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This section provides a bird's eye view of the Megmilk Snow Brand Group's philosophy, our century of achievement up to this point, and our business today, as well as our story looking ahead to the future.

This section presents senior management's priorities, efforts to address the company's issues, and medium- to long-term vision, as well as the company's business strategies and the key points of the financial strategy supporting those business strategies.

This section offers a message for the 100th anniversary of our founding, including the thoughts of the employees who will lead the Megmilk Snow Brand Group of the future and a discussion with an expert about the "next 100 years."

This section provides a logical, detailed explanation of our value creation story as we seek to help achieve food sustainability. We hope the content will also serve as a basis for constructive dialogue between the Group and its stakeholders.

This section is a compilation of supplementary management and financial information to help readers gain a deeper understanding of our management and business. Please see the Megmilk Snow Brand website for more detailed information.

IR page ▶ <https://www.meg-snow.com/english/investors>
Sustainability page ▶ <https://www.meg-snow.com/english/sustainability/>

Editorial Policy

This Megmilk Snow Brand Report (Integrated Report) is intended to serve as a communication tool to deepen understanding of the Megmilk Snow Brand Group's value creation story among a wide range of stakeholders, including shareholders and investors. We organized and presented the issues and measures for our business and material issues with a clear awareness of where we are now ("as is") and where we want to be in the future ("to be"). We structured the report to make it easy to understand the Megmilk Snow Brand Group's stance on value creation strategy and initiatives by presenting the background to the issues we face and our specific approaches to solving them.

- Coverage Period : From April 1, 2024, to March 31, 2025 (the report also contains some information outside this period)
- Target Organizations: Megmilk Snow Brand Co., Ltd. and its Group companies (though the report does not cover all information)
- Reference Guidelines:
 - International Integrated Reporting Framework of the IFRS Foundation
 - GRI Standards
 - ISO 26000 Guidance on Social Responsibility
 - Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation

Note of Caution Regarding Forecasts

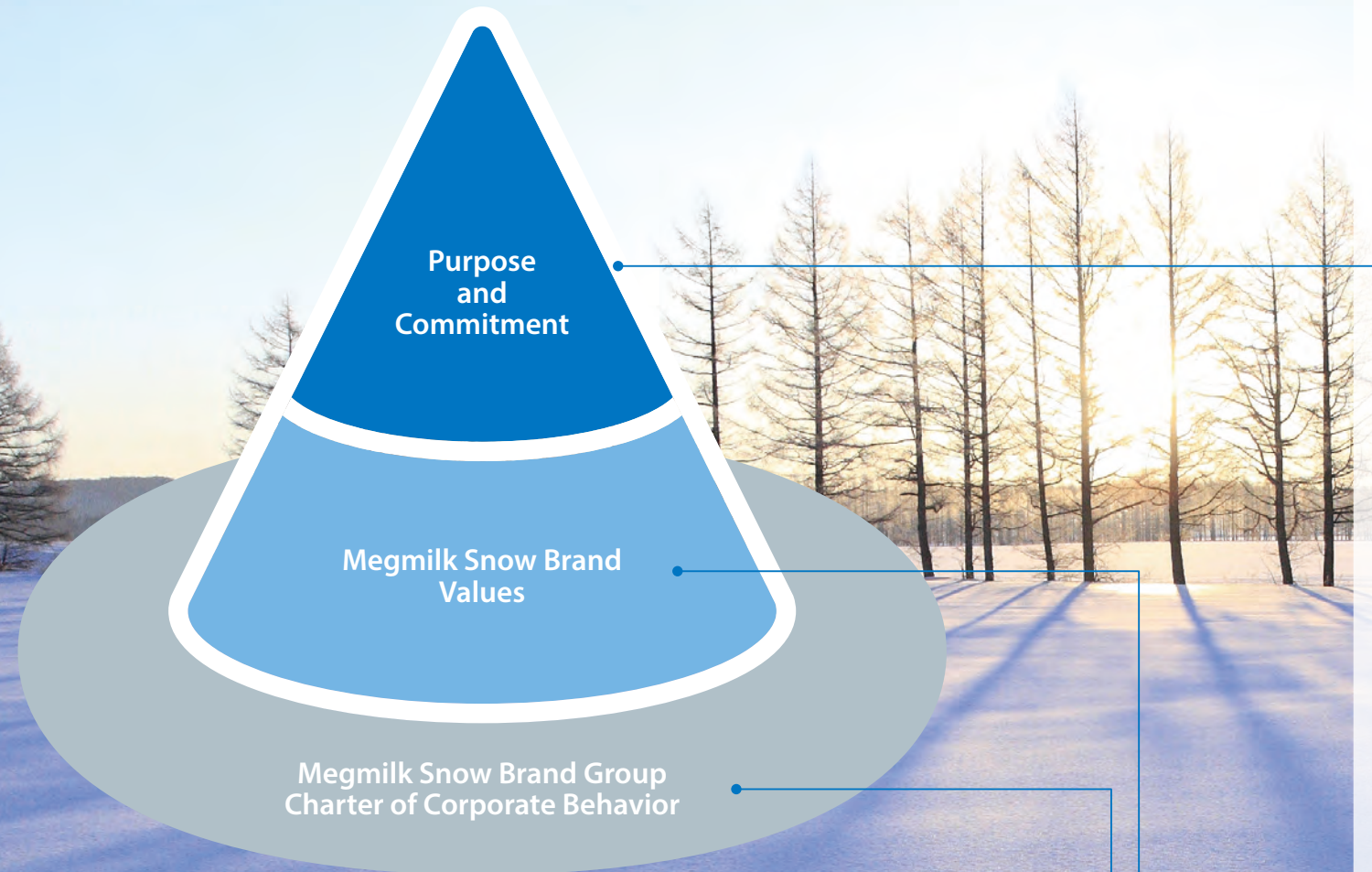
Business forecasts and other statements concerning the future in this report are projections made by Megmilk Snow Brand Group based on information available at the time of writing and are not intended as a guarantee that Megmilk Snow Brand Group will achieve these forecasts. Actual business results may differ from the forecasts in this report depending on changes in business conditions and other factors.



Growing Corporate Value by Striving to Help Achieve Food Sustainability



Megmilk Snow Brand Group's Corporate Philosophy Structure



April 1, 2025 Megmilk Snow Brand Group redefines its corporate philosophy structure

The corporate philosophy structure of the Megmilk Snow Brand Group is comprised of three elements: (1) our Purpose and Commitment, which represents our Corporate Philosophy; (2) Megmilk Snow Brand Values; and (3) the Megmilk Snow Brand Group Charter of Corporate Behavior.

New Corporate Symbol Mark



This symbol mark is comprised of pure white clean snowflakes around the North Star in the center – which symbolizes Hokkaido, where our company was founded – with a drop of milk attached to the tip of each snowflake.

The milk drops represent our pioneer spirit spreading out energetically. Merging it with the snowflake and connecting them with a single line also expresses the cycle of value, which is our strength.

The six icicles formed by the milk drops and snowflakes are simultaneously the various stakeholders around us and vectors pointing to the center.

Centered on the North Star adopted by Snow Brand Megmilk, the design shows our commitment to co-creating new value with all of our stakeholders and working actively to solve societal challenges.



Butter manufacturing equipment used at the company's founding

Kendo Kenmin, our founding spirit, is a philosophy that has been inherited from generation to generation. This philosophy serves as a pioneering spirit that has enabled us to carve out new paths and is the driving force that has enabled us to take on the challenge of resolving the social issues facing each generation. As we enter a time of increasing uncertainty, we are returning to our origins and applying our greatest strength, the ability to circulate value*, as we strive to achieve food sustainability, the social issue facing future generations, and pioneer new possibilities for food. *Kendo Kenmin* reflects our strong commitment to these initiatives.

* The ability to work with stakeholders, including consumers, producers, business partners, investors, local communities, and employees, to create value and a cycle of prosperity.

Purpose and Commitment

Kendo Kenmin

("a healthy earth ensures human health")

Statement of Purpose and Commitment

**We are committed to facing societal challenges,
fostering a future of food
where people and nature thrive in harmony.**

Corporate Slogan

Love Earth. Love Life.



Initiative

**Taking action
without relying on
existing examples**



Challenge

**Embracing a pioneering
spirit to take on challenges
without fear of failure**



Teamwork

**Working with colleagues
under a shared commitment
to carve out a new path**

Megmilk Snow Brand Values represent the common objectives and values all Group officers and employees value in their actions taken to achieve our Purpose and Commitment.

The Megmilk Snow Brand Group Charter of Corporate Behavior comprises the basic objectives we value to earn the trust of our stakeholders, a prerequisite to realizing our Purpose and Commitment.

WEB Megmilk Snow Brand Group
Charter of Corporate Behavior
▶ <https://www.meg-snow.com/english/about-us/corporatebehavior/>

100 Years of the Megmilk Snow Brand

100 Years On, We Take on Social Issues and Create New Value in the Spirit of Kendo Kenmin



First Half of the 1900s



A Time Characterized by Severe Lack of Nutrition and a Desire for a Plentiful Diet

From ancient times, Japan has faced serious nutritional deficiencies due to food shortages caused by climate variability, such as damage from cold weather, and emergencies. The food shortages after the Pacific War were particularly severe, and various measures were taken to obtain food and eliminate nutritional deficiencies.

Changes in Awareness of Food in Japan

Second Half of the 1900s



A Time When Food Culture Flourished and People Sought a Diverse Range of Foods

As Japan entered a period of rapid economic growth and people became more conscious of nutrition, Japanese food culture developed rapidly. The food service industry also flourished, and the so-called "era of gluttony" began.

Around 2000



A Time in Which the Public Demands Food Safety and Security

In this time period, a series of problems shook the public's trust in food. In addition to the government's efforts to create systems to ensure food safety and security, such as setting standards and ensuring traceability, there was also a rise in consumer awareness of food safety.

Around 2010



Time of Food Diversity and Growing Interest in Extending Healthy Life Expectancy

Extending healthy life expectancy, the period during which people can live without health problems limiting their daily lives, has become a health issue in many countries. As food becomes more diverse in Japan, the country boasts the world's longest healthy life expectancy.

Present and Future



Time of a Growing Sense That Food Sustainability Is in Crisis

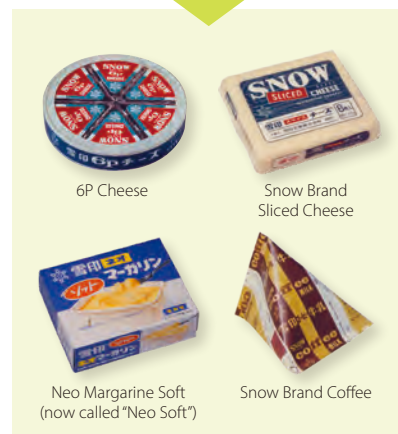
In contrast to Japan, where birthrates are declining and the population is aging, world population has been growing rapidly since the 20th century, exceeding 8 billion in 2022. The population is expected to continue to grow, and social challenges related to food supply, including shortages of food and the other resources essential for life, are expected to become global issues.

Solving Issues through Corporate Activities



Helping to Improve the Nation's Nutrition through Dairy Products

Based on the ideals of developing dairy farming in Hokkaido and improving the nutrition of the Japanese people through dairy products, the Hokkaido Cooperative Creamery Association, one of the predecessors of Megmilk Snow Brand, launched Snow Brand Hokkaido Butter and other products. After the launch, the company continued to improve the quality of its products by making innovations in areas such as ingredients, packaging, transport and storage, helping the products gain widespread appeal. These items contributed greatly to alleviating the nutritional deficiencies people had at that time.



Delivering a Wide Range of Dairy Products to Many People

After the war, the Japanese diet Westernized rapidly, and opportunities to eat cheese and other similar foods increased. However, to make dairy products even more popular, demands for simpler and more readily available food had to be met. The individually wrapped "6P cheese" caught on as a convenient, easy-to-eat product. Its high nutritional value and convenience led to its adoption in school lunch menus. This kind of innovation led to a wider variety of dairy products appearing on dining tables.



Addressing Society's Needs

The Snow Brand Milk Products food contamination incident in 2000 led to measures to improve quality and prevent a recurrence. Examples of these measures include strengthening product shipment inspections, and establishing the Customer Relations Center (with a toll-free number that is available 365 days a year), the Institute of Food Hygiene, and the Corporate Ethics Committee. Along with our commitment to ensure that the incident will never be forgotten, our dedication to food safety and security has evolved, and we are continuing to address society's needs.



Responding to Growing Health Needs

While extending healthy life expectancy is an urgent social challenge, it also represents a significant business opportunity. For example, research in human trials has confirmed that *Lactobacillus gasser* SBT2055 reduces visceral fat in people who are overweight. In 2015, we launched a series of products containing it as "foods with functional claims," and in 2018, we launched yogurt products as foods for specified health uses (FOSHU). These products have earned a secure position in the market as health needs grow, and they now constitute one of Megmilk Snow Brand's key growth contributors. By thoroughly communicating the value of these products, we can expect further growth.



Helping to Achieve Food Sustainability

The food industry continues to face the dual challenge of meeting health needs and contributing to food sustainability. As a growing global population demands stable food supplies, we have set our sights on peas—a plant-based ingredient that offers a new choice for protein—and we entered the plant-based food market in 2024. Going forward, we will keep our focus on the market penetration and expansion of our plant-based foods. By helping to achieve food sustainability, we will help to shape the future of food.

The Last 100 Years, and the Next 100 Years

The Megmilk Snow Brand Group's 100-year history has been spent in dairy farming, pursuing health and delicious tastes while adapting to changes in the business environment, and building a solid product brand supported by our stakeholders' trust.

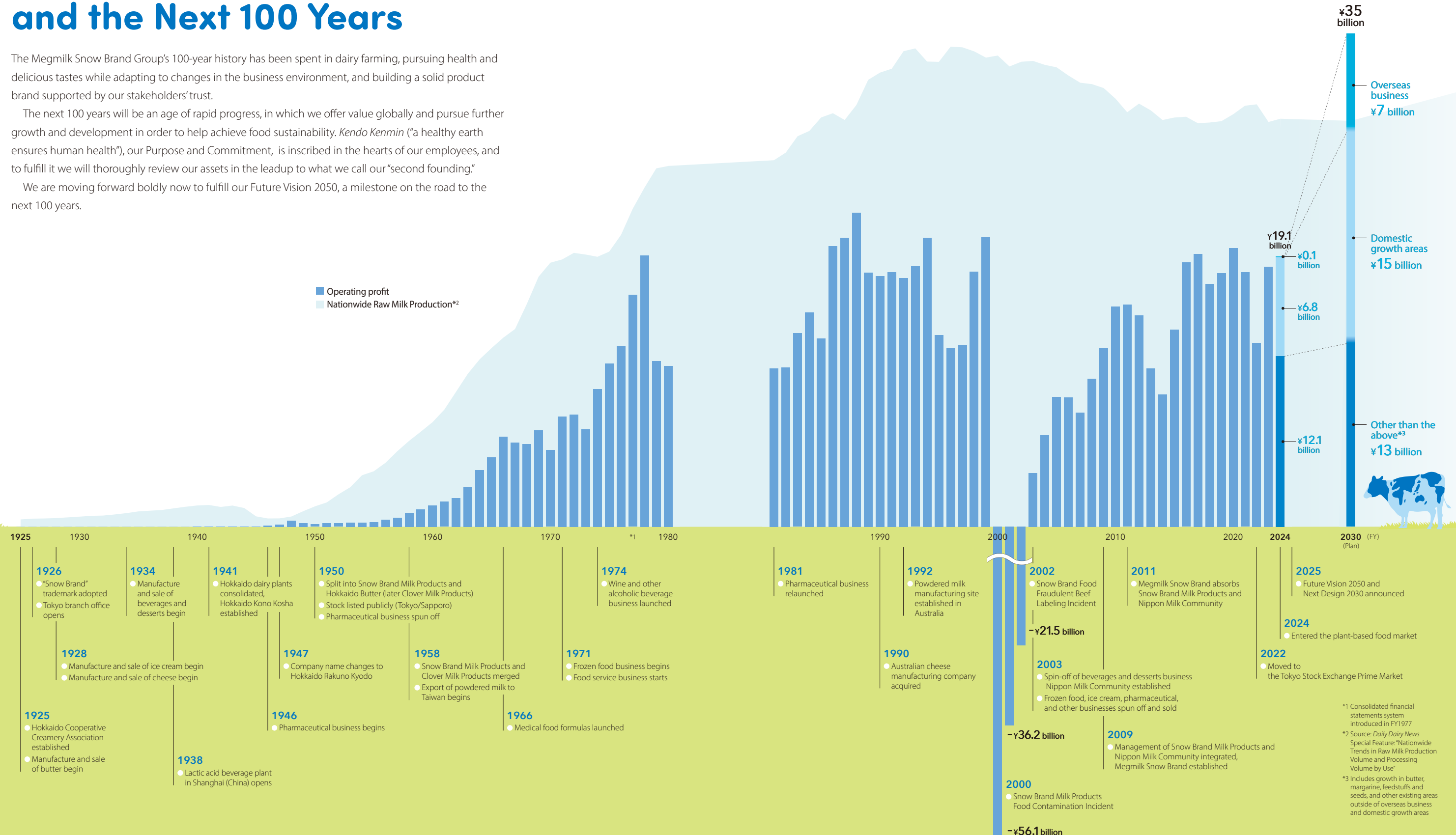
The next 100 years will be an age of rapid progress, in which we offer value globally and pursue further growth and development in order to help achieve food sustainability. *Kendo Kenmin* ("a healthy earth ensures human health"), our Purpose and Commitment, is inscribed in the hearts of our employees, and to fulfill it we will thoroughly review our assets in the leadup to what we call our "second founding."

We are moving forward boldly now to fulfill our Future Vision 2050, a milestone on the road to the next 100 years.

New Business Plan

Next Design 2030

KPI

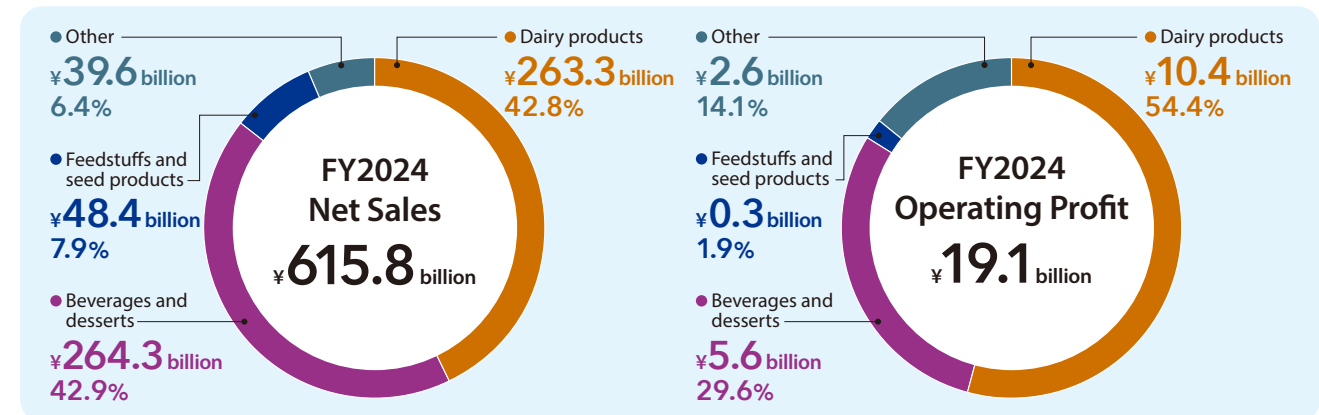


Current Business and Presence

Overview of the Megmilk Snow Brand Group's Business

The Megmilk Snow Brand Group operates businesses in the areas of dairy products, beverages and desserts, as well as feedstuffs and seed products. We are dedicated to creating a future of food where people and nature thrive in harmony.

Revenue Structure

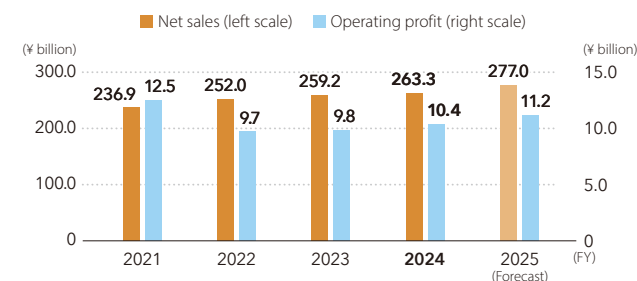


Dairy Products

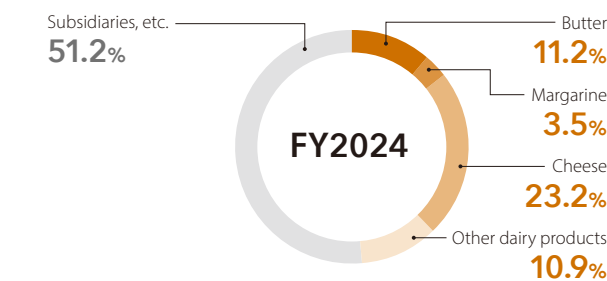
Butter, margarine, cheese, condensed milk, skim milk, functional foods and ingredients, etc.



Net Sales and Operating Profit



Percentage of Net Sales



Share of Japanese Market

Fiscal 2024, based on estimated monetary amount of sales for household use nationwide, market share of Megmilk Snow Brand (April 2024 to March 2025)
(Source) Intage SRI+, based on all sales channels nationwide

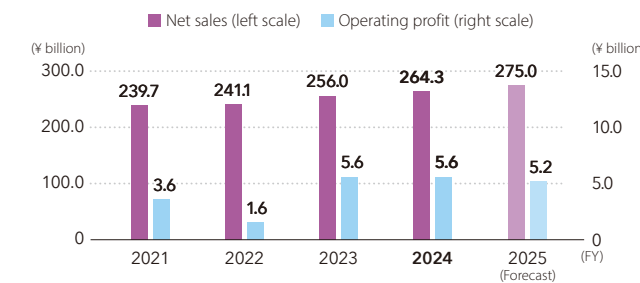


Beverages and Desserts

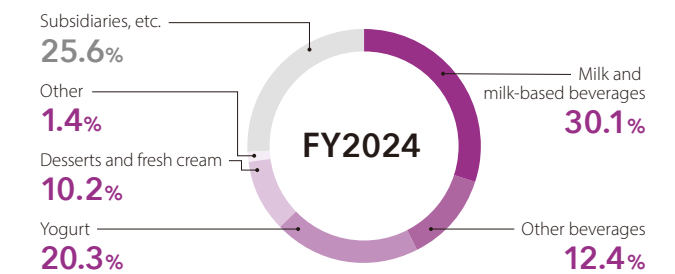
Milk and milk beverages, yogurt, fruit juice and vegetable juice, soft drinks, desserts, etc.



Net Sales and Operating Profit

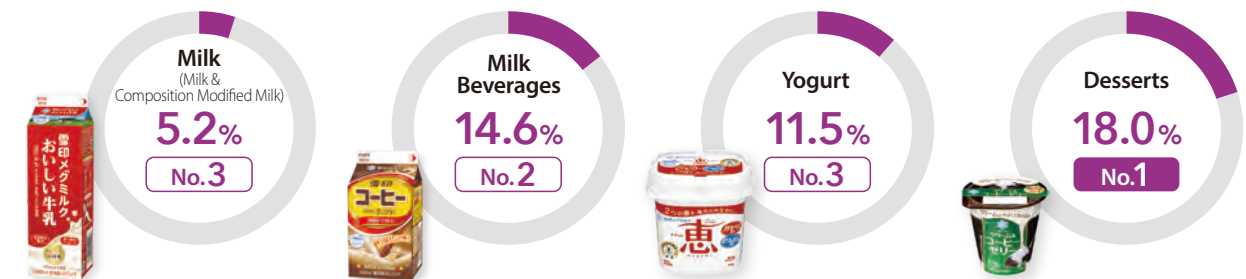


Percentage of Net Sales



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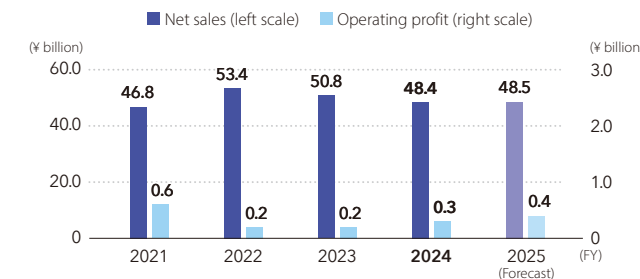


Feedstuffs and Seed Products

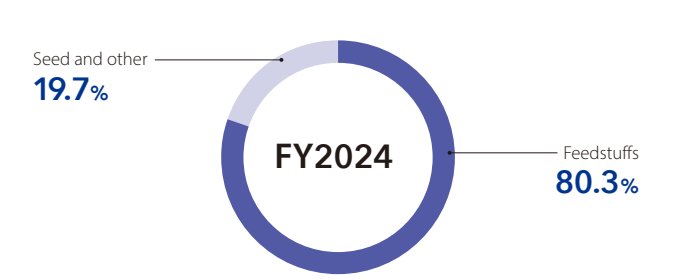
Feedstuffs, seed (grass, feed crops, vegetables), landscaping, etc.



Net Sales and Operating Profit



Percentage of Net Sales



Value Creation Story

Why Do We Aspire to Food Sustainability?

Risks and Opportunities for the Megmilk Snow Brand Group



Increasingly global issue of declining birthrate and aging population



Increasingly severe protein and malnutrition issues and rising supply responsibilities



Limits of food production systems

Continually Strengthening the Value Chain



How Will We Proceed to Achieve Our Vision?

New Business Plan

Next Design 2030

2030 Vision

Purpose and Commitment

Kendo Kenmin
("a healthy earth ensures human health")

Helping to Achieve Food Sustainability

We will increase corporate value by addressing this issue.

Drastically Transforming Megmilk Snow Brand's Assets

Advance production systems with new ideas

Invest in intangible assets to enhance competitiveness

Dramatically Transforming the Value of Dairy and Its Supply Demand Structure

Improve the imbalance* in demand between fat and SNF

Create demand by enhancing our presence
Raise value recognition

Earn fair profit by expanding the value we provide to society

Synchronizing Solutions to Social Issues with Economic Efficiency

Helping to Achieve Food Sustainability

Improving Corporate Value

*A breakdown in the balance between demand for milk fat content (fat), such as butter and cream, and non-fat milk solids (SNF), such as powdered skim milk. An imbalance causes tight supply and demand for dairy products and excess inventory.

For the Megmilk Snow Brand Group, striving to help achieve food sustainability is absolutely essential. In this "Value Creation Story" section, we clearly explain the dependable way we can achieve this and our current position, as well as the mechanisms that will sustain our management.

Steady Progress on Addressing Material Issues

Field	Material Issues	Core Activity Themes
Food	Provision of Sustainable Food	<ul style="list-style-type: none"> Providing appealing milk and dairy products Providing new options leveraging our vast knowledge and skills cultivated through milk Providing safe products and services
	Contributions to Health through Food	<ul style="list-style-type: none"> Initiatives for extending healthy life expectancy
Dairy Farming	Contributing to Sustainable Dairy Farming	<ul style="list-style-type: none"> Activities to strengthen the dairy farming production platform
Environment	Reducing Environmental Impact	<ul style="list-style-type: none"> Preventing global warming Sustainably using resources Building a recycling-based society
People and Society	Promoting Diversity and Respect for Human Rights	<ul style="list-style-type: none"> Diversifying and developing human resources Achieving work-life balance and improving labor productivity Respecting human rights
	Contributing to Local Communities	<ul style="list-style-type: none"> Partnering with local communities
Ensuring Compliance and Corporate Ethics		



Providing Nutrition

Basic value of the dairy farming industry



Considering the Environment

Prerequisite for business continuity



Making the Most of Human Resources

Driving force for business continuity and development

Helping to Achieve Food Sustainability

Why Can We Do It?

Strengths, Functions and Strategies That Enable Sustainable Management



Creating Value in the R&D Area

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Brand Management

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Enhancing Human Capital

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Sharing and Spreading Values

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Sustainability Management

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Solid Governance

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Kendo Kenmin
("a healthy earth ensures human health")

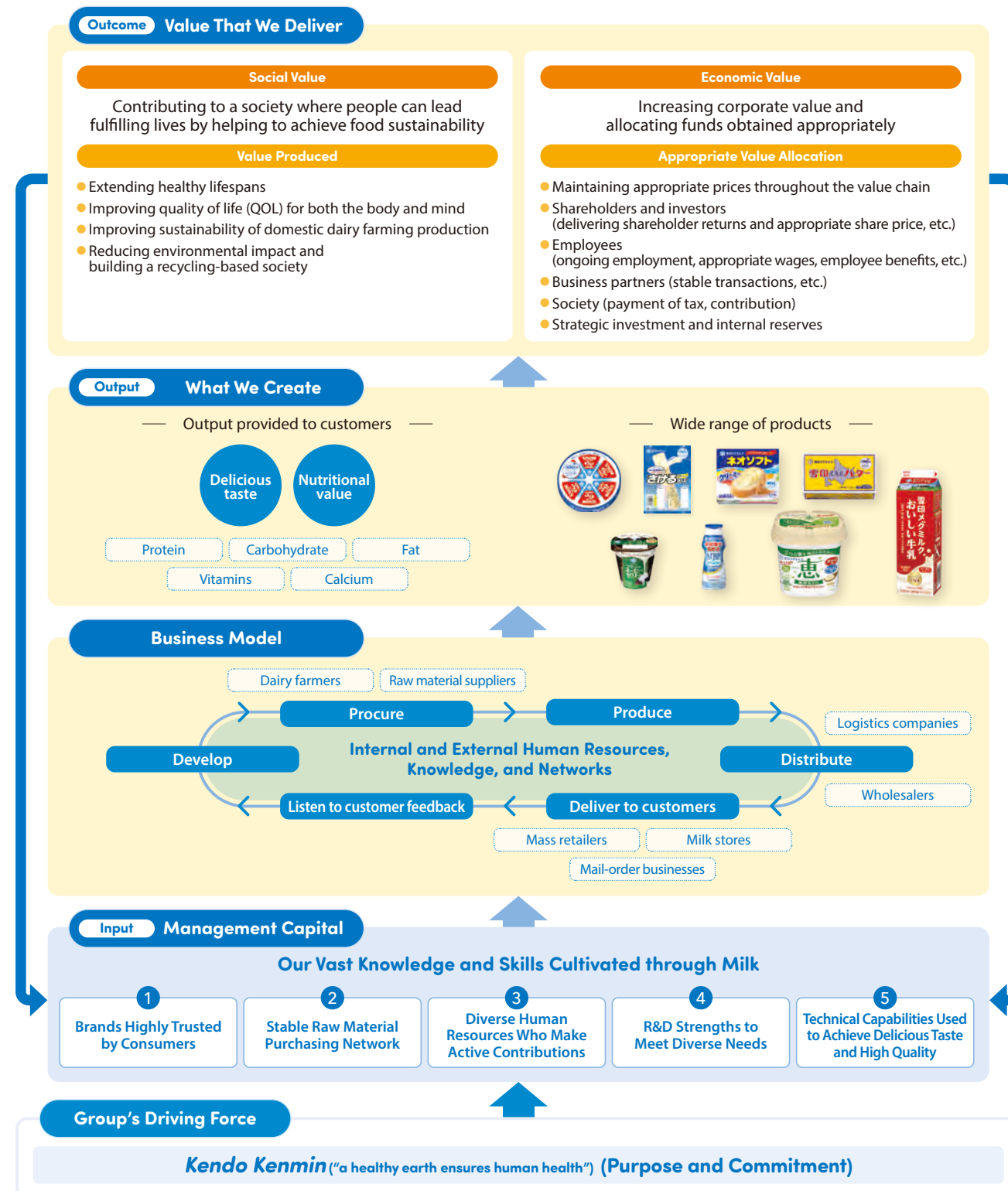
(Purpose and Commitment)

Megmilk Snow Brand Values /
Megmilk Snow Brand Group Charter of Corporate Behavior

Continuously
Improving
Corporate Value

Value Creation Process

The Megmilk Snow Brand Group has developed its business based on an unwavering philosophy and spirit of *Kendo Kenmin* ("a healthy earth ensures human health"), which has been passed down through the generations. Today, this remains our Purpose and Commitment. In doing so, the Group makes the most of the wide range of knowledge and functions that it has acquired in the milk business. We create a diverse range of products and offer diverse value.



Enhancing Management Capital

Primary Management Capital	Key Characteristics and Advantages	Issues	Measures for enhancing capital
1 Brands Highly Trusted by Consumers	<ul style="list-style-type: none"> Dominant share of domestic market for butter and margarine A number of popular product brands, such as Snow Brand Coffee and 6P Cheese 	<ul style="list-style-type: none"> Improving brand value through comprehensive coordination between company and products Maintaining and improving product quality 	<ul style="list-style-type: none"> Providing new value to consumers (continually launching new products) Raising name recognition further among consumers (strengthening PR strategy) <p><i>Meguru Shokutaku</i>, a program on Nippon Television sponsored by Megmilk Snow Brand since May</p>
2 Stable Raw Material Purchasing Network	<p>Fresh milk</p> <ul style="list-style-type: none"> Close relationships with dairy farmers Network of producer organizations in various regions of the country <p>Raw materials</p> <ul style="list-style-type: none"> Strategic procurement in cooperation with suppliers Personnel with expertise in manufacturing, distribution, and various laws and regulations 	<p>Fresh milk</p> <ul style="list-style-type: none"> Decrease in the number of dairy farmers Sharp rise in the cost of producing raw milk <p>Raw materials</p> <ul style="list-style-type: none"> Procurement risks due to climate change and other factors Securing procurement personnel with expertise 	<p>Fresh milk</p> <ul style="list-style-type: none"> Providing information to improve dairy farming management <p>Raw materials</p> <ul style="list-style-type: none"> Building a sustainable procurement system Cooperating with suppliers within and outside Japan Creating opportunities for practice and education
3 Diverse Human Resources Who Make Active Contributions	<ul style="list-style-type: none"> Human resources and an organizational culture that pursues better manufacturing Megmilk Snow Brand Values, shared values that have permeated throughout our workplaces 	<ul style="list-style-type: none"> Diversifying human resources Improving employee engagement Securing stable human resources Promoting career autonomy Developing human resources that generate added value 	<ul style="list-style-type: none"> Achieving work-life balance and promoting women's participation Promoting career development and support Expanding the personnel system and improving working conditions Improving the working environment and healthcare (eliminating harassment, occupational health and safety education, health promotion, etc.) Monitoring with engagement surveys and implementing PDCA cycles
4 R&D Strengths to Meet Diverse Needs	<ul style="list-style-type: none"> A collection of over 3,000 strains of lactic acid bacteria Nutritional function research on lactic acid and milk ingredients Abundant manufacturing know-how on dairy products, milk ingredients, etc. Experience developing unique containers and packaging 	<ul style="list-style-type: none"> Researching and responding to new needs for food Fostering human resources for R&D Expanding research areas through the sharing and fusion of knowledge 	<ul style="list-style-type: none"> Focusing on new research themes such as plant-based foods Securing and developing human resources for R&D Utilizing intellectual property Utilizing open innovation
5 Technical Capabilities Used to Achieve Delicious Taste and High Quality	<ul style="list-style-type: none"> Thorough commitment to production quality Training program for sensory evaluators who inspect the flavor of products, etc. 	<ul style="list-style-type: none"> Maintaining and improving production quality Establishing technology for productivity reform (including DX) Securing production-related human resources Reducing environmental impact 	<ul style="list-style-type: none"> Actively investing in production facilities Streamlining production processes Developing and strengthening recruitment of production-related human resources Introducing equipment and production processes that save energy and reduce CO₂ emissions