



**The First Half of the Fiscal Year
Ending March 2022**

Financial Results

November 9, 2021

The Accounting Standard for Revenue Recognition began to be applied at the beginning of the first quarter of fiscal year ending March 31, 2022. The previous fiscal year's figures included in these materials have been calculated assuming the application of the new accounting standard.

Contents

- 1** First Half Summary
- 2** Consolidated Financial Results
(First six months of FYE March 2022)
- 3** Consolidated Financial Forecast
(FYE March 2022 full year)
- 4** Initiatives by Segment
- 5** For the Realization of a Sustainable Society

First Half Summary for FYE March 2022

- **Consumer dairy products remained firm**
- **Consumer beverages and desserts profits increased on functional products**
- **Commercial products on recovery trend**
- **Nutrition Business remains favorable**
- **Feedstuffs and Seed Products Business recorded increased net sales and profit**

Consolidated Operating Result in the First Half of the Fiscal Year Ending March 2022

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

	FYE3/2021 H1	FYE3/2022 H1	Change	YoY % change	Achievement rate
Net sales	282.9	286.9	+ 3.9	101.4	99.6
Operating profit	11.0	12.2	+1.1	110.1	113.1
Ordinary profit	11.9	13.2	+1.2	110.8	116.5
Profit *	7.1	8.5	+ 1.3	119.2	126.1

* Profit attributable to owners of parent

- ▶ YoY: Increased net sales and profit
- ▶ vs. initial forecasts: Net sales down slightly, profit targets achieved

Forecast of Consolidated Financial Results FYE3/2022 – (No change)

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

Full Year Results

	FYE3/2021	FYE3/2022	Change	YoY % change
Net sales	554.5	570.0	+15.4	102.8
Operating profit	19.7	20.5	+0.7	103.6
Ordinary profit	21.6	21.5	(0.1)	99.2
Profit *	14.9	12.5	(2.4)	83.8

* Profit attributable to owners of parent

Dividends

Ordinary dividend	50 yen	Consolidated payout ratio	27.0%
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Forecast of Consolidated Financial Results FYE3/2022 (Segment-specific)

Revisions to segment forecasts

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

	FYE3/2022 (Initial forecast)		FYE3/2022 (Revised forecast)		Change after revision	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy products	240.0	12.9	240.0	12.9	0	0
Beverage and Dessert	254.0	5.5	249.0	5.2	(5.0)	(0.3)
Feedstuffs and Seed Products	41.0	1.0	46.0	1.0	+5.0	0
Other	35.0	1.1	35.0	1.4	0	+0.3
Total	570.0	20.5	570.0	20.5	0	0

Business-Specific Initiatives



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.



Initiatives by Segment | Dairy Products Business

First Half of FYE3/2022

[Dairy Products (results)] including Nutrition Business

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

	H1 results	YoY % change	Achievement rate	Full-year forecast	YoY % change
Net sales	117.8	103.3	100.7	240.0	104.0
Operating profit	6.3	96.3	111.0	12.9	94.3

- ▶ Consumer sales decreased on market correction from previous year
- ▶ Commercial sales on recovery trend
- ▶ Profit from consumer products decreased on market correction and higher costs for margarine

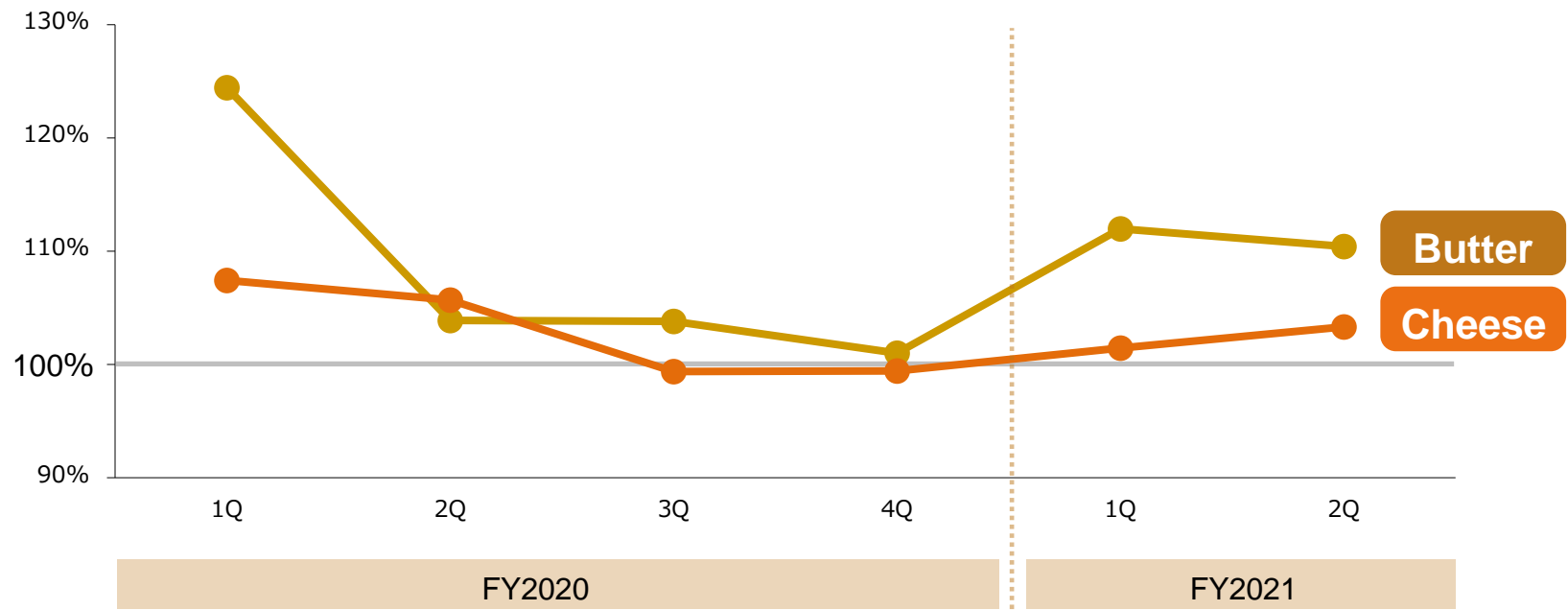
Initiatives by Segment | Consumer Dairy Products



► Net sales by quarter for consumer dairy products vs. FYE March 2020

Firm thanks to butter and cheese

Consumer dairy product net sales (vs. FYE March 2020)
(FYE March 2020 totals representing 100%)



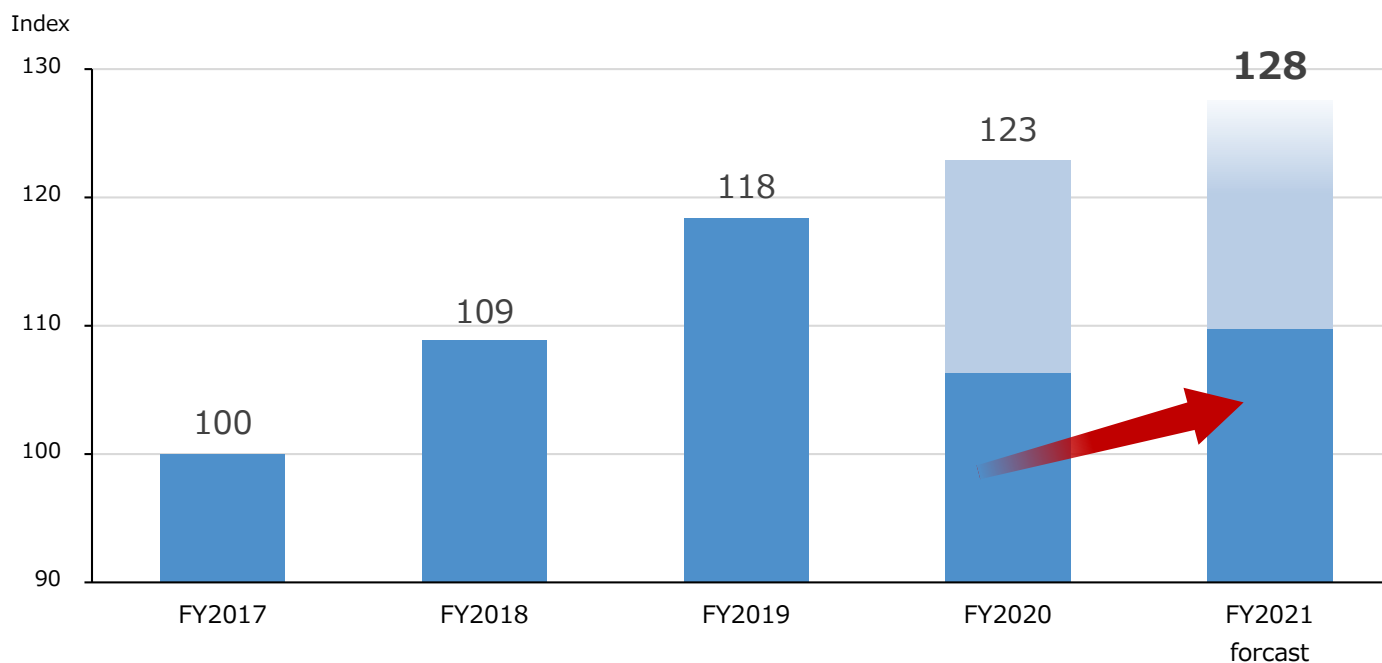


► Expand sales of consumer natural cheese

Expand sales of Sakeru Cheese



Full-year growth in sales of Sakeru Cheese
(FYE March 2018 full-year sales representing 100)





Initiatives by Segment | Domestic Cheese

► Initiatives for the second half

Expand sales of strong-performing consumer cheeses

Promote new products to expand sales of 6P Cheese



New commercial

Drive stay-at-home demand

Expand sales of natural cheese by proposing various consumption occasions





Initiatives by Segment | Overseas Cheese

► Indonesia market

- **Scale of growing cheese market in Indonesia (8% annual average growth)**

- **Growing population (4th)**

FY2021: Japan Statistics Bureau

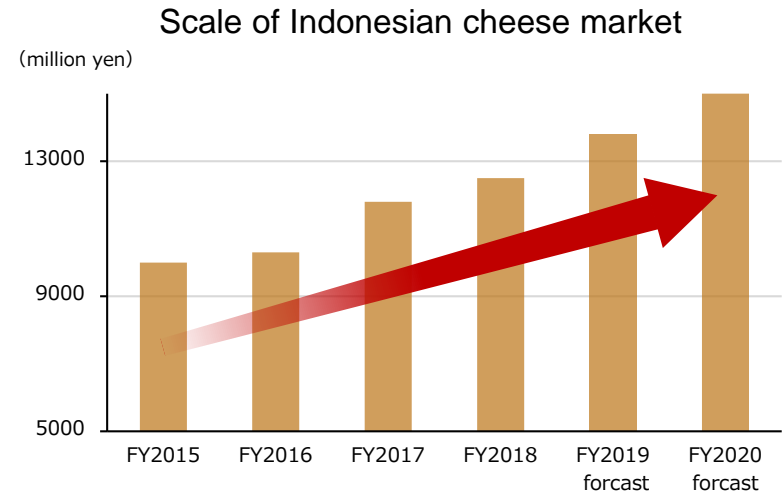
2000: 210 million people



2030: 290 million (projected)

138% vs. 2000

- **No tariffs between 10 ASEAN countries**



Source : TPC Marketing Research



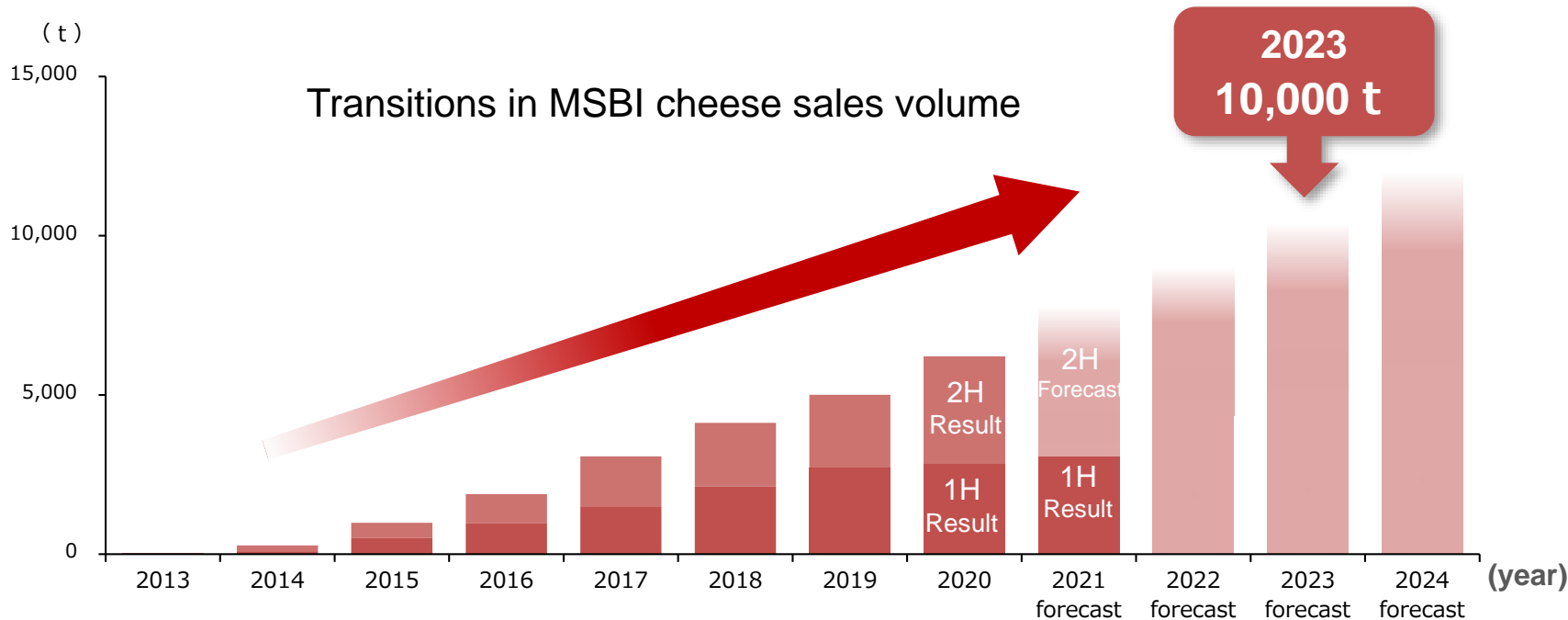
Initiatives by Segment | Overseas Cheese

► Initiatives for the second half

Increasing overseas cheese production volume



Enhance production structure at Indonesian cheese plant (MSBI) during FYE March 2022



Initiatives by Segment | Beverage and Dessert Business



First Half of FYE3/2022

[Beverage and Dessert Segment (results)]

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

	H1 results	YoY % change	Achievement rate	Full-year forecast (Revised forecast)	YoY % change
Net sales	126.3	97.3	96.4	249.0	100.1
Operating profit	3.4	126.3	99.7	5.2	125.5

- ▶ Net sales for beverages decreased on poor summer weather
- ▶ Yogurt and dessert sales favorable
- ▶ Profit increased on higher ratio of high-value-added products



► MBP Drink

Initiatives to increase recognition



Promoting understanding of function
across multiple media formats



Initiatives by Segment | Yogurt

► Functional yogurt

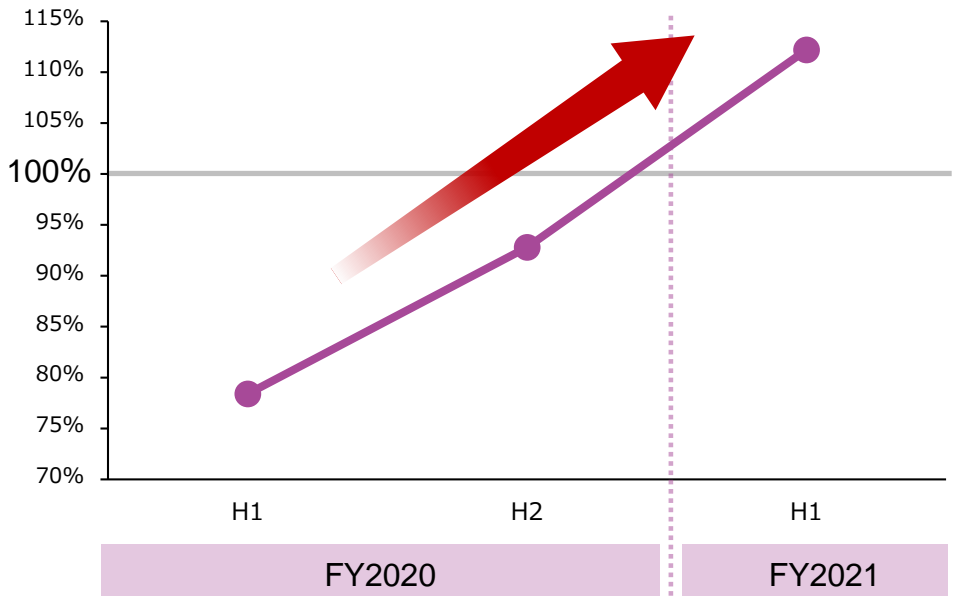
Gasseri SP Strain Yogurt

Use TV commercials and other promotions to increase product recognition and continue to expand sales



Limited time package design

Gasseri SP Strain Yogurt* net sales (YoY)



※ Drink yogurt and personal yogurt

Initiatives by Segment | Desserts



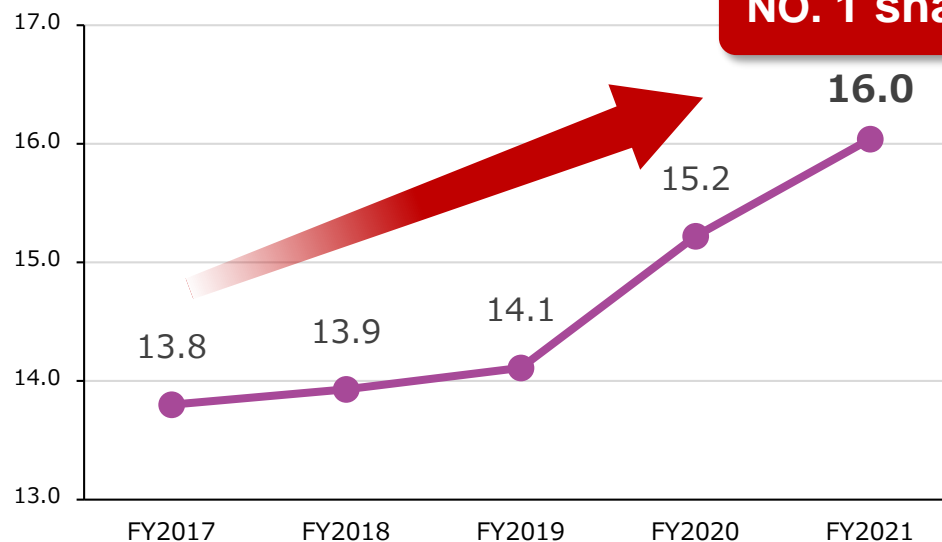
► Desserts

Expand sales of single-serving desserts

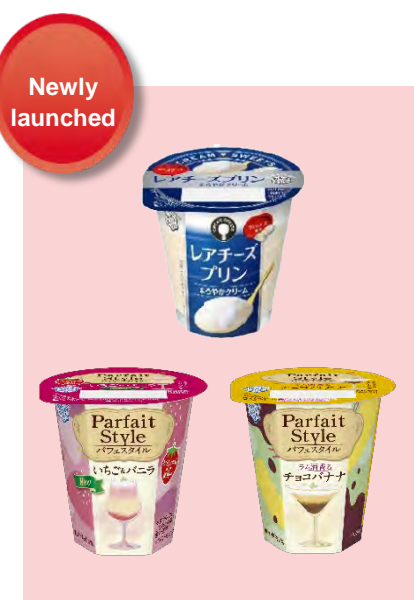
Enhance product appeal to expand sales

Transitions in Megmilk Snow Brand chilled desserts market share

(%)



Source: Intage Inc.: SRI+) for cumulative total sales from April 2017 to September 2021



Initiatives by Segment | Nutrition Business



First Half of FYE3/2022

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

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

	H1 results	YoY % change	Achievement rate	Full-year forecast	YoY % change
Net sales	8.7	105.3	104.1	17.4	104.2

(Breakdown)

Functional foods	3.2	113.8	109.9	6.6	108.8
Infant formula and other	5.4	100.8	100.9	10.7	101.5

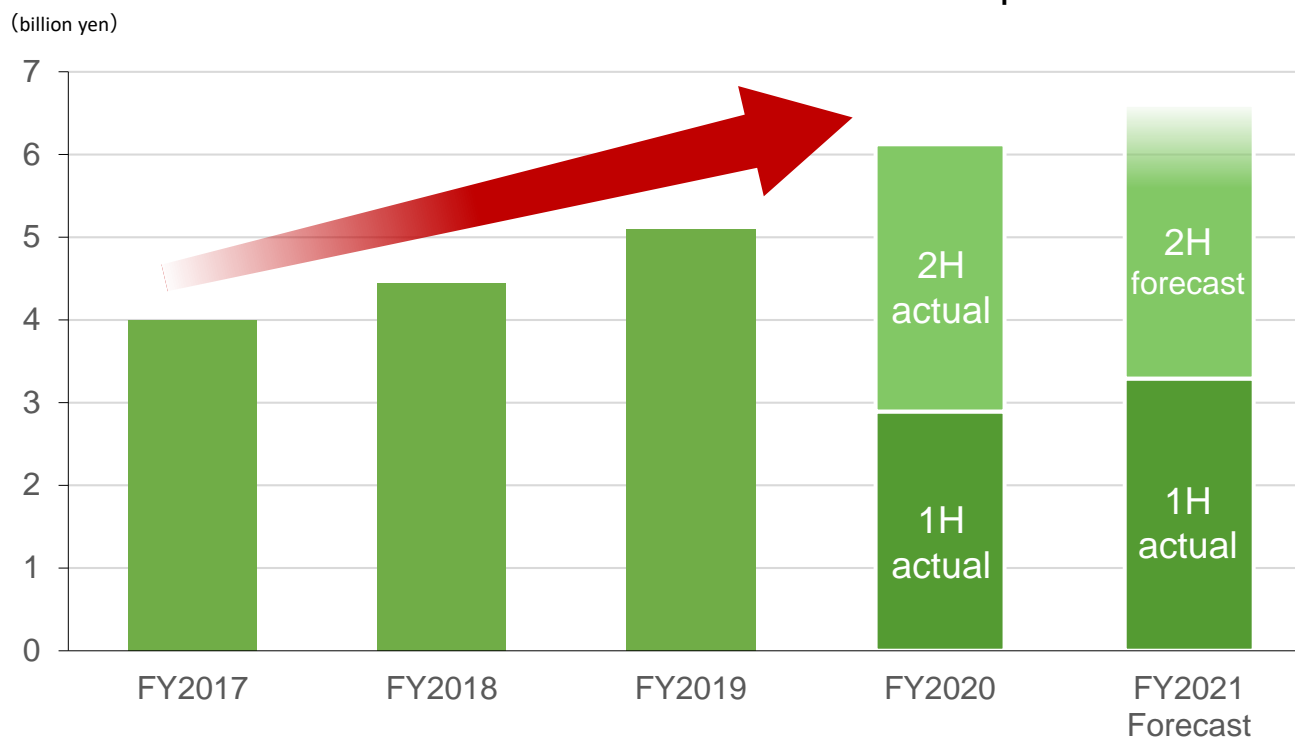
- ▶ Functional foods : Expand subscription-based e-commerce business centered on MBP®
- ▶ Infant formula and other : Competition in overseas markets intensifying, domestic sales favorable thanks to price superiority



Expand sales of functional food products



Transitions in net sales of functional food products



Initiatives by Segment | Feedstuffs and Seed Products



First Half of FYE3/2022

[Feedstuffs and Seed Products Segment (results)]

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

	H1 results	YoY % change	Achievement rate	Full-year forecast (Revised forecast)	YoY % change
Net sales	24.7	116.3	112.5	46.0	112.1
Operating profit	1.4	117.8	132.7	1.0	89.0

- ▶ Feedstuffs business : Develop value added products to expand sales
- ▶ Seed products business : Joint development to expand sales of forage grass and feed crop seeds



► Initiatives for the second half

Feedstuffs business

- Hokuren Cooperative-Snow Brand Feed Mills Co., Ltd. (HKS) new plant launched operations as planned in December



New feedstuff plant in Tomakomai
Oct. 2021

Seed Products Business

- Initiatives to promote self-supported feed-based farming



Forage Grass
Orchardgrass
「Esajiman」

For the Realization of a Sustainable Society



Environment

Initiatives to address environmental issues



Social

Initiatives to address human rights issues



Governance

Drafted Megmilk Snow Brand Group Charter of Corporate Behavior



Integrated Report 2021

New initiatives to address environmental issues

Initiatives related to the Task Force on Climate-related Financial Disclosures (TCFD)

- Announced support for TCFD, joined the TCFD consortium (October 2021)
- Promoting initiatives towards disclosure from next fiscal year



For the Realization of a Sustainable Society

New human rights initiatives

Signatory to the UN Global Compact (June 2020)

Drafted the Megmilk Snow Brand Group Human Rights Policy (June 2021)

Starting human rights due diligence (planned for FYE March 2023)

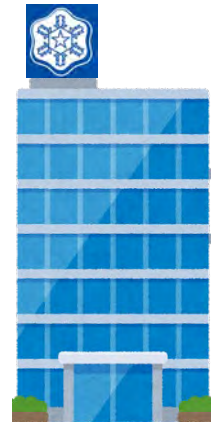


For the Realization of a Sustainable Society

Drafted the Megmilk Snow Brand Group Charter on Corporate Behavior, the Megmilk Snow Brand Group Environmental Policy, Human Rights Policy, etc. (June 2021)

Create systematic fundamental approach to achieve sustainable business

Draft code of conduct based on our founding principle: *Kendo Kenmin* (a healthy earth ensures human health)



Make the Future with Milk.



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