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Notice on Adoption of Megmilk Snow Brand Group Medium-Term Management Plan 2022

The Megmilk Snow Brand Group announces its Board of Directors voted today to pass the Group Medium-term Management Plan 2022 as the implementation plan for the Second Stage of the Group Long-term Vision 2026. Details are provided below.

1. Positioning within the Group Long-term Vision 2026

The Group Medium-term Management Plan 2022 will be advanced as the implementation plan for the Second Stage of the action period for the Group Long-term Vision (FY2017 to FY2026).

	First Stage (FY2017 to FY2019)	Second Stage (FY2020 to FY2022)	Third Stage (FY2023 to FY2026)
Positioning	Begin Transformation  Start and promote Group management	Accelerate Transformation  Strengthen development of Group management	Toward Renewal  Accelerate and renew Group management
Role	-Create multiple earnings bases and maximize cash flow -Begin renewal of production structure	-Establish Group earnings bases -Begin full-fledged renewal of the production structure	-Stable creation of earnings though four business sectors -Accelerate production structure innovation
Medium-term	Group Medium-term Management Plan 2019	Group Medium-term Management Plan 2022	

## 2. Group Medium-term Management Plan 2022 (FY2020 to FY2022)

### (1) Initiative policy

The core strategy of this plan is to advance productivity improvement reforms and business structure reforms while promoting innovation in our production structure to accelerate the transformation that will enable us to establish revenue platforms in four business sectors.

### (2) Strategy by business sector

<b>Dairy Products Business Sector</b>	1) Expand production and sales of consumer butter 2) Strategic expansion of cheese
<b>Beverages and Desserts Business Sector</b>	1) Strategic expansion of yogurt and desserts business 2) Structural reforms for milk business*
<b>Nutrition Business Sector</b>	1) Strengthen competitiveness of powdered milk business (Japan/overseas) 2) Generate income from functional foods business
<b>Feedstuffs and Seed Products Business Sector</b>	1) Optimize and improve quality for feedstuffs business 2) Strategic expansion of the seed products business

\*Turn an operating profit for milk business by FY2026.

### (3) Core function strategy

1. Apply business strategy to achieve transformation and renewal to innovate production structure
2. Strengthen manufacturing (*monozukun*) and creating new value
3. Promote Group management to strengthen Group core competency
4. Initiatives to achieve sustainable Group development

### (4) Medium-term goal management benchmarks

Management benchmarks	FY2022 goal figures
Consolidated net sales	640.0 billion yen
Consolidated EBITDA	41.0 billion yen
Consolidated operating profit	22.0 billion yen

(5) Financial benchmark outlook

Management benchmarks	FY2022 levels (outlook)
Consolidated ROE	8% or higher
Consolidated equity ratio	50% or higher
Consolidated dividend payout ratio	20% to 30%
Consolidated interest-bearing debt balance	78.0 billion yen

Outlook of three-year consolidated investment amount of 86.0 billion yen.

3. Special notes

Explanatory materials for the Group Long-term Vision 2026 and the Group Medium-term Management Plan 2022 are available via our company website.

<https://www.meg-snow.com/english/investors/>

Note: 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. Furthermore, forecasts do not reflect the impact of the novel coronavirus.

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