

May 13, 2021

Megmilk Snow Brand Co., Ltd.  
Keiji Nishio, Representative Director and President

## Review of Fiscal Year Ended March 2021 Financial Results

During the consolidated fiscal year under review, the COVID-19 pandemic impacted industries to varying degrees, but overall created severe market conditions for the Japanese economy. Although the economy showed brief signs of a recovery, most recently we have seen a resurgence in infections that is creating a lack of transparency about the future.

Looking at the food industry, in-home consumption demand increased due to stay-at-home requests and restrictions on operating hours for dining establishments as a result of the state of emergency declaration. At the same time, this resulted in a significant decline in demand among dining establishments. Government economic measures led to a brief earnings recovery for the food and beverage industry but the industry once again faces a lack of transparency.

Amid this operating environment, our Group advanced efforts towards the stable creation of earnings in four business sectors (Dairy Products, Beverages and Desserts, Nutrition, and Feedstuffs and Seed Products) as outlined in our Group Medium-term Management Plan 2022.

Our main initiatives include the following:

- Strategic expansion and further product mix improvements for mainstay products such as functional yogurt and cheese;
- Continued marketing investments in the Nutrition Business sector to expand business scope while securing profits;
- The strategic expansion and the stable creation of earnings for the Seed Products business;
- Expand utilization of Group management resources and improve value chain productivity to strengthen overall Group capabilities.

In the ongoing COVID-19 pandemic, we also worked towards infection prevention among employees while ensuring the stable supply of safe and reliable products to our customers.

We also responded to changes in our demand and supply structure due to the significant decline in demand for milk and dairy products caused by the suspension of school lunch programs and decrease in dining industry demand. We worked to avoid fresh raw milk waste by shifting production and processing to butter and skim milk.

As a result of the above, our Group recorded increased revenues and profit. Consolidated net sales were 615.1 billion yen (100.3% YoY), consolidated operating

profit was 19.7 billion yen (109.9% YoY), consolidated ordinary profit was 21.6 billion yen (110.1% YoY), and profit attributable to owners of parent was 14.9 billion yen (122.6% YoY).

In accordance with our Group Medium-term Management Plan 2022, our Group has positioned three policies – 1) Advance productivity improvement reforms, 2) Advance business structure reforms, and 3) Promote innovation in our production structure – as the core of our strategy. In the FYE3/2022, the final fiscal year of this Plan, we will work to achieve the stable creation of earnings in four business sectors.

We will also strive to achieve our long-term vision of being a Future Creation Company with Milk by engaging in the SDGs and the social issues we have identified as core CSR issues.

We ask for your continued understanding and support.

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