

[Press Release]



Mengniu 2024 Interim Results: Pioneering Innovative, High-quality Future while Navigating Temporary Challenges

(Hong Kong, 29 August 2024) – **China Mengniu Dairy Company Limited and its subsidiaries (together as “Mengniu”, the “Company” or the “Group”)** (Stock Code: 2319) announced its 2024 interim results. The Group recorded a revenue of RMB44,671 million in the first half of 2024, representing a year-on-year decrease of 12.6%. The operating profit was RMB3,120 million. Operating profit margin was further strengthened to 7.0%, marking a 0.6 percentage point increase from the corresponding period of 2023. Profit attributable to equity shareholders amounted to RMB2,446 million. In response to supply-demand imbalance in the dairy industry and weaker-than-expected consumer demand, Mengniu proactively adapted to the changing landscape, accelerating innovation across product categories, business operations, and models. By moving from scale efficiency to a more advanced focus on value creation, Mengniu achieved solid growth in several areas despite a challenging market and remained at the forefront of developing new, high-quality production capabilities in the country’s dairy industry.

Mengniu reinforced its commitment to enhancing shareholders returns by announcing a share buyback of up to HK\$2 billion over the next 12 months, underscoring its strong confidence in business development, future profitability and long-term stable growth.

Embracing Changes and Overcoming Challenges, Strengthening Leadership with Flagship Products & Categories

Recently, the dairy industry as a whole has experienced a decline in consumption. In the face of temporary turbulence, Mengniu has taken a proactive approach to adapt to changing market conditions and address the challenges. Through reinforcing its position in signature products and categories, the Group achieved solid growth across several business segments despite a soft market.

Through continuous product and brand enhancements, the room temperature product business unit achieved margin growth, driven by improved operational efficiency and execution. Milk Deluxe further solidified its “better” brand proposition, with its organic series winning the gold award at the BIOFACH Germany for another consecutive year, boosting the brand’s influence. The launch of lactose-free milk expanded the product portfolio and further increased

consumer adoption.

The refined product structure of the chilled yogurt business fueled steady growth in profitability, with the business unit recording sales and market share growth despite a weaker industry performance. Notably, it maintained its No.1 market share position for 20 consecutive years. By precisely focusing on nutrition, function, and taste, YO!FINE DIARY achieved significant sales volume growth and further increased market share. Meanwhile, Yoyi C has been ranked the No. 1 brand in the industry for three consecutive years.

Prioritizing consumer value, Mengniu's fresh milk business achieved growth despite a decline in the overall market. The Group's high-end brand, Shiny Meadow, outperformed the industry with double-digit growth. The newly launched dual-protein milk under Shiny Meadow received widespread acclaim, boasting a strong reputation and sales performance. Xiaoxianyu, a sub-brand that resonates with young consumers, also achieved double-digit sales growth.

The milk powder business focused on model restructuring, resulting in a return to profitability. Reeborne actively contributed to the construction of R&D strength and sales channel adjustment, further strengthened its brand through integrated online and offline marketing. Yourui continued to optimize its formulas, with a strategic focus on products that support bone, joint, and muscle health, aiming to reinforce its leadership in the nutrition and healthcare market for middle-aged and senior individuals. Bellamy's actively pursued growth in the Southeast Asian market and continued to optimize its product structure, reinforcing its position as the leading organic milk powder brand in cross-border e-commerce.

As consumption patterns and habits continue to evolve, new opportunities are emerging. In response to the trend of channel restructuring, Mengniu has accelerated its efforts in channel reconstruction and innovation in its offline presence. In the first half of 2024, Mengniu achieved robust growth in high-quality and cost-effective retail channels, including warehouse and discount stores, and further solidified its market share lead across O2O channels. The Company has also actively promoted an omnichannel business model across all products and categories encompassing traditional, interest-based, and social e-commerce. Through various initiatives, including collaborative platform promotions, live streaming campaigns, exclusive product launches, and public domain traffic expansion and efficient private domain growth, Mengniu has enhanced efficiency and driven synergistic growth across both online and offline channels.

Embracing Changes and Driving Internal Optimization, Unlocking New Growth Curves through Diversified Initiatives

Following the changes to the management team, Mengniu remains resolute in its commitment to navigating the complex and rapidly evolving landscape. The new management team is dedicated to optimizing the Group's operations, driving strategic reforms, and initiating a new phase of improvement and transformation. While unlocking demand-side potential, the Group has also taken bold steps on the supply side, implementing a comprehensive strategy that integrates structural optimization, product innovation, business model diversification, and operational transformation.

Mengniu's subsidiary, Milkground, has been actively expanding its cheese business by creating new consumption scenarios and unlocking growth potential in the cheese category. As a result, Milkground has further consolidated its market leadership, maintaining the largest market share and cementing its competitive advantage. During the first half of 2024, Milkground completed the acquisition of 100% of Mengniu Cheese's equity interests. This acquisition and subsequent integration are expected to strengthen the leadership positions of both entities within the cheese product market.

Mengniu's ice cream business has been a center of innovation, driving breakthroughs and solidifying brand leadership. The Company has successfully pioneered new consumption paradigms, further establishing its market position. During the reporting period, key brands including Suibian, Deluxe, Mood of Green, and Ice+ underwent significant product innovation and upgrades. A notable achievement was Ice+'s beer ice cream, which earned the prestigious gold award at the 10th World Food Innovation Awards through a cross-border collaboration. In terms of the overseas ice cream business, Aice, Mengniu's overseas ice cream business, saw remarkable progress in Indonesia, securing the leading market share with strong sales revenue growth and substantial improvement in profit margin.

In the specialized sports nutrition segment, the Company's M-ACTION brand has further refined its product portfolio. The brand has enhanced its offerings in liquid protein, aerobic exercise, and protein bars, providing a comprehensive range of products to satisfy consumer's needs for aerobic, anaerobic, and general fitness activities. Through the introduction of multiple innovative technologies, M-ACTION has achieved over threefold sales growth in the first half of the year compared to the same period of last year, continuously leading the development of the sports nutrition industry in China.

Beyond its innovative advancements in To C businesses, Mengniu has also made significant strides in its To B efforts. Guided by its business philosophy of "Professional dairy, dedicated to creation", the Group has been actively exploring new business opportunities and models, yielding promising results in collaborations with several global brands in catering, coffee, tea drinks, bakery, and other areas. These partnerships have enabled Mengniu to tap into new

growth avenues and establish a fresh growth trajectory. Mengniu has formed strategic partnerships with Yum China, and in August 2024, Mengniu's Mood for Green brand partnered with KFC to launch the Mood for Green Milky Ice Cream (绿色心情奶乎乎冰淇淋) in over 10,000 offline KFC stores nationwide. Additionally, Mengniu has entered into a strategic partnership with Daka, a subsidiary of Mixue (蜜雪冰城), on the supply raw materials such as pasteurized milk and milk powder.

Fueling New Growth with Innovative, High-quality Development, Leading the Future of China's Dairy Market

As a leader in the China dairy industry, Mengniu continued to play an exemplary role on the global stage and exhibited outstanding capabilities in multiple fields including R&D innovation, intelligent manufacturing, and ESG.

In terms of R&D innovation, Mengniu continued to push boundaries. The Company won the second prize in the State Scientific and Technological Progress Award as the principal achiever of "Discovering excellent lactic acid bacteria germplasm and Innovation and Application of Key Industrialization Technologies", making Mengniu the only company to have received the award for a second time. During the Reporting Period, Synaura Biotechnology, a Mengniu subsidiary, secured nearly RMB100 million in Pre-A financing, underscoring the Group's commitment to investing in cutting-edge research and development. Additionally, Mengniu's self-developed human milk oligosaccharide (HMO) has been granted Generally Recognized As Safe (GRAS) status by the United States Food and Drug Administration (FDA), further cementing the Group's position as a pioneer in China's HMO development.

With respect to intelligent manufacturing, Mengniu Ningxia Factory, the world's first fully digitalized dairy factory, set a new benchmark for innovative and high-quality production, showcasing cutting-edge technologies, unparalleled efficiency, and exceptional quality. With a remarkable 20-fold increase in labor productivity, the highest manpower efficiency ratio among global dairy plants. Furthermore, overall energy consumption has been reduced by 43%, and the application of real-time online assessment technologies at critical quality control points has led to a 15% improvement in transformation efficiency, ensuring the consistent delivery of high-quality milk products.

Mengniu has made significant strides in ESG, driven by its vision of "protecting the common health of humans and the earth". The Group's "GREEN" sustainable development strategy has been successfully implemented, yielding tangible results. In the first half of 2024, the Group established a "1+N" sustainability report disclosure system and released the "Nature-Related Information Disclosure Report", a first in China's dairy industry to align with the Taskforce on Nature-related Financial Disclosures (TNFD) Framework. In May

2024, Mengniu's Modern Dairy completed the purchase and delivery of China's first batch of "zero-deforestation" soybeans. Furthermore, the Group has also signed a sustainable development strategic agreement with the Bel Group to collaborate extensively on sustainability efforts in low-carbon agriculture, among other aspects.

Mengniu continued to reinforce its brand proposition, extending the culture of "excellence" beyond the Olympic Games and into the daily life of ordinary people. As the first Chinese dairy company to join the Olympic Partners (TOP) programme in China's dairy industry, Mengniu leveraged the Paris Olympics platform to promote its brand, integrating the concepts of fitness for all and wellness for all. The company collaborated with renowned Director Zhang Yimou's team to produce an Olympic-themed TV commercial, "Opening", which received widespread acclaim. Market campaign events including "Cheering for athletes from hometown (我为家乡健儿上大分)" also gained significant attention and enthusiasm. The Group also extended its commitment to promoting public participation in sports by supporting events like the Beijing Half Marathon, further enhancing its brand image.

Backed by supportive government policies, China's macroeconomic environment and consumer confidence are poised for further recovery. As consumers increasingly prioritize the nutritional value and health benefits of dairy products, new opportunities are emerging. As an industry leader, Mengniu is committed to actively addressing industry challenges while maintaining strategic focus and unwavering dedication to its FIRST blueprint. The Group will continue to drive high-quality growth through a dual focus on optimized operations and management. By emphasizing R&D innovation, brand building, and digital transformation, Mengniu aims to accelerate channel optimization and the development of new business ventures, positioning itself to lead the future of China's dairy industry with cutting-edge technologies, enhanced efficiency, and superior quality.

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About China Mengniu Dairy Company Limited

China Mengniu Dairy Company Limited and its subsidiaries mainly manufacture and distribute quality dairy products in China. It is one of the leading dairy product manufacturers in China, with MENGNIU as its core brand. Mengniu offers diversified products including liquid milk products, ice cream, milk formula and cheese. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue-chip Chinese dairy product manufacturer. In 2023, Mengniu's MSCI ESG rating was elevated to AA, distinguishing it as the only comprehensive dairy company in China to achieve this rating. Mengniu is a constituent of the Hang Seng Corporate Sustainability Index, Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index, Hang Seng

Corporate Sustainability Benchmark Index and HSI ESG Enhanced Select Index.

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