



Megmilk Snow Brand

Group Medium-term Management Plan 2025

Fiscal Year Ended March 2023 Financial Results

May 15, 2023

Representative Director and President

Masatoshi Sato

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Financial Highlights

FYE3/2023 Financial Results

Net sales increased, profit decreased

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

	FY/2021	FY/2022	Change	% Change YoY
Net Sales	558	584	25	4.6%
Operating profit	18	13	-5	-27.7%
Ordinary Profit	19	14	-5	-27.6%
Profit *	12	9	-2	-24.3%

* Profit attributable to owners of parent

- Secured increased net sales even after implementing price revisions and other measures to address rising costs
- Profit decreased significantly as we were unable to absorb the impact of cost increases in a single fiscal year

Results by segment

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

	FY/2021		FY/2022		% Change YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Products	236	12	252	9	6.4%	-22.4%
Beverages and Desserts	239	3	241	1	0.6%	-54.9%
Feedstuffs and Seed	46	0	53	0	14.1%	-68.4%
Other	34	1	37	1	8.0%	28.5%
Total	558	18	584	13	4.6%	-27.7%

- For consumer dairy products, we revised prices in April and implemented volume changes in September
- For consumer beverages and desserts, we revised prices in March and in November
- Secured increased net sales for each segment, but operating profit decreased

Factors Affecting Changes in Operating Profit

(Billion yen)

FY/2021	FY/2022	change	Changes in segments			
			Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
18.0	13.0	-5.0	-2.8	-1.9	-0.4	0.3
Marginal profit Subtotal		-4.7	-1.4	-3.1	-0.7	0.6
Sales unit price		6.6	2.3	3.9	0.0	0.4
Sales volume		1.6	1.3	-0.1	-0.1	0.5
Product composition		0.9	0.8	0.1	0.0	0.0
Raw materials costs		-10.0	-4.5	-4.7	-0.5	-0.2
Operating costs		-3.8	-1.3	-2.3	-0.1	-0.1
Fixed costs and others Subtotal		-0.3	-1.4	1.2	0.3	-0.3
Advertising and promotional costs		0.7	-0.1	0.8	0.0	0.0
Fixed costs		-1.0	-1.3	0.4	0.3	-0.3

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Consolidated Management Metrics

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

	FY/2019	Group Medium-Term Management Plan 2022		
		FY/2020	FY/2021	FY/2022
		Result		
Net Sales	613.4*	615.1*	558.4	584.3
Operating profit	17.9	19.7	18.0	13.0
Operating margin	2.9%	3.2%	3.2%	2.2%
EBITDA	34.1	35.6	35.0	30.2
Capital expenditure amount	24.3	26.6	18.7	19.5
	-	approx. 65.0 (3-year total)		
ROE	7.1%	8.1%	6.0%	4.4%
Equity ratio	47.3%	49.0%	51.5%	51.9%
Interest-bearing debt	69.3	79.3	72.2	69.8
Dividend payout ratio	22.3%	18.1%	33.6%	44.4%

* The figure does not apply the "Accounting Standard for Revenue Recognition."

FY/2022
Target
640.0*
22.0
3.4%
41.0
Target
approx. 86.0 (3-year total)
8% or higher
50% or higher
approx. 78.0
20~30%

Remaining issues

Failed to achieve goal volume expansion

- Advanced production structure development for butter, cheese, dairy beverages, etc.
- However, market and lifestyle changes caused by COVID-19 resulted in insufficient volume, leaving us unable to absorb the increase in fixed costs.

Inability to generate sufficient added value

- Promoted new value creation through the launch of sales for MBP drinks, collaborations with other companies, and R&D initiatives.
- However, we were unable to develop into goal product composition.



Unable to fully adapt to market changes, issue of resilience

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Ideal Position for the Megmilk Snow Brand Group

In May 2025, the Megmilk Snow Brand Group will celebrate the **100th anniversary*** of its founding.

A story for the next 100

Nearly 100 years ago, Japan was a society that struggled to secure proper nutrition.

Our founders set off with the hope of realizing stable and enriched nutrition through the dairy business, and poured their commitment to resolving the social issues of their time into the phrase, "*Kendo Kenmin* (a healthy earth ensures human health)."

We will revisit that founding spirit and reevaluate our own purpose and commitment as we set off towards the next 100 years.

Together with dairy farming, we head into the future.



Butter manufacturing equipment used at the time of founding

※ The Hokkaido Cooperative Creamery Association was founded in May 1925.

Megmilk Snow Brand Group Purpose

Why we do it
.....
Purpose, commitment

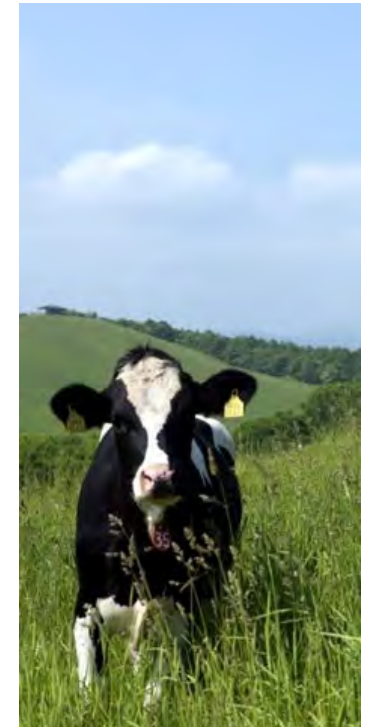
Aiming to resolve social issues through our founding spirit of *Kendo Kenmin* (a healthy earth ensures human health)

What we will use
.....
Superior position

Our vast knowledge and skills cultivated through milk (the milk value chain)

What we will do
.....
Core issues

To achieve food sustainability



Market awareness (risks and opportunities)

Risk

Global milk volume will become insufficient. Japan will face difficulty importing

- Despite global raw milk production of nearly 900m tons, less than 10% is exported
- Negative focus on environmental load of dairy farming is creating global pressure to reduce production
- Demand in emerging markets combined with declining production creates risk of a future in which Japan is bid out of the market

Domestic milk production infrastructure is weakening

- High production costs mainly due to imported feed. Low level of market adaptability and international competitiveness
- Impact tariff reductions through trade agreements and the revised livestock price stabilization act will have on demand/supply adjustments
- Dark forecast outlined above accelerating push away from dairy farming

Risk of global collapse in protein demand/supply balance

- Global population expected to reach 10 billion people around 2050. Growth in Asia and the sub-Saharan region is particularly rapid
Due to the modernization of diets combined with adoption of Western diets, there is a risk that the demand/supply balance for protein could collapse

Opportunity

Milk prices rising, turning dairy farming into a valued industry

- Self-sufficiency for milk and dairy products is high despite Japan's low food self-sufficiency rate, and these are good sources of nutrients (milk self-sufficiency rate is almost 100%).
Protecting the domestic dairy industry will lead to added value for Japan's food security

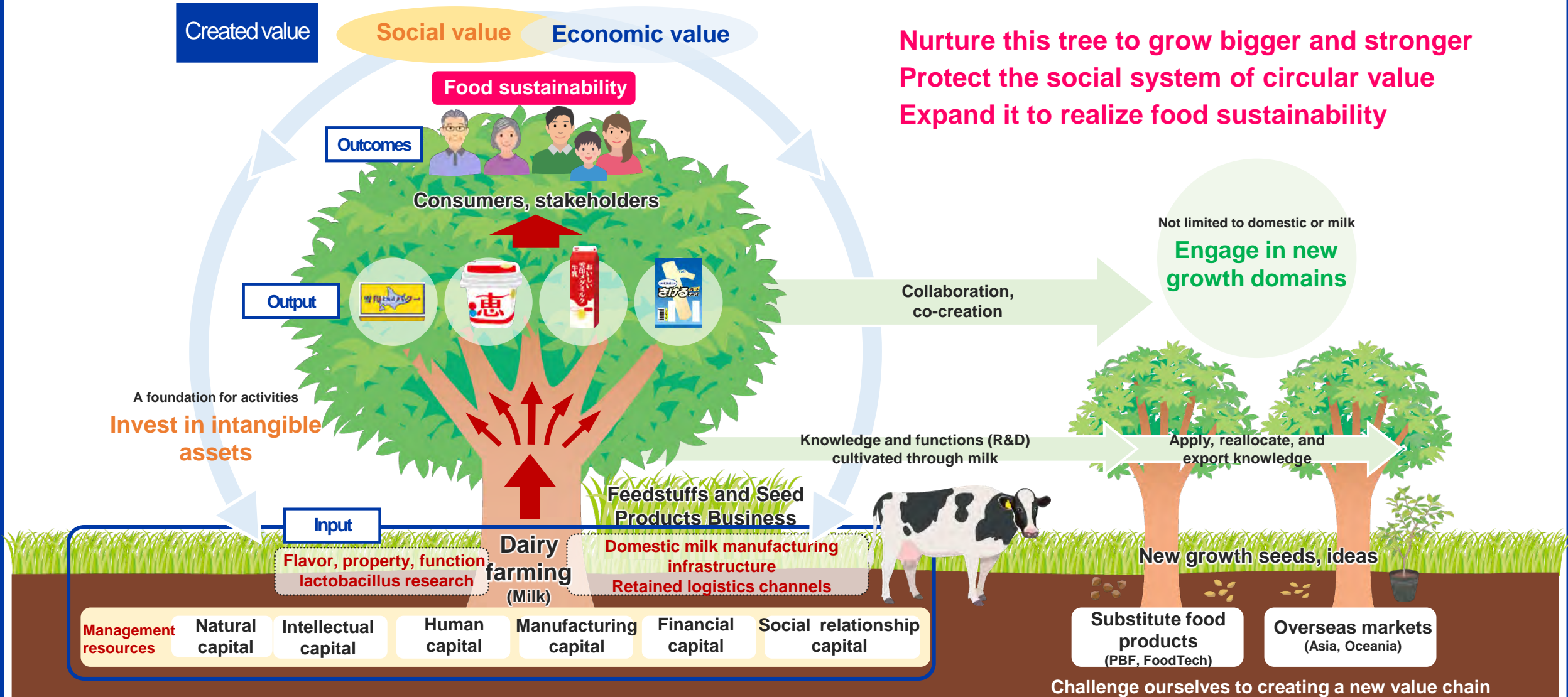
Domestic demand is greater than domestic production volume

- Domestic demand of 13m tons (converted to raw milk) versus production of 7.6m tons. The difference is covered through imports.
Production insufficient even in a market of population decline.
- The majority of imports are cheese, a market that is expected to grow, and the conversion to domestic production is possible

Apply knowledge cultivated through milk in emerging substitute foods

- Plant-based foods, precision fermentation, cultivation, and other substitute food markets are growing
- Knowledge in deliciousness, nutrition, functions, and food properties cultivated through milk, and retained functions including channels and facilities can be applied towards substitute foods

Value Creation Story



Approach to our business portfolio

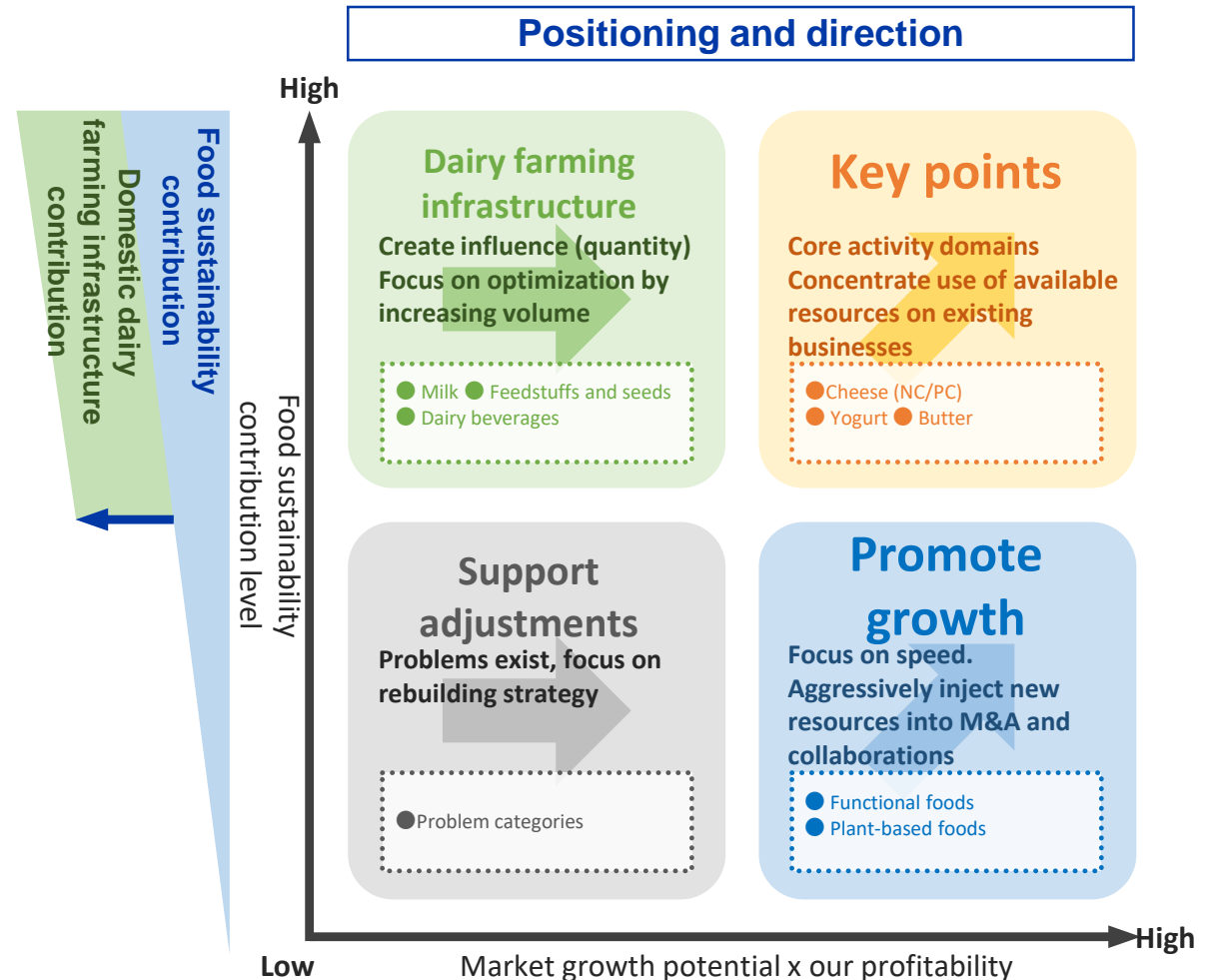
Use evaluation based on our internal metric, food sustainability contribution level, to promote the conversion to a highly resilient business portfolio

Food sustainability contribution level
Internal metrics for indicating contributions to food sustainability

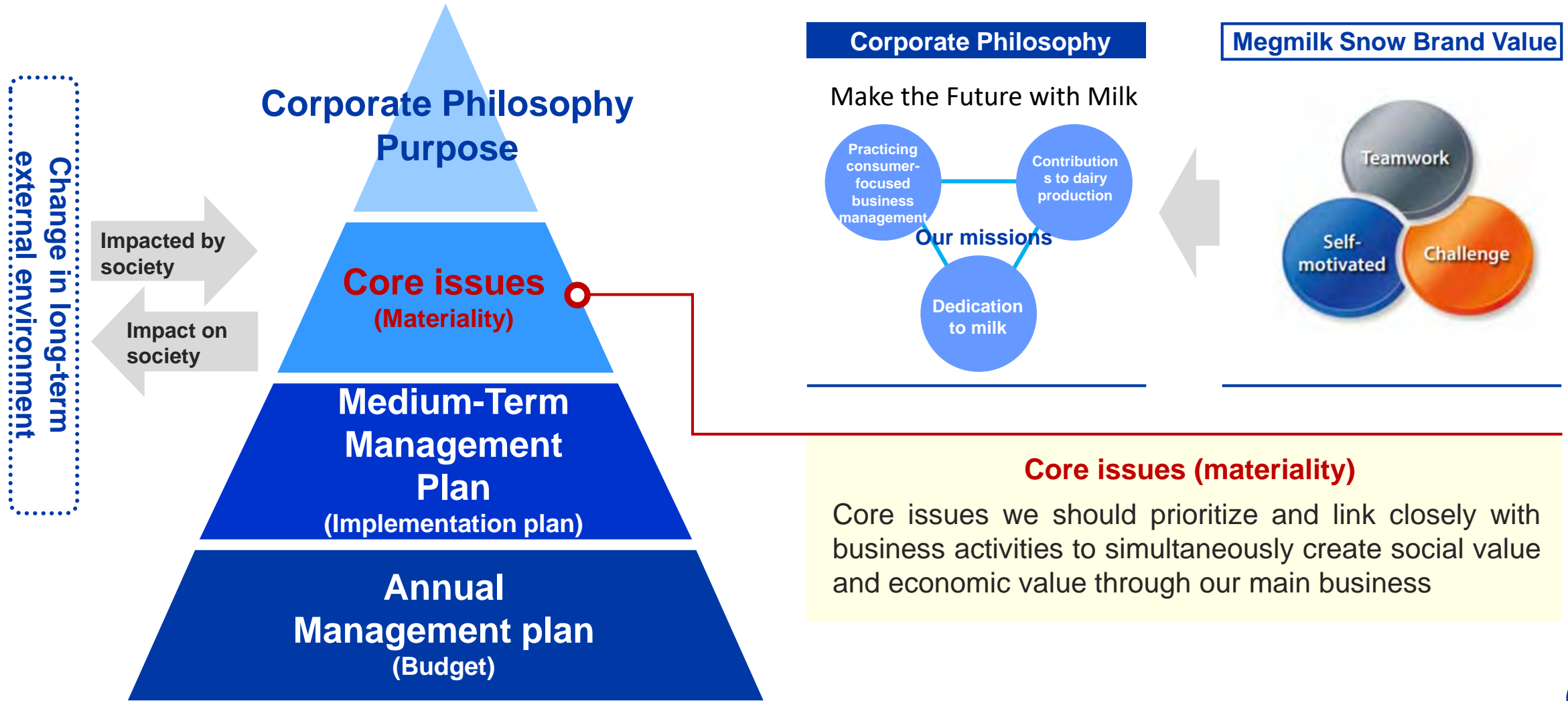
With the goal of food sustainability, look at the...

- (1) **volume of contributions (sales scope)**
- (2) **quality of contributions (internal coefficient)**

Determining by multiplying these factors. Add a bonus value to the coefficient for business that directly contributes to the domestic dairy farming infrastructure.



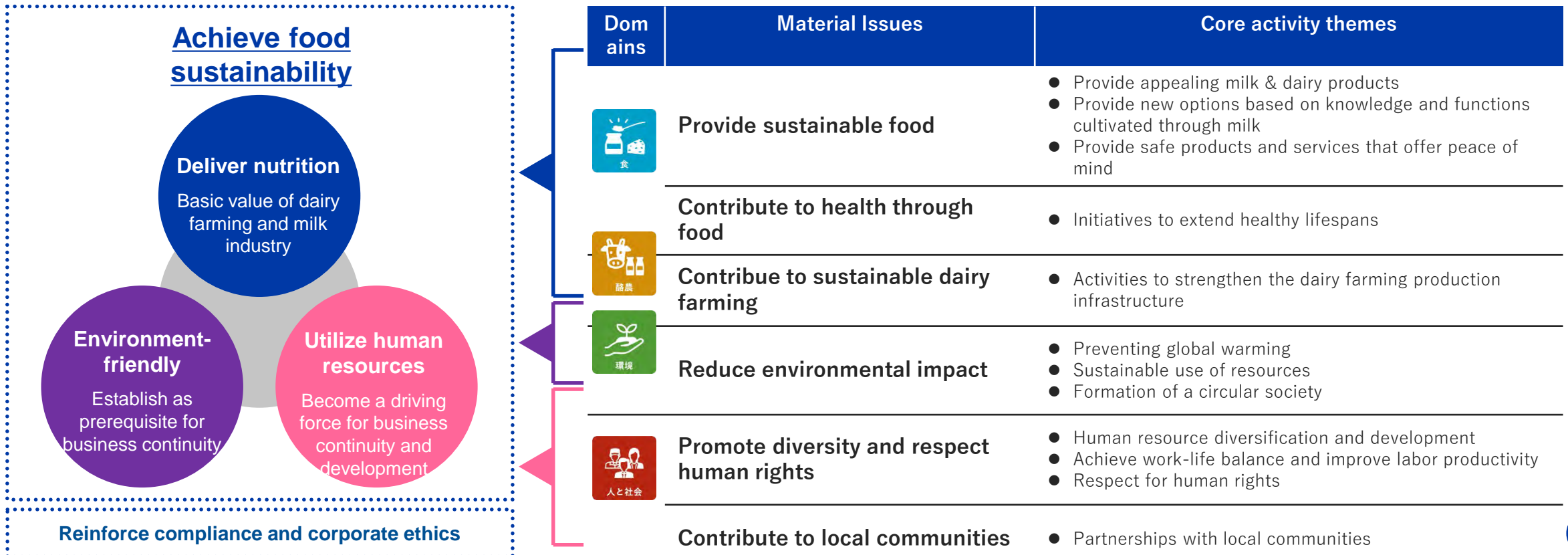
Link social value and economic value as core issues



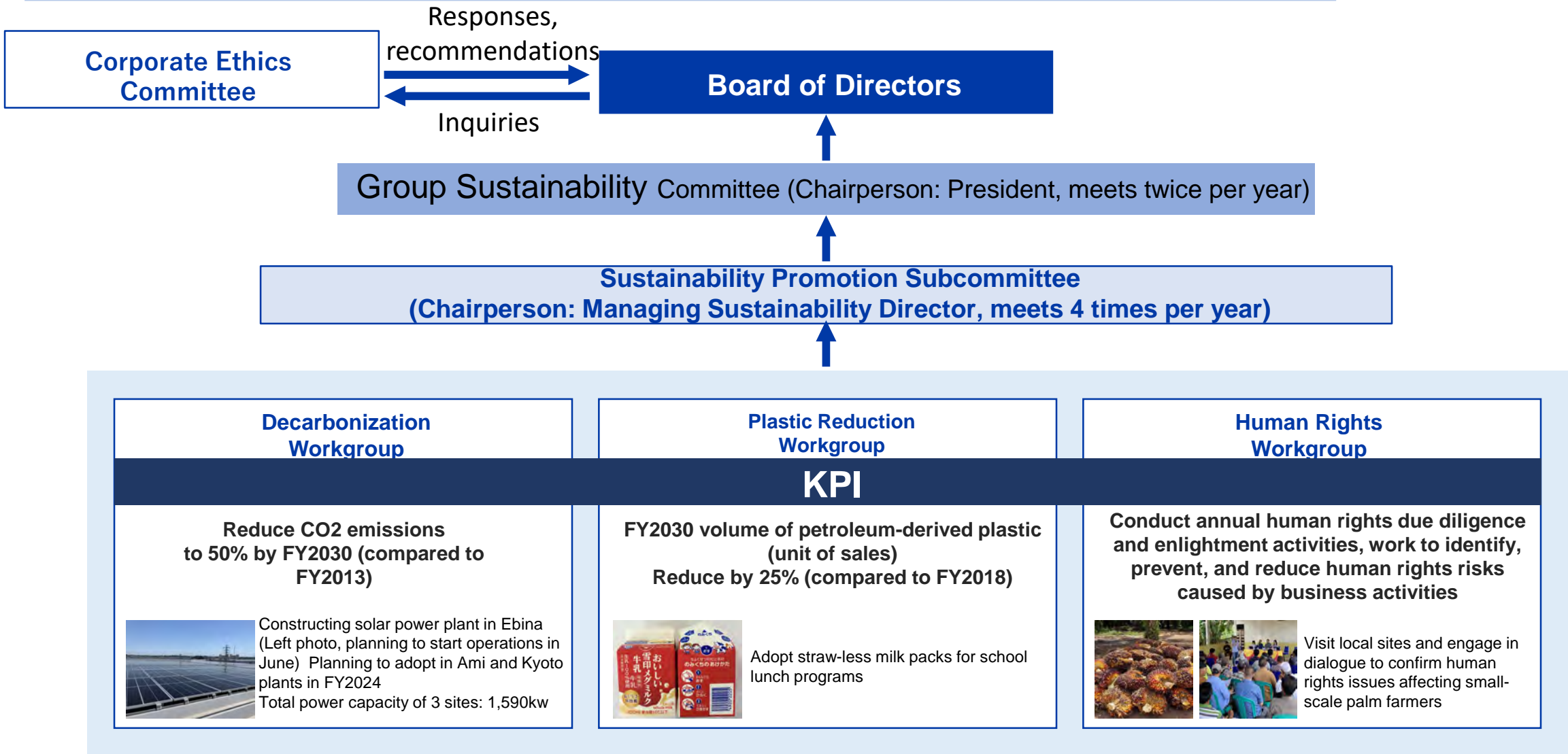
Sustainability management

**Megmilk Snow Brand Group's unique approach to sustainability management:
Initiatives to achieve food sustainability by delivering nutrition, utilizing human resources, and engaging in environmentally friendly business practices**

Identify core issues (materiality) linking social value and economic value



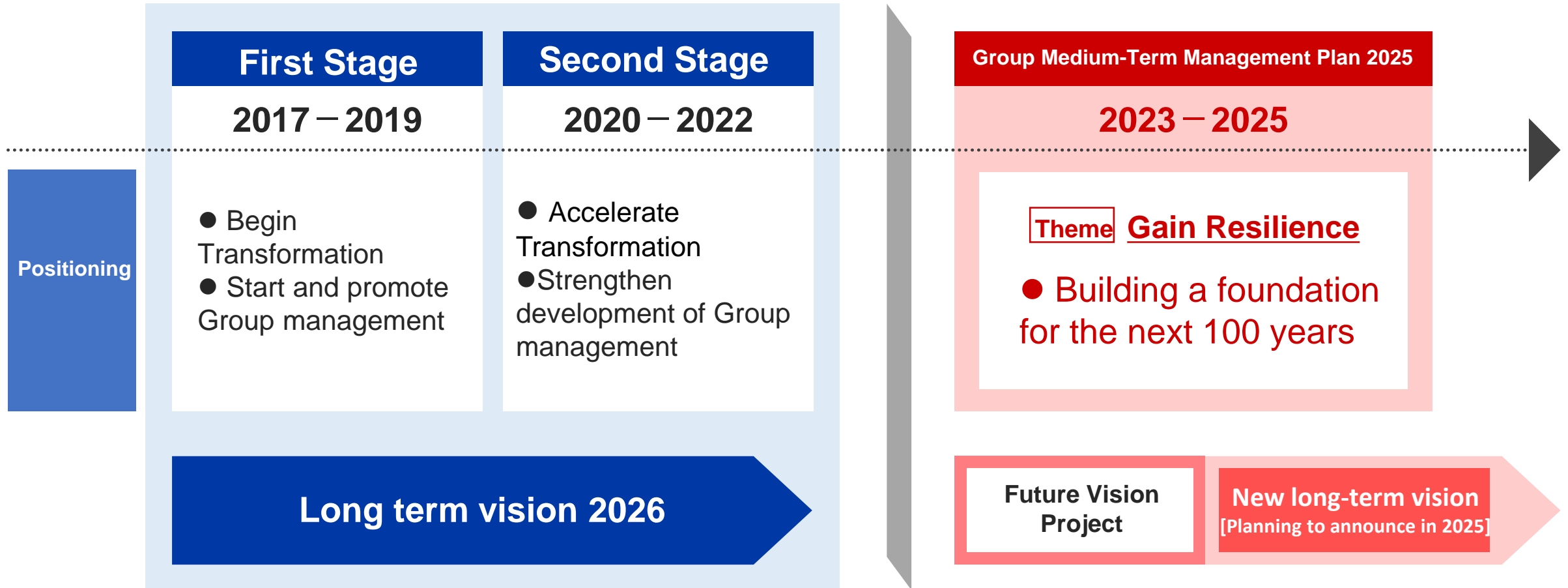
Sustainability management: promotion structure



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Positioning of Group Long-Term Vision and Medium-term Management Plan



As market environment changes,
review Long-term Vision 2026

Future Vision Project (launched April 1)

Outlined our Future Vision, the vision for our Group through 2050

- As our Group prepares to welcome the 100th anniversary of our founding in 2025, we are setting a **milestone for the next 100 years** by outlining our **Future Vision**, the vision for our Group through 2050
- We outlined a **future vision that is filled with hope for the entire dairy farming** and milk industry and will strive to be a corporate group that uses strong relationships to resolve social issues



Project image

Committed company members

Stakeholders and experts

Co-creation

Future Vision Project



New long-term vision

To be announced in May 2025 (planned)

Basic policy and approach

Theme of the Group Medium-Term Management Plan 2025

Gain Resilience

Period for building a foundation for the next 100 years

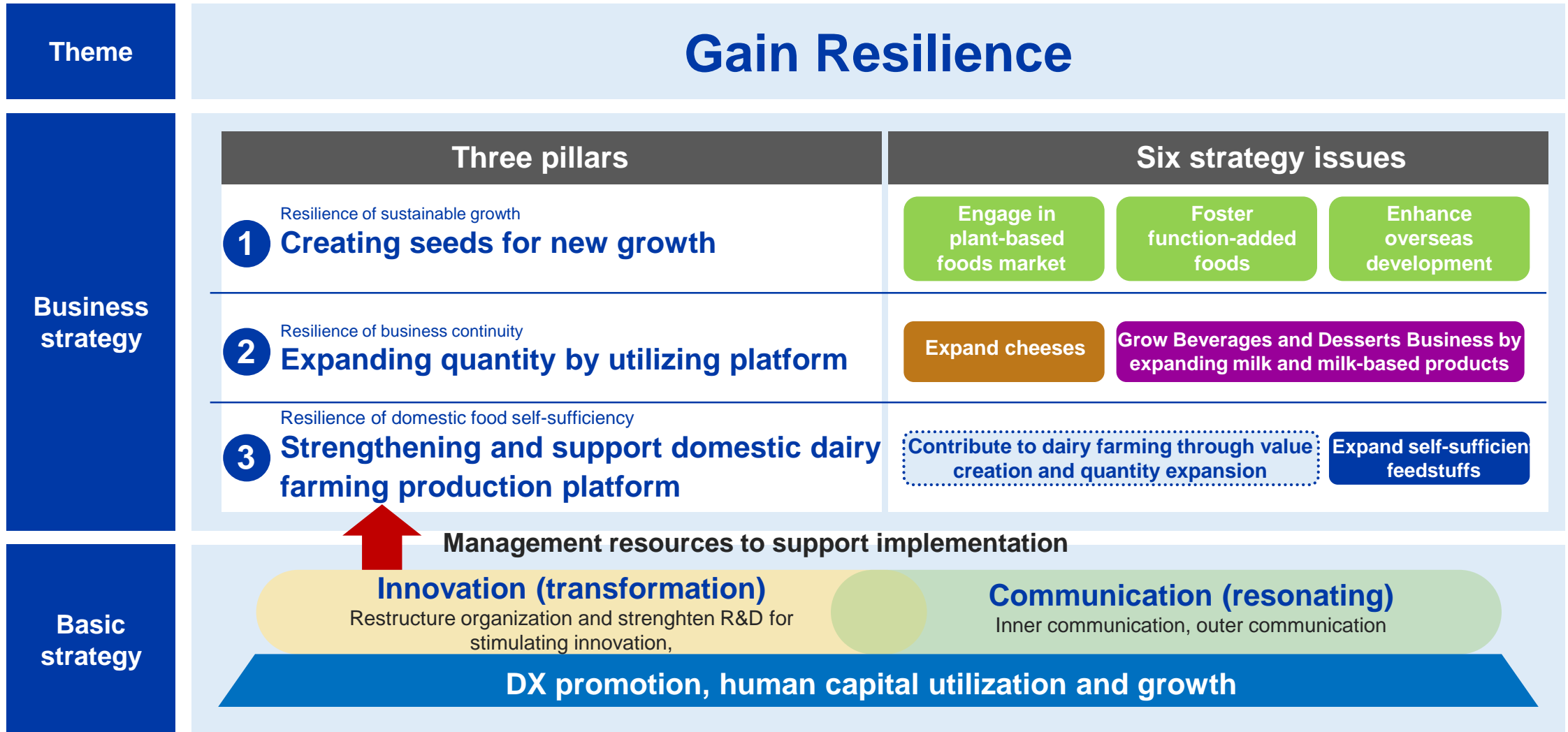
Ideal business strategy

- Build a business structure and portfolio that enables adaptation to market changes
- Challenge ourselves to creating new sources of growth
- Improve supply and demand adaptability by preserving dairy farming infrastructure

Ideal corporate group foundation

- Cultivate organizational structure and corporate culture that adapt to change
- Permeate framework and mindset for generating innovation
- Optimize internal and external corporate communication
- Speed up DX promotion and visualization, utilize human capital

General image of initiatives



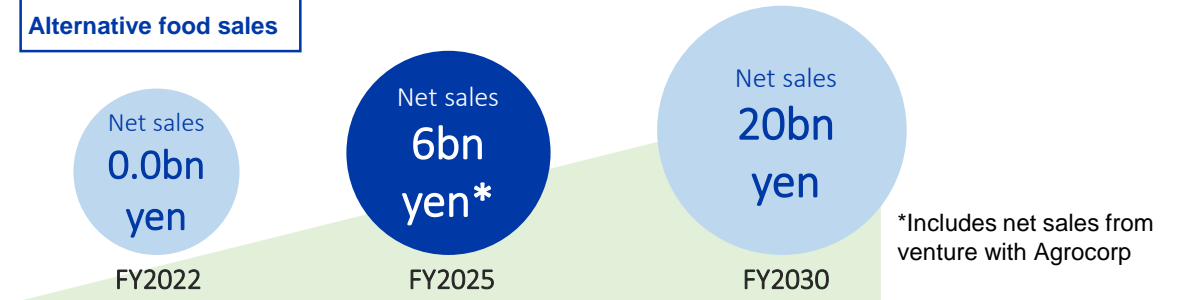
Six strategies

(1) Engage in plant-based foods market

- Utilization of flavor and property R&D cultivated through milk
- Rapid engagement by utilizing existing businesses



Alternative food sales

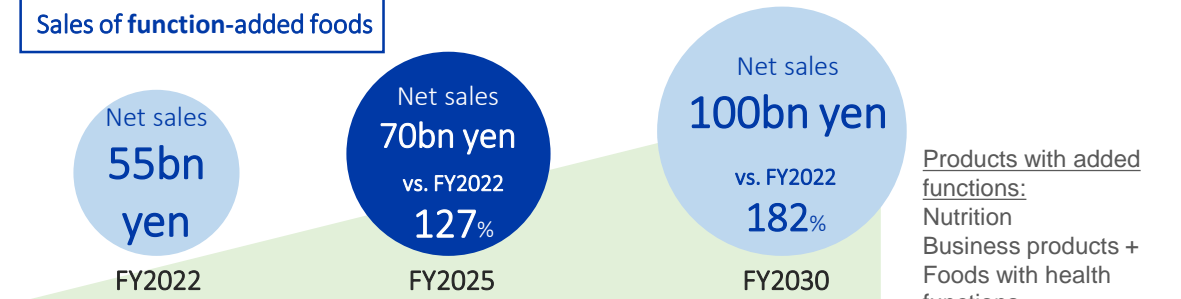


(2) Foster function-added foods

- Commercialization of R&D results for functional ingredients and lactobacillus
- Explore the foodtech



Sales of function-added foods

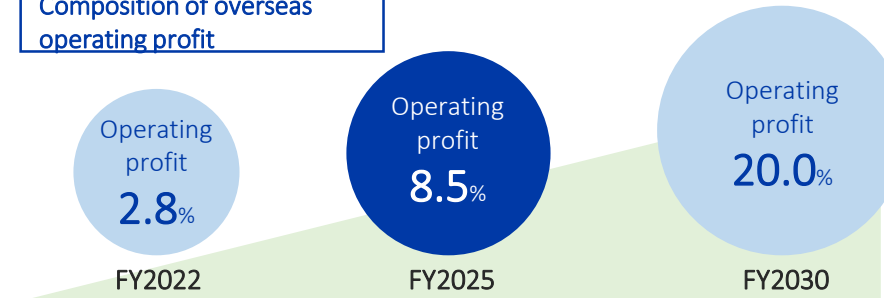


(3) Enhance overseas development

- Acceleration of global strategy in Southeast Asia



Composition of overseas operating profit



Establishment of a Joint Venture with Agrocorp International (May 2023)

Create new value chain for plant-based foods through co-creation with partner



Signed venture agreement on April 26, 2023

Partner corporation

<p>Representative Mr. Vijay Iyengar</p>	Operations	Trading, Sales, Processing and Distribution of agri-commodities products like grains and pulses.
	Strengths	Accounts for 15% of global trade in pulses with more than 10 million tons of agri-commodities traded; expertise in plant protein extraction

Established a joint venture with Agrocorp, an agri-commodities company based in Singapore, with experience in processing and extraction of protein from pulses, for the manufacturing and sales of ingredients for plant-based foods. This joint venture will leverage the strengths of both companies.

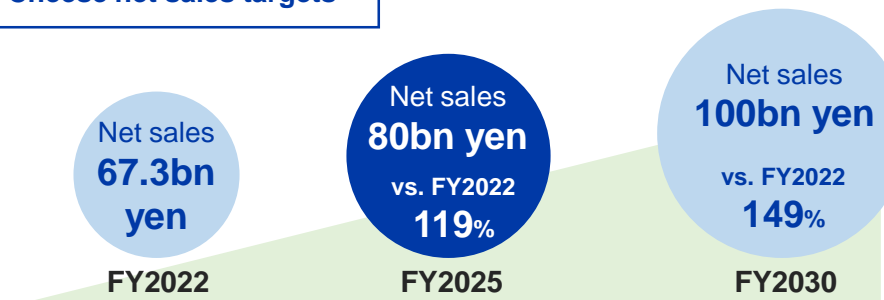
Six strategies

(4) Expand cheeses

- Expand sales of consumer PC (6P, Baby Cheese, etc.)
- Expand sales of consumer NC (Sakeru, Camembert, etc.)
- Expand commercial PC soft, domestic NC soft



Cheese net sales targets

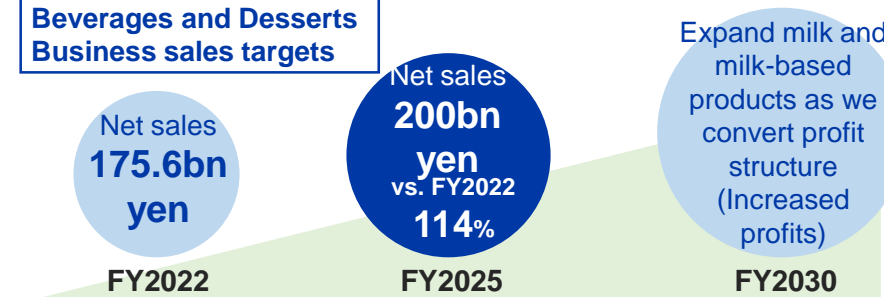


(5) Milk market growth assuming expansion of milk and milk-based beverages

- Increase business contribution level of milk beverage business
- Expand volume of MBP products
- Further growth through additional functions for functional yogurt



Beverages and Desserts Business sales targets



(6) Initiatives to expand demand for self-sufficient feedstuffs

- Expand demand to increase sales of grass, feed crop seeds, and lactobacillus
- Strengthen proposals for grassland renewal rates, increased corn production



Surface area of land planting Snow Brand Seed feed crop seeds



Fundamental strategy (functions)

Innovation (transformation)

Strategy policy

Utilize open source to strengthen research capabilities

Establish a joint research seminar in the COI-NEXT Center at Hirosaki University



Established in April 2023

Strengthen data utilization skills to advance research

Foster data scientists and bioinformaticians

Challenge ourselves to new research fields that will serve as a foundation for growth

Promote R&D in PBF and lactobacillus

Communication (resonating)

Strategy policy

Strengthen PR/IR reach

Enhance stakeholder dialogue, enhance releases

Increase employee engagement

Reflect continued observations from employee engagement into policy

Coexistence and co-creation with local communities

Conduct PR activities at local events and in communities, engage with local society and dairy producers

Established a joint research seminar with Hirosaki University (April 2023)

Established the Milk Nutrition Research joint research seminar. Uses big data from Hirosaki University to research new health benefits of milk



Hirosaki University COI-NEXT Center

- This project aims to form an independent industry-academia-government co-creation base that will continue to produce results by inheriting the achievements of the Hirosaki University COI Center in a developmental manner
- Aims to realize a well-being regional society model created by health-based economic development that incorporates all generations
- Builds a robust open innovation (co-creation) system through strong collaborations between industry, academia, government, and the private sector, and conducts R&D and social implementation



April 12, 2023 Milk Nutrition Course Opening Ceremony

Fundamental Strategy (Function): DX Promotion

Accelerate materiality initiatives by using digital technology and data to transform organizational culture, operations, and businesses



Megmilk Snow Brand Group DX Vision

- We aim to advance management decision-making and achieve innovation by accelerating the self-discovery cycle for issues and their resolution/improvement
- Each individual acquires high digital literacy

Strategy (1) Platform development (supporting the vision)

Strengthen digital platform and develop digital human resources

Strategy (2) Internal functions

Strengthen provided functions and services

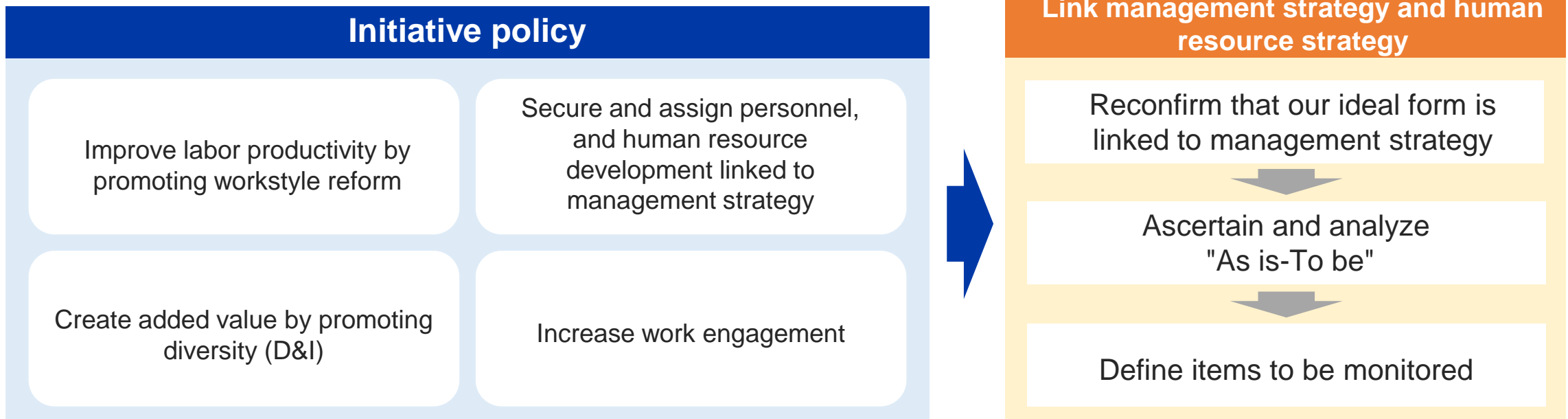
Strategy (3) External collaborations

Strengthen collaborations with other companies (people)

Fundamental strategy (function): Human capital utilization and growth

Basic Approach

We will create an environment in which diverse human resources can fully demonstrate their individuality and abilities. We will promote human resource measures to increase the job satisfaction of each employee and develop human resources who will create added value through the milk value chain.



(Billion yen)

Financing strategy

Basic policy

Maintain financial stability

Reduce assets for platform/growth investments

Conduct stable shareholder returns

Consolidated Management Metrics		FY2022 Result	FY2025 Goal
Profitability	Net Sales	584	665
	Operating profit (Operating margin)	13 (2.2%)	20 (3.0%)
	Profit* ¹	9	14
	EBITDA	30	38.5
Financial stability	Equity ratio	51.9%	50%
	D/E ratio	0.33	0.5以下
Capital expenditures	Capital expenditure amount* ²	approx. 65.0 (3-year total)	approx. 70.0~ (3-year total)
Shareholder returns	Equity ratio	44.4%	30.0% or higher
Capital efficiency	ROE	4.4%	6.0% or higher

*1 Profit attributable to owners of parent

*2 Capital amounts based on decision-making, and differ from cash out-based figures.

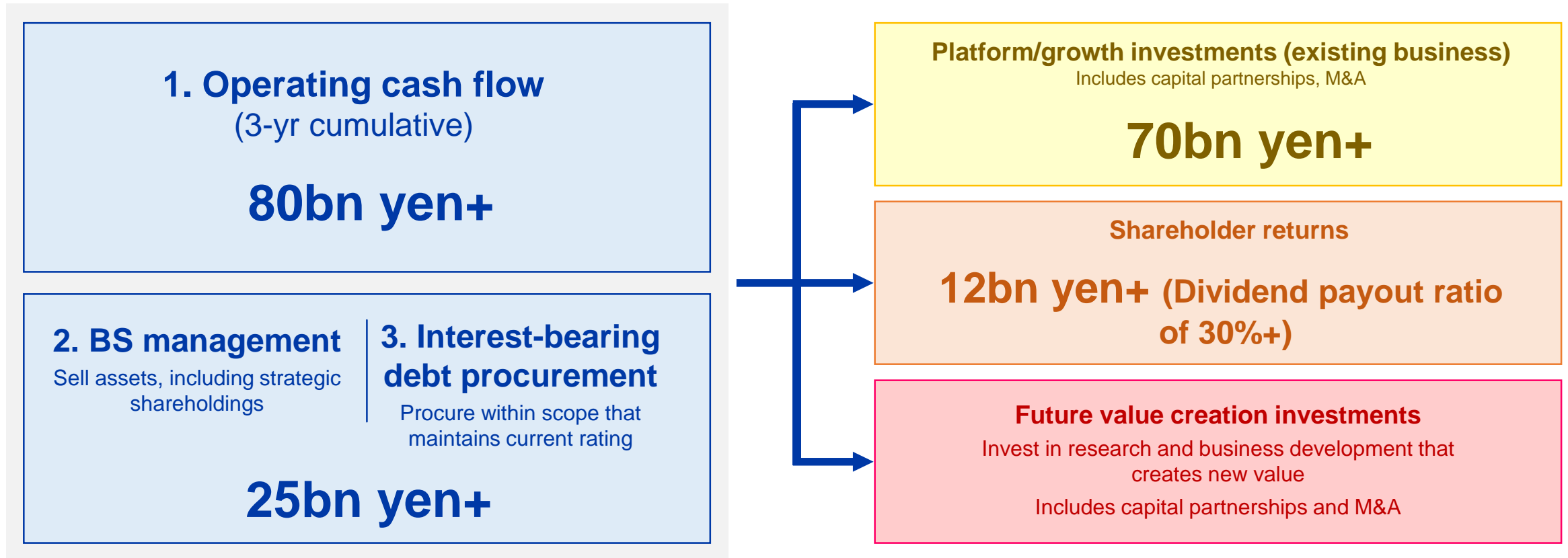
Results by segment

(Billion yen)

	FY/2022 Results		FY/2025 Forecast		Growth rate (vs. FY/2022)	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Products	252.0	9.7	292.2	12.0	16.0%	23.7%
Beverages and Desserts	241.1	1.6	274.6	6.0	13.9%	275.0%
Feedstuffs and Seed	53.4	0.2	55.0	0.6	3.0%	200.0%
Other	37.6	1.4	43.2	1.4	14.9%	0.0%
Total	584.3	13.0	665.0	20.0	13.8%	53.8%

Cash allocation

For existing business, conduct platform and growth investments, and issue shareholder returns while also engaging in disciplined financial management that incorporates the concepts of asset-light management.



*Capital amounts based on decision-making, and differ from cash out-based figures.

Conduct management focused on capital efficiency

Improve ROE



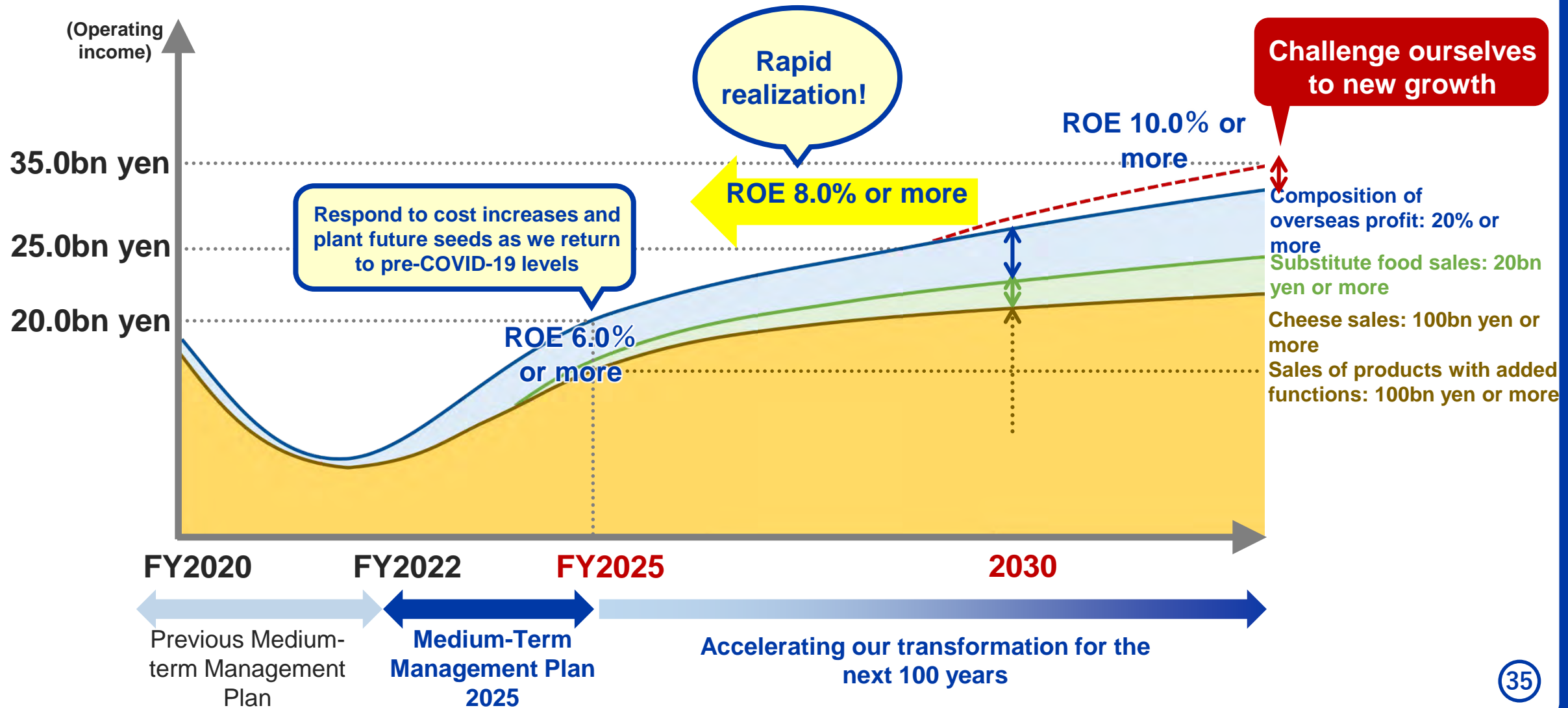
FY2022
ROE 4.4%



FY2025 target
ROE 6.0% or higher

**Aim to rapidly
achieve 8.0%**

Summary



Megmilk Snow Brand Value

In these times of dramatic change, what we need are
Megmilk Snow Brand value and the **speed** to adapt to change

The common values of our Group 「Megmilk Snow Brand Values」



Self-motivated

Start the action.
For your future



Challenge

Enjoy the challenge.
For your future goal.



Teamwork

Work together.
For our common future.



Group Medium-Term Management Plan 2025

What we need in these times of dramatic change

Transform from a culture of searching for why we cannot to a culture of exploring how we can

+Speed

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Forecast of Consolidated Financial Results FY2023 Full Year

Full Year Forecast

(Billion yen)

	Full year Results of FY2022	Full year forecast of FY2023	Change	% Change YoY
Net Sales	584.3	616.0	31.6	5.4%
Operating profit	13.0	14.0	0.9	7.2%
Ordinary Profit	14.4	15.0	0.5	3.6%
Profit *	9.1	9.5	0.3	4.1%

* Profit attributable to owners of parent

Dividends

Ordinary dividend	60yen
Consolidated payout ratio	42.7%

Full-year forecast by segment

(Billion yen)

	Full year Results of FY2022		Full year forecast of FY2023		% Change YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Products	252.0	9.7	264.5	8.8	4.9%	-9.2%
Beverages and Desserts	241.1	1.6	256.0	3.7	6.2%	129.4%
Feedstuffs and Seed	53.4	0.2	55.5	0.2	3.8%	20.5%
Other	37.6	1.4	40.0	1.1	6.2%	-22.1%
Total	584.3	13.0	616.0	14.0	5.4%	7.2%

- Milk products: Create demand through TV advertisements and by proposing diverse consumption styles
- Beverages and Desserts: Strengthen brands for milk and milk-based beverages, storefront exposure linked to advertisements for Gasseri
- Feedstuffs and Seeds: Respond to high prices for imported feedstuffs and expand sales of grass and feed crop seeds

Forecast of Factors Affecting Changes in Consolidated Operating Profit

(Billion yen)

FY2022	FY2023	change	Changes in segments			
			Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
13.0	14.0	0.9	-0.8	2.1	0.0	-0.3
Marginal profit Subtotal	7.4		2.1	4.9	0.1	0.3
Sales unit price	33.3		13.1	17.9	2.2	0.1
Sales volume	0.2		0.0	0.0	0.0	0.2
Product composition	0.4		0.1	0.3	0.0	0.0
Raw materials costs	-22.6		-9.2	-11.4	-2.0	0.0
Operating costs	-3.9		-1.9	-1.9	-0.1	0.0
Fixed costs and others Subtotal	-6.5		-2.9	-2.8	-0.1	-0.6
Advertising and promotional costs	-2.0		-0.7	-1.3	0.0	0.0
Fixed costs	-4.5		-2.2	-1.5	-0.1	-0.6

FY2023 currency rate assumption: US \$1 = ¥135


Currency sensitivity (nonconsolidated operating profit-based): Yen appreciation of ¥1 = +¥0.17 bn

FY2023 Initiatives and Measures


Measures for cost increases

1 4/1 Responded to increased cost of milk for processing

2 7/1 Responded to other cost increases

Dairy products	Consumer natural cheese, skim milk, etc.: 20 products	 <p>Product examples</p>
Revision rate	Price: Approx. 5% to 14%	

3 8/1 Responded to increased cost of milk for beverages

Beverages and Desserts	Consumer milk, milk beverages, yogurt: 68 products	 <p>Product examples</p>
Commercial	Milk, yogurt: 6 products	
Revision rate	Consumer: Prices: Approx. 4 to 18% Commercial: Prices: Approx. 7 to 11%	

Measures for volume expansion, profit growth

1 Use Taiki Plant production structure enhancements to expand domestic cheese



2 Promote health value to drive growth of products with added functions

Increased sales and profit for MBP products
▶ MBP 30th anniversary



Recover sales and profit for Gasseri products



Make the Future with Milk

A stylized graphic featuring a white, rounded mountain peak at the bottom and a white sphere above it, centered horizontally. The background is a gradient of blue, transitioning from a darker blue at the top to a lighter blue at the bottom.

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Purpose (The Driving Force of the Megmilk Snow Brand Group)

The founding spirit of “*Kendo Kenmin* (a healthy earth ensures human health)” strives to resolve social issues

The driving force behind the Megmilk Snow Brand Group is that we have inherited the spirit of our founders, who upheld the ideal of “Healthy Land, Healthy People”, and we apply that ideal towards resolving the social issues of today.

Kendo Kenmin

(a healthy earth ensures human health)

One of our founders, Torizo Kurosawa, embraced the ideal of *Kendo Kenmin* (a healthy earth ensures human health) and continuously engaged in dairy farming with the belief that "dairy farming enriches the power of the earth, and the milk and dairy products produced from this rich earth are the best nutritional foods for nurturing a healthy mind and a strong body."



Calligraphy of *Kendo Kenmin* (a healthy earth ensures human health) by Torizo Kurosawa (Megmilk Snow Brand collection)

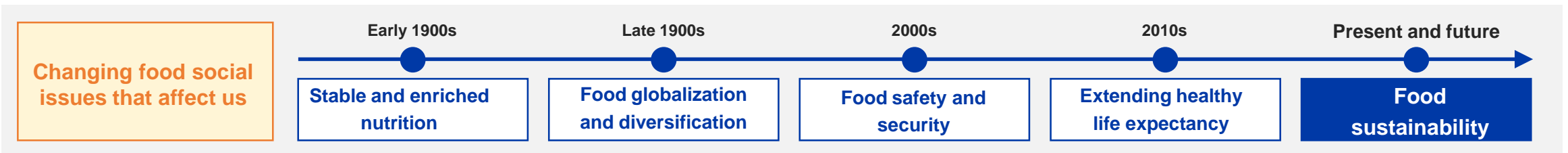
The evolving spirit of *Kendo Kenmin*

(a healthy earth ensures human health)

At the time of our founding, stable and enriched nutrition was a social issue in Japan. Our founders helped resolve the social issues of the time through the business of dairy farming.

The Megmilk Snow Brand Group has inherited the founding spirit of *Kendo Kenmin* (a healthy earth ensures human health) and the pioneering spirit of our founders to take on the challenge of resolving social issues. We will evolve to engage in the sustainable management demanded by society today as we strive to resolve social issues in Japan and around the world.

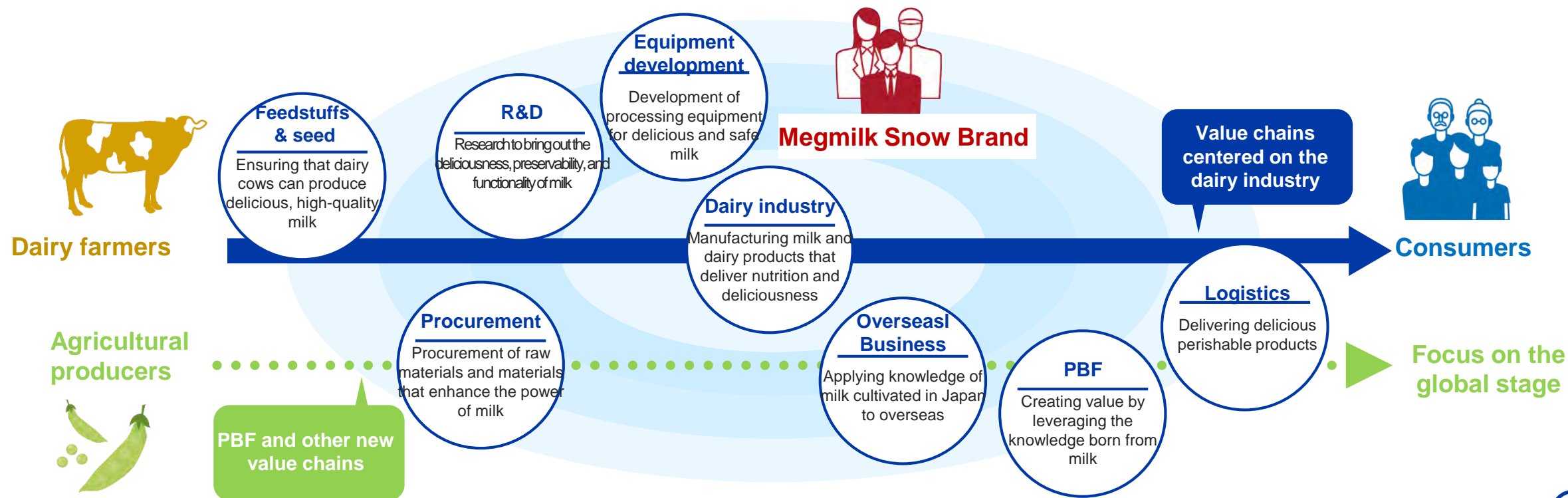
The Megmilk Snow Brand Group will inherit this founding spirit and works to resolve modern social issues while evolving to engage in sustainable management.



Purpose (Strengths of the Megmilk Snow Brand Group)

Our vast knowledge and functions cultivated through milk (milk value chain)

The knowledge and functions of the Megmilk Snow Brand Group cultivated through our origins in the dairy industry will create value beyond Japan and the dairy industry, and transform into the power to resolve social issues.



Purpose (Core Issues for the Megmilk Snow Brand Group)

Achieving food sustainability

Food sustainability is facing a crisis due to climate change, conflict, and global population growth. As the Megmilk Snow Brand Group, which is recognized by society for our food and is engaged in business activities related to food, realizing food sustainability is a social responsibility and a challenge that we must position as our top priority.



Activities towards achieving food sustainability represent our unique approach to sustainability management.

Business-specific initiatives: Basic strategy



- Maximize utilization of domestic raw milk to generate demand and expand sales
- Acceleration global strategy for cheese business



- Strengthen existing business foundation and challenge ourselves in new categories



- Achieve multi-layered business model
- Secure topline and revenue to adapt to changes in market environment



- Engage in selection and concentration to utilize strengths and build business foundation

Business-specific initiatives



Basic Strategy

- Maximize utilization of domestic raw milk to generate demand and expand sales
- Acceleration global strategy for cheese business

1

Butter: Establish brand value, strengthen product supply capabilities

- Expand consumer butter sales by fully utilizing our production system (Isobunnai, Ami)



2

Domestic cheese: Expand topline by maximizing the value of domestic raw milk

- Expand sales and create demand for mainstay consumer natural cheese products



3

Overseas cheese: Accelerate global cheese strategy in Southeast Asia

- Horizontal expansion of cheese business in Indonesia and exports of overseas cheese to other countries



Business-specific initiatives



Basic Strategy

- Strengthen existing business foundation and challenge ourselves in new categories

1 Expand milk and milk-based products and create high value-added products

- Add functions to milk and milk-based beverages, utilize efficiency of production, logistics, and procurement and promote topline formation
- Create high value-added milk and milk-based products centered on MBP



2 Expand yogurt with focus on functional yogurt

- Add functions to strengthen product appeal and engage in proactive communication



3 Engage in plant-based foods market

- Engage in new markets and challenge ourselves to new market formation for beverage and yogurt categories



Business-specific initiatives



Basic Strategy

- Achieve multi-layered business model
- Secure topline and revenue to adapt to changes in market environment

1

Establish channels to support creation of multi-layered business model

- Engage in growing large-scale mall online sales platform and cross-border EC



2

Enhance R&D on extending healthy life expectancy and engage in rapid product injection

- Strengthen research on bones, joints and muscles
- Gasser SP strain and Herbe bacteria upselling



3

Expand overseas nutrition business

- Expand B2B for functional milk ingredients
- Advance MBP overseas expansion project
- Structural reforms for existing infant formula companies



Business-specific initiatives



Basic Strategy

- Engage in selection and concentration to utilize strengths and build business foundation

1

Seed business: Increase profits by expanding sales

- Efforts to increase production of self-sufficient feed

Newly launched alfalfa Ceres 2



2

Feedstuff business: Maintain profits by expanding sales volume

- Contributions to dairy production
- Secure stable profits



Hokuren Kumiai Snow Brand Feedstuffs

KPI: Sustainability management

Domains	Core issues (Materiality)	Core activity themes	Scope*	FY of achievement	KPI	Evaluation method	Remarks
Food	Provide sustainable food	Provide appealing milk & dairy products	H	Annual	Promote efforts to expand domestic milk and dairy products, and contribute to strengthening the domestic dairy farming production platform	Qualitative	Link to strategy issue of steady growth for cheese and milk market growth assuming expansion of milk and milk-based beverages
		Provide new options based on knowledge and functions cultivated through milk	I	2030	Leverage accumulated knowledge and functions to increase the composition ratio of overseas operating income to 20% or more by strengthening overseas expansion	Quantitative	Link to strategy issue of strengthening overseas expansion
			M	2030	Generate PBF and other substitute food(*) sales of 20bn yen or more* Our internal criteria: Does not include existing products such as margarines and vegetable fat whips	Quantitative	Link to strategy issue of engaging in the plant-based food market
		Provide safe products and services that offer peace of mind	C	Annual	Maintain and update GFSI-certified international food safety schemes (FSSC, SQF, etc.) at all domestic and overseas food facilities that manufacture Megmilk Snow Brand brand products, and work towards continuous improvement.	Qualitative	This content has been updated since the year of achievement was FY2022.
			-	2026	Adopt the Megmilk Snow Brand sensory evaluator system at manufacturing subcontractors of Megmilk Snow Brand brand products.	Qualitative	Expand scope of application to subcontractors
			A	2026	As initiatives to improve quality control, train sensory evaluators with flavor evaluation skills. (Number of certified sensory evaluators (including manufacturing subcontractors): 105% or more compared to FY2022)	Quantitative	This content has been updated since the year of achievement was FY2022.
	Contribute to health through food	Initiatives to extend healthy life expectancy	J	2030	Generate 100bn yen or more in sales of products with added functions (*) *Internal criteria: Nutrition business products, foods with health functions	Quantitative	Link to strategy issue of developing the nutrition sector
			A	Annual	Use knowledge and functions cultivated through milk to engage in R&D, product development, service provision, and information dissemination that contributes to extending healthy life expectancy.	Qualitative	Expand scope of applicability beyond milk
			D	2026	Food education activity participants: 45,000 (annual average)	Quantitative	

KPI: Sustainability management

Domains	Core issues (Materiality)	Core activity themes	Scope*	FY of achievement	KPI	Evaluation method	Remarks
Dairy Farming	Contributing to Sustainable Dairy Farming	Activities to strengthen the dairy farming production infrastructure	B	2030	To promote self-sufficient dairy farming, expand the surface area of land planted with Snow Brand Seeds Co., Ltd. feed crop seeds by 3% compared to FY2019.	Quantitative	Link to strategy issue of initiatives to expand demand for self-sufficient feedstuffs
			A	Annual	Through support from the Japan Dairy Youth Research Association and the activities of the Research and Development Center for Dairy Farming, provide business management and technical support for sustainable dairy farm management.	Qualitative	
Environment	Reducing Environmental Impact	Preventing global warming	E	2030	CO2 emissions reduction: 50% (compared to FY2013)	Quantitative	
		Sustainable use of resources	F	2025	Use 100% environmentally friendly raw materials for all paper	Quantitative	
			L	2026	100% procurement of certified palm oil	Quantitative	
			F	2030	Reduce volume of petroleum-derived plastic (unit of sales) by 25% (compared to FY2018)	Quantitative	
			A	Annual	<ul style="list-style-type: none"> ● Prioritize use of paper and biomass plastic containers. ● To reduce plastic bottle usage, promote use of personal cups and bottles within the company. 	Qualitative	

KPI: Sustainability management

Domains	Core issues (Materiality)	Core activity themes	Scope*	FY of achievement	KPI	Evaluation method	Remarks
Environment	Reducing Environmental Impact	Formation of a circular society	G	2030	Waste volume reduction: 30% (compared to FY2013)	Quantitative	
			G	2030	Maintain a waste product recycling rate of 98% or higher	Quantitative	
			K	Annual	Food waste product recycling rate of 95% or higher	Quantitative	
			A	Annual	Promote development of environmentally friendly products (Actively promote extending the expiration date of existing and new products, and the use of "year/month" labeling for expiration dates)	Qualitative	
			G	2030	Reduce production plant water usage volume by 9% (compared to FY2013)	Quantitative	
			G	Annual	Confirm production plant risks and evaluate business continuity risks	Qualitative	
			B	2030	As a proposal for reducing environmental load, we will expand the area planted with green manure seeds from Snow Brand Seed Co., Ltd. by 20% compared to fiscal 2019.	Quantitative	
People and Society	Realization of a Diverse and Motivating Workplace	Human resource diversification and development	A	2025	Rate of female leaders (management positions) of 10% or higher	Quantitative	
		Achieve work-life balance and improve labor productivity	A	Annual	Acquire certification as Outstanding Corporation for Health and Productivity Management	Qualitative	
		Respect for Human Rights	A	Annual	Conduct annual human rights due diligence and enlightenment activities, work to identify, prevent, and reduce human rights risks caused by business activities, based on the Megmilk Snow Brand Group human rights policy	Qualitative	
	Contributing to Local Communities	Partnerships with local communities	A	Annual	Partner with communities to contribute to resolving social issues	Qualitative	

KPI: Sustainability management

*Scope of each KPI

A: Megmilk Snow Brand

B: Snow Brand Seed Co., Ltd.

C: Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Bean Stalk Snow Co., Ltd. / Snow Brand Australia Pty. Ltd / PT. Megmilk Snow Brand Indonesia / Luna Bussan / Miruku no Sato Co., Ltd.

D: Megmilk Snow Brand / Bean Stalk Snow Co., Ltd.

E: Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Chokuhan Haisou Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Snow Brand Seed Co., Ltd. / Bean Stalk Snow Co., Ltd. F Megmilk Snow Brand / Ibaraku Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Bean Stalk Snow Co., Ltd.

G Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Snow Brand Seed Co., Ltd. / Bean Stalk Snow Co., Ltd.

H: Megmilk Snow Brand / Ibaraku Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Bean Stalk Snow Co., Ltd

I: Megmilk Snow Brand / Snow Brand Australia Pty. Ltd / Snow Brand Taiwan Co., Ltd. / PT. Megmilk Snow Brand Indonesia / Udder Delights Australia Pty. Ltd./ Megmilk Snow Brand Singapore/ Bean Stalk Snow Co., Ltd. /

J: Megmilk Snow Brand / Bean Stalk Snow Co., Ltd. / Belle Neige Direct Co., LTD/ Snow Brand Taiwan Co., Ltd. / Snow Brand Australia Pty. Ltd / Megmilk Snow Brand Singapore/

K: Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Bean Stalk Snow Co., Ltd.

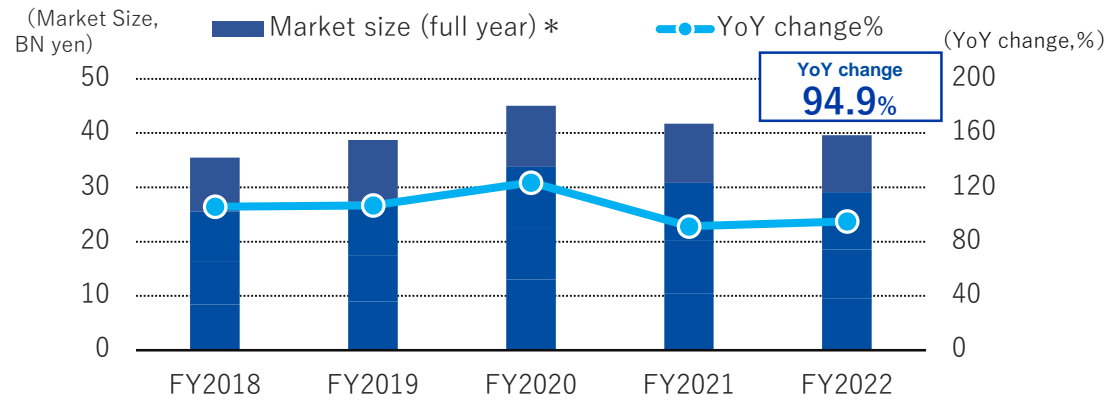
L: Megmilk Snow Brand / Kohnan Oils and Fats Mfg. Co., Ltd. / Bean Stalk Snow Co., Ltd. /

M: Megmilk Snow Brand / Joint Venture with Agrocorp

Data: Market Trends of the nationwide Consumer Products

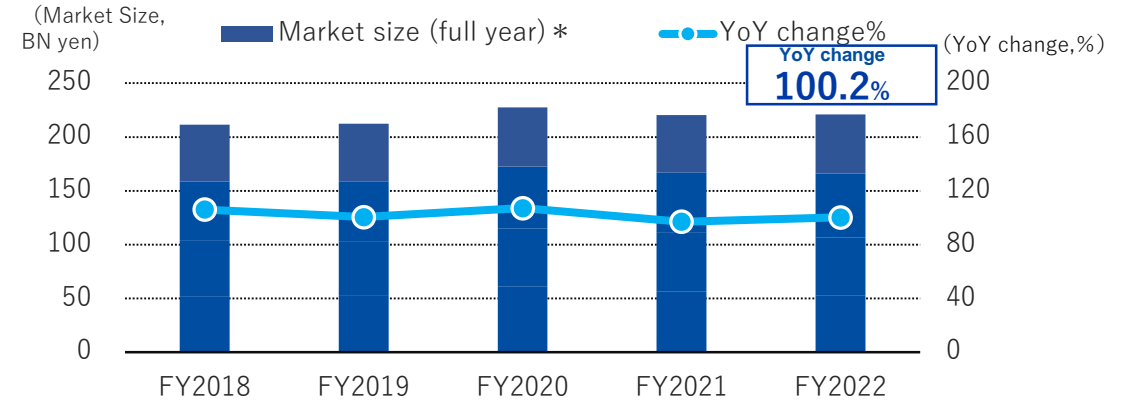
Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from April 2018 to March 2023

Butter



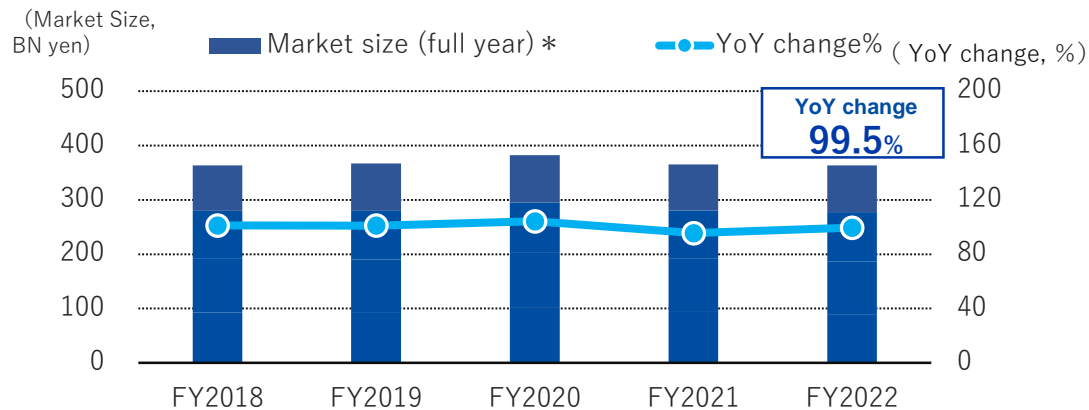
* weighted estimate sales

Cheese



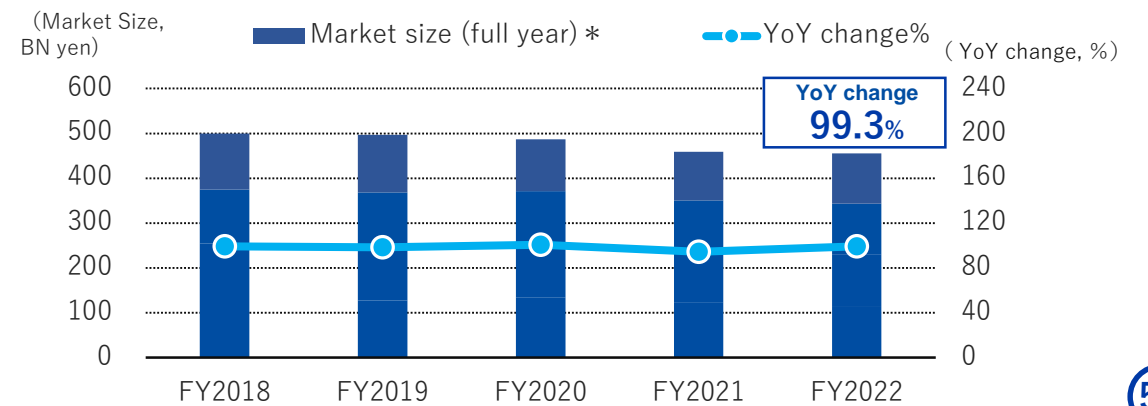
* weighted estimate sales

Milk (Milk & composition modified milk)



* weighted estimate sales

Yogurt



* weighted estimate sales

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

Market share (of household consumption)

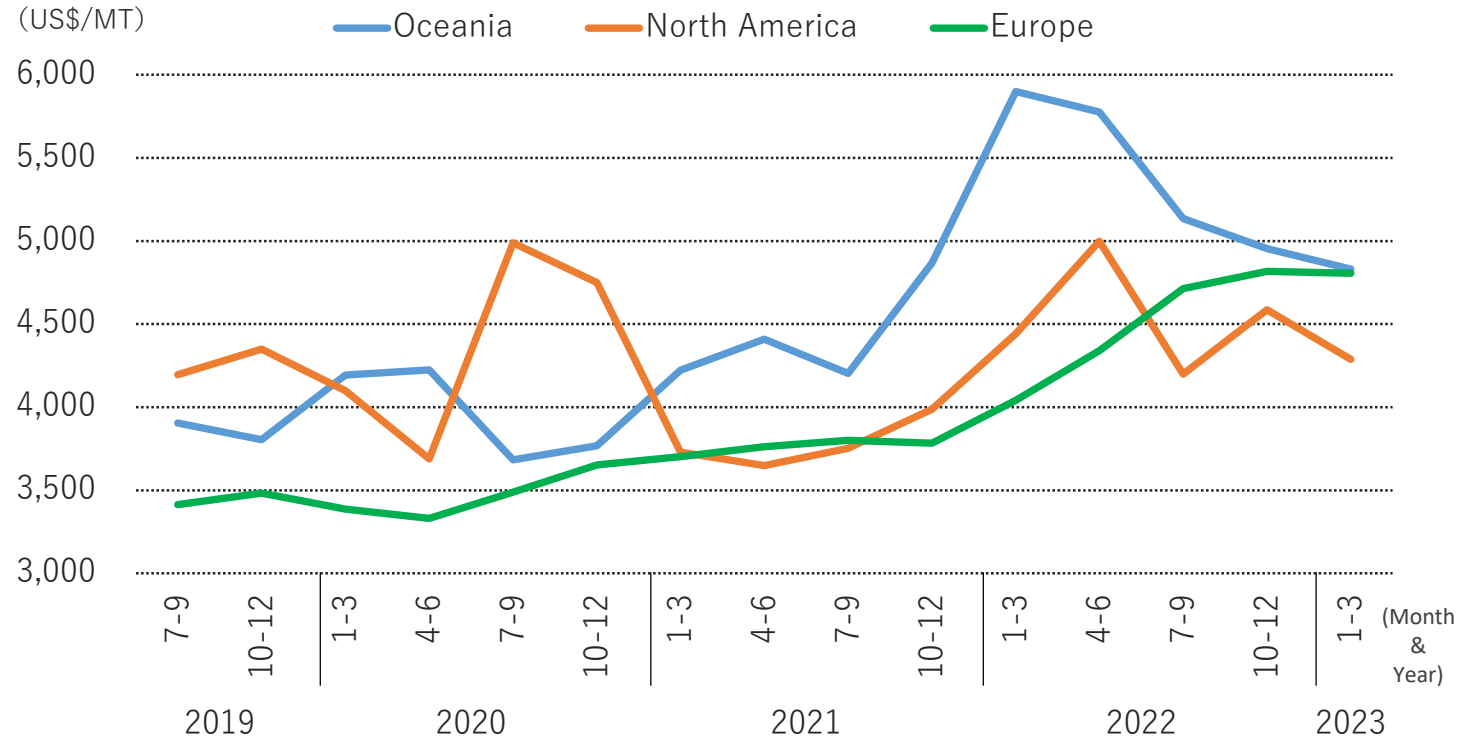
Megmilk Snow Brand's share of the nationwide consumer market on an estimated total sales basis for the first half of the fiscal year ending March 31, 2023 (Apr. 2020 to Mar. 2023)

Retail store POS data

Butter	49.2%
Margarine	51.9%
Cheese	26.7%
Milk (Milk & composition modified milk)	4.8%
Milk beverage	14.0%
Yogurt	11.5%
Dessert (Chilled Products)	16.3%

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

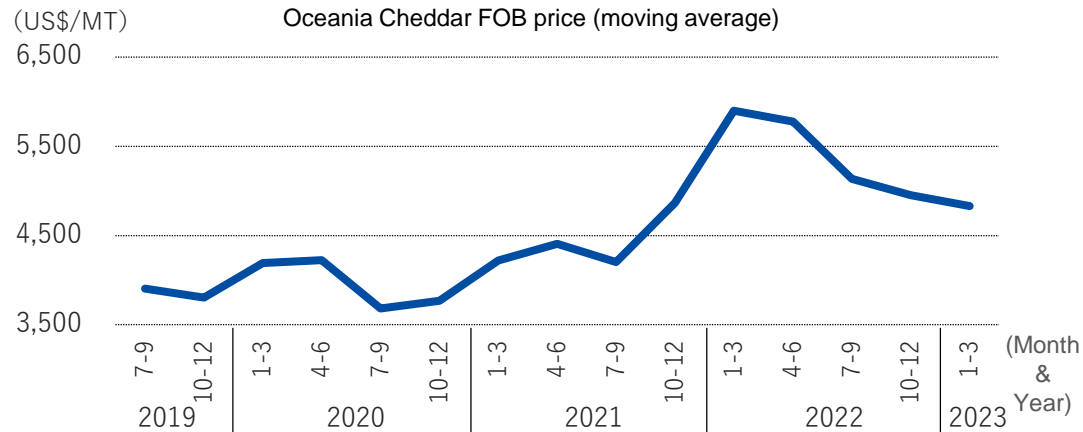
Transitions in overseas cheese prices



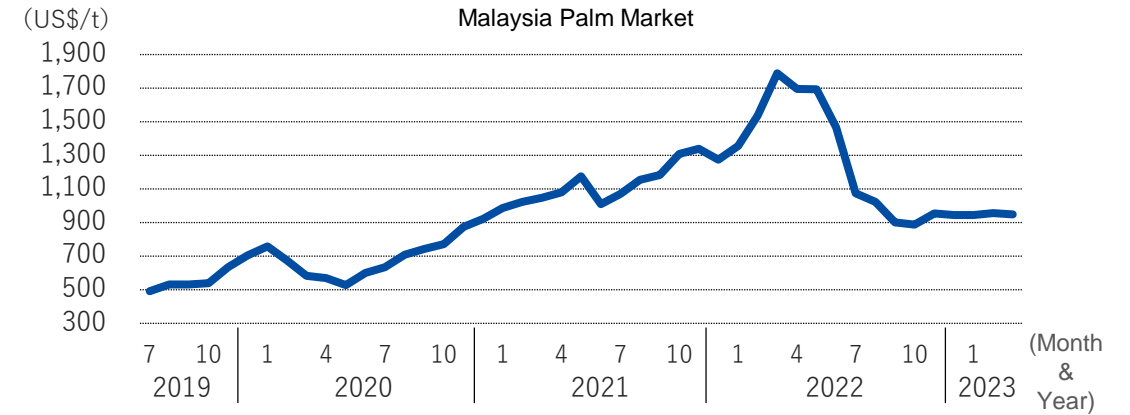
Moving average for each quarter, FOB, Cheddar
OCE-USDA, Cheddar USA-CME, Cheddar EU-MMO

Data: Actual and forecast raw material costs

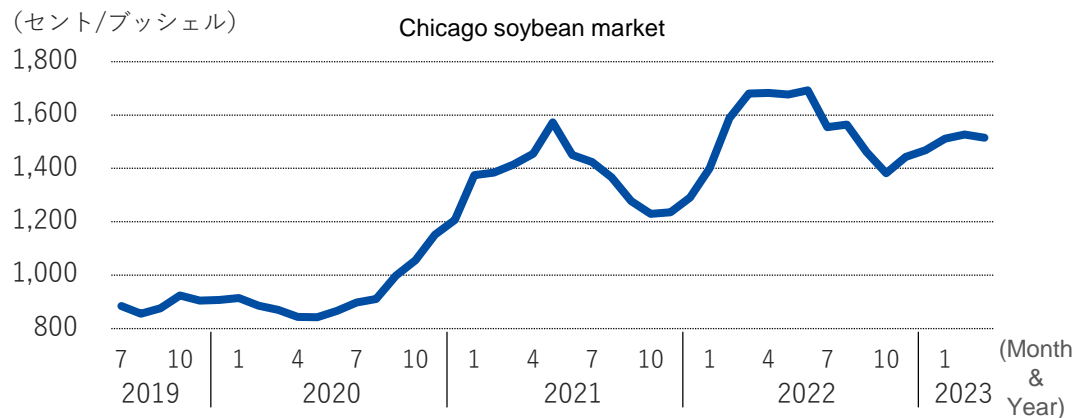
Imported raw cheese



Raw materials for palm oil



Raw materials for soybean oil



Raw materials for rapeseed oil

