Investment Co., Ltd.	Management company	9.9	—	0.3	0.3	0.7
AustAsia Group Ltd.	Equity-method affiliate (→excluded)	28.5	8.3	—	8.3	—
		<b>108.4</b>	<b>22.6</b>	<b>19.4</b>	<b>42.0</b>	<b>36.5</b>

\* Impairment loss values for FY2025 are approximate figures, converted using exchange rate as of March 13, 2026  
\* Investments made by Meiji (China) Investment in each entity are excluded

In July 2025, AustAsia Group Ltd. announced a stock allocation increase. As a result of this increased capitalization, our equity ratio in the company declined from 22.19% to 15.85% (we did not participate in the capitalization), and we removed the company from the scope of entities accounted for using the equity method in the first half of FY2025.

# Performance Trend by Business

(JPY bn)		FY2023	FY2024	YoY Change	FY2025 Est.	YoY Change	FY2026 Est.	YoY Change
Dairy	Net sales	3.4	3.0	-11.0% -0.3	3.7	+24.6% +0.7	4.9	+29.9% +1.1
	Op. profit	-3.8	-3.4	— +0.4	-2.1	— +1.3	-1.6	— +0.5
Chocolate	Net sales	8.6	10.9	+26.3% +2.2	12.8	+17.5% +1.9	14.8	+15.8% +2.0
	Op. profit	0.7	-0.0	— -0.7	-0.5	— -0.5	0.7	— +1.2
Nutrition	Net sales	0.0	0.1	+180.4% +0.0	0.0	-66.6% -0.0	0.0	— -0.0
	Op. profit	-0.3	-0.6	— -0.2	-0.2	— +0.4	-0.0	— +0.2
B2B	Net sales	6.0	7.1	+17.1% +1.0	7.5	+5.8% +0.4	8.3	+10.8% +0.8
	Op. profit	-0.6	-1.3	— -0.6	-0.9	— +0.3	-0.1	— +0.8
Ice cream	Net sales	6.1	4.3	-30.0% -1.8	4.2	-2.0% -0.0	4.9	+16.4% +0.6
	Op. profit	0.4	-1.7	— -2.1	-1.8	— -0.0	0.1	— +1.9
China business Total	Net sales	24.3	25.5	+4.8% +1.1	28.4	+11.3% +2.9	33.0	+16.3% +4.6
	Op. profit	-3.7	-7.1	— -3.4	-5.6	— +1.5	-0.8	— +4.8

*Now ideas for wellness*

**meiji**

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