



The First Half of the Fiscal Year Ending March 2024 (FY2023) Financial Results

November 10, 2023

Representative Director and President

Masatoshi Sato

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Summary of Results

Increased Net Sales and Profits

Net Sales	305.6 billion yen	YoY change 16.6 billion yen / 5.7 %
Operating Profit	11.2 billion yen	YoY change 3.8 billion yen / 53.0 %
Ordinary Profit	12.2 billion yen	YoY change 5.3 billion yen / 77.8 %
Profit *	7.6 billion yen	YoY change 5.3 billion yen / 234.5 %

* Profit attributable to owners of parent

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I would like to begin with a summary of the first half results.

Net sales were 305.6 billion yen, up 5.7% year on year. Operating profit was 11.2 billion yen, a 53% increase year on year.

As announced on October 24 in the revised forecast of business results, both net sales and operating profit exceeded our initial forecast.

Status of Measures Aimed at Priority Initiatives in the Current Fiscal Year

Measures for Cost Increases

- Responded to raw milk prices and other costs increases through price revisions and other measures. The revisions have steadily taken effect in the market.

Measures for Volume Expansion, Profit Growth

- Strengthened promotions to limit reductions in volume in response to price revisions. Worked to stimulate demand.
- Launch products with value appeal to expand profit.

This shows an evaluation of core first half initiatives.

In the current fiscal year, we have worked to penetrate the market with price revisions to absorb the impact of higher costs and to stimulate demand.

The market as a whole is undergoing price revisions, and demand for milk and dairy products is trending lower than in the previous year.

In this environment, we were able to steadily demonstrate the results of our efforts and outperform the market average.

Implementation Status of Megmilk Snow Brand's Price Revisions

FY2022				FY2023					
	Apr.	Sep.	Nov.	Feb.	Apr.	Jul.	Aug.	Oct.	Dec.
Major Product Lines	<ul style="list-style-type: none">● Processed Cheese● Natural Cheese● Lard	<ul style="list-style-type: none">● Margarine● Processed Cheese● Natural Cheese● Powdered Milk	<ul style="list-style-type: none">● Milk and milk based beverages● Yogurt● Dessert	<ul style="list-style-type: none">● Milk based beverages● Fruit Juice● Vegetable Juice● Dessert	<ul style="list-style-type: none">● Butter● Processed Cheese● Natural Cheese● Yogurt● Dessert	<ul style="list-style-type: none">● Natural Cheese● Powdered Milk	<ul style="list-style-type: none">● Milk and milk based beverages● Yogurt● Dessert	<ul style="list-style-type: none">● Powdered Milk	<ul style="list-style-type: none">● Butter● Cream● Milk based beverages
Revision Rate	approx. 3-20%	<ul style="list-style-type: none">● Price : approx. 5-15%● Volume : approx. 5-6%	approx. 4-13%	approx. 4-26%	approx. 3-19%	approx. 5-14%	approx. 4-17%	approx. 8%	approx. 2-7%
Key Factors	Sharply rising import costs	Soaring costs of imported raw cheese and margarine ingredients	Rising drinking and fermented milk prices	Sharply rising raw material prices	Rising butter, cheese, yogurt and other milk prices	Sharply rising raw material prices	Rising drinking milk prices	Sharply rising raw material prices	Rising butter and fresh cream milk prices

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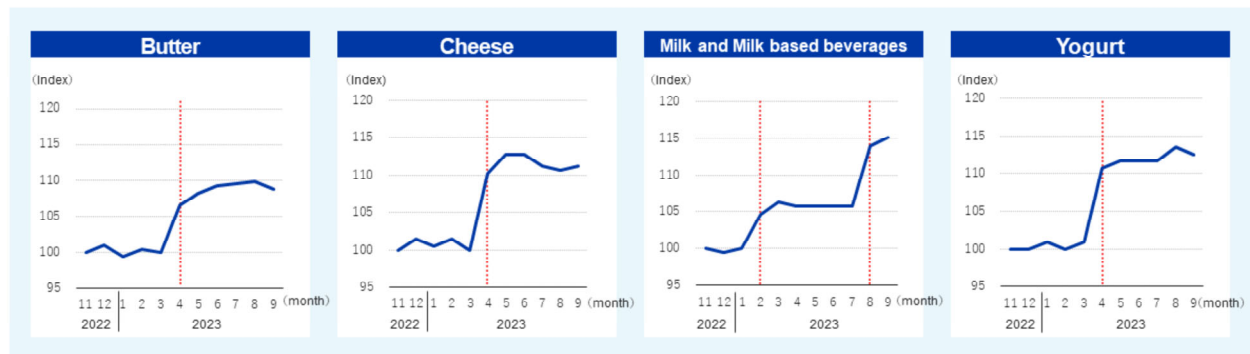
This table shows the status of our price revisions.

In response to rising butter and fresh cream milk prices, from December 1, we will be revising the prices of butter, beverages, and cream products

Results of Initiatives in the First Half of the Year

Changes in average selling prices of Megmilk Snow Brand's Consumer products

(Index with average selling price in November 2022 set as 100)



Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from November 2022 to September 2023

- (1) Maintained price revisions of both butter and cheese for household use
- (2) Maintained sales unit prices revised in February and August for milk (milk + milk-based beverages) and in April for Yogurt

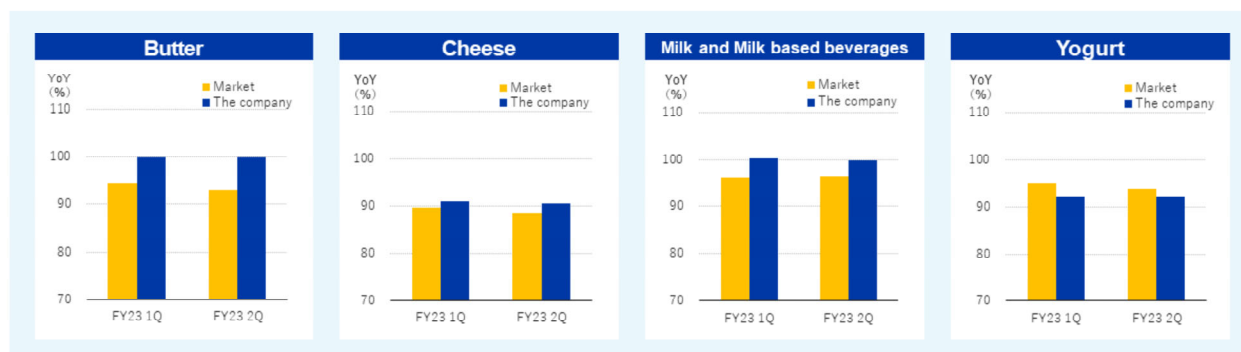
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Here are the unit sales prices of our products based on market data.

In all categories, you can see that the revised prices have steadily penetrated the market.

Results of Initiatives in the First Half of the Year

Consumer Products: Year-on-Year Volume



Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from April 2023 to September 2023

- (1) Butter volume remained on par with the previous year, Cheese volume declined but was above market levels
- (2) Milk (milk + milk-based beverages) performed strongly compared with the previous year's market.
While volume of family-type yogurt remained firm, growth of functional yogurt was sluggish, resulting in lower volume than the market overall.

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In contrast, I will now describe trends in sales volume after the price revisions.

First, in the butter category and the milk category which consists of milk and milk-based beverages, we were able to demonstrate our competitiveness by securing the same volume as the previous year, while the market as a whole was down from the previous year.

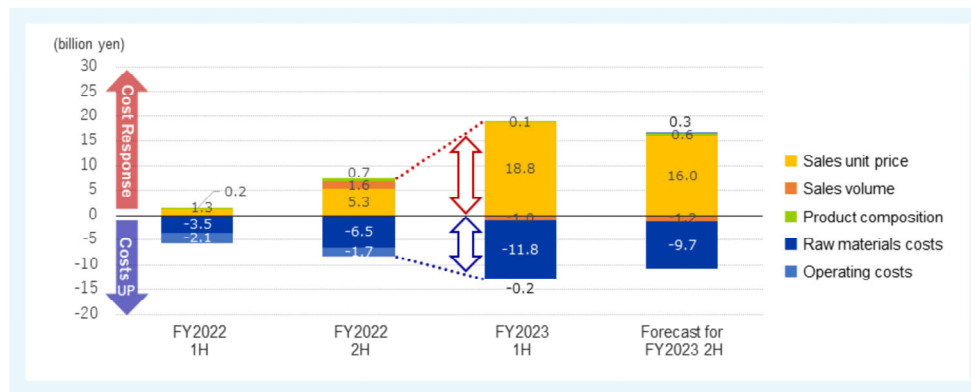
Next in the cheese category, while the market as a whole was below the previous year's level, we outperformed the market average.

Finally, in the yogurt category, family-type yogurts such as Nature Megumi and Makiba no Asa performed well, but the recovery of functional yogurts was slow, and unfortunately total yogurt sales fell below the previous year's level.

While some product categories outperformed our expectations amid the severe business environment, there are product groups that remain a challenge, and we will steadily tackle these areas in the second half of the year.

Measures for Cost Increases

Change in Cost Increases and Responses



- In FY2022 price revisions had not caught up with cost increases, but from FY2023 our response measures absorbed the cost increases and changed the structure.

Now please take a look at our measures for cost increases including our forecast for the second half of the year.

This chart compares changes in raw material and operating costs with the monetary effects of the measures taken.

Until last year, it was difficult to absorb all of the steep cost increases during the fiscal year. However, in the current fiscal year, the effects of price revisions and other measures to date have reversed the rise in costs, and we have shifted to a structure that can generate positive results.

In the second half of this fiscal year, we expect prices of juices and additives to rise, but we intend to achieve our plan by conducting solid promotions to stimulate demand.

Results by segment

(billion yen)

	FY2022 1H		FY2023 1H		% Change YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Products	120.1	4.9	126.5	5.0	5.3%	3.1%
Beverages and Desserts	122.4	0.7	132.0	3.6	7.9%	406.2%
Feedstuffs and Seed	27.5	0.8	27.0	0.7	-1.6%	-8.1%
Other	18.9	0.8	20.0	1.6	5.4%	98.3%
Total	289.0	7.3	305.6	11.2	5.7%	53.0%

- Prices in Dairy Products and Beverages and Desserts, which were revised in April, were taking effect. The cost impact was also less than expected.
- Limits on milk production had an effect on Feedstuffs and Seed

Next I would like to go over the details.

First, here are the results by segment.

The Dairy Products and Beverages and Desserts segments reported higher sales, due in part to the positive effects of price revisions.

In the Feedstuffs and Seed segment, sales declined mainly due to efforts to curb milk production in light of the supply and demand situation

Factors Affecting Changes in Operating Profit

(Billion yen)

FY2022 1H	FY2023 1H	Change	Changes in segments			
7.3	11.2	3.8	Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
			0.1	2.9	-0	0.8
Marginal profit Subtotal		5.9	1.0	4.0	-0.1	0.9
Sales unit price	18.8		6.6	11.4	0.8	0
Sales volume	-1.0		-1.3	-0.5	-0.2	0.9
Product composition	0.1		0.2	-0.1	0	0
Raw materials costs	-11.8		-4.6	-6.5	-0.7	0
Operating costs	-0.2		0.1	-0.3	0	0
Fixed costs and others Subtotal		-2.1	-0.9	-1.1	0.1	-0.1
Advertising and promotional costs	-0.7		-0.1	-0.6	0	0
Fixed costs	-1.4		-0.8	-0.5	0.1	-0.1

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I will explain the factors behind the increase or decrease in operating profit for the first half of the year.

We proceeded with price revisions and the change in sales volume was minus one billion yen, but the difference in sales unit prices was a positive 18.8 billion yen.

Raw materials costs increased by 11.8 billion yen, mainly due to the impact of the revision of milk prices.

The impact on operating costs was mitigated from the initial forecast and remained at 200 million yen higher than the previous year.

The increase in advertising and promotional costs was mainly due to increased advertising, while the increase in fixed costs was due to depreciation of equipment and higher labor costs. As a result of these factors, operating profit increased by 3.8 billion yen in the first half of this fiscal year.

Forecast of Consolidated Financial Results FY2023 Full Year

(Revised from initial forecast)



Full Year Forecast

(Billion yen)

	Full year Results of FY2022	Previous full-year forecast of FY2023 (in May)	FY2023 revised full-year forecast	Revision difference
Net Sales	584.3	616.0	616.0	0
Operating profit	13.0	14.0	18.2	4.2
Ordinary Profit	14.4	15.0	19.5	4.5
Profit*	9.1	9.5	12.2	2.7

* Profit attributable to owners of parent

Dividends

Ordinary dividend	60yen
Consolidated payout ratio	33.2%

Now I will describe our revised full-year forecasts.

Sales are forecast at 616.0 billion yen, unchanged from the initial forecast.

Operating profit is projected to reach 18.2 billion yen, an increase of 5.2 billion yen and an upward revision of 4.2 billion yen from the initial forecast.

Ordinary profit will be revised upward to by 4.5 billion yen to 19.5 billion yen, and profit attributable to owners of parent will be revised upward by 2.7 billion yen to 12.2 billion yen.

Dividends are expected to be 60 yen per share, with a dividend payout ratio of 33.2%.

The forecast for the second half of the fiscal year has been left unchanged. This decision was made in light of the new price revision in December, the need to once again closely monitor consumption trends, recent trends in raw material prices and other factors, along with plans to step up promotions.

Full-year forecast by segment (Revised from initial forecast)

(Billion yen)

	Full year Results of FY2022		Previous full-year forecast of FY2023 (in May)		FY2023 revised forecast		Revision difference	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Products	252.0	9.7	264.5	8.8	264.5	10.6	0	1.7
Beverages and Desserts	241.1	1.6	256.0	3.7	258.0	5.3	2.0	1.5
Feedstuffs and Seed	53.4	0.2	55.5	0.2	53.5	0.0	-2.0	-0.2
Other	37.6	1.4	40.0	1.1	40.0	2.2	0	1.0
Total	584.3	13.0	616.0	14.0	616.0	18.2	0	4.2

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Here are the revisions by segment.

The sales forecast was increased in the Beverages and Desserts segment due to strong performance of milk and milk-based beverages and subsidiaries.

On the other hand, in the Feedstuffs and Seed segment, the forecast was reduced due to lower-than-expected blended feed prices.

Please refer to the next page for operating profit.

Forecast of Factors Affecting Changes in Consolidated Operating Profit

(Revised from initial forecast)



(Billion yen)

FY2022	FY2023	Change	Changes in segments			
13.0	18.2	5.1	Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
			0.8	3.6	-0.1	0.7
Marginal profit Subtotal	11.9		3.9	6.8	-0.1	1.2
Sales unit price	34.7		14.8	20.6	-0.9	1
Sales volume	-2.0		-1.9	-1.4	0	1.3
Product composition	0.7		0.7	0	0	0
Raw materials costs	-21.5		-10.1	-12.3	0.9	0
Operating costs	0		0.4	-0.1	-0.1	-0.2
Fixed costs and others Subtotal	-6.8		-3.1	-3.2	0	-0.5
Advertising and promotional costs	-2.4		-0.7	-1.7	0	0
Fixed costs	-4.4		-2.4	-1.5	0	-0.5

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This table provides an analysis of the change in the revised operating profit forecast from the previous year.

Please refer to page 14 where we explain the comparison with the initial forecast.

2 Full-Year Forecast for the FYE March 2024

Forecast of Factors Affecting Changes in Consolidated Operating Profit

(Difference from initial forecast)



(Billion yen)

	Previous full-year forecast of FY2023 (in May)	Full-year forecast (After revision)	Difference due to revision	Factors behind difference from forecast
Marginal profit Subtotal	7.4	11.9	4.5	
Sales unit price	33.3	34.7	1.4	Dairy Product +1.7, Beverage and Dessert +2.7, Feedstuffs and seed products -3.1
Sales volume	0.2	-2.0	-2.2	Lower volume due to price revisions
Product composition	0.4	0.7	0.3	Dairy Product +0.6, Beverage and Dessert -0.3
Raw materials costs	-22.6	-21.5	1.1	Revision to milk prices in December -0.5, Feedstuffs and seed products +2.9
Operating costs	-3.9	0	3.9	Energy +4.3, Logistics -0.4
Fixed costs and others Subtotal	-6.5	-6.8	-0.3	
Advertising and promotional costs	-2.0	-2.4	-0.4	Beverage and Dessert -0.4
Fixed costs	-4.5	-4.4	0.1	

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This table explains the factors behind the 4.2 billion yen increase in operating profit.

First, the sales unit price difference added a total of 1.4 billion yen.

This includes a negative 3.1 billion yen in the Feedstuffs and Seed segment due to blended feed prices starting to decline.

On the other hand, we have factored in a 2.2 billion yen decrease in sales volume, taking into account the impact of price revisions and other factors.

Raw materials costs and operating costs are expected to be reduced by a total of 5.0 billion yen from the initial forecast.

Advertising and promotion costs are expected to rise by 400 million yen due to plans to strengthen promotions, especially in the Beverages and Desserts category.



3 Segment-specific Initiatives

Dairy Products (including the Nutrition segment) Net Sales



FY2023

(Billion yen)

	1H Result	1H YoY Change	1H Revision difference	2H Forecast	2H YoY Change	Full-year forecast	Full-year forecast YoY Change
Butter	12.2	105.2%	91.4%	16.4	104.8%	28.6	105.0%
Margarine	4.1	105.7%	106.5%	4.3	100.7%	8.5	103.1%
Cheese	29.0	105.9%	94.8%	32.8	109.2%	61.9	107.6%
Other	13.6	97.1%	104.2%	14.1	98.8%	27.8	97.9%
Subsidiaries and other	67.4	106.9%	103.8%	70.1	103.9%	137.5	105.4%
Total	126.5	105.3%	100.4%	137.9	104.6%	264.5	104.9%

- Butter: Sales remained strong even after the price revision.
- Margarine : Influx of some demand from butter
- Cheese: Effects of price revisions and various promotions

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I would now like to describe the situation by segment.

First is the Dairy Products segment.

Sales increased in the butter, margarine, and cheese categories.

Gains for butter and cheese were mainly effects of the April price revision.

The increase in sales of margarine is due in part to an influx of demand from butter, which has seen a price increase, in addition to the effect of the price revision.

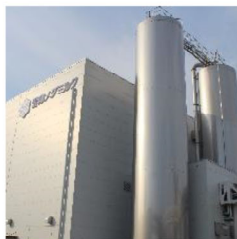
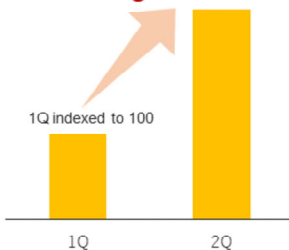
The increase in revenues from subsidiaries and others is due to the strong performance of distribution-oriented subsidiaries as a result of increased people movements.

Sakeru
Cheese

Key Measures to Stimulate Demand

Utilization of New Production System

The new production system has been in place since July, with sales volume making double-digit increases from 2Q

**Double-digit increase**

Product mix strategy

Tapping into demand for snacks with new flavors



Sakeru Cheese consommé flavor

Promotion

Launch of TV commercials



Next, I will describe our future initiatives.

The new production line for Sakeru Cheese at the Taiki Plant has been in full-scale operation since July, and the sales volume in 2Q is on a double-digit growth pace compared with 1Q. Taking advantage of the increased production capacity, a new consommé flavor was added to the lineup on October 1, and the product has had a strong start. In terms of promotion, a TV commercial will be aired under the theme of “the joy of tearing and eating” in an effort to communicate with customers.



3 Segment-specific Initiatives

Dairy Products : Future Initiatives



Camambert



Key Measures to Stimulate Demand



Processed Cheese and Others

Promotion

Launch of web-based commercials



Highlighting the delicious flavor of camembert cheese

Highlighting dishes for autumn and winter



Camembert cheese and butter ajillo

Promotion

Rollout of new concept products

Great for everyday meals! Just pour over to instantly transform a recipe into a cheese-flavored dish!



In-store promotional panel

Simulating purchasing desire with campaigns offering extra volume in products



Campaign for sliced cheese with extra volume

Launch of TV commercial (6P Cheese)



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As a measure to stimulate demand after the price revision, we are promoting a unique web commercial introducing delicious ways to eat Camembert and suggesting original recipes that reflect the season.

In addition, we also released torochi in September. We will use the product to suggest new situations in which consumers can enjoy eating cheese and expand the base of demand.

In the sliced cheese category, we will launch a campaign offering extra volume to stimulate purchasing amid growing consumer thriftiness.

We will also air a 6P Cheese TV commercial with the theme of love at home to revitalize this mainstay brand.



3 Segment-specific Initiatives

Beverages and Desserts Net Sales



FY2023

(Billion yen)

	1H Result	1H YoY Change	1H Revision difference	2H Forecast	2H YoY Change	Full-year forecast	Full-year forecast YoY Change
Milk and milk-based beverages	39.9	112.0%	103.7	39.8	110.7%	79.7	111.3%
Other beverages	16.0	103.7%	99.2	13.8	101.4%	29.8	102.6%
Yogurt	25.9	105.5%	91.8	25.0	107.5%	50.9	106.5%
Desserts and fresh cream	12.6	112.7%	100.8	13.1	108.9%	25.8	110.7%
Other	1.9	117.4%	105.9	1.9	97.2%	3.8	106.2%
Subsidiaries and other	35.5	105.2%	102.5	32.1	101.4%	67.6	103.3%
Total	132.0	107.9%	100.0	125.9	106.1%	258.0	107.0%

- Milk and milk-based beverages: Sales of milk were affected by the price revision. Sales of Mainichi Honebuto and MBP Drink were strong.
- Other beverages: Sales of Snow Brand Coffee remained strong.
- Yogurt: Sales of family-type yogurt remained firm. Sales of yogurt with function claims were recovering.

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This slide shows performance in the Beverages and Desserts segment.

This segment also reported higher sales in all categories.

Milk and milk-based beverages in particular grew significantly due to the continued strong sales of MBP Drink as well as the Mainichi Honebuto Series, which marked the 30th anniversary of its launch.

The growth of subsidiaries and other is due to the strong performance of distribution-oriented subsidiaries as well as the Dairy Products segment.



Key Measures to Stimulate Demand

Supporting Bone Health Through the MBP Series Overall

Development of MBP Drink products

New release of reduced sugar and low calorie products to meet customer needs

- MBP Drink has growth steadily
- We responded to customers looking for reduced sugar varieties

Change in Average Sold Per Day for MBP Drink from Megmilk Snow Brand

(Figures with FY2021 indexed to 100)



Promotion

Synergy effects of the product lineup



We expect synergy effects across the category by promoting understanding of the functions



MBP Drink Mainichi Hone Care MBP®

TVCM



Now I would like to describe our future initiatives in the Beverages and Desserts segment. First, let's talk about the MBP series.

In terms of product development, we will accelerate growth by adding a new reduced-sugar and low-calorie product to our growing “MBP Drink” lineup.

The promotion included a newspaper ad featuring a conversation with Katsuro Yoneda, the head coach of Meijo University's women's relay running team on October 8, which is designated “Bone and Joint Day.”

The Meijo University women's relay running team, which we support with MBP products, recently won the All-Japan Collegiate Women's Ekiden Championship for the seventh consecutive year.

We will continue to support the bone health of our customers by creating synergy across the entire series.



3 Segment-specific Initiatives

Beverages and Desserts Future Initiatives



Functional Yogurt

Release of new products with additional value



We released new innovative products fortified with protein in addition to our proprietary ingredients such as MBP and Gasser Strain yogurts with health functions.

Promotion



Launch of a television commercial highlighting the benefits of Gasser Strain Yogurt



New commercials planned for the hay fever season

Family-type Yogurt

Promotion

- Further growth by gaining solid fans of family-type yogurt



Highlighting support for students taking entrance exams on packaging



Gaining fans through the distribution of LINE stickers and campaigns to post images playing with the cutout art included in packaging on social media

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This slide shows our initiatives regarding yogurt.

With functional yogurt, we launched a new product that is fortified with protein in addition to our proprietary ingredients such as MBP and Gasser Strain yogurts with health functions. Health functions that benefit the bones and visceral fat are combined with a new protein-rich feature for added volume.

Gasser Strain yogurt focuses on promotions that attract the attention of women.

Then, in time for the hay fever season we will air a new commercial for Lactic Acid Helve Yoghurt to communicate its function of reducing eye and nose discomfort.

For products such as Nature Megumi and Makiba no Asa we will target families by designing packages that portray daily life events and messaging to suggest enjoyment by both parents and children, with the aim of capturing even more fans.



3 Segment-specific Initiatives

Beverages and Desserts : Entry into the Plant-based Food (PBF) Market



Creation of a new value chain leveraging the knowledge gained from milk



New entry into the market with a focus on green peas

Entry into the yogurt and beverage market

Plants to release new products next spring in the Beverages and Desserts sector as the first step



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This slide describes our entry into the plant-based food market.

We have been preparing to enter the market and will finally launch a new product next spring. This first product will utilize the highly recognized Nature Megumi and Gasseri Strain brands, and will be launched directly in the plant-based yogurt market.

We are aiming to gain a top share in the plant-based yogurt market by combining our proprietary lactic acid with this product.

In the beverage category, we will launch two products, Pea Drink made from peas, and an Oats Drink.

We will propose new choices in the beverage category, which is one of the largest markets for plant-based foods, to cater to increasingly diverse needs.

As we will also aggressively invest in communications, we hope plant-based foods will become a new growth driver for the group.



FY2023

(Billion yen)

	1H Result	1H YoY Change	1H Revision difference	2H Forecast	2H YoY Change	Full-year forecast	Full-year forecast YoY Change
Functional food products	4.5	102.6%	95.8%	4.8	105.3%	9.3	104.0%
Powdered milk and other	5.3	97.9%	91.4%	5.5	103.5%	10.8	100.6%
Total Sales	9.8	100.0%	93.4%	10.3	104.3%	20.2	102.1%

- Functional food products: Secured increase sales primarily through Mainichi Hone Care MBP®. Increase sales of ingredients overseas.
- Powdered milk and other: Sales declined due to lower births and other factors.

Next is the Nutrition Business, which is part of the Dairy products segment.

Functional foods secured an increase in sales, mainly from Mainichi Hone Care MBP®. An increase in overseas sales of ingredients also contributed to the increase.

In the powdered milk including infant formula and other category, performance was on par with the previous year despite a decline in the number of births in Japan.

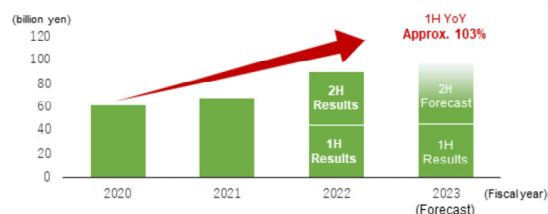
Overseas, sales decreased due to a decline in the number of births in the countries where we operate and an increased preference for cheaper options amid high prices.

**Expansion of the functional food products business****Product Expansion**

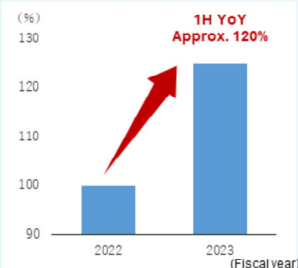
- Launch of products with new functions backed up by evidence
- Plans to enhance the lineup

**Channel expansion**

- In addition to subscription-based sales channels, channel width was expanded with the utilization of mall-type online sales channels

Change in Sales of Functional Food Products**Sales of functional ingredients overseas**

- Sales of functional food ingredients expanded in South Korea and North America
- Plans to expand sales in East and Southeast Asia in the future

Overseas sales amount for functional food ingredients

☑ MBP ingredients obtained "Health Functional Food Ingredient" certification in South Korea

The expansion of the Nutrition Business is one of the key drivers in the “expansion of function-added products,” a strategic challenge set out in the Group's 2025 Medium-term Management Plan.

In the Functional Foods category, including “Mainichi Hone Care MBP® on the left, we plan to strengthen the product lineup by introducing new products in the next fiscal year and beyond.

In addition, we will promote growth in terms of both products and sales channels by aggressively utilizing mall-based online sales channels such as Rakuten Ichiba, which is experiencing a steady increase in sales.

Next on the right is the status of sales of functional ingredients overseas.

MBP and other functional ingredients sold in North America and South Korea are gradually spreading, resulting in growth of approximately 120% in the first half of this fiscal year.

In the future, we would like to expand our sales to East Asia and Southeast Asia.



FY2023

(Billion yen)

	1H Result	1H YoY Change	1H Revision difference	2H Forecast	2H YoY Change	Full-year forecast	Full-year forecast YoY Change
Feedstuffs	20.9	98.0%	93.8%	23.1	101.4%	44.0	99.8%
Seed products	6.1	99.5%	99.2%	3.2	104.7%	9.4	101.3%
Total Sales	27.0	98.4%	95.0%	26.4	101.8%	53.5	100.0%

Results in the First Half

- Feedstuffs: Sales declined due to limits on milk production and other factors
- Seed: Increased sales of corn and wheat

Initiatives in the Second Half

- Feedstuffs: Propose blended feeds catering to the management environment of dairy farming production
- Seed: Widespread adoption of crop seeds for self-supplied feed

Next let's take a look at the Feedstuffs and Seed segment.

In the feedstuff business, sales declined due to curbs on milk production and other factors.

In the Seed business, sales of forage grass seeds decreased due to low temperatures and heavy rainfall in early spring, but sales of corn and wheat seeds increased amid the demand for greater use of self-supplied feed, resulting in an increase in total sales.

In the future, the feedstuff business will continue to propose blended feed catering to the management environment of dairy farming production.

In the Seed business, we will expand grass and forage crop seeds by improving grassland renewal, and promote the spread of green manure, vegetables, and lactic acid bacteria, thereby adding depth to the business.

Progress of Initiatives Based on an Awareness of Capital Markets

Responding to requests from the Tokyo Stock Exchange

(1) Practicing management based on an awareness of share price and the cost of capital

- Consideration of approaches and initiatives for improved corporate value based on an awareness of the cost of capital
- *Scheduled for disclosure in May 2024

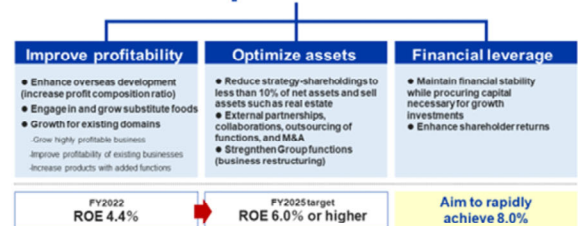
(2) Disclosures on the implementation status of dialogue with shareholders and other stakeholders

- The status of dialogue in FY2022 has been disclosed on the Company's IR website (September 7, 2023)
- In the future, information will be disclosed on the website as it becomes available

Status of improvements to capital efficiency

May 15, 2023 resubmission of disclosure materials

Improve ROE



Progress on the reduction of strategic shareholdings based on the Group Medium-term Management Plan

- (1) Formulated response measures on the sale of strategic shareholdings
- (2) Began discussions with individual shareholding counterparts
- (3) Achieved reduction of strategic shareholdings to account for less than 10% of net assets during the term of the Medium-term Management Plan (progress to be disclosed in May 2024)

Next I will explain about our management initiatives based on an awareness of capital markets.

First, with regard to the TSE's request to “practice management based on an awareness of share price and the cost of capital,” we are continuing to examine the current situation and how to respond to it.

We plan to further discuss the issue and disclose our thinking in May of next year.

Regarding the status of dialogues with shareholders and other stakeholders, the results for FY2022 were disclosed on the Company website in September.

We have also begun discussions with individual shareholding counterparties regarding the reduction of strategic shareholdings in accordance with the Group's 2025 Medium-Term Management Plan.

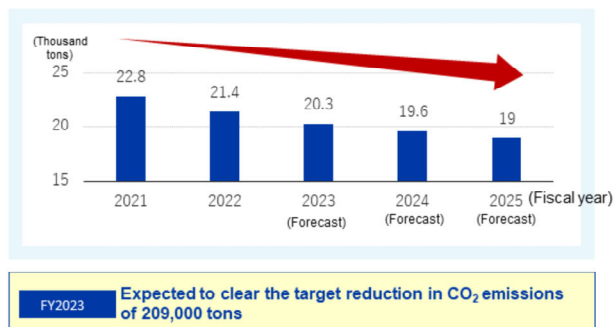
We are moving forward with our plan to reduce strategic shareholdings to account for less than 10% of net assets.

Action on Climate Change

Initiatives based on the TCFD* Recommendations

In May 2023, the Megmilk Snow Brand Group declared that it would pursue initiatives aimed at achieving carbon neutrality with net zero greenhouse gas emissions by 2050.

*Task Force on Climate-related Financial Disclosures



Risk factor	Main action in FY2022
Carbon price	<ul style="list-style-type: none"> Converted the boiler system to run on liquid natural gas (LNG) and introduced methane fermentation equipment to reduce CO₂ emissions (Taiki Plant). Installed photovoltaic systems to expand the use of renewable energy in three plant. (Installed in Ebina Plant, July 2023)



Launch of biomass energy facility at the Taiki Plant



Solar power generation facility (Ebina Plant)

Next, I will explain our efforts to improve sustainability.

First is about our response to climate change.

In May of this year, the Group declared its commitment to becoming carbon neutral by reducing greenhouse gas emissions to virtually zero by 2050.



The photo shows the biomass energy facility that started operation in April at the Taiki Plant and the solar power generation facility installed in July at the Ebina Plant.

Through these efforts, we expect to clear the emissions target of 209,000 tons for FY2023.

Action on Climate Change

Risk factor	Main action in FY2022
Changes in consumer awareness	<ul style="list-style-type: none"> ● Changed straws included with products for household use to those containing biomass plastic. ● Began providing straws containing biomass plastic with milk for school meals and introduced straw-less cartons (April 2023).
Increasing Average Temperature	<ul style="list-style-type: none"> ● Installed backwash water recovery equipment (Ebina Plant). ● Set a new KPI for increasing the area planted with green manure seeds (Snow Brand Seed Co., Ltd.).
Increase in Frequency and severity of extreme Weather events	<ul style="list-style-type: none"> ● Reassessed water risks at manufacturing sites. ● Conducted periodic drills to check the operation of emergency generators installed at all seven plants in Hokkaido in preparation for emergencies.

* Filter backwash water recovery equipment: Equipment that collects water from a filter after flushing

Petroleum-derived plastics FY2023 Expected reduction of approx. 54 million bottles (approx. 18 tons) from the previous year Adoption of straw-less milk for school lunches and biomass plastics for straws included with consumer products		Water usage from May 2023 Expected reduction of 26,000m ³ per year from the previous year Filter backwash water recovery equipment (Ebina Plant)	
			

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The image of the milk carton here is milk for school lunches, which have been straw-less since April this year.

This is expected to eliminate approximately 54 million petroleum-based straws annually. Then, we installed filter backwash recovery equipment at the Ebina Plant.

This follows similar installations at the Fukuoka and Noda plants.

When well water is used at the plant, a filter is used, and by recovering the water used for maintenance of the filter, we will reduce water consumption by approximately 26,000 cubic meters.

Initiatives Contributing to Dairy Farming Production



Contributing to dairy farming production by solving demand and supply issues for milk and dairy products through the development of export routes



Obtained Halal certification for skim milk produced at the Horonobe Plant

Halal certification was obtained for skim milk (25kg) produced at the Megmilk Snow Brand Horonobe Plant.
(released June 6, 2023)

To expand sales channels for Japanese dairy products and strengthen sales in Asia, we will work on exporting the skim milk as an ingredient used in products for the halal market in Southeast Asian countries.



Halal-certified skim milk and butter produced at the Horonobe Plant in Hokkaido

Lastly, we are pleased to announce that we have obtained Halal certification for skim milk and butter produced at the Horonobe Plant.

The Muslim population is estimated to be over 1.8 billion, or about one quarter of the world's population.

Halal means “permitted” in Islam, and Halal certification certifies that products do not contain ingredients derived from animals such as pork, which are prohibited in Islam.

The Horonobe Plant has been working on certification since the summer of 2022, and in May of this year, obtained certification from the Japan Halal Association.

The Southeast Asian region, which is our target market, has a large Muslim population, and this certification will expand the possibility of exporting skim milk and butter.

Since the expansion of exports is one of the effective solutions to the supply and demand issues of milk and dairy products, we would like to contribute to the stability of the dairy industry by responding to such global demands.

Make the Future with Milk



Forward-looking statements such as performance forecasts contained in this document are based on management's expectations and assumptions in light of information currently available and are not the commitment by the Company. Actual results may differ from the forecasts in this document due to change in the business environment and other factors.

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Group Medium-term Management Plan 2025 : Progress on Six Strategic Issues



(Billion yen)

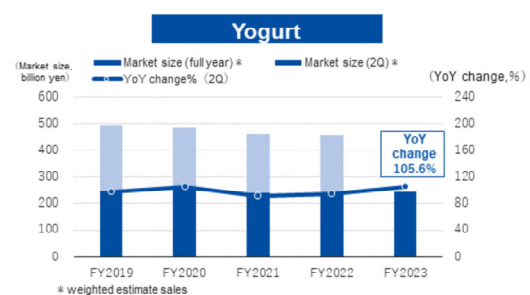
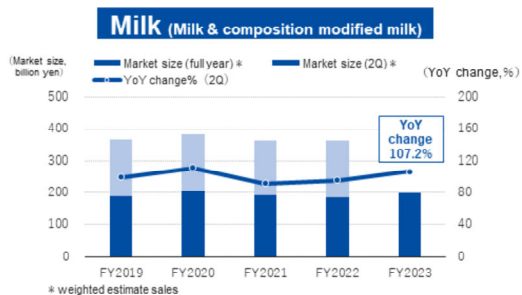
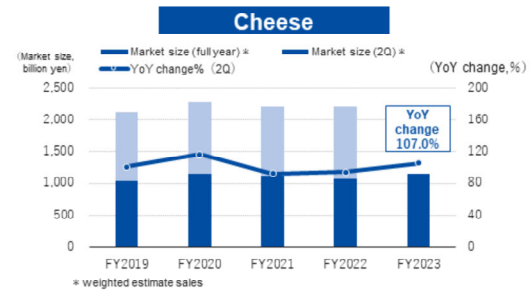
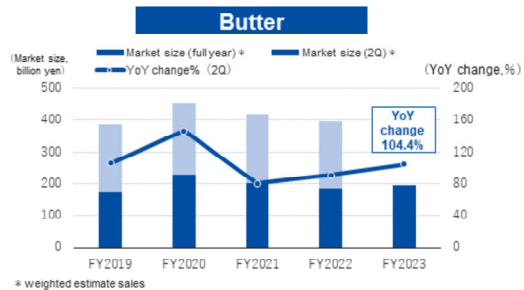
	Progress in FY2023		Progress rate (%)	Group Medium-term Management Plan 2025 Target
	First half of FY2022	First half of FY2023		
Sales of substitute foods	—	—	0	6.0
Sales of function-added foods	28.0	29.3	41.9	70.0
Composition of overseas operating profit (%)	4.2	0.4	4.3	8.5
Sales of cheese products	32.3	34.6	43.3	80.0
Sales of market milk	88.6	96.5	48.3	200.0

Note: Results from the previous year (FY2022) will differ from the figures announced on May 15, 2023 due to revisions to the aggregation method.
 - Sales including some subsidiaries are listed.

- Products with added functions: Growth of the MBP series
- Overseas operating profit: Increased fresh raw milk procurement costs in Australia

Data: Market Trends of the nationwide Consumer Products

Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from April 2023 to September 2023



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6 References

Data: Megmilk Snow Brand's Market Share / Overseas Cheese Price Trends



Market share (of household consumption)

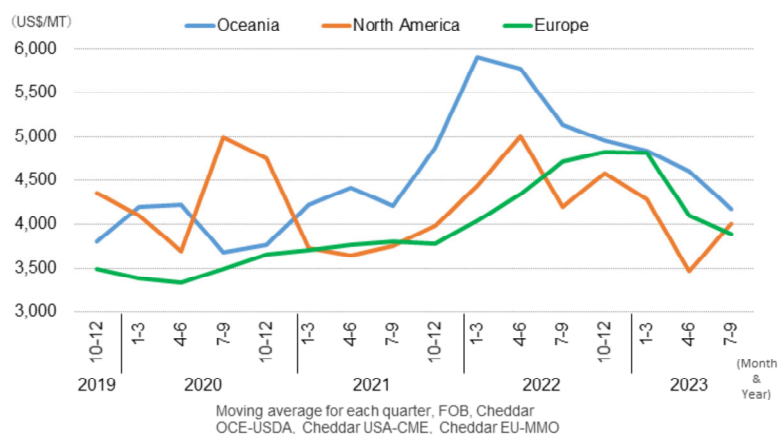
Megmilk Snow Brand's share of the nationwide consumer market on an estimated total sales basis for the first three months of the fiscal year ending March 31, 2024
(April 2023 to September 2023)

Retail store POS data

Butter	48.5%
Margarine	51.6%
Cheese	26.3%
Milk (Milk & composition modified milk)	5.0%
Milk beverage	13.7%
Yogurt	11.7%
Dessert (Chilled Products)	17.9%

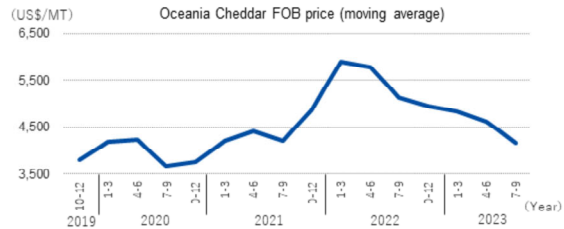
Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales.

Transitions in overseas cheese prices



Data: Actual and forecast raw material costs

Imported raw cheese



Raw materials for palm oil



Raw materials for soybean oil



Raw materials for rapeseed oil

