



July 26, 2022

## Notice on Changes to Prices of Consumer Dairy Food and Infant Formulas and Changes to Net Volumes

MEGMILK SNOW BRAND Co., Ltd. (headquarters: Shinjuku, Tokyo; President: Masatoshi Sato), announced that it will revise and change prices and net volumes with respect to some of its consumer dairy foods and infant formulas, from Thursday, September 1, 2022 and Saturday, October 1, 2022, respectively.

Milk production is at low levels, especially in Oceania. In addition, milk production costs have been rising, mainly due to surges in feedstuff and energy costs. In the meantime, demand for imported ingredient cheese has been increasing globally, partly due to strong demand in China and Southeast Asia. Given this background, prices for imported dairy products have been soaring.

International prices for soybean oil, rapeseed oil and palm oil, which are ingredients of margarine, for example, have also been consistently rising, reflecting concern over declines in production due to unstable weather conditions in the main production areas and strong worldwide demand for cooking oil, including that for bioenergy applications. In addition, the grain market price has continued to trend even more sharply higher, given the international conflict that took place in February, and prices for raw oils and fats have also been rising sharply.

Moreover, increases in crude oil prices, freight rates due to container shortages, packaging material/auxiliary material costs, energy costs, logistics costs, and labor costs continue to have negative impacts.

The Company has been working to internally absorb the cost increases through a range of cost reduction measures. However, with these cost increases exceeding levels that can be absorbed through corporate efforts, it has decided to implement the following price revisions and net volume changes.

MEGMILK SNOW BRAND is committed to providing consumers with safe and reliable products on a stable basis and asks for your understanding and continued support.

### 1. Applicable Products

#### (1) Price revision

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|-------------------|--|
| •Margarine        | 13 products (revision rate: 6.7% to 14.5%) |
| •Processed cheese | 7 products (revision rate: 4.5% to 9.1%)   |

• Natural cheese	1 product (revision rate: 3.3%)
• Infant formulas	4 products (revision rate: 5.3% to 5.7%)
(2) Net volume change	
• Processed cheese	22 products (rate of reduction -4.2% to -11.1%)
• Natural cheese	3 products (rate of reduction -6.3% to -10.0%)

## 2. Date of revisions

Starting with items delivered to whole sale dealers on Thursday, September 1, 2022

(For infant formulas, starting with items delivered to whole sale dealers on Saturday, October 1, 2022)

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