MEGMILK
SNOW BRAND

The First Half of the Fiscal Year Ending March 2023

Financial Results

November 10, 2022

Representative Director and President
Masatoshi Sato

The Accounting Standard for Revenue Recognition began to be applied from the the Fiscal Year Ending March 2022 .

I would like to begin by thanking our shareholders, investors, and other stakeholders for your continued support of Megmilk Snow Brand.

Agenda

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This is a summary of first half.
Net sales were 289.0 billion yen, up 0.8 points year on year.
Operating profit was 7.3 billion yen, down 39.8 points year on year.

Net sales decreased during the first quarter but sales grew in the second quarter, resulting in an overall increase in net sales for the first half.
However, operating profit decreased due to a significant increase in raw material prices and operating costs.

At the same time, both net sales and operating profit did outperform first half earnings forecasts.

Overview of First Half of the Fiscal Year Ending March 2023

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Evaluation of price revisions

Implemented first half price revisions as planned, reflected in storefront prices

Evaluation of sales volume growth

Sales volume for butter, natural cheese, and yogurt, products we targeted for growth this fiscal year, are on gradual growth trend

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This shows an evaluation of core first half initiatives.

Since March of this year, we have implemented price revisions for milk beverages, juices, desserts, processed cheese, and commercial products.
We are steadily reflecting these revisions in storefront prices.

Amid a difficult market environment, sales volume was stagnant during the first quarter, but gradually increased from the second quarter,
reaching a level that is outperforming the market.

I will explain this in greater detail later on a per-business basis.

Consolidated Earnings for the First Half of the Fiscal Year Ending March 2023

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Consolidated Statement of Income

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2022 2Q	FYE3/2023 2Q	Change	% Change YoY
Net Sales	286.9	**289.0**	2.1	0.8%
Operating profit	12.2	**7.3**	-4.8	-39.8%
Non-operating profit and loss	1.0	**-0.4**	-15	–
Ordinary Profit	13.2	**6.8**	-6.3	-48.2%
Extraordinary profit and loss	-0.9	**-2.8**	-19	–
Profit before income taxes	12.3	**4.0**	-8.3	-67.5%
Profit*	8.5	**2.3**	-6.2	-73.2%

* Profit attributable to owners of parent

Impact of fire. Non-operating losses of 1.5 billion yen. Extraordinary losses of 2.2 billion yen
*Project being able to cover these via damage claims.

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This shows consolidated statement of income.

This fiscal year, we recorded losses attributable to a fire that occurred at an affiliate at the end of June.
-Equity in losses of affiliates resulting in non-operating losses of 1.5 billion yen
-Impact of loss of inventory assets resulting in extraordinary losses of 2.2 billion yen.

We forecast not incurring losses over the course of the full-year
by claiming compensation of damages.

Consolidated Earnings for the First Half of the Fiscal Year Ending March 2023

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Results by segment

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2022 2Q		FYE3/2023 2Q		% Change YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Products	117.8	6.3	**120.1**	**4.9**	2.0%	-21.8%
Beverages and Desserts	126.3	3.4	**122.4**	**0.7**	-3.1%	-79.1%
Feedstuffs and Seed	24.7	1.4	**27.5**	**0.8**	11.3%	-43.3%
Other	18.0	0.8	**18.9**	**0.8**	5.4%	-6.7%
Total	286.9	12.2	**289.0**	**7.3**	0.8%	-39.8%

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Next, I will explain segment specific results.

In the Dairy Products segment, net sales increased on price revisions for processed cheese.
We also increased sales of butter and natural cheese.

In the Beverages and Desserts segment, we implemented changes to our price structure for milk beverages and juices to match the timing of product renewals. However, net sales decreased in major categories such as beverages and yogurt due to a market correction following strong stay-at-home-demand.

Net sales for the Feedstuffs and Seed segment increased on higher sales unit prices attributable to skyrocketing raw materials and increased sales of grass seeds.

Net sales for other business increased on the addition of Belle Neige Direct to the scope of consolidation from this fiscal year.

I will explain the status of profit on the next slide.

Breakdown of Factors Affecting Changes in Consolidated Operating Profit

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Factors Affecting Changes in Operating Profit

(Billion yen, rounded down to the nearest tenth of a billion yen)

FYE3/2022 2Q	FYE3/2023 2Q	change
12.2	7.3	-4.8

	Total	Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
Changes in segments		-1.3	-2.7	-0.6	-0.0
Marginal profit Subtotal	**-3.9**	**-0.3**	**-2.8**	**-0.7**	**0.1**
Sales unit price	1.3	0.9	0.3	0.0	0.1
Sales volume	0.0	0.2	-0.4	0.0	0.2
Product composition	0.2	0.2	0.0	0.0	0.0
Raw materials costs	-3.5	-1.2	-1.4	-0.6	-0.2
Operating costs	-2.1	-0.6	-1.3	-0.1	0.0
Other	0.2	0.2	0.0	0.0	0.0
Fixed costs and others Subtotal	**-0.9**	**-0.1**	**0.1**	**0.1**	**-0.1**
Advertising and promotional costs	0.0	-0.2	0.2	0.0	0.0
Fixed costs	-0.9	-0.8	-0.1	0.1	-0.1

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This slide shows factors behind changes in first half operating profit.

Operating costs increased significantly, resulting in a total of decrease of 5.6 billion yen. This was mainly due to higher raw material costs for imported cheese and margarine raw materials, as well as logistics and energy costs.

We generated roughly 1.5 billion yen by implementing price revisions to compensate for sales unit price differences and product composition differences.
However, expenses increased on efforts to stimulate business, including sales activities. In total, this resulted in the 4.8 billion decrease in profit highlighted in red.

Forecast of Consolidated Financial Results FYE3/2023 Full Year (No changes)

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Full Year Forecast

(Billion yen, %)

	Full year Results of FYE3/ 2022	Full year forecast of FYE3/2023	Change	% Change YoY
Net Sales	558.4	575.0	16.5	3.0
Operating profit	18.0	14.0	-4.0	-22.5
Ordinary Profit	19.9	15.5	-4.4	-22.5
Profit*	12.0	9.3	-2.7	-22.9

* Profit attributable to owners of parent

Dividends

Ordinary dividend	60 yen
Consolidated payout ratio	43.6%

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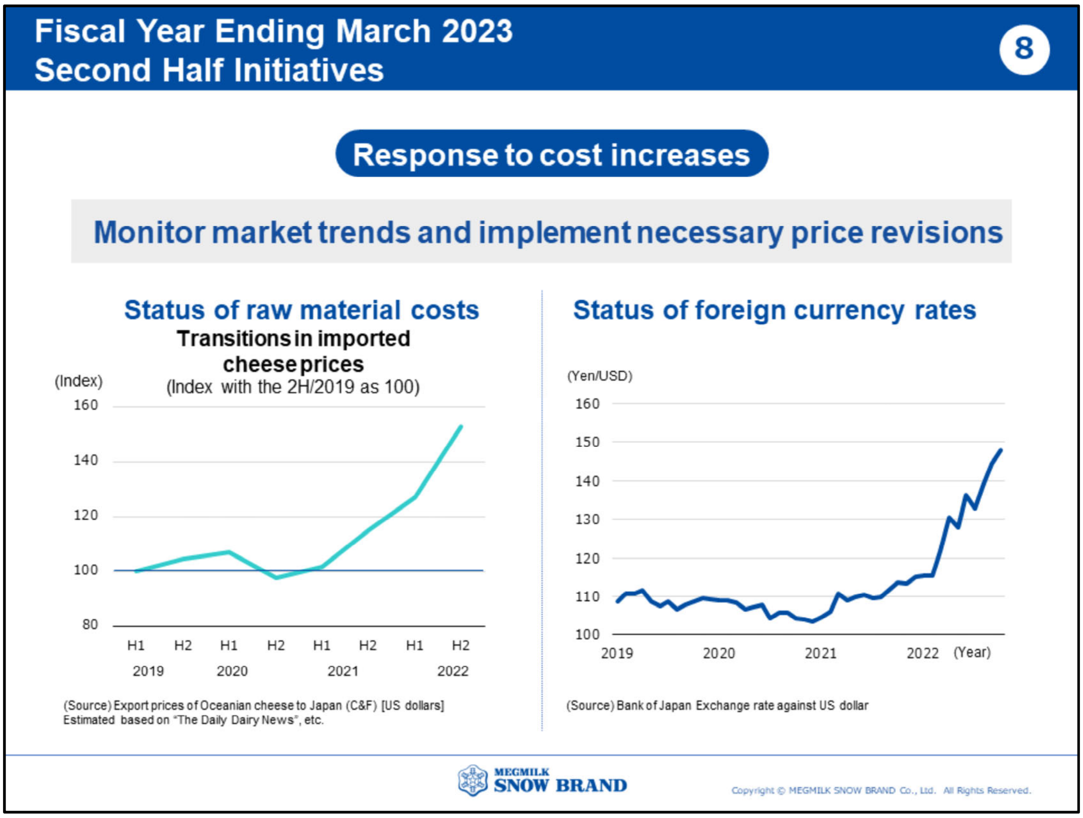
This shows our full-year earnings forecast for this fiscal year.

All figures are unchanged from the forecast we disclosed during our first quarter earnings announcement.

However, in order to address the impact of cost increases, we did revise the breakdown for segment-specific net sales and our profit generation structure.

Furthermore, our plan for normal dividend is 60 yen per share, representing a dividend payout ratio of 43.6%.



These graphs show the status of prices for imported raw cheese and the currency rate against the US dollar.

Prices for imported raw cheese and other major raw materials have been rising rapidly since last year, and continue to trend at high levels.

Continuing yen depreciation is creating an increasingly more difficult operating environment.

The dairy industry is facing unprecedented conditions.
In November, prices for beverage dairy were raised.

Amid such conditions, it is necessary that we appropriately reflect these cost increases in sales prices and stabilize revised prices on the market.

As such, in the second half, we will dynamically respond to cost increases and work to stabilize this pricing on the market.

Factors Affecting Changes in Full-year Operating Profit (Most recent revised forecast)

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Revised factors affecting changes in full-year profit

(Billion yen, rounded down to the nearest tenth of a billion yen)

FYE3/2022 full year	FYE3/2023 full year forecast (After revision)	Change	Changes in segments: Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
18	14	-4.0	-1.6	-2.2	-0.1	0.0

	Change	Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
Marginal profit Subtotal	**-3.7**	**-0.8**	**-2.8**	**-0.1**	**0.1**
Sales unit price	7.0	3.0	3.9	0.0	0.1
Sales volume	1.5	1.3	0.0	0.0	0.2
Product composition	1.0	0.8	0.2	0.0	0.0
Raw materials costs	-9.5	-4.6	-4.6	0.0	-0.2
Operating costs	-3.7	-1.3	-2.3	-0.1	0.0
Other	0.0	0.0	0.0	0.0	0.0
Fixed costs and others Subtotal	**-0.3**	**-0.8**	**-0.6**	**0.0**	**-0.1**
Advertising and promotional costs	0.1	-0.4	-0.5	0.0	0.0
Fixed costs	-0.4	-0.4	-0.1	0.0	-0.1

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This slide shows our revised analysis of factors affecting changes in full-year profit. On the next slide, I will explain the restructuring of this 14 billion yen in operating profit.

Factors Affecting Changes in Full-year Operating Profit (Revised Forecast)

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Factors affecting full-year profit / Difference vs. 1Q forecast

(Billion yen, rounded down to the nearest tenth of a billion yen)

	Previous full-year forecast (after 1Q revision)	Current full-year forecast (after revision)	Revision difference	Factors affecting forecast compared to previous forecast (after 1Q revision)
Marginal profit Subtotal	-1.9	**-3.7**	**-1.8**	
Sales unit price	4.1	**7.0**	2.9	Dairy Product +0.5, Beverage and Dessert +2.4
Sales volume	2.5	**1.5**	-1.0	Dairy Product -0.2, Beverage and Dessert -0.8
Product composition	1.1	**1.0**	-0.1	Dairy Product -0.1
Raw materials costs	-7.0	**-9.5**	-2.5	Beverage and Dessert -2.2
Operating costs	-3.5	**-3.7**	-0.2	Energy -0.7, Logistics +0.5
Other	1.0	**0.0**	-1.0	Responses to beverage and dessert dairy prices to address sales price difference
Fixed costs and others Subtotal	**-2.2**	**-0.3**	**1.9**	
Advertising and promotional costs	-0.8	**0.1**	0.9	
Fixed costs	-1.4	**-0.4**	1.0	
Total	-4.0	**-4.0**	0.0	

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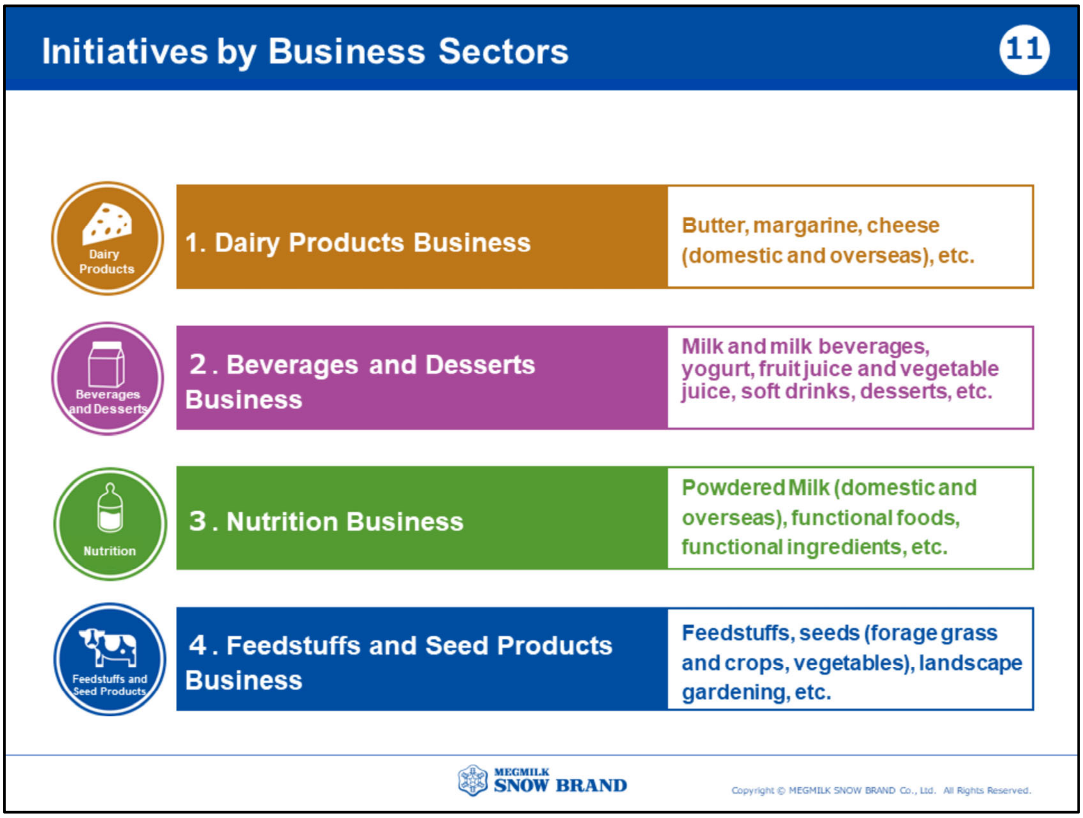
This table shows a comparison of our updated analysis of factors affecting profit against previous forecast figures.

Raw material and operating costs are projected to increase by roughly 2.7 billion yen above our previous forecast.
We will implement sales price revisions and change product volume to increase profit through sales unit price differences and product composition differences.
We will aim to secure forecast profit by combining these efforts with additional efforts to optimize operating costs.



From here, I will explain our business-specific initiatives.

Result of the First Half of the Fiscal Year Ending March 2023

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Dairy Products Results

(including the Nutrition segment)

(Billion yen, rounded down to the nearest tenth of a billion yen)

	1H results	% Change YoY	Vs. Forecast (Revised forecast as of 1Q)	Full year forecast of FYE3/2023 (After 2Q Revision)	% Change YoY
Butter	11.6	112.5	100.5	**26.9**	120.1
Margarine	3.9	95.9	101.6	**8.0**	96.9
Cheese	27.4	99.2	104.6	**57.7**	104.5
Other	14.0	111.2	99.2	**26.9**	104.5
Subsidiaries and other	63.0	100.0	102.3	**126.3**	100.9
Sales total	120.1	102.0	102.3	**246.0**	103.8
Operating profit	4.9	78.2	107.5	**10.9**	87.1

POINT

- **Sales of butter exceeded the previous year due to the resumption of sales promotions for consumer products and a recovery in commercial products.**
- **Consumer processed cheese decreased below the previous year due to price revisions, but sales of consumer natural cheese and commercial products increased, resulting in overall cheese sales on par with the previous year..**

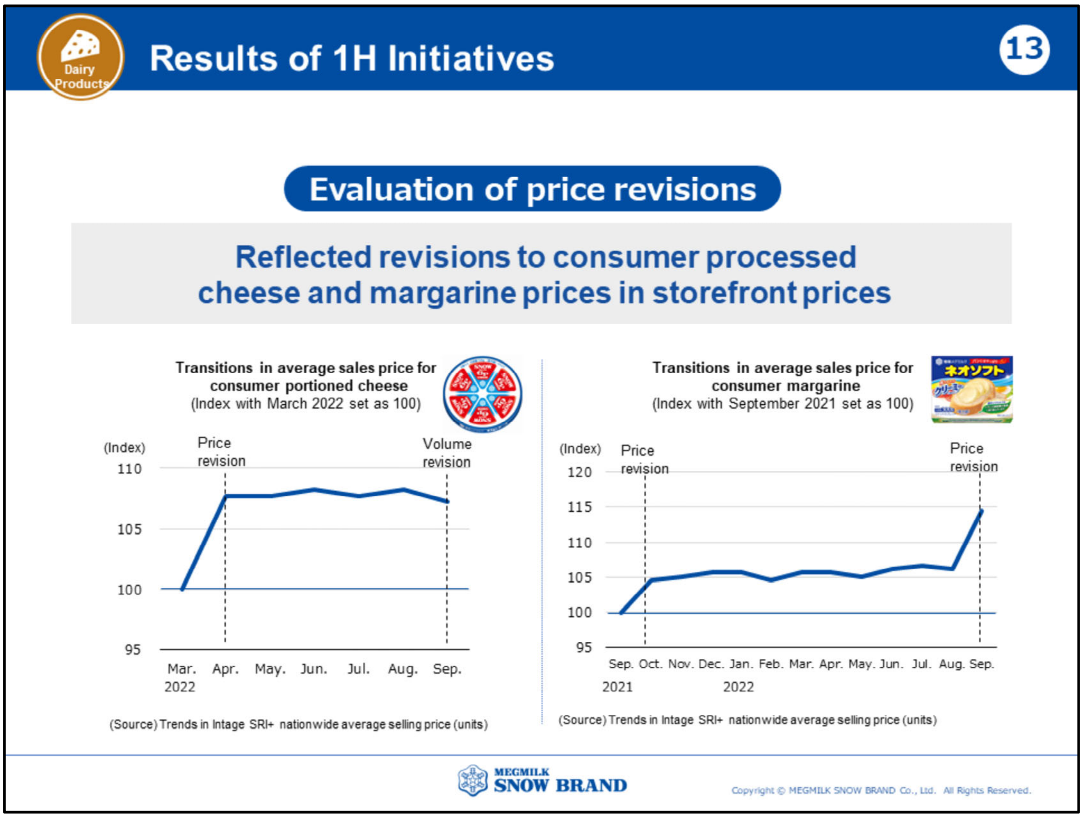
Next, I will explain the status of the Dairy Products Business.

Net sales of butter increased. In addition to restarting sales promotions for consumer products this fiscal year, we also saw a recovery trend in sales of commercial products as activity increased among the general public.

Net sales of margarine decreased on the impact of price revisions implemented from the second half of last fiscal year and a decline in consumer spending.

Sales of cheese were largely unchanged from the previous fiscal year. Despite a temporary decline in processed cheese due to the impact of price revisions implemented in the spring, this was covered by sales of consumer natural cheese and commercial products.

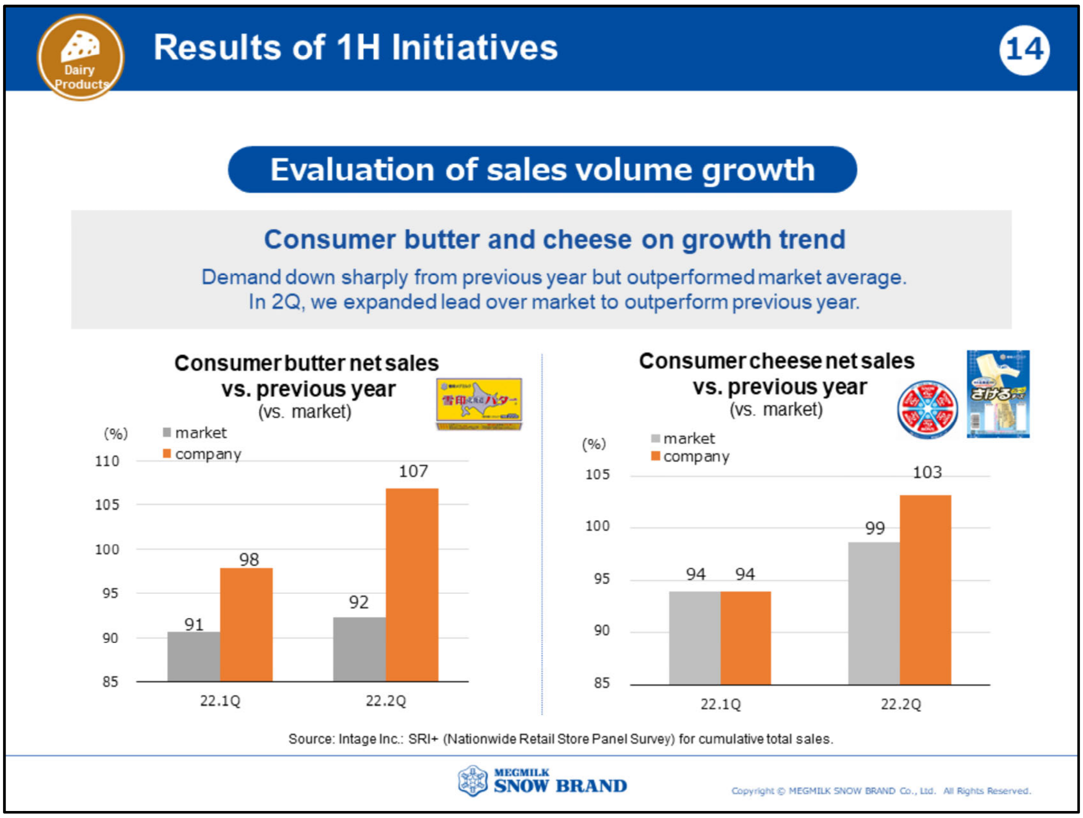
The large year-on-year difference for others not shown here is the result of aggressive efforts to advance sales of powdered skim milk inventory, a major issue for the dairy industry.



I will explain price revision efforts we have been conducting since the first half.

These graphs show transitions in the average price of consumer portioned cheese and margarine. For processed cheese, we have addressed costs by revising prices in April and product volume in September.

For margarine, we revised prices last year in October and again this year in September.
Although not shown on the graph, we have revised prices for commercial products since last year.
These revised prices are gradually permeating the market.



Next, I will explain the expansion of sales volume. The graphs show the year-on-year growth of consumer butter and cheese.

Looking at consumer butter, the new butter line at the Isobunnai Plant began operations last year. With production stabilized, we are working to promote sales this fiscal year.

We have outperformed the market since the beginning of the term. From the second quarter, we have further strengthened sales promotions and widened the gap with the market.

Last year, in response to the rapid increase in demand for consumer cheese due to stay-at-home demand, we suspended sales of some varieties of Sakeru Cheese products.

We have gradually resumed sales this fiscal year and have returned to selling all 6 items since August, putting us back on a growth trajectory. We will link this momentum to operations of the new line at the Taiki Plant next year.

Dairy products have entered the peak demand period in the third quarter, and are off to a good start.

Next I will explain our second half initiatives.

First, I will discuss measures to address increased costs.
During the second half, we will respond appropriately based on an evaluation of costs and the market environment.

Next, I would like to explain our efforts to expand sales volume.

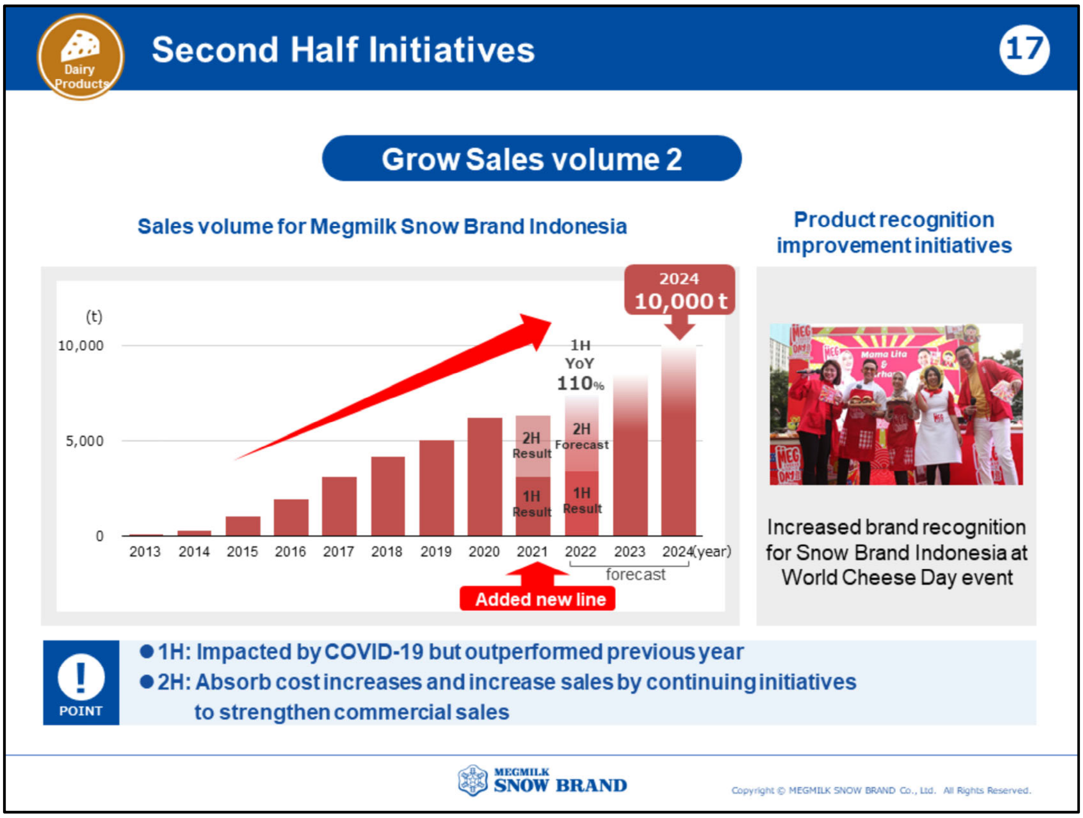
The first is promotions to stimulate demand.

We will offer customers proposals for new ways to enjoy dairy products, such as using butter in cooking and suggestions for how to eat camembert.

We will also launch commercials for processed cheeses and roll out campaigns for products with increased volume to firmly support the line of products that have been subject to continuous cost increases.

The second is to strengthen product development through our original “Snow Brand Hokkaido 100 Brand”.

With domestic and overseas price differences shrinking or even reversing, the competitive advantage of domestic dairy products is increasing. We will promote the appeal of "using 100% fresh milk from Hokkaido" to our customers while also helping solve domestic supply and demand issues.



Next, I will explain topics relate to overseas expansion.

The graph shows the status of the cheese business in Indonesia.

In Indonesia, despite the impact of restrictions on movement due to COVID-19, we improved brand awareness and expanded business on commercial channels, achieving double-digit growth in the first half.

In the second half, we plan to further strengthen and expand our efforts in commercial markets while absorbing rising raw material prices.

Result of the First Half of the Fiscal Year Ending March 2023

Beverages and Desserts

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Beverages and Desserts Sales Results

(Billion yen, rounded down to the nearest tenth of a billion yen)

	1H results	% Change YoY	Vs. Forecast (Revised forecast as of 1Q)	Full year forecast of FYE3/2023 (After 2Q Revision)	% Change YoY
Milk and milk-based beverages	**35.6**	94.9	96.9	**71.3**	98.2
Other beverages	**15.4**	96.1	100.2	**28.8**	97.8
Yogurt	**24.5**	96.3	99.4	**48.2**	99.8
Desserts and fresh cream	**11.2**	103.8	99.9	**22.9**	105.8
Other	**1.6**	97.2	98.4	**3.3**	97.3
Subsidiaries and other	**33.7**	97.6	97.7	**63.2**	98.7
Total	**122.4**	96.9	98.3	**238.0**	99.3
Operating profit	**0.7**	20.9	81.0	**1.4**	38.8

POINT
- **Milk beverages and yogurt down YoY on correction from stay-at-home demand**
- **Yogurt had some products with firm sales but functional yogurt was stagnant**

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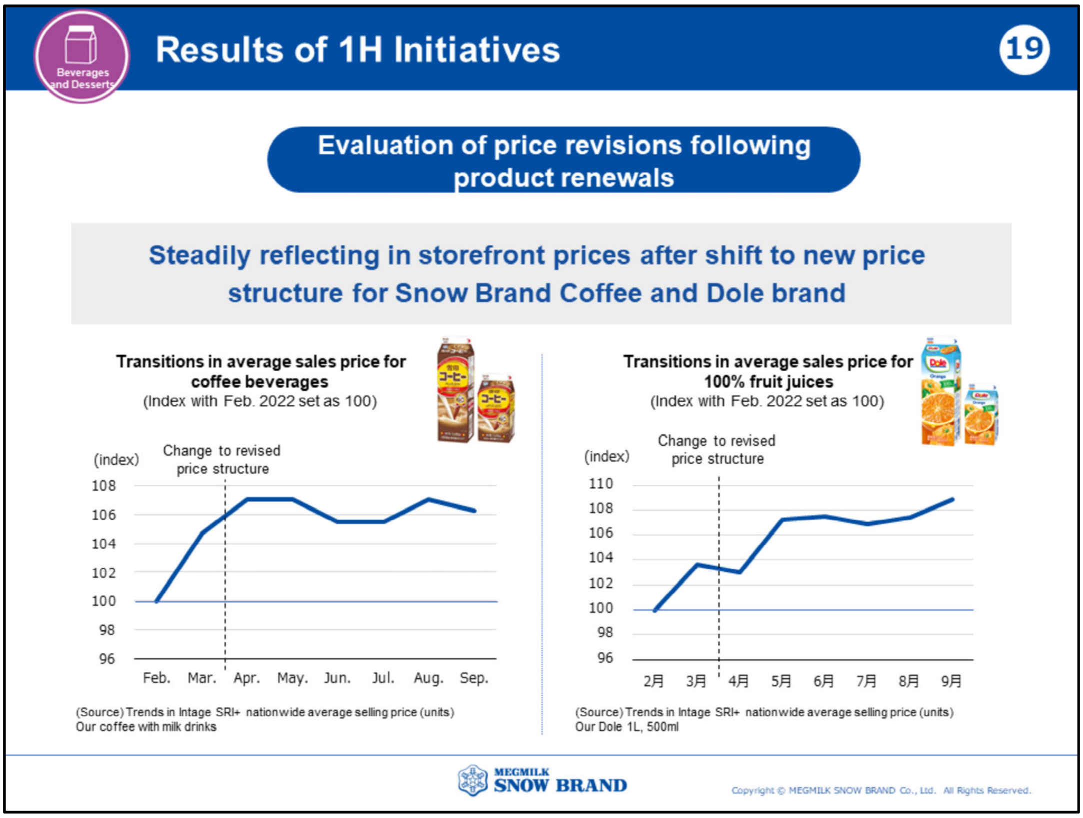
Next, I will explain the status of the Beverages and Desserts Sector.

In the beverage category, "MBP Drink" maintained a high growth rate but overall the market trended below previous fiscal year performance due to a reversal from last year's stay-at-home demand. We also recorded decreased net sales.

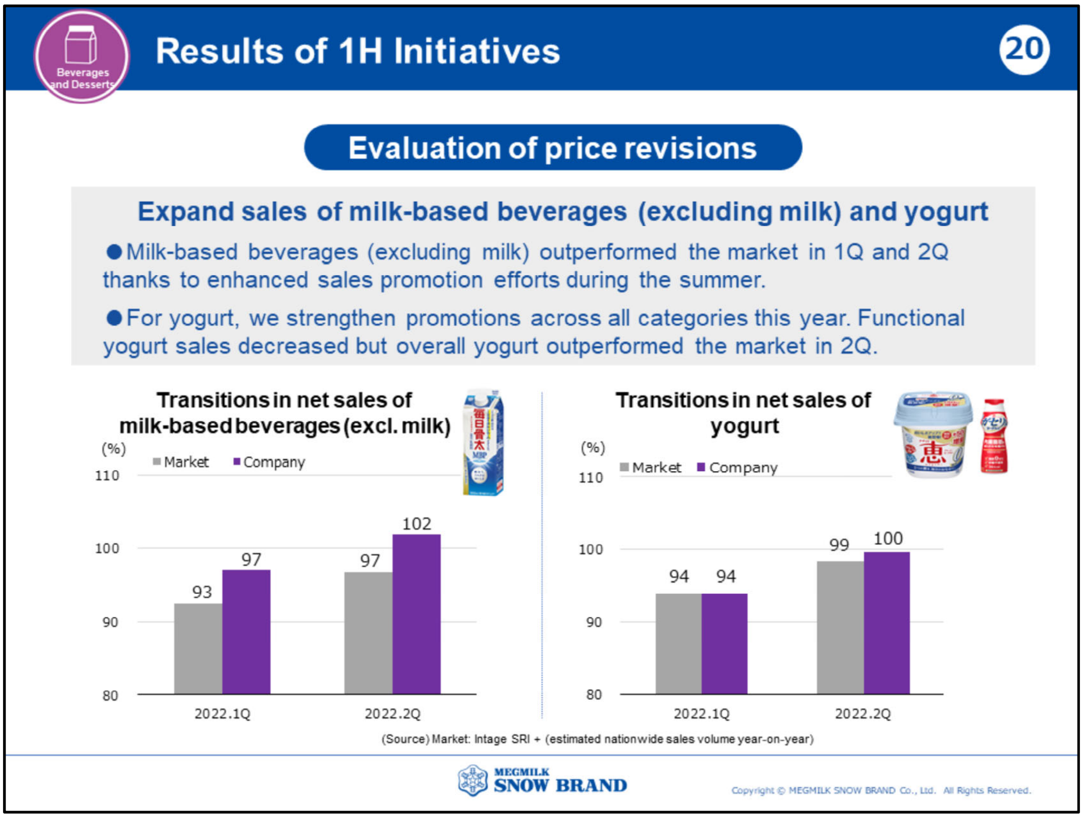
Yogurt net sales decreased overall as a result of delays in the recovery of functional yogurt despite firm sales of products such as Nature Megumi and Makiba no Asa.

Sales of desserts increased due to strong sales of single-serving desserts such as the Cream Sweets series.



This slide shows transitions in the sales prices of milk beverages and juices.

In both categories, we revised our price structure based on the timing of product renewals implemented in March. Since then, we are seeing these changes steadily being reflected in store prices.



Next, I will discuss our performance related to expanding sales volume.

These graphs show year-on-year growth for milk and milk-based beverages and yogurt.

For milk and milk-based beverages, we worked to promote the use of powdered skim milk inventory, which has been an issue in terms of supply and demand. We also worked to compensate for a lack of stability in fresh milk supply and demand during the summer.
As a result, sales have outperformed the market since the beginning of the fiscal year.

For yogurt, this fiscal year we worked towards overall category growth based on assumptions that consumer purchasing behavior will change due to the impact of higher cost of living and changes in consumer activity due to COVID-19.

As a result, second quarter sales slightly exceeded the market.

Second Half Initiatives

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Beverages and Desserts

Price revisions for milk beverages and yogurt

Respond to increased cost of dairy for beverages

<Applicable products> 13 milk products, 29 yogurt products, desserts, etc.
(From November 1, 2022)

<Revision details>

- Consumer products: 45 products (revision rate 4.0-12.5%)
- Consumer products for home delivery: 22 products (revision rate 5.3-8.3%)
- Commercial products: 6 products (revision rate 7.4-9.2%)

Sample product

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Next, I will explain our second half initiatives.

Since November, we have revised prices for our main products to reflect the milk price revisions and other cost increases.

First, we will work to firmly stabilize these price revisions on the market.

Next, I will explain the launching of new products and the strengthening of promotions.

First, I will discuss efforts to strengthen our products that promote value.
As a follow-up to MBP Drink, we launched Kansetsukea Drink Glucosamine and Kiokukea Drink β (Beta) *Lactolin* as Foods with Function Claims.
Through these products, we will respond to growing health consciousness among consumers.

The second initiative is to propose new consumption occasions.
Through social media and online ads, we will introduce the benefits of milk in containers with a small cap as proposals for new ways to drink to expand core customer demand.

The third initiative is to revitalize our core brands. For Snow Brand Coffee, which is commemorating the 60th year since its launch, we are expanding beyond the boundaries of categories such as margarines, desserts, ice cream and bread, to develop collaborations with other companies.

Through these efforts, we will work to revitalize long-selling brands.

The fourth is initiatives in the yogurt category.

During the second half of the fiscal year, we anticipate the rising cost of living and the increased flow of people following the lifting of restrictions on movement will lead to further diversification in purchasing behavior.

Also during the second half, we will strengthen promotions in all categories to secure yogurt sales volume.

For functional yogurt, we believe that the visceral fat reduction benefit of our Gasseri Strain Yogurt is an important health value for customers.

We will continue efforts to raise awareness of product functions to put them on a steady growth trajectory.

Result of the First Half of the Fiscal Year Ending March 2023

Nutrition

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Nutrition Sales Results

(as a part of the Dairy Products segment)

(Billion yen, rounded down to the nearest tenth of a billion yen)

	1H results	% Change YoY	Vs. Forecast (Revised forecast as of 1Q)	Full year forecast of FYE3/2023 (After 2Q Revision)	% Change YoY
Total Sales	**9.8**	112.7	98.6	**20.7**	117.2
(Breakdown)					
Functional food products	**4.3**	133.5	99.7	**9.1**	135.4
Powdered milk and other	**5.4**	100.1	97.8	**11.5**	105.8

POINT

- **Functional food products: Increased in the number of subscription-based customers and sales were strong due to the opening of an on mall-type mail-order site.**
- **Powdered milk: While overseas sales were affected by movement restrictions due to COVID-19, domestic sales are strong**

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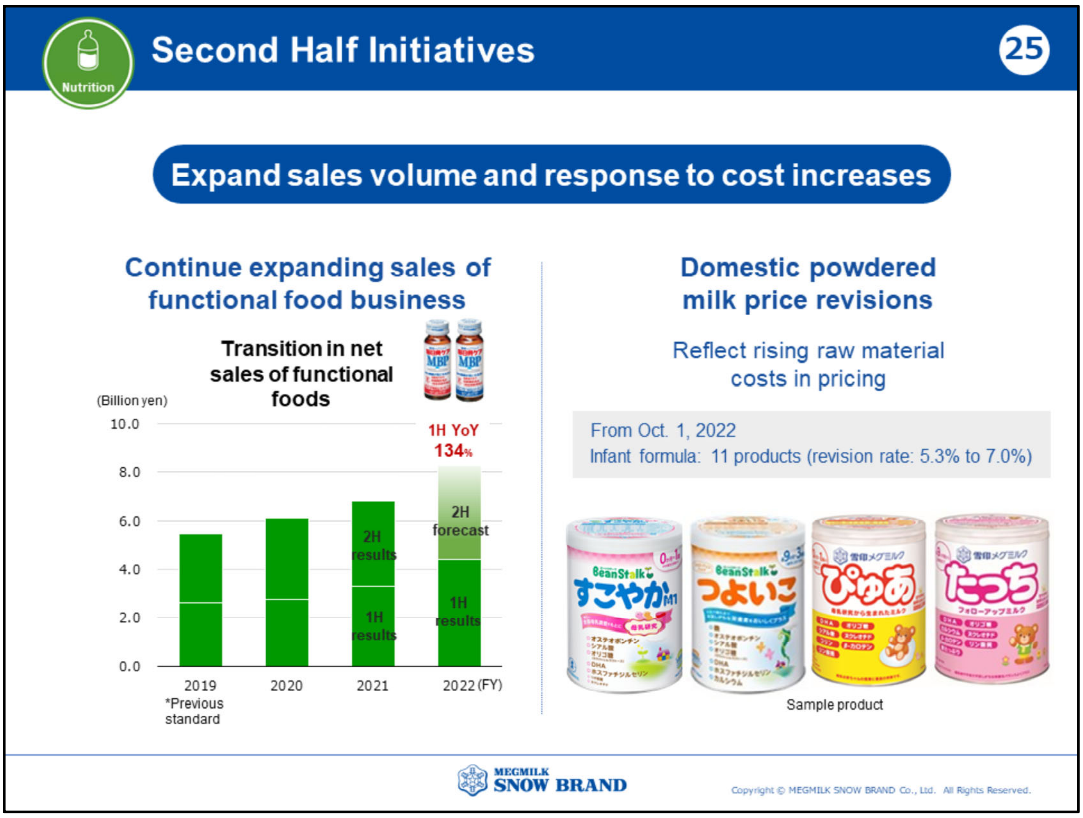
Next, I will explain the Nutrition Business Sector.

For functional foods, we continued with aggressive marketing investments in MBP-related products such as Mainichi Hone Care MBP, and sales continued to increase.

Looking at powdered milk, overseas sales were affected by restrictions on movement related to COVID-19. In Japan, however, opportunities to use powdered milk increased as opportunities to leave home increased, resulting in increased sales.



Next, I will explain our initiatives for the second half.

For functional foods, in addition to increasing the number of users of subscription-based mail-order sales, this fiscal year we expanded sales channels by opening a mall-type mail-order store.
We will continue using these channels to increase customers.

For infant formula, we have revised domestic sales prices since October in response to rising prices for imported raw materials.
With the participation of men in childcare, we are seeing new opportunities for infant formula use.
We will continue developing promotions that are closely related to childcare at home to drive interest.

Result of the First Half of the Fiscal Year Ending March 2023

Feedstuffs and Seed Products

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Feedstuffs and Seed Products Results

(Billion yen, rounded down to the nearest tenth of a billion yen)

	1H results	% Change YoY	Vs. Forecast (Revised forecast as of 1Q)	Full year forecast of FYE3/2023 (After 2Q Revision)	% Change YoY
Feedstuffs	**21.3**	113.3	101.6	**44.5**	117.3
Seed products	**6.1**	104.8	88.3	**9.0**	100.9
Total Sales	**27.5**	111.3	98.3	**53.5**	114.1
Operating profit	**0.8**	56.7	92.0	**0.5**	71.9

POINT

- **Feedstuffs: Earnings decreased in the first half due to higher feed raw material costs. In the second half, we plan to work on proposals for compound feed that responds to the business environment of dairy farming sites.**
- **Seeds: Income increased on higher sales of seeds for self-supplied feed crops. Efforts to spread self-sufficient feed crop seeds in the second half.**

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Next, I will discuss the Feedstuffs and Seed Business.

The Feedstuffs business posted an increase in revenue as we reflected the rising cost of imported raw materials in sales prices.
In the Seed business, net sales increased on higher sales of grass seeds.

However, operating profit decreased as sales prices lagged behind the sudden rise in feed raw material prices.

Currently, dairy production sites are facing various cost increases, including feed, fertilizer, and energy, leading to increased focus on the importance of self-supplied feed.

Our Group will continue to promote the use of self-supplied feed, and will propose compound feed that responds to the operating environments facing dairy farmers.

Next, I will explain our sustainability efforts.

In June of this year, we established a new promotion structure to launch initiatives.

Our Decarbonization Subcommittee is considering the adoption of solar power generation and evaluating the direction of renewable energy for future CO2 reduction.

The Plastic Reduction Subcommittee is engaged in detailed discussions toward reducing petroleum-derived plastics, one of the goals for which we have set a KPI.

The Human Rights Subcommittee is evaluating issues such as surveys of the actual working conditions for foreigners along our supply chain.

The Sustainability Promotion Committee receives reports from each subcommittee and, under the supervision of the Representative Director, makes judgments necessary for decision-making by management.

Megmilk Snow Brand Group Sustainability Management

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Initiatives for information disclosure based on TCFD recommendations

● October 2021: Declared support for the TCFD recommendations and joined the TCFD Consortium

● 2022 initiatives:

(1) Two temperature increase scenarios for risks with a large financial impact (1.5°C scenario, 4°C scenario) analysis and evaluation

(2) We are addressing identified risks in order of priority based on KPIs. Increase resilience by further discussing opportunities.

Risk Items			Business Impact Around FY2050 Level of Impact*	
Category	Broad Category	Narrow Category	1.5℃	4℃
Transition Risks	Policies and Law	Carbon Price	Large	
	Reputation	Consumer Preferences (Response to Ethical Consumption, etc.)	Medium	Small
Physical Risks	Chronic	Increasing Average Temperature	Small	Medium
	Urgent	Increase in Frequency and Severity of Extreme Weather Events (Torrential Rains,Floods, etc.)		Small

1.5°C Increase Scenario

- Introduction of a carbon tax

Necessary to take action to reduce carbon emissions at every point in the supply chain

- Consumer behavior/sales of ethical products

Increased consumer demand for low-carbon products, strong sales of sustainable products, and changes in retail procurement priorities

4°C Increase Scenario

- Production of fresh milk

Decreased production of fresh milk due to the rising temperature. Increased costs of heat-related measures

- Suspended operations due to natural disasters

More damage due to increased frequency and hourly rainfall of torrential rains

MEGMILK SNOW BRAND

Next, I will explain the status of information disclosure based on TCFD recommendations.

We announced our support for TCFD Recommendations in October of last year. Since then, this fiscal year we analyzed and evaluated matters with the greatest financial impact based on the two scenarios for temperature increases.

We will address identified risks in order based on our KPI.
With regard to opportunities, we will engage in further discussion and work to increase our resilience.

We disclosed the results of these efforts for the first time in the integrated report we published at the end of September.

Next, I will explain our environmental impact reduction efforts.

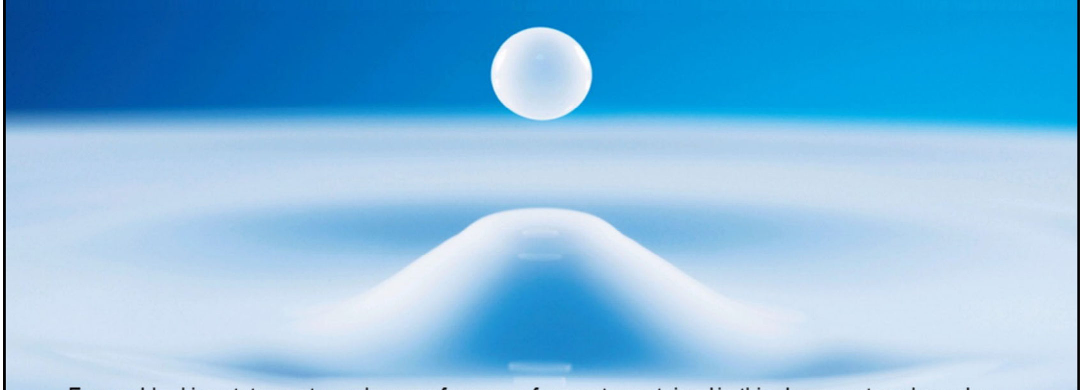
Our Group decided to issue a green bond in December to procure a portion of the capital required for activities to reduce our environmental impact.

With an issue amount of 5 billion yen, we will use this capital towards initiatives such as the installation of renewable energy equipment, waste reduction, and switching to environmentally friendly raw materials.

Lastly, I will explain our efforts related to human rights accountability.

Regarding priority human rights risks identified through internal workshops, we conducted human rights impact assessments on foreign workers at factories and dairy production sites, as well as on small-scale palm farmers.
We plan to continue proactively implementing initiatives to ensure human rights accountability.

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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Data: Market Trends of the nationwide Consumer Products

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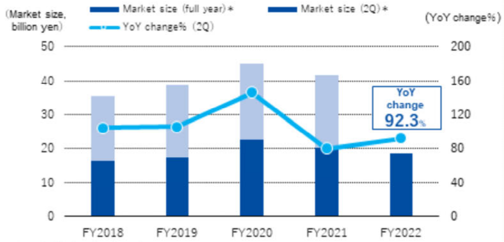
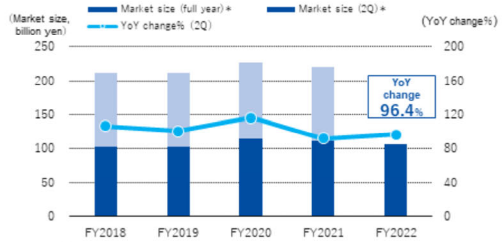
Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from April 2018 to September 2022

Butter



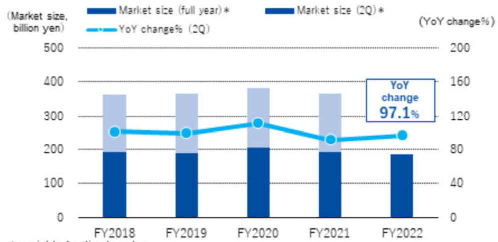
＊weighted estimate sales

Cheese



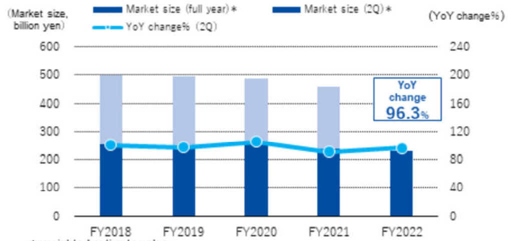
＊weighted estimate sales

Milk (Milk & composition modified milk)



＊weighted estimate sales

Yogurt



＊weighted estimate sales

MEGMILK SNOW BRAND

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

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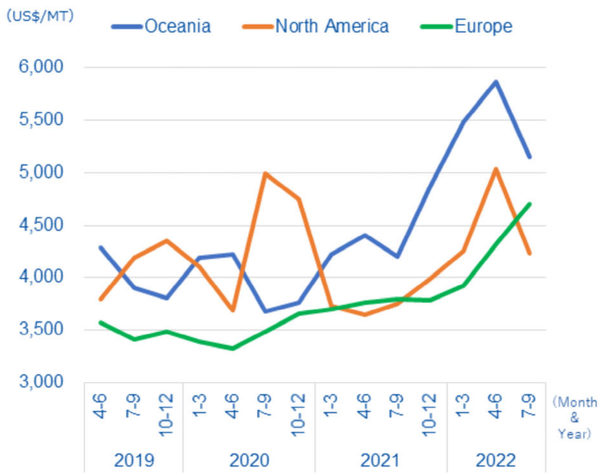
Market share (of household consumption)

Megmilk Snow Brand's share of the nationwide consumer market on an estimated total sales basis for the first half of the fiscal year ending March 31, 2023 (Apr. to Sept. 2022)

	Retail store POS data
Butter	47.5%
Margarine	51.9%
Cheese	26.3%
Milk (Milk & composition modified milk)	4.7%
Milk beverage	13.3%
Yogurt	11.9%
Dessert (Chilled Products)	16.8%

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

Transitions in overseas cheese prices



Moving average for each quarter, FOB, Cheddar OCE-USDA, Cheddar USA-CME, Cheddar EU-MMO

MEGMILK SNOW BRAND

Data: Actual and forecast raw material costs

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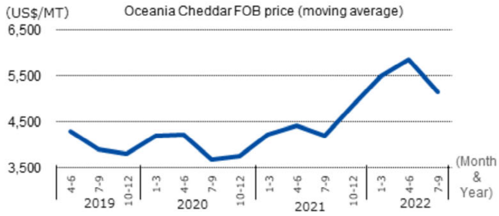
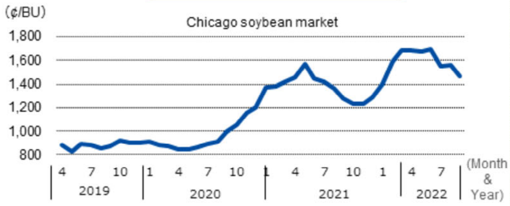
Trends of major raw materials

Imported raw cheese

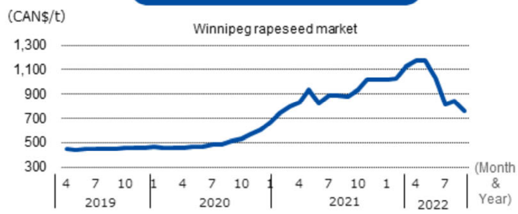


Raw materials for palm oil

Raw materials for soybean oil



Raw materials for rapeseed oil



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