

[Press Release]



Mengniu 2025 Interim Report: Innovating for Change, Enabling Consumers to “Drink More”, “Drink Good”, “Drink Right” Milk

(Hong Kong, 28 August 2025) – **China Mengniu Dairy Company Limited and its subsidiaries (collectively “Mengniu”, the “Company” or the “Group”)** (Stock Code: 2319) announced its 2025 interim results. Amid sluggish terminal consumption recovery and persistently low raw milk prices in the industry, Mengniu drove innovation and transformation through three key engines—product innovation, channel upgrades, and lean management. In the first half of the year, the Group achieved revenue of RMB41,570 million and an operating profit of RMB3,540 million, representing a 13.4% year-on-year increase in operating profit. The operating profit margin increased by 1.5 percentage points to 8.5%, profit attributable to owners amounted to RMB2,045.5 million, and operating cash flow increased by 46.2% year-on-year, demonstrating the effectiveness of Mengniu’s ongoing lean management initiatives.

Connecting with New Consumer Groups: Over 100 New Products to Meet Diverse Demands

Facing homogenized competition in dairy products, Mengniu chose to focus on product innovation. In the first half of 2025, Mengniu responded to the diverse needs of consumers across different age groups by launching over 100 new products. These spanned a full-category matrix from room temperature products to chilled yogurt, from fresh milk to ice cream, and from functional milk to infant formula milk powder, leading consumers to “Drink More”, “Drink Good”, “Drink Right” milk. Meanwhile, Mengniu enhanced product category diversification, achieving growth across chilled yogurt, fresh milk, milk formula, cheese, and ice cream segments.

To empower consumers to “Drink More”, Mengniu’s room temperature segment launched 72 new products in one year, comprehensively strengthening basic nutrition and delivering ultimate value-for-money. The premium fresh milk brand *Shiny Meadow*, by gaining deep insights into consumer needs, developed children’s care nutrition milk featuring proprietary HMO technology and introduced lactose-free, dual-protein products specifically designed for lactose-intolerant consumers.

To enable consumers to “Drink Good”, the 20-year-old flagship brand *Milk Deluxe* not only introduced new products like A2 β -casein milk but also leveraged China’s diverse natural resources across mountains, waters, forests, fields, lakes, grasslands, and deserts. Adopting a full-industry-chain mindset of “planting, farming, and processing; grass, pasture, and milk”, the Company launched the innovative “Shajin Tohoi Desert Organic Pure Milk” product, which harnesses the rare qualities of desert environments to produce premium organic milk.

To enable consumers to “Drink Right”, *Champion* launched the nation’s only Jianzihao small blue bottle probiotic yogurt, while *Yoyi C* created functional products like probiotic lemon tea. The infant formula brand *Reeborne*, with its globally pioneering maternal MLCT technology, introduced “Reeborne Affinity”, achieving a 48% increase in DHA content and doubling absorption rates, thereby advancing infant nutritional standards.



Meanwhile, to drive the evolution from drinking milk to eating cheese, Mengniu's Milkground launched new products like Mini Cheese Triangles and Cloud Cheese Mousse. The brand also developed spreadable cream cheese to complement consumer preferences for bread, bagels, and other pairings, significantly expanding cheese options for family meals. Meanwhile, the ice cream segment introduced nearly 20 new products, with "Suibian Random Spin" evoking childhood memories of cake-like treats upon launch, claiming the top spot in ice cream new product sales. Additionally, the *Mood for Green* black sesame variant, has opened a "wellness chapter" for "crispy youth".

In terms of brand innovation, Mengniu collaborated with major domestic and international IPs to create meaningful emotional connections with consumers. **New IPs resonated strongly with urban youth**; collaboration with the global hit "NeZha 2: Magic Child Causes Havoc at Sea" integrated Mengniu's full product portfolio including Mengniu Pure Milk, Shiny Meadow, Reeborne, and Fruit Milk Drink for stronger brand and sales synergy. Additionally, Fruit Milk Drink and Shiny Meadow partnered with the hit drama "Lychees of Chang'an", while Champion teamed up with B.DUCK, leveraging cross-boundary marketing to achieve viral reach. **Classic IPs then tapped into consumer nostalgia**, with Suan Suan Ru tying into "Singer" to deepen its "music" theme, evoking bittersweet memories for a generation. Flavoured milk joined hands with "Tom and Jerry", inviting Gen Z to rediscover timeless classics. In sports, Mengniu's ice cream brands dominated NBA Finals advertisements, guiding users to "watch and buy" strategy with direct links to JD.com stores, creating powerful new growth channels.



Strong R&D establishes world-class quality of Chinese milk. Mengniu's invention patent for "A Formulated Milk Containing DHA Algal Oil and Its Production Method" won the Silver Award at the 25th China Patent Awards, the highest honour for China's dairy industry in the patent field and the first top patent accolade for Chinese liquid milk innovation. Mengniu's subsidiary Synaura Biotech's proprietary human milk oligosaccharide (HMO) — lacto-N-neotetraose (LNnT) gained approval again, making it the first domestic company to pass dual HMO certifications. At the World Dairy Innovation Awards 2025, Mengniu's Reeborne Enzhi, Milk Deluxe, and M-ACTION stand put, fully validating the "world-class quality" of Chinese milk.



Embracing New Scenarios: Full-Channel Expansion and Breakthroughs

As traditional supermarket channels experienced slower growth, Mengniu successfully transformed its distribution strategy through RTM restructuring, seamless online-offline integration, and the rapid development of a comprehensive “omnichannel ecosystem”. On one hand, Mengniu refined and optimized strategies for traditional and modern channels, creating a sales model of “online e-commerce distributors and offline dealers”. On the other, it accelerated responses to customized channel demands, deepening collaborations in incremental channels like membership stores, snack discount stores, and instant retail.

In membership stores and warehouse supermarkets, Mengniu targeted launches of “customized” new products emphasizing “superior value for money”. Notably, “Champion Morning 8 Dun Dun Bucket” became an instant bestseller and “out-of-stock king” upon launch. Milk Deluxe’s 200ml Master Limited Edition new product partnered with supermarkets like CR Vanguard and Walmart for launch events and flash mobs, generating significant buzz and driving monthly sales to over RMB100 million.



Leveraging its insight into the “attention economy” in the live-streaming e-commerce sector, Mengniu has created innovative shopping scenarios through live broadcasts and short videos, achieving breakthrough channel performance. Particularly in the milk formula segment, Mengniu’s adult-tailored formula has seized the top spot in online market share, while online traffic of infant formula products continued to boost offline store acquisition. Children’s milk powder has successfully integrated “traditional offline + e-commerce + private community” channels, maintaining its market share at the forefront of the children’s growth sector. Notably, frontline employees of Milk Deluxe have engaged consumers through authentic live streams sharing the brand’s organic industry chain story — from farming and processing to pasture-to-table practices — building genuine connections and brand trust, driving sales growth.

Capturing opportunities brought by B2B industry trends, Mengniu’s newly launched professional dairy brand in 2024 has emerged as a standout player, achieving rapid growth. To date, Mengniu has established strategic partnerships with leading coffee, tea beverage, and bakery brands to deliver tailored solutions. The Company stated that moving forward, by further advancing its deep-processing capabilities, it will continue to expand its high-value-added product portfolio—including dairy fats, cheese, lactoferrin, and whey protein—to further drive revenue growth.



Moreover, Mengniu’s comprehensive digital and intelligent transformation has fundamentally strengthened its channel operations, achieving three strategic objectives: enhanced efficiency, reduced costs, and improved precision.

For example, through the implementation of an intelligent distributor management system, Mengniu has fully digitized and refined the execution and control of all point-of-sale expenditures. Meanwhile, by assigning a unique QR code to each product, the pilot product code marketing technology helps in clarifying profit distribution among distributors, enabling more precise investment of resources, and allowing real-time tracking of product flow. This ensures that marketing investments directly reach the retail level, comprehensively empowering healthy and transparent channel development.

Creating New Value through Ecosystem Synergy

Amidst the dual pressures of economic and industry cycles, Mengniu did not confine itself to traditional models or engage in “involution” for survival. Instead, the Group remained dedicated to creating new value for all stakeholders—including consumers, shareholders, and upstream and downstream business partners—through continued innovation in business models, management practices, and collaboration methods, with a commitment to achieve mutual

growth and shared prosperity within the dairy ecosystem.

Business model innovation meets evolving consumer demand. Mengniu's flagship brand, Milk Deluxe—the largest single dairy product globally—sustained its brand vitality through innovation rather than joining a price competition. On the product side, Milk Deluxe continuously refines its “pyramid” structure through innovation, with entry-level products maintaining accessible pricing to expand the consumer base, while premium lines like Desert Organic establish a top-tier value anchor to consistently meet the needs of high-quality consumers. On the brand side, Milk Deluxe shapes its identity through a full-industry-chain mindset, persisting in over a decade of desert management to build an organic industry chain of “planting, farming, and processing; grass, pasture, and milk”, solidifying quality with natural advantages, reinforcing the brand with quality, and imbuing it with depth and a sense of value. In the first half of this year, Milk Deluxe's organic series registered growth despite market headwinds, with the Desert Organic products resonating strongly with quality-conscious consumers after its launch. The brand-new Shajin Tohoi products launched in August further rounded out the brand's premium organic portfolio, completing a sustainable business model for the high-end segment, and enabling this premium category to form a complete commercial closed loop.



Building a sustainable supply chain with green innovation. Guided by the

“GREEN” sustainable development strategy, Mengniu upholds the principle of “ecological industrialization and industrial ecologicalization”. In collaboration with upstream and downstream business partners, the Group implements the philosophy of “Lucid Waters And Lush Mountains Are Invaluable Assets” across its entire production chain. Key initiatives include building low-carbon ranches, establishing 37 green factories, implementing the zero-deforestation commitment, leading green projects such as sustainable packaging and beach clean-ups, and encouraging broader public participation in environmental practices. Mengniu has maintained an MSCI ESG rating of AA for two consecutive years, reinforcing its role as a sustainability leader in the dairy industry.

Innovative management delivers sustained returns to shareholders.

Against a backdrop of industry cyclicalities and intensified competitions, Mengniu’s commitment to operational refinement and excellence contributed to the better-than-expected growth in core operating profit, achieving a year-on-year increase in operating cash flow. Mengniu has also announced that, in addition to its existing dividend distribution and share repurchase programme initiated in 2024, it will launch a new round of share buybacks. This decision underscores Mengniu’s robust confidence in its medium- to long-term growth trajectory and reinforces its dedication to delivering value to shareholders through concrete action.

Gao Fei, Chief Executive Officer of Mengniu, commented, “With the current supply-demand imbalance steadily mitigating, the dairy industry has reached a critical stage of bottoming out and recovery. Staying committed to the core value of ‘Consumer First’, Mengniu will steadfastly adhere to the execution of its ‘One Core, Two Wings’ strategy, achieve high-quality development across the entire product chain, and continuously strengthen core capabilities in brand leadership, R&D innovation, digital transformation, and channel upgrading, ensuring that consumers can ‘Drink More’, ‘Drink Good’, and ‘Drink Right’.”

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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. Mengniu maintained its MSCI ESG Rating of "AA", which is also the highest rating received by comprehensive dairy companies in China. 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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