

2Q Fiscal Year Ended March 31, 2021

Financial Results

November 9, 2020

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(First six months of FYE March 2021)
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COVID-19 Response

Employee and manufacturing line safety measures

- Reinforcing employee handwashing, disinfecting, and mask wearing
- Reinforcing employee health checks, including daily temperature taking
- Promoting telecommuting and remote work
- Suspended plant tours and cancelled events

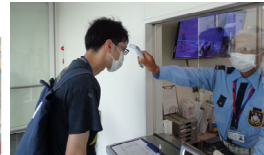
Avoiding fresh raw milk waste

- Emergency production increase for butter and skim milk in response to the suspension of school lunch programs

(Contributing to avoiding fresh raw milk waste)



Disinfecting fresh milk tank truck



Reinforce temperature taking prior to entry onto plant grounds



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Impact of COVID-19

Impact on us

Positive impact

- Increased sales of consumer products on higher in-home demand
- New demand due to expanding home meal variety
- Favorable EC business from increase in time at home
- Controlling operating costs associated with business travel
- Standardization of workstyle reforms such as telecommuting and remote meetings

Negative impact

- Decreased sales of raw materials and commercial products for dining industry, hotels, and gifts
- Lower demand for milk due to suspension of school lunch programs
- Restraints on business activities



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Consolidated Financial Results FYE3 2021 (1Q-2Q)

■ First Half ■

(Billion yen, %)

	FYE3/2020 (1Q-2Q)	FYE3/2021 (1Q-2Q)	YoY change	YoY % change	Achievement rate
Net sales	311.6	314.0	+2.4	100.8	100.7
Operating profit	10.6	11.0	+0.4	104.2	118.0
Ordinary profit	11.7	11.9	+0.2	102.1	117.5
Profit *	7.7	7.1	(0.5)	93.4	112.4

* Profit attributable to owners of parent

- ▶ Year-on-year change: Increased revenues and profit (operating profit/ ordinary profit)
- ▶ Compared to initial forecast: Outperforming assumptions



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Forecast of Consolidated Financial Results FYE3/2021 (No Change)

■ Full Year Forecast ■

(Billion yen, %)

	FYE3/2020	FYE3/2021	YoY change	YoY % change
Net sales	613.4	620.0	+6.5	101.1
Operating profit	17.9	19.0	+1.0	105.6
Ordinary profit	19.6	20.5	+0.8	104.2
Profit *	12.1	13.0	+0.8	106.9

* Profit attributable to owners of parent

■ Dividends ■

Ordinary dividend	40yen	Consolidated payout ratio	20.8%
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Forecast of Consolidated Financial Results FYE3/2021 (Segment-specific)

Revisions to segment-specific forecasts

(億円)

	FYE3/2021 Initial forecast		FYE3/2021 (Revised forecast)		Post-revision change	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy products	257.0	12.1	264.0	13.3	+7.0	+1.2
Beverage and Dessert	283.0	5.1	278.0	3.8	(5.0)	(1.3)
Feedstuffs and Seed Products	43.0	0.9	43.0	1.1	0.0	+0.2
Other	37.0	0.9	35.0	0.8	(2.0)	(0.1)
Total	620.0	19.0	620.0	19.0	0.0	0.0



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Four Business Sectors



1. Dairy Products Business Sector

Butter, margarine, cheese
(domestic and overseas), etc.



2. Beverages and Desserts Business sector

Milk and milk beverages,
yogurt, fruit juice and vegetable
juice, soft drinks, desserts, etc.



3. Nutrition Business Sector

Infant formula (domestic and
overseas), functional foods,
functional ingredients, etc.



4. Feedstuffs and Seed Products Business Sector

Feedstuffs, seeds (forage grass
and crops, vegetables), landscape
gardening, etc.



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Initiatives by Segment Dairy Products Business



First Half of FYE3/2021

[Dairy Products (results)] including Nutrition Business

(Billion yen, %)

	1Q-2Q results	YoY % change	Achievement rate	Full-year forecast (Revised forecast)	YoY % change
Net sales	129.8	106.4	105.6	264.0	106.0
Operating profit	6.5	126.1	131.4	13.3	115.1

- ▶ **Butter** : Increased in-home cooking, covered decrease in commercial products
Stable product supply
- ▶ **Margarines** : Increased demand on increased bread consumption at home
- ▶ **Cheese** : Increased demand for snacks at home, covered decrease in commercial products



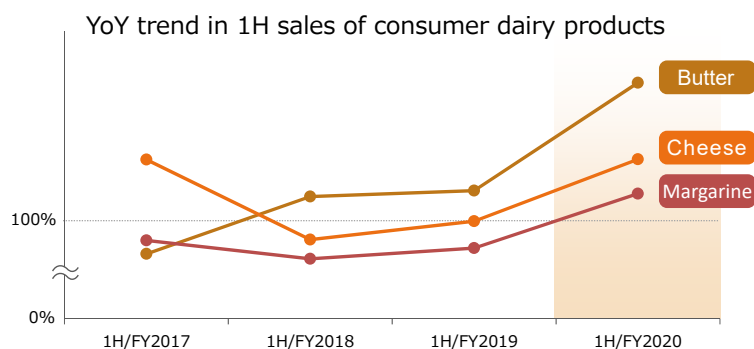
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Initiatives by Segment Dairy Products Business



▶ YoY trend in 1H sales of Megmilk Snow Brand consumer dairy products

Butter, margarine, and cheese all grew significantly in 1H



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Initiatives by Segment Dairy Products Business



► Second Half Policies

Grow sales of favorable cheese products

6P Cheese linked to TV CM
Launch 66th anniversary campaign

Let's Find Happy Heart 6P
Twitter campaign



6P Cheese TV CM



Launch sale of new added value products

New products with added nutritional
value to respond to consumer health
consciousness



New
launch



New
launch



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Initiatives by Segment Butter and Margarine



► Second Half Policies

Prepare for increased butter production

Preparing for full-scale operations
in FY2021



Isobunnai Plant under construction 2020.7

Expand sales of consumer margarine

Expand sales in response to increased
in-home bread consumption



Use web videos to run campaign



Promoting increased volume



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Initiatives by Segment Beverages and Desserts Business



First Half of FYE3/2021

[Beverage and Dessert Segment (results)]

(Billion yen, %)

	1Q-2Q results	YoY % change	Achievement rate	Full-year forecast (Revised forecast)	YoY % change
Net sales	143.4	97.4	97.6	278.0	97.9
Operating profit	2.7	77.7	92.1	3.8	72.7

- ▶ **Milk, milk beverages** : Sales of milk to school lunch programs decreased due to school closures
- ▶ **Yogurt** : Family products grew, Gasseri SP Strain Yogurt below goals
- ▶ **Dessert** : Favorable on increased in-home consumption



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Initiatives by Segment Functional Yogurt



▶ Second Half Policies

Lactobacillus gasseri SBT2055 yogurt

Promote functionality on package



Link diverse communication and storefronts



Nyu-san-kin* Helve Yogurt

* Nyu-san-kin is Japanese for Lactic Acid Bacteria



Consumer campaign to increase recognition



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Initiatives by Segment Milk business



► Initiatives to increase profitability

Launch sales of added-value products and relaunch of products at revised pricing



Relaunched products in spring 2020

- Maintain rate of storefront availability from time of launch
- Increased sale price as planned
- Maintaining volume after price revisions an issue



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Initiatives by Segment Nutrition Business



First Half of FYE3/2021

[Nutrition Business (results)] of the Dairy Products Segment

(Billion yen, %)

	1Q-2Q results	YoY % change	Achievement rate	Full-year forecast (Revised forecast)	YoY % change
Net sales	9.5	99.0	104.6	19.0	103.0
(Breakdown)					
Functional foods	3.1	118.5	107.2	6.3	114.9
Infant formula and other	6.4	91.6	103.4	12.7	98.0

- Functional foods : Expand sales of EC business from increased time at home
- Infant formula and other : Decreased revenue on intensifying competition in overseas markets



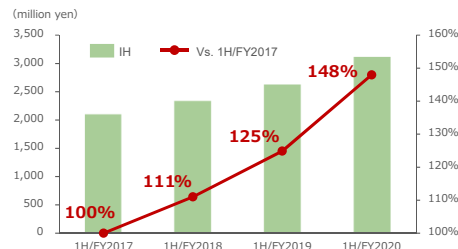
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Initiatives by Segment Nutrition Business



► First Half Policies

EC business favorable for Mainichi Hone Care MBP® on increased time at home



► Second Half Policies

Launch Gasseri SP Strain capsules



- Propose new lactobacillus lifestyle
- Develop as core business after Mainichi Hone Care MBP®



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Initiatives by Segment Feedstuffs and Seed Products



First Half of FYE3/2021

[Feedstuffs and Seed Products Segment (results)]

(Billion yen, %)

	1Q-2Q results	YoY % change	Achievement rate	Full-year forecast (Revised forecast)	YoY % change
Net sales	22.5	94.5	98.1	43.0	98.4
Operating profit	1.2	108.6	112.7	1.1	106.1

- Feedstuffs business: Promote comprehensive proposal-based sales
- Seed products business: Initiatives for stable supply and cost control



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Initiatives by Segment Feedstuffs and Seed Products



► Second Half Policies

Feedstuffs

- Built production structure to optimize feedstuff production and increase quality
- Construction of new feedstuff plant for Hokuren Cooperative Snow Brand Feed Mills Co., Ltd. (Operations scheduled to begin in Dec. 2021)



Concept image of new feedstuff plant

Seed Products

- Promote increased sales of cattle grass seeds for cold climate regions
- Increase share of edamame, pumpkin, and daikon production regions in the horticulture segment



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For the Realization of a Sustainable Society



Environment

Promote environment-related KPI



Social

New initiatives in COVID-19 environment



Governance

Established Nomination Advisory Committee and Compensation Advisory Committee



Refer to the 2020 Megmilk Snow Brand Report for details.



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For the Realization of a Sustainable Society (Environment)

Promote environment-related KPI

Setting targets for reducing plastic usage

FY2030 Goal: Reduce by 25% compared to FY2018

Progress of CO2 reduction

Incorporating energy-saving equipment (reduction efforts on par with plans)



Product packaging with reduced plastic content



New energy-saving freezers installed on fresh milk intake facility (cooler station)



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For the Realization of a Sustainable Society (Society)

New initiatives in COVID-19 environment

Distribute STAY HOME SUPPORT PLAN on website



Online Shokuiku



Provide products to Kodomo Shokudo* and facilities for the elderly

* The Children's cafeteria which offers free food to Japanese children who can't take meals at home.



Platinum Milk 300g



LL Hokkaido milk 1L



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For the Realization of a Sustainable Society (Governance)

Established Nomination Advisory Committee and Compensation Advisory Committee

- Each committee consists of 3 or more members
- Majority are independent outside directors
- Chair of each committee is an independent outside director



**Enhance independence, objectivity, and accountability
of the Board of Directors Further strengthen
corporate governance structure**



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Make the Future with Milk.



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