August 9, 2022

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2023
<Japanese GAAP>

Listed company: Morinaga Milk Industry Co., Ltd.
Listed stock exchange: Tokyo
Securities code: 2264
URL: https://www.morinagamilk.co.jp/english/
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Submission of quarterly report: August 10, 2022
Dividend payment commencement date: –
Preparation of explanatory materials for quarterly financial results: Yes
Holding of a briefing on quarterly financial results: Yes

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Cumulative First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (Cumulative) (% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	130,300	1.6	6,289	(36.2)	7,044	(31.7)	2,942	(68.2)
Three months ended June 30, 2021	128,195	–	9,854	–	10,309	–	9,264	–

(Note) Comprehensive income: Three months ended June 30, 2022: ¥4,638 million / (50.3)%
Three months ended June 30, 2021: ¥9,330 million / –%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	65.09	64.98
Three months ended June 30, 2021	187.19	186.85

(Note) The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and related guidance from the beginning of the fiscal year ended March 31, 2022. Accordingly, all figures for the first quarter of the fiscal year ended March 31, 2022 are figures after application of the said standard and guideline, and no year-on-year changes are presented.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	464,514	209,457	44.6
As of March 31, 2022	458,788	208,026	44.9

(Reference) Shareholders' equity: As of June 30, 2022: ¥207,302 million
As of March 31, 2022: ¥205,896 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	–	–	80.00	80.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		–	–	90.00	90.00

(Note) Amendment to forecasts of dividends recently announced: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% figures show year-on-year change for the full year and quarter)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter-end (Cumulative)	270,000	3.3	17,000	(18.0)	17,700	(17.6)	10,700	(37.9)	236.70
Full year	520,000	3.3	25,000	(16.1)	25,900	(16.8)	15,800	(53.2)	349.52

(Note) Amendment to forecasts of consolidated financial results recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the three months ended June 30, 2022: None
(changes in specified subsidiaries affecting the scope of consolidation)
New: - (Company name:) Excluded: - (Company name:)

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
For details, refer to page 10 of the attached materials, "2. Quarterly Consolidated Financial Statements and Notes (3) Note regarding the quarterly consolidated financial statements (Application of special accounting for preparing quarterly consolidated financial statements)."

(3) Changes in accounting policies and estimates, and retrospective restatements
(i) Changes in accounting policies in accordance with revision of accounting standards: Yes
(ii) Changes in accounting policies other than item (i) above: None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)
(i) Number of shares outstanding at end of period (including treasury shares)

As of June 30, 2022	49,845,343 shares
As of March 31, 2022	49,845,343 shares

(ii) Number of treasury shares at end of period

As of June 30, 2022	4,639,521 shares
As of March 31, 2022	4,641,538 shares

(iii) Average number of shares during period

For the three months ended June 30, 2022	45,205,153 shares
For the three months ended June 30, 2021	49,489,711 shares

* Quarterly financial results are not subject to audit by a certified public accountant or audit corporation.

* Proper use of earnings forecasts, and other special matters
The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions on market trends, etc. deemed to be reasonable, and are subject to uncertainties. Consequently, actual business and other results may differ substantially due to various factors. For details on the above forecasts of consolidated financial results, refer to page 5 of the attached materials, "1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information including consolidated earnings forecasts."

[Attached Materials]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

In the first quarter of the consolidated fiscal year under review, diverse geopolitical risks, such as the prolonged situation in Ukraine and the curtailment of economic activity in China as a countermeasure against COVID-19, caused various impacts. In Japan, the economy is expected to pick up along with normalization of economic and social activities as the country continues to take all possible precautionary measures against COVID-19. Still, the trends in the pandemic and global situation will continue to require close monitoring.

Under these circumstances, the Morinaga Milk Group has made every effort to continue supplying products to the extent possible, while giving the utmost consideration to the safety and health of employees, in order to fulfill its mission as a company that manufactures foods that are essential to daily life. Under the new Medium-term Business Plan 2022–2024, which began in the current fiscal year, the Morinaga Milk Group is striving to provide health value and tastiness and delightfulness that are unique to it. In particular, against the backdrop of increasing health needs in and outside Japan, the Group has been expanding products in the “five domains of wellness,” including yogurt and functional ingredients, that take into consideration various health issues.

Meanwhile, raw material and energy prices and logistics costs surged at levels significantly different from the past environment, due to uncertainty over the situation in Ukraine, in addition to a global rise in demand and depreciation of the yen. To counter this situation, we revised prices of cheeses, ice creams, and other products, improved our product mix through expansion of high-profit-margin businesses and products, and reviewed Group-wide costs. However, the environment remained very challenging due to abrupt changes in the cost structure and changes in consumption trends.

<Morinaga Milk Group’s 10-year vision and Medium-term Business Plan>

The Group established the Morinaga Milk Group 10-year Vision in April 2019, setting out its vision for the next 10 years. Under the vision, the Morinaga Milk Group sees itself one decade ahead in terms of becoming:

- “a company that balances ‘delicious and pleasurable food’ with ‘health and nutrition’,”
- “a global company that exerts a unique presence worldwide,” and
- “a company that persistently helps make social sustainability a reality,”

based on which we have established targets for the fiscal year ending March 31, 2029, aiming to achieve:

- an “operating profit margin of at least 7%,” an “ROE of at least 10%,” and a “ratio of overseas sales of at least 15%.”

Underpinned by this vision, we have established three basic policies for the new three-year Medium-term Business Plan that extends through the fiscal year ending March 31, 2025, which are:

- “achieving sustainable growth by increasing the added value of our business,”
- “further strengthening our business base with an eye on the future,” and
- “financial strategies focused on efficiency,”

and will aim to balance resolution of social issues and improvement of profitability as we pursue the plan. Additionally, we have formulated the “Sustainability Medium- to Long-Term Plan 2030,” in which 2030 targets and KPIs have been set for the three themes of “Food and Wellness,” “Resources and the environment,” and “People and Society.” It is placed at the core of management and is carried out in conjunction with the Medium-term Business Plan.

(Reference material 1) Overview of the new Medium-term Business Plan 2022–2024

<To continue to be the company of choice>
We aim to resolve societal issues and improve sales growth and profitability!

Nutrition and Healthcare Foods Business | Core Dairy Foods Business | B-to-B Business | Global Business

Basic policy 1: Achieving sustainable growth by increasing the added value of our business

- We will create/expand high added value businesses in an effort to boost our sales growth and profitability, thereby improving value through social considerations and acquiring capital for further growth investments
- Rather than waiting for the market to recover from the pandemic, we will take the initiative to reform our business model to create opportunities for progress

Basic policy 2: Further strengthening our business base with an eye on the future

- Structural reform: We will assume rapid changes to the external environment and proceed with our transformation into a company that triumphs despite adversity
- Strategic investment: We will further improve the Group’s strengths in an effort to establish medium- and long-term competitive advantages
- Asset utilization: We will utilize our assets efficiently to improve added value and overhaul our organization

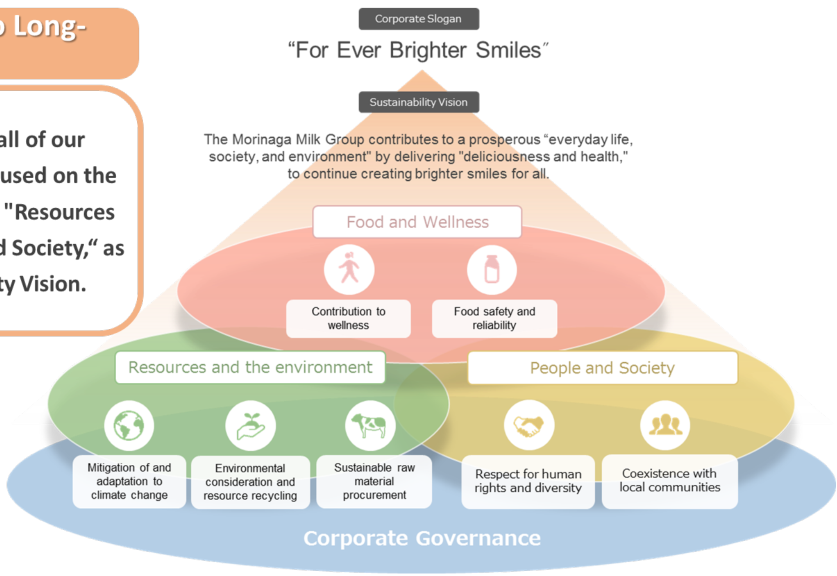
Basic policy 3: Financial strategies focused on efficiency

- We will strive to strategically execute growth investments and utilize funds with a focus that includes shareholder returns and our financial standing
- We will focus on capital efficiency and spread initiatives for improving ROE throughout the company

(Reference material 2) Sustainability Medium- to Long-Term Plan 2030

the Sustainability Medium- to Long-Term Plan 2030

In order to bring brighter smiles to all of our stakeholders, we conduct activities focused on the three themes of "Food and Wellness," "Resources and the Environment," and "People and Society,“ as we seek to achieve our Sustainability Vision.



<Key initiatives for the fiscal year under review>

The current fiscal year is an important starting year for the Group as it moves toward a new stage of growth. We will strive to further strengthen our corporate structure and business while responding to the drastically changing environment.

- Deal with cost increases driven by higher raw materials and energy prices.
  - Minimize the impact of cost increases through price revisions, product mix improvement, rationalization, and other measures
- Promote initiatives in line with the policies of Medium-term Business Plan 2022–2024 and Sustainability Medium- to Long-Term Plan 2030.
  - Provide products that meet the needs of customers, offer high-value-added products, and promote the value of products by pursuing health value and tastiness and delightfulness that are unique to the Morinaga Milk Group
  - Expand products in the “five domains of wellness,” including yogurt and functional ingredients, that take into account various health issues
  - Expand the Global Business
  - Promote sales activities that respond to environmental changes caused by COVID-19, mainly in the B-to-B Business (commercial dairy products)
  - Invest in growth areas to further strengthen the business base
    （Start of operation in May 2022: expanded drink yogurt production line at the Tone Plant, planned start of operation in April 2024: expanded manufacturing building at the Kobe Plant)
  - Efforts to promote sustainability management
    (Contribution to wellness through our main business, measures to address environmental issues such as climate change and the problem of plastics, giving due consideration to human rights and diversity, promotion of sustainability awareness throughout the Group, etc.)

As a result, consolidated net sales increased. In the Nutrition and Healthcare Foods Business and the Core Dairy Foods Business, we made efforts to revise prices of cheese, ice cream, and other products, and to provide high value-added products such as functional yogurt and “Mt. RAINIER CAFFÈ LATTE.” Although changes in consumption trends in Japan especially affected the Core Dairy Foods Business, overall sales increased due to the expansion of the B-to-B Business through increased sales of commercial dairy products and bacteria, as well as growth in the Global Business.

Consolidated profits were significantly affected by rising raw material and energy prices caused by a global increase in demand and the depreciation of the yen. In response, we promoted price revisions, improved product mix, and conducted Group-wide cost reviews, but were unable to absorb the large cost increases, resulting in an overall profit decline from the previous year.

Consolidated net sales	¥130,300 million	(+1.6% YoY)
Consolidated operating profit	¥6,289 million	(-36.2% YoY)
Consolidated ordinary profit	¥7,044 million	(-31.7% YoY)
Profit attributable to owners of parent	¥2,942 million	(-68.2% YoY)

(Other important operating indicators)

Operating profit to net sales	4.8%
ROE	1.4%
Global business sales ratio	10.4%

(Reference) Overview of the results by business field (four pillars of business) in the Medium-term Business Plan

1. Nutrition and Healthcare Foods Business: Although overall sales in the business declined, in the yogurt segment, we continued to promote functional yogurt in response to increasing health needs, and sales of products such as “Bifidus Yogurt Improves Bowel Movement” were solid. CLINICO Co., Ltd., which handles

products such as liquid foods, recorded an increase in sales.

On the profit side, although efforts were made to improve the product mix and reduce costs in the face of rising raw material and energy prices, the business as a whole recorded a profit decline, partly due to the impact of lower sales.

Nutrition and Healthcare Foods Business net sales	¥31,273 million	(-0.8% YoY)
Nutrition and Healthcare Foods operating profit	¥1,850 million	(-¥1,088 million YoY)

2. Core Dairy Foods Business: Although the business was significantly affected by rising raw material and energy prices, and efforts were made to revise prices of cheeses, ice creams, and "Morinaga Yaki Pudding" and to expand high-value-added products such as "Mt. RAINIER CAFFÈ LATTE," the business as a whole recorded a decline in sales and profits, partly due to changes in consumption trends in Japan.

Core Dairy Foods Business net sales	¥44,867 million	(-7.5% YoY)
Core Dairy Foods Business operating profit	¥1,926 million	(-¥2,247 million YoY)

3. B-to-B Business: Sales of commercial dairy products, which account for a high percentage of total sales, increased as we responded to environmental changes caused by COVID-19 and proceeded with price revisions. In addition, the business as a whole also saw an increase in sales due to continued high interest in functional ingredients, including the Company's own bacteria, as a result of increasing health needs.

In terms of profits, although there was an increase in sales, profits were lower than the previous fiscal year, mainly due to the impact of higher raw material and energy prices.

B-to-B Business net sales	¥22,788 million	(+15.3% YoY)
B-to-B Business operating profit	¥539 million	(-¥319 million YoY)

4. Global Business: Exports of infant and toddler milk and bacteria remained strong, and MILEI GmbH, which manufactures and sells dairy ingredients, responded to rising raw material market conditions by passing on prices. The depreciating yen also contributed to an increase in sales for the business as a whole.

On the profit side, despite the positive effect of higher sales, the business recorded a decrease in profit due to the impact of higher raw material and energy prices on a global scale, the dying down of the contribution of lactoferrin at MILEI, and the Company's investments in expenses for growth.

Global Business net sales	¥13,615 million	(+34.9% YoY)
Global Business operating profit	¥1,625 million	(-¥204 million YoY)

(2) Explanation of consolidated financial position

Total assets at the end of the first quarter of the consolidated fiscal year under review increased by ¥5,726 million to ¥464,514 million compared with the end of the previous fiscal year. This was mainly the result of an increase in notes and accounts receivable–trade and contract assets from seasonal factors, despite a decline in cash and deposits.

Total liabilities were ¥255,057 million, up ¥4,295 million from the end of the previous fiscal year. This was mainly due to an increase in commercial papers and short-term borrowings, despite a decrease in income taxes payable.

Net assets were ¥209,457 million, up ¥1,431 million from the end of the previous fiscal year. This was mainly attributable to an increase in foreign currency translation adjustment.

As a result, the shareholders' equity ratio was 44.6%, compared with 44.9% at the end of the previous fiscal year.

(3) Explanation of forward-looking information including consolidated earnings forecasts

There is no amendment to consolidated earnings forecasts for the fiscal year ending March 31, 2023 disclosed on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	23,607	22,064
Notes and accounts receivable–trade and contract assets	63,298	67,387
Merchandise and finished goods	51,015	52,668
Work in process	1,724	1,649
Raw materials and supplies	17,709	18,817
Other	7,019	7,886
Allowance for doubtful accounts	(247)	(269)
Total current assets	164,127	170,204
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	85,344	84,258
Machinery, equipment and vehicles, net	91,761	93,581
Land	54,003	53,986
Other, net	16,336	15,330
Total property, plant and equipment	247,446	247,157
Intangible assets	9,735	9,696
Investments and other assets		
Investment securities	21,583	22,510
Other	16,055	15,103
Allowance for doubtful accounts	(158)	(157)
Total investments and other assets	37,479	37,456
Total non-current assets	294,660	294,310
Total assets	458,788	464,514

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable–trade	52,122	54,037
Electronically recorded obligations–operating	4,668	5,880
Short-term borrowings	3,084	6,506
Current portion of long-term borrowings	7,905	8,066
Commercial papers	—	6,000
Income taxes payable	10,036	2,004
Accrued expenses	34,474	32,228
Deposits received	16,215	18,746
Other	13,992	20,506
Total current liabilities	142,500	153,977
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	26,051	25,105
Retirement benefit liability	21,146	21,418
Other	11,063	4,556
Total non-current liabilities	108,261	101,080
Total liabilities	250,762	255,057
Net assets		
Shareholders' equity		
Share capital	21,821	21,821
Capital surplus	19,980	19,978
Retained earnings	183,884	183,636
Treasury shares	(25,476)	(25,465)
Total shareholders' equity	200,210	199,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,497	8,095
Deferred gains or losses on hedges	(41)	1
Foreign currency translation adjustment	(613)	344
Remeasurements of defined benefit plans	(1,156)	(1,109)
Total accumulated other comprehensive income	5,685	7,331
Share acquisition rights	174	166
Non-controlling interests	1,955	1,988
Total net assets	208,026	209,457
Total liabilities and net assets	458,788	464,514

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

(Consolidated statements of income)

(April 1, 2022 – June 30, 2022)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	128,195	130,300
Cost of sales	95,237	100,324
Gross profit	32,957	29,975
Selling, general and administrative expenses	23,103	23,686
Operating profit	9,854	6,289
Non-operating income		
Interest income	2	1
Dividends income	433	367
Rental income from buildings	72	69
Foreign exchange gains	91	448
Other	205	154
Total non-operating income	805	1,041
Non-operating expenses		
Interest expenses	183	174
Share of loss of entities accounted for using equity method	0	37
Other	165	74
Total non-operating expenses	349	286
Ordinary profit	10,309	7,044
Extraordinary income		
Gain on sale of non-current assets	4,109	127
Other	22	－
Total extraordinary income	4,131	127
Extraordinary losses		
Loss on disposal of non-current assets	168	166
Contributions to the public interest incorporated foundation Hikari Kyokai	440	470
Impairment losses	－	1,226
Other	200	280
Total extraordinary losses	809	2,143
Profit before income taxes	13,632	5,028
Income taxes	4,328	2,053
Profit	9,303	2,975
Profit attributable to non-controlling interests	39	32
Profit attributable to owners of parent	9,264	2,942

(Consolidated statements of comprehensive income)
(April 1, 2022 – June 30, 2022)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	9,303	2,975
Other comprehensive income		
Valuation difference on available-for-sale securities	(301)	589
Deferred gains or losses on hedges	(69)	68
Foreign currency translation adjustment	333	928
Remeasurements of defined benefit plans	40	47
Share of other comprehensive income of entities accounted for using equity method	23	29
Total other comprehensive income	26	1,663
Comprehensive income	9,330	4,638
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,315	4,587
Comprehensive income attributable to non-controlling interests	14	50

(3) Note regarding the quarterly consolidated financial statements

(Notes on premise of going concern)
No items to report.

(Notes on significant changes in the amount of shareholders' equity)
No items to report.

(Application of special accounting for preparing quarterly consolidated financial statements)
(Assessment of tax expenses)

The Company and its consolidated subsidiaries apply the method that reasonably estimates an effective tax rate to be assessed on profit before income taxes for the fiscal year ending March 31, 2023, including this first quarter of the fiscal year under review after accounting for the tax effects, and multiplies profit before income taxes during the first quarter of the fiscal year ending March 31, 2023 by said estimated effective tax rate.

(Changes in accounting policies)

(Application of implementation guidance on accounting standard for fair value measurement)

The Group has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Implementation Guidance") from the beginning of the first quarter of the fiscal year ending March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Group has decided to apply the new accounting policies set forth by the Fair Value Measurement Implementation Guidance going forward. This will have no impact on the quarterly consolidated financial statements.

(Significant subsequent events)
The Company's Board of Directors resolved, at the meeting held on July 14, 2022, to conclude a memorandum of understanding with the aim of making the Company's affiliate NutriCo Morinaga (Private) Limited (hereinafter, "NutriCo Morinaga") a consolidated subsidiary through the acquisition of additional shares.
Also, the Company's Board of Directors resolved, at the meeting held on August 9, 2022, to approve the execution of a Share Purchase Agreement to acquire ordinary shares of NutriCo Morinaga from its existing shareholders. The details are as follows.

1. Purpose of considering the acquisition of shares (acquisition of a subsidiary)

   Under its 10-year Vision, the Company aspires to be "a global company that exerts a unique presence worldwide" (overseas sales ratio of at least 15%). In addition to aiming to further expand its overseas businesses, the Company has identified the expansion of the infant and toddler milk business in Asia as a key challenge under the theme of "achieving sustainable growth by increasing the added value of our business" in its Medium-term Business Plan.

   The Company began exporting infant and toddler milk to Pakistan in 1978. For more than four decades, it has pursued business in Pakistan, running its infant and toddler milk export business through its sales agent, Unibrands (later NutriCo Pakistan (Private) Limited). In 2017, together with ICI Pakistan Limited and Unibrands (Private) Limited, the Company established NutriCo Morinaga to produce and sell infant and toddler milk in Pakistan. Effective July 1, 2021, NutriCo Pakistan (Private) Limited was merged / amalgamated with and into NutriCo Morinaga and the Company has continued its efforts to expand the business under this merged company.

   Pakistan is an attractive market, boasting the fifth-largest population in the world, with continuing population growth forecast. Moreover, the Morinaga Milk Industry brand has gained broad recognition in Pakistan over many years through the export business, giving the Company a high chance of achieving further rapid growth in the Pakistan market.

By acquiring management control over NutriCo Morinaga, and ensuring the timely introduction of safe and high-quality products to meet customer needs in the Pakistan infant and toddler milk market, the Company considers that it will be able to capture growth opportunities, leading to the further development of the Morinaga Milk Industry brand infant and toddler milk business in Pakistan and contributing to the growth and health of the consumers of the Company products. It has therefore resolved to conclude a memorandum of understanding to acquire shares of NutriCo Morinaga (making it a subsidiary of the Company).

NutriCo Morinaga will become a specified subsidiary of the Company after its additional share acquisition, since the capital of NutriCo Morinaga is equal to 10% or more of the Company's capital.

2. Profile of subsidiary undergoing change (As of June 30, 2022)

<table>
<tr><td>(1) Company name</td><td colspan="2">NutriCo Morinaga (Private) Limited</td></tr>
<tr><td>(2) Head office address</td><td colspan="2">ICI House, 5 West Wharf, Karachi, Pakistan</td></tr>
<tr><td>(3) Representative</td><td colspan="2">Asif Jooma, Chief Executive</td></tr>
<tr><td>(4) Business</td><td colspan="2">Import, production, and sales of infant and toddler milk</td></tr>
<tr><td>(5) Capital</td><td colspan="2">PKR 8,212,500 thousand (JPY 5,338,125 thousand)[*1]</td></tr>
<tr><td>(6) Establishment</td><td colspan="2">March 6, 2017</td></tr>
<tr><td>(7) Major shareholders and shareholding ratios</td><td colspan="2">1) ICI Pakistan Limited: 51.00%
2) Morinaga Milk Industry Co., Ltd.: 17.73%
3) Unibrands (Private) Limited: 13.07%</td></tr>
<tr><td rowspan="3">(8) Relationship between the listed company and the subsidiary undergoing change</td><td>Capital</td><td>The company undergoing change is an affiliate of the Company.</td></tr>
<tr><td>Personnel</td><td>One corporate officer has been dispatched from the Company.</td></tr>
<tr><td>Trading</td><td>The Company has the following trading relationships with the company undergoing change:
1) Sales of the Company's infant and toddler milk
2) Sales of ingredients for infant and toddler milk
3) Trademark licensing and technical assistance agreements</td></tr>
<tr><td colspan="3">(9) Financial status and business results of the company undergoing change for the past three years[*1, 2, 3]</td></tr>
</table>

Fiscal year	FYE June 2020	FYE June 2021	FYE June 2022
Net assets	PKR 5,947,662 thousand JPY 3,865,980 thousand	PKR 5,830,000 thousand JPY 3,789,500 thousand	PKR 6,629,499 thousand JPY 4,309,174 thousand
Total assets	PKR 13,751,137 thousand JPY 8,938,239 thousand	PKR 13,908,803 thousand JPY 9,040,722 thousand	PKR 14,661,623 thousand JPY 9,530,054 thousand
Net assets per share	PKR 72.42 JPY 47.07	PKR 70.99 JPY 46.14	PKR 80.72 JPY 52.47
Net sales	PKR 10,498,087 thousand JPY 6,823,756 thousand	PKR 12,557,376 thousand JPY 8,162,294 thousand	PKR 13,894,657 thousand JPY 9,031,527 thousand
Operating profit	PKR 1,474,633 thousand JPY 958,511 thousand	PKR 1,157,725 thousand JPY 752,521 thousand	PKR 1,917,648 thousand JPY 1,246,471 thousand
Profit	PKR 800,654 thousand JPY 520,425 thousand	PKR 582,337 thousand JPY 378,519 thousand	PKR 799,499 thousand JPY 519,674 thousand
Basic earnings per share	PKR 9.75 JPY 6.34	PKR 7.09 JPY 4.61	PKR 9.74 JPY 6.33
Dividend per share	PKR 24.35 JPY 15.83	PKR 20.70 JPY 13.46	PKR 0.00 JPY 0.00

*1 Amounts are converted to JPY using the exchange rate of PKR 1 = JPY 0.65.

*2 NutriCo Morinaga merged with NutriCo Pakistan (Private) Limited, effective July 2021. The "Financial status and business results of the company undergoing change for the past three years," therefore, represent the combined results for NutriCo Morinaga and NutriCo Pakistan (Private) Limited.

*3 Figures represented in "Financial status and business results of the company undergoing change for the past three years" are based on the local accounting standards adopted by NutriCo Morinaga, and therefore, items that are not applied in the local accounting standards, such as ordinary profit, are not listed.

3. Profile of counterparty to the acquisition of shares

ICI Pakistan Limited (As of June 30, 2021)

(1)	Company name	ICI Pakistan Limited	
(2)	Head office address	ICI House, 5 West Wharf, Karachi, Pakistan	
(3)	Representative	Asif Jooma, Chief Executive	
(4)	Business	Production and sales of polyester, soda ash, and chemicals	
(5)	Capital	PKR 923,591 thousand (JPY 600,334 thousand)*4	
(6)	Establishment	May 13, 1952	
(7)	Net assets and total assets at the end of the previous fiscal year	Consolidated net assets: PKR 25,399,214 thousand (JPY 16,509,489 thousand)*4 Consolidated total assets: PKR 49,741,954 thousand (JPY 32,332,270 thousand)	
(8)	Major shareholders and shareholding ratios	Lucky Cement Limited: 55%	
(9)	Relationship between the listed company and the subsidiary undergoing change	Capital	No items to report.
		Personnel	No items to report.
		Trading	No items to report.
		Status as a related party	Not a related party.

*4 Amounts are converted to JPY using the exchange rate of PKR 1 = JPY 0.65.

(Minority shareholders)

The Company plans to acquire shares from 11 individual shareholders. None have any capital, personnel, or trading relationship with the Company, or any other significant relationship with the Company.

4. Number of shares to be acquired, acquisition cost, and status of shareholding before and after the acquisition

(1)	Number of shares owned by the Company before the change	14,563,500 shares (Number of voting rights: 14,563,500, percentage of voting rights: 17.73%)
(2)	Number of shares to be acquired	27,322,987 shares (Number of voting rights: 27,322,987)
(3)	Acquisition cost	Total share acquisition cost: USD 57,003,000 (JPY 7,695,405 thousand)*5, *6
(4)	Number of shares owned by the Company after the change	41,886,487 shares (Number of voting rights: 41,886,487, percentage of voting rights: 51.0%)

*5 "Acquisition cost" includes estimated advisory fees of approx. JPY 60 million.

*6 Amounts are converted to JPY using the exchange rate of USD 1 = JPY 135.

5. Change schedule

(1)	Date of resolution of the Company's Board of Directors (Resolution on conclusion of the memorandum of understanding)	July 14, 2022
(2)	Date of conclusion of the memorandum of understanding	July 15, 2022
(3)	Date of resolution of the Company's Board of Directors (Resolution on execution of Share Purchase Agreement)	August 9, 2022
(4)	Date of execution of Share Purchase Agreement	August 26, 2022 (Planned)
(5)	Date of change in subsidiary / Effective date of transfer of shares	Undecided