

# Financial Results for the Q1 of FYE March 2024 (FY2023)

(From April 1, 2023 to June 30, 2023)

August 8, 2023

# Summary for Q1 FY2023 Consolidated Results

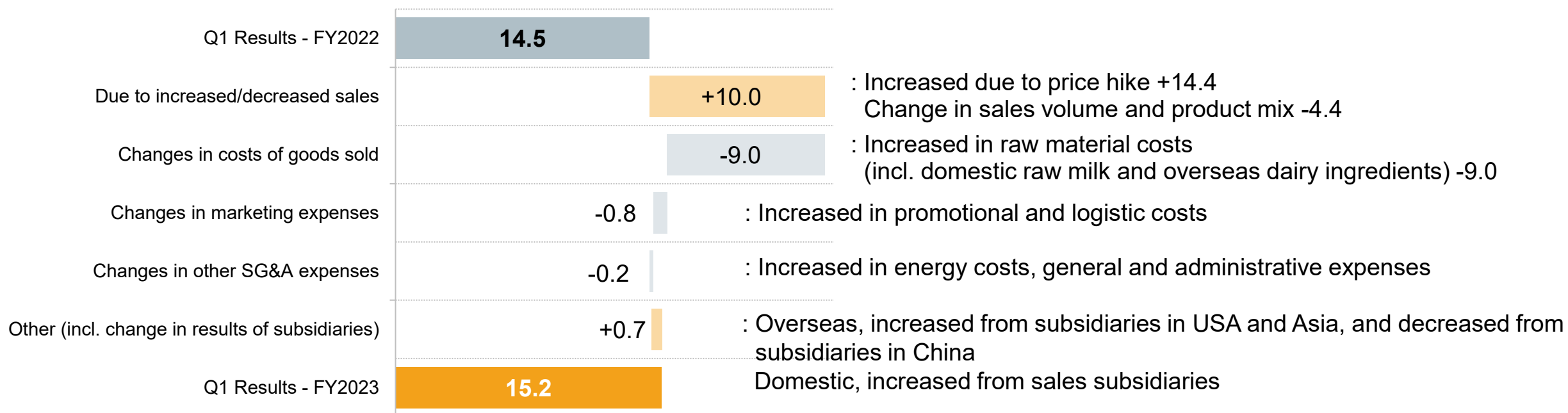
(JPY bn)	FY2022 Q1 Results	FY2023 Q1 Results	FY2023 Q1 Results		FY2023 H1 Plan
			YoY Change	vs. H1 Plan	
Net sales	247.1	262.7	+6.3% +15.6	48.3%	544.0
Operating profit	18.0	19.4	+8.1% +1.4	60.9%	32.0
Op. profit margin	7.3%	7.4%	+0.1 pt	—	5.9%
Profit attributable to owners of parent	16.0	11.5	-27.6% -4.4	58.0%	20.0
EPS (JPY)	56.87	41.59	-15.28	—	71.27

- Results for Q1: Increased both in sales and operating profit
  - Sales: Increased both in Food and Pharmaceutical segment
  - Operating profit: Food segment increased  
 Pharmaceutical segment increased significantly
  - Profit attributable to owners of parent: Decreased significantly due to extraordinary income decrease and tax expense increase

# Food: Summary – Q1 FY2023

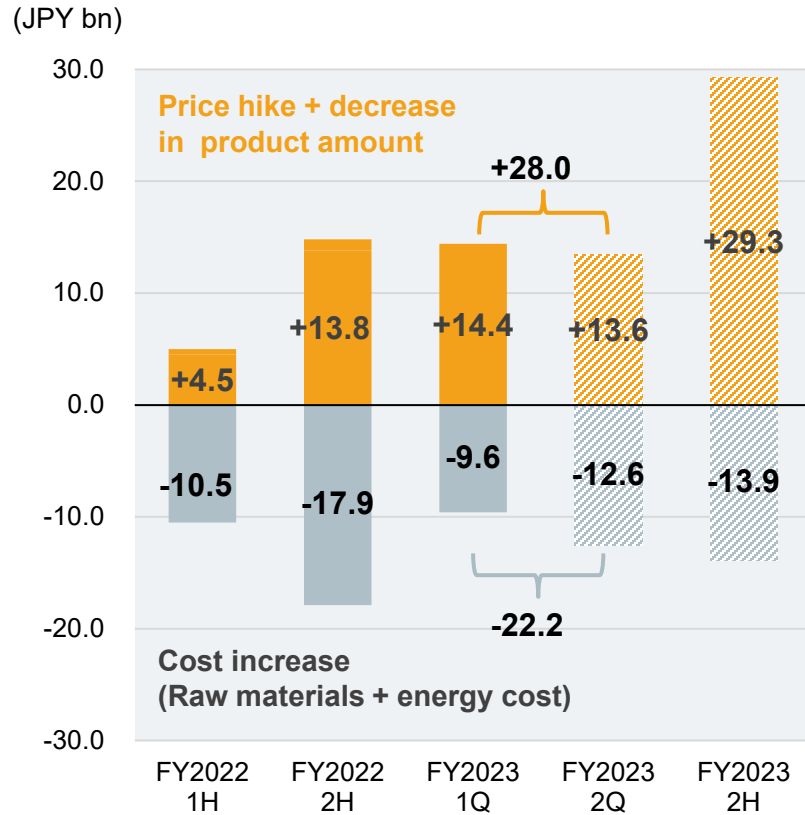
(JPY bn)	FY2022 Q1 Results	FY2023		FY2023 H1 Plan
		Q1 Results	YoY Change vs. H1 Plan	
Net sales	204.3	218.7	+7.0% +14.3	441.4
Operating profit	14.5	15.2	+4.8% +0.6	25.9

## Analysis of changes in operating profit



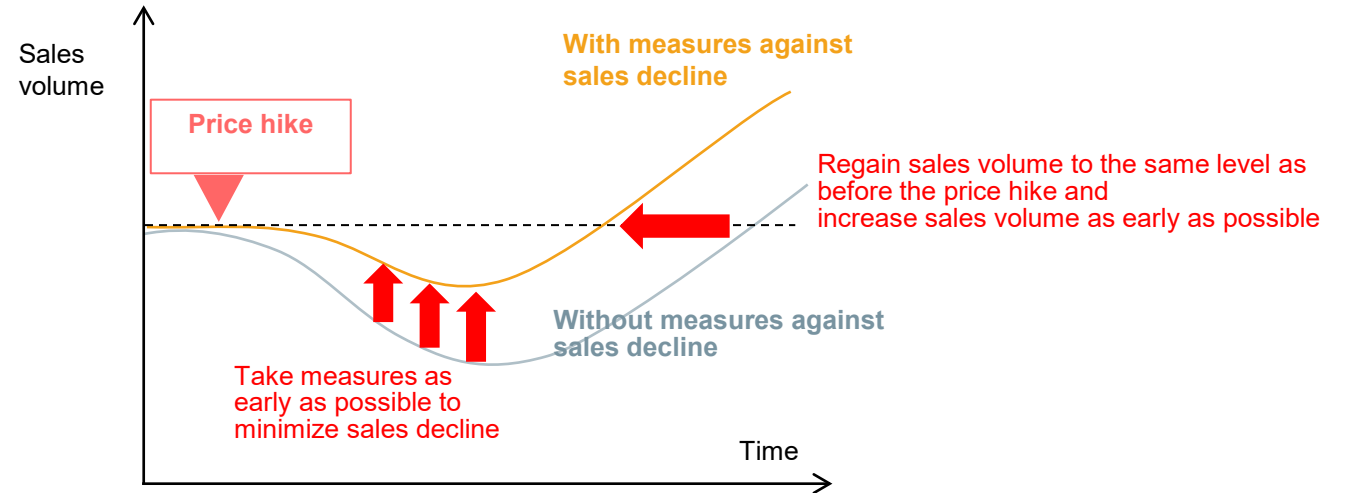
# Food: Penetrate price hikes/ Recover and grow sales volume

## Effects on operating profit



- Covered cost increase by increasing the price and decreasing the product net content

## Effect of price hike on sales volume



- Continued delays in sales volume recovery
  - Recovered sales volume of value-added products Continue product strategy and marketing and increase sales volume
  - Commodity products : recovery trend in sales volume though took time for price hikes permeation
- The costs increase will impact profit during the 1st half of FY2023. Continue to strengthen marketing investment for regain sales in the 2nd half of FY2023.

# Food: Analysis of Operating Profit – Q1 FY2023

(JPY bn)	Segment Total	Yogurt & cheese	Nutrition	Chocolate & gummy	Drinking milk	B to B	Frozen dessert & ready meal	Overseas	Other/ domestic subsidiaries
Q1 Operating Profit – FY2022	14.5	6.1	4.1	2.6	-0.3	0.4	0.7	-0.4	1.1
Due to increased/decreased sales	+10.0	+2.2	+2.3	+1.2	+0.6	+2.1	+1.0	+0.3	+0.3
Changes in COGS	-9.0	-1.8	-2.2	-1.1	-1.0	-0.9	-0.9	-0.3	-0.9
Changes in other SG&A expenses	-1.0	-0.2	+0.2	-0.2	-0.2	-0.4	-0.1	-0.2	+0.0
<i>Change in marketing expenses</i>	<i>-0.8</i>	<i>-0.3</i>	<i>-0.0</i>	<i>-0.1</i>	<i>-0.0</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>+0.0</i>
<i>Change in other expenses (R&amp;D expenses)</i>	<i>-0.2 (+0.1)</i>	<i>+0.1</i>	<i>+0.2</i>	<i>-0.0</i>	<i>-0.1</i>	<i>-0.3</i>	<i>+0.1</i>	<i>-0.0</i>	<i>+0.0</i>
Other (incl. change in results of subsidiaries)	+0.7	+0.2	+0.0	-0.1	+0.1	+0.0	-0.0	+0.5	-0.2
Q1 Operating Profit – FY2023	15.2	6.6	4.3	2.4	-0.7	1.2	0.7	0.0	0.3

# Food: Q1 FY2023 Results by business

## ■ Yogurt & cheese

(JPY bn)	FY2023	
	Q1 Results	YoY Change
Net sales	51.5	+2.6% +1.2
Operating profit	6.6	+8.6% +0.5

Net sales YoY changes	Q1
Functional yogurt	+4.7%
Yogurt	-0.9%
Cheese	+6.2%

### ● Market size

- Yogurt: +5 to +6%
- Cheese: +2 to +5%

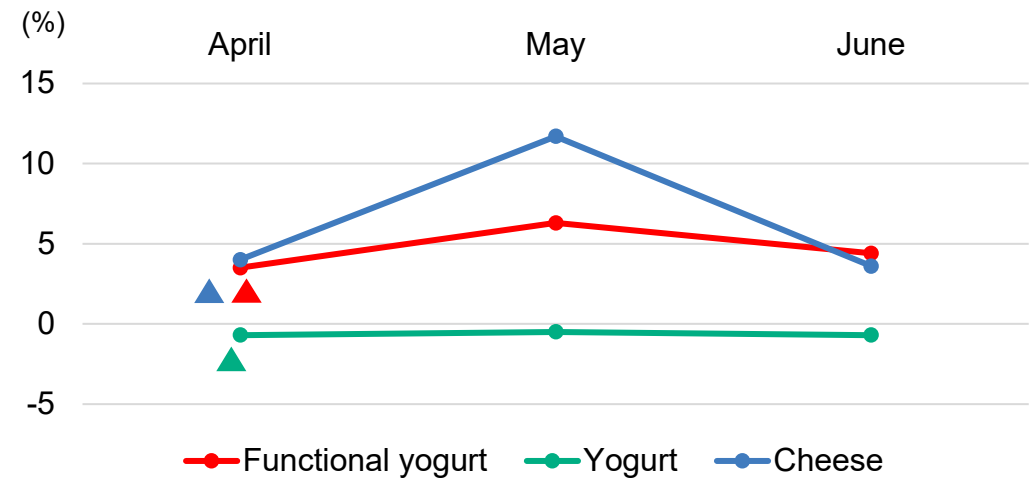
### ● Net sales

Functional Yogurt: Continued favorite result since 4Q FY2022  
Cheese: Growth of sliced cheese

### ● Operating profit

Increased due to price hikes to cover increase in raw material costs and decrease in sales volume

Meiji's Monthly Sales (YoY, ▲: Price hike)



# Food: Q1 FY2023 Results by business

## ■ Nutrition

(JPY bn)	FY2023	
	Q1 Results	YoY Change
Net sales	31.2	+7.7% +2.2
Operating profit	4.3	+4.5% +0.1

- Market size
  - Sports protein (Powder and granules): +9 to +10%
  - Liquid diet: Grew both for hospital and in-home care
- Net sales
  - *SAVAS*: *SAVAS Milk Protein* drove the sales
  - Infant formula: Increased inbound demand
- Operating profit
  - Increased: Due to price hike and indirect manufacturing costs reduction

## ■ Chocolate & gummy

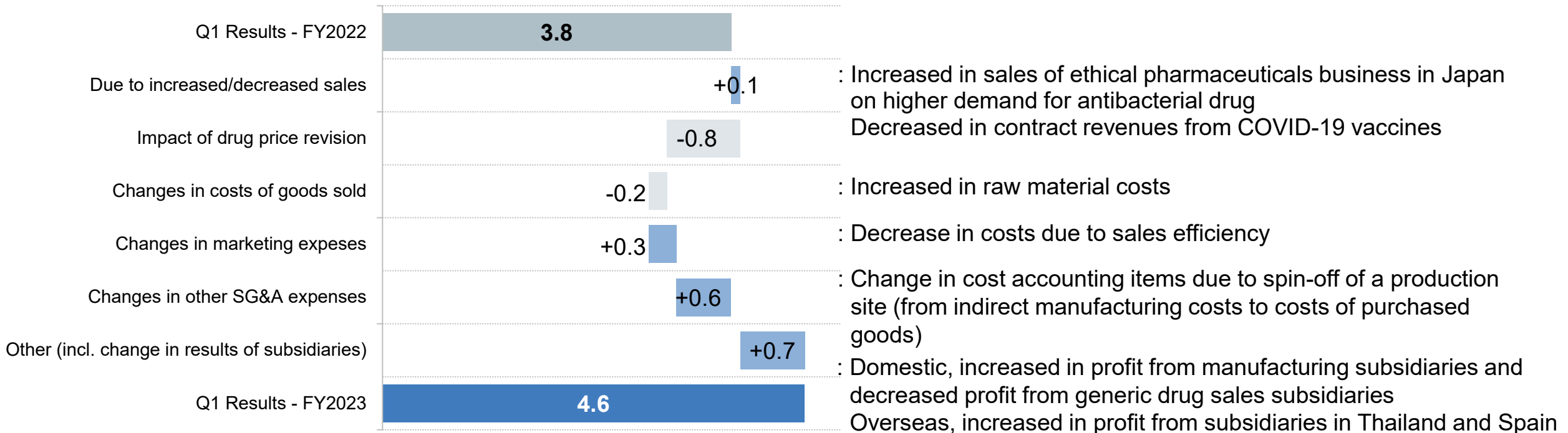
(JPY bn)	FY2023	
	Q1 Results	YoY Change
Net sales	22.6	+3.0% +0.6
Operating profit	2.4	-4.4% -0.1

- Market size
  - Chocolate: +6 to +7%  
Recovery in consumer activity, inbound demand, and normalization from weakened demand in the extremely hot June of the previous year
  - Gummy: +30 to +31%, grew demand among seniors
- Net sales
  - Nut chocolate: Favorite due to recovery in consumer activity and inbound demand
  - Gummy: Drove the sales growth
- Operating profit
  - Decreased: Increased in marketing costs though price hikes offset increase in raw material costs and sales volume declines

# Pharmaceutical: Summary – Q1 FY2023

(JPY bn)	FY2022 Q1 Results	FY2023 Q1 Results	YoY Change		FY2023 H1 Plan
			vs. H1 Plan		
Net sales	42.8	44.1	+3.0%	42.9%	102.9
Operating profit	3.8	4.6	+20.7%	63.1%	7.3

## Analysis of changes in operating profit



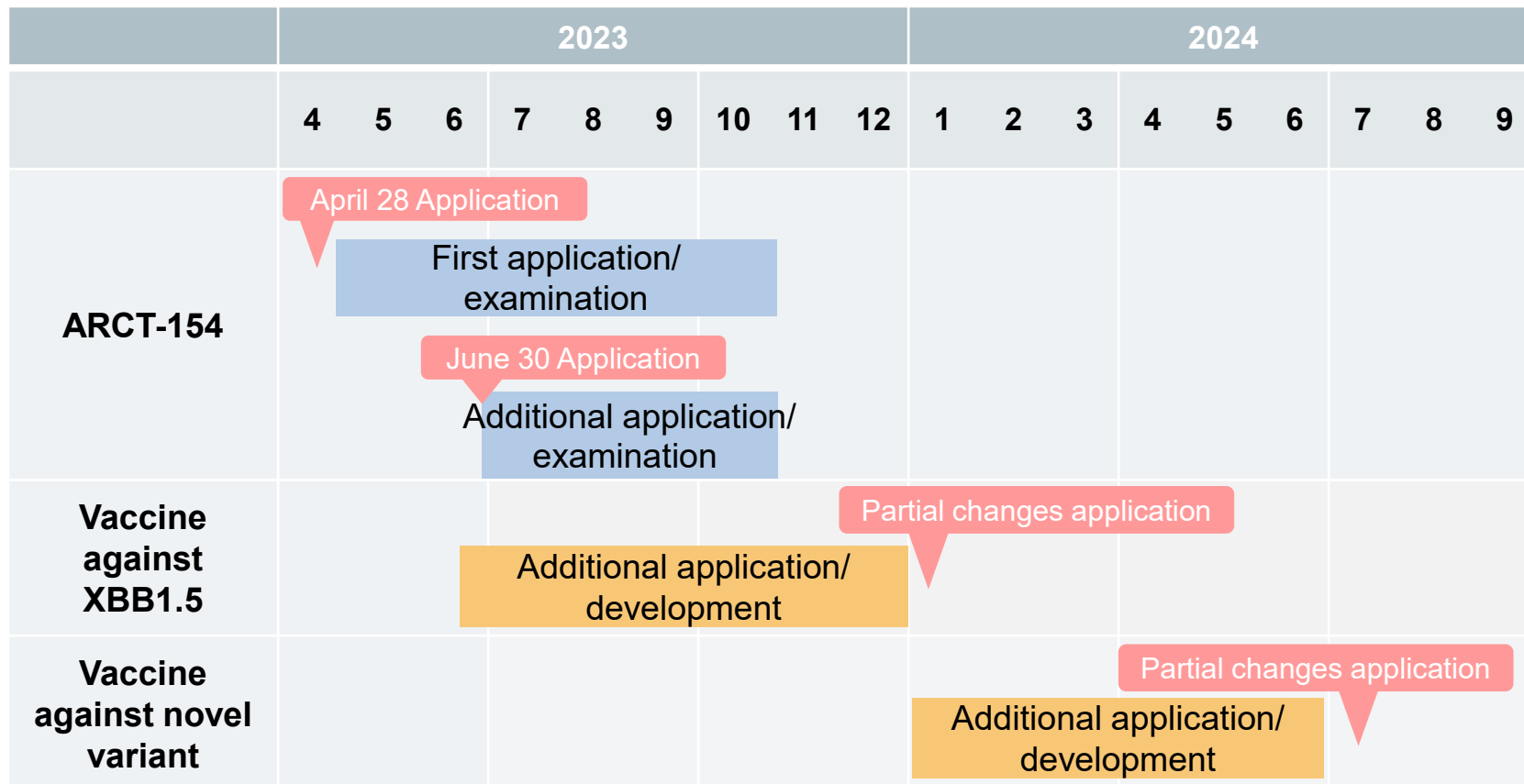


# Pharmaceutical: Analysis of Operating Profit – Q1 FY2023

(JPY bn)	Segment Total	Domestic ethical pharmaceuticals	Overseas ethical pharmaceuticals	Human Vaccine	Veterinary drug
Q1 Operating Profit – FY2022	3.8	2.0	1.9	-0.6	0.4
Due to increased/decreased sales	+0.1	+0.3	-0.1	-0.1	—
Impact of drug price revision	-0.8	-0.8	—	—	—
Changes in COGS	-0.2	-0.1	-0.1	-0.0	—
Changes in other SG&A expenses	+1.0	+1.0	-0.0	-0.0	—
<i>Change in marketing expenses</i>	+0.3	+0.4	+0.0	-0.0	—
<i>Change in other expenses (R&amp;D expenses)</i>	+0.6 (-0.3)	+0.7	-0.0	-0.0	—
Other (incl. change in results of subsidiaries)	+0.7	+0.0	+0.5	+0.3	-0.1
Q1 Operating Profit – FY2023	4.6	2.5	2.2	-0.4	0.3

# Pharmaceutical: Development of Self-Amplifying mRNA COVID-19 Vaccine (ARCT-154 Series)

Now ideas for wellness



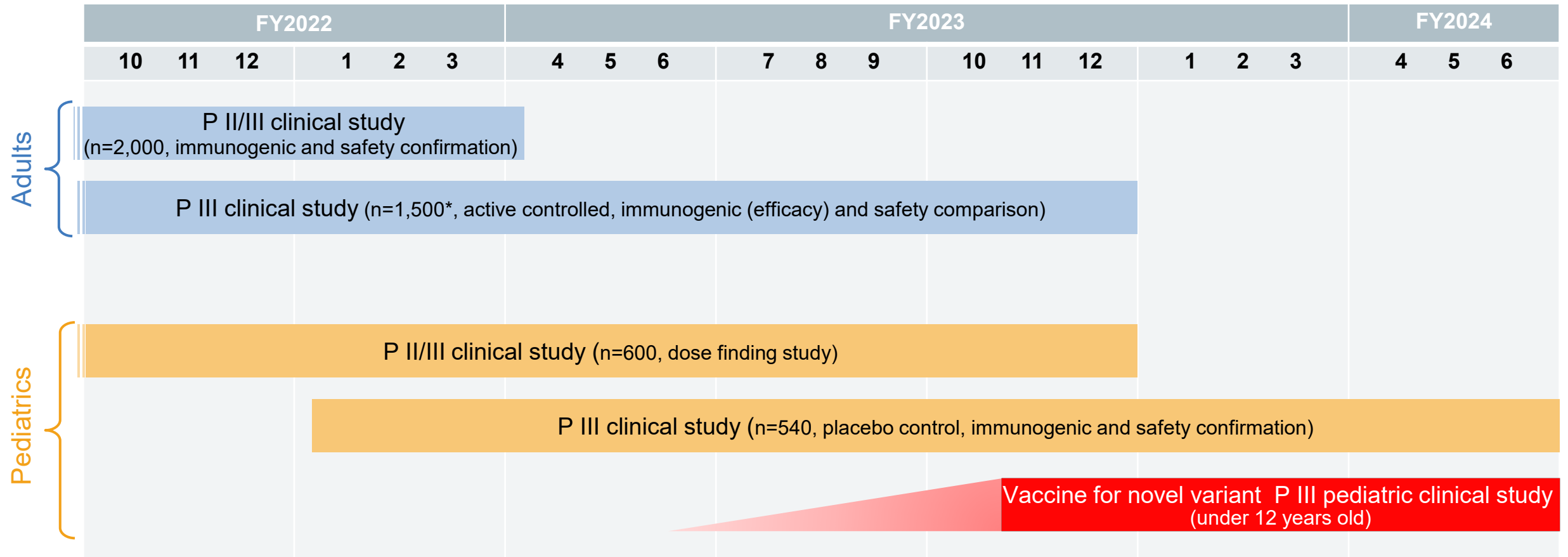
mRNA drugs and vaccines manufacturing site of ARCALIS, Inc.\* in Minami-soma City



(Illustration for the site under construction)

- Continue working towards the rapid development and production as the first self-amplifying mRNA vaccine to be approved in a leading economy
- Currently advancing developing of a vaccine against novel variant

# Pharmaceutical: Development of Inactivated COVID-19 Vaccine (KD-414)



- Focusing on development for vaccine against novel variant
  - Demands expected to be increased
  - Will start PIII clinical study for children under 12 years old during FY2023

\* adults under 40 years old

# Outlook for FY2023 (No revisions)

(JPY bn)	FY2022 Results		FY2023 Plan			
	H1	Full-year	H1	YoY Change	Full-year	YoY Change
Net sales	517.5	1,062.1	544.0	+5.1% +26.4	1,102.0	+3.8% +39.8
Operating profit	43.1	75.4	32.0	-25.9% -11.1	78.0	+3.4% +2.5
Op. profit margin	8.3%	7.1%	5.9%	-2.5 pt	7.1%	-0.0 pt
Profit attributable to owners of parent	33.3	69.4	20.0	-40.1% -13.3	51.0	-26.5% -18.4
EPS (JPY)	118.52	247.39	71.27	-47.25	181.73	-65.65
Cash dividends per share (JPY)	42.50	90.00	47.50	+5	95.00	+5
Dividend payout ratio	—	36.4%	—	—	52.3%	+15.9 pt
ROE	—	10.0%	—	—	7.0%	-3.0 pt
ROIC	—	6.3%	—	—	6.5%	+0.2 pt
Capital expenditures	33.5	72.1	32.1	-4.2% -1.4	62.8	-12.8% -9.2
Cash flows from operating activities	25.1	85.0	—	—	60.0	-29.4% -25.0
Free cash flows	-0.8	48.2	—	—	10.0	-79.3% -38.2

# Appendices

# Financial Position as of June 2023

(JPY bn)	Results as of Jun. 2023	Change	Main Factors for Change
Current assets	502.8	+6.8% +31.9	- Cash and deposits (+20.5) - Merchandise and finished goods (+8.2) - Notes and accounts receivable-trade (-2.3)
Non-current assets	668.9	+0.5% +3.6	- Investment securities (+8.0) - Land (+7.7) - Machinery, equipment and vehicles, net (+4.9) - Construction in progress (-13.3) - Deferred tax assets (-2.9) - Buildings and structures, net (-0.8)
Total assets	1,171.7	+3.1% +35.5	—
Current liabilities	291.3	+9.4% +25.1	- Short-term borrowings (+38.0) - Accrued expenses (-4.6) - Provision for bonuses (-4.6)
Non-current liabilities	118.2	-0.3% -0.3	- Long-term borrowings (-0.9) - Deferred tax liabilities (+0.4)
Total liabilities	409.6	+6.4% +24.7	—
Shareholders' equity	663.4	-0.2% -1.6	- Capital surplus (-8.3) - Retained earnings (-1.6) - Treasury shares (+8.3)
Accumulated other comprehensive income	58.5	+25.2% +11.7	- Valuation difference on available-for-sale securities (+6.1) - Foreign currency translation adjustments (+5.2)
Non-controlling interests	40.0	+1.6% +0.6	—
Total net assets	762.0	+1.4% +10.7	—
Interest bearing debt	101.4	+57.7% +37.1	- Short-term borrowings (+38.0)
Equity ratio	61.6%	-1.0 pt	—

# Consolidated Cash Flows for Q1 FY2023

(JPY bn)	FY2023		
	Q1 Results	YoY Change	Main Factors for Change
Cash flows from operating activities	2.4	-2.3	- Decrease in trade payables (-3.6)
Cash flows from investing activities	-5.6	+3.2	- Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (+3.5)
Free cash flows	-3.2	+0.9	—

# Food: Sales by Main Product for Q1 FY2023

(JPY bn)	FY2022	FY2023			FY2023
	Q1 Results	Q1 Results	YoY Change	vs. H1 Plan	H1 Plan
Yogurt	19.9	19.7	-0.9%	49.1%	40.1
Functional yogurt	22.8	23.9	+4.7%	48.7%	49.1
Cheese	6.8	7.2	+6.2%	52.5%	13.7
Chocolate	20.5	21.3	+3.8%	50.3%	42.3
Infant formula and enteral formula	16.3	17.2	+5.8%	50.2%	34.3
Sports nutrition (incl. <i>SAVAS Milk Protein</i> )	11.8	12.7	+7.4%	49.9%	25.4
Drinking milk, milk for home delivery	17.9	18.3	+2.1%	48.3%	37.8
Ice cream	11.0	11.7	+6.3%	43.3%	27.0

\* Not calculated as net sales after applying revenue recognition accounting standards



# Pharmaceutical: Q1 FY2023 Results by business

## ■ Domestic ethical pharmaceuticals

(JPY bn)

	FY2023	
	Q1 Results	YoY Change
Net sales	24.8	+7.3% +1.6
Operating profit	2.5	+19.5% +0.4

- Net sales
  - Antibacterial drug grew significantly though decreased contract revenues for COVID-19 vaccine
  - Blood Plasma Products: Increased demand
- Operating profit
  - Increased: Addressed the impact of NHI price revisions in Japan by sales increase

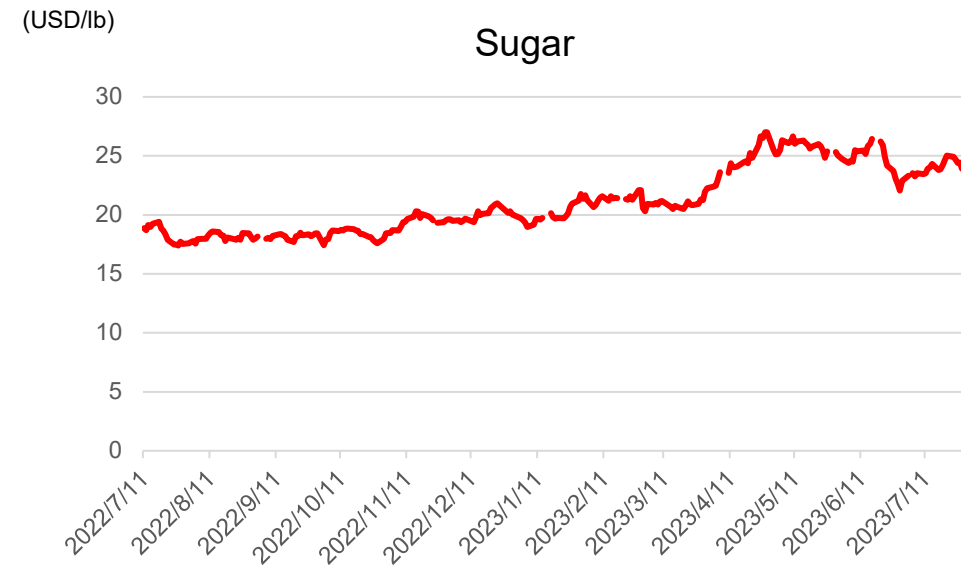
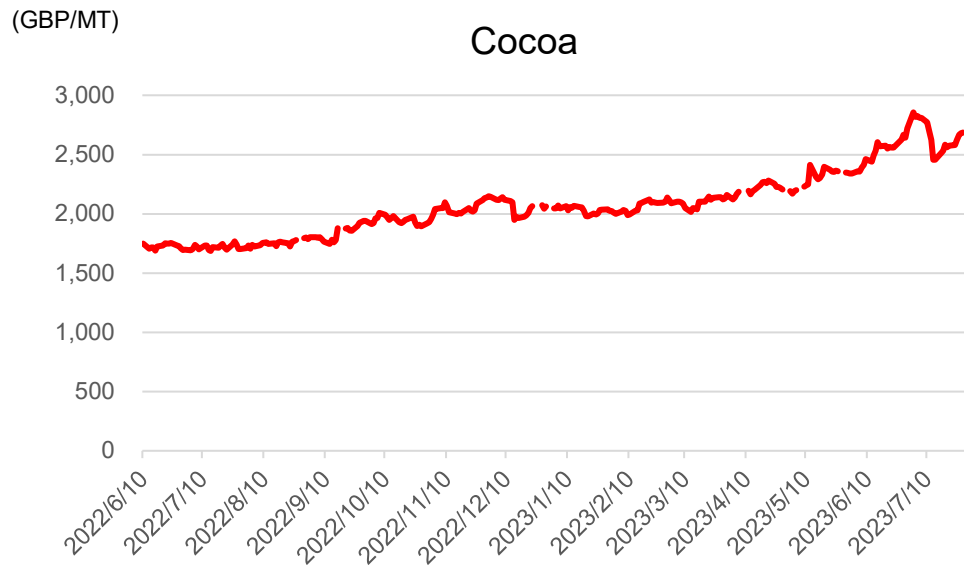
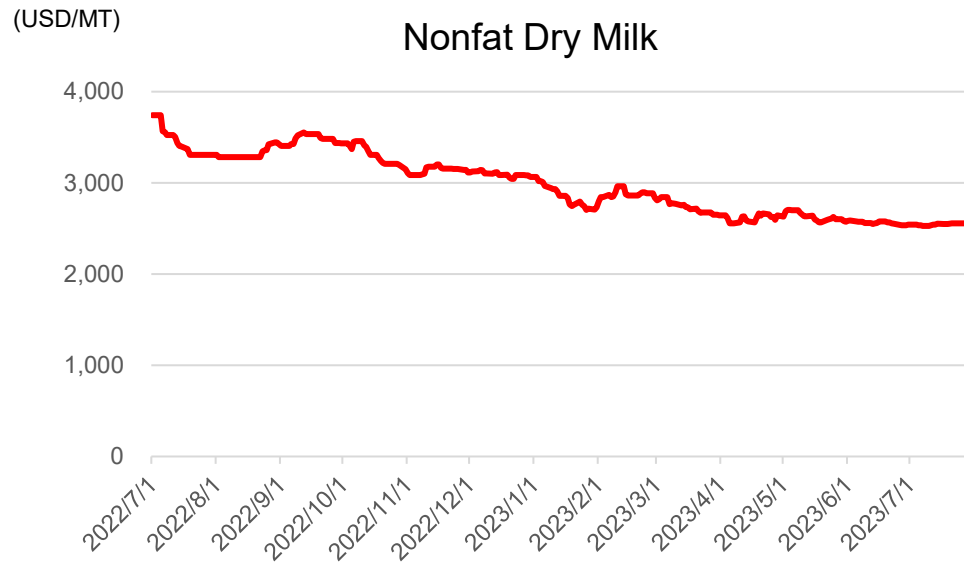
## ■ Overseas ethical pharmaceuticals

(JPY bn)

	FY2023	
	Q1 Results	YoY Change
Net sales	12.7	+0.0% +0.0
Operating profit	2.2	+14.2% +0.2

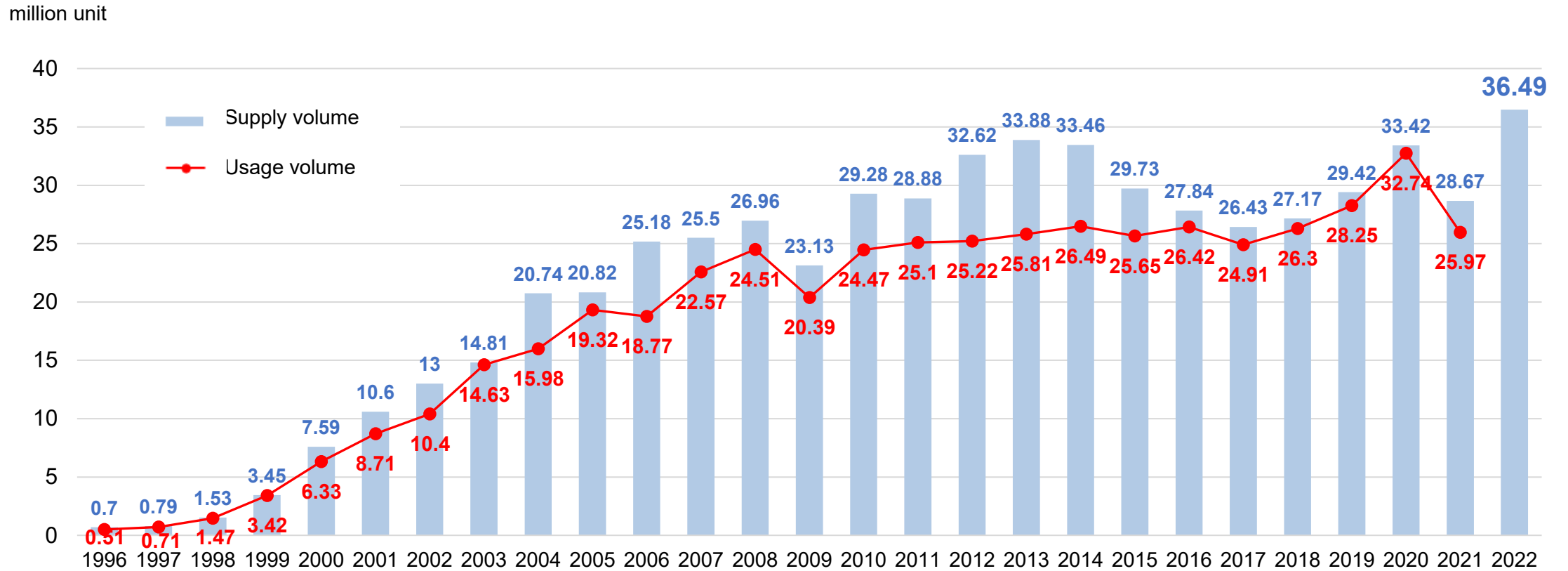
- Net sales
  - Largely unchanged year on year: Decrease sales from a subsidiary in India though subsidiaries in Thailand and Spain favorable
- Operating profit
  - Increased: Increased in sales of subsidiaries in Thailand and Spain  
Cost reductions at a subsidiary in India

# Market Prices of Main Raw Materials Imported



# Market of Influenza Vaccine

## Influenza Vaccine Supply Volume in Japan



Source: Ministry of Health, Labour, and Welfare

*Now ideas for wellness*

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