



May 14, 2025

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Notice regarding Megmilk Snow Brand Group Business Plan "Next Design 2030"

MEGMILK SNOW BRAND Co., Ltd. (the "Company") announced that its Board of Directors resolved to adopt "Next Design 2030," a management plan through fiscal year 2030 today.

1. 「Next Design 2030」(Fiscal Year 2025 to Fiscal Year 2030)

(1) Business Strategy Fundamental Strategy and Capital Measures

Theme	Drastically transforming Megmilk Snow Brand's assets	
Business Strategy	1. Cultivating and harvesting the fruits of growth	Enhancing overseas operations Developing key functional products Expanding alternative food
	2. Transforming the structure to increase the value of the dairy industry	Taking thorough measures to increase demand for cheese Expanding the presence of milk and milk beverages
	3. Developing regenerative ^{※1} dairy farming	Initiatives to increase the demand for self-sufficient feedstuffs
	4. The evolution of our connections with society	Application in other businesses
Fundamental Strategy	Innovation (transformation) Communication (resonating) DX promotion Utilization and growth of human capital	

※ 1A sustainable positive cycle

Capital Measures	Basic Policy	After making growth investments , we will also improve shareholder returns.
	Shareholder Returns	Dividends : Set a lower limit of 100 yen, and target a dividend payout ratio excluding gain on the sale of assets of 40% or higher Acquisition of Treasury Stock : We will engage in the flexible acquisition and cancellation of treasury stock to improve capital efficiency.

(2) Management Indicators Targets

Management Indicators		FY2030 Targets
Adjusted ROE ^{※2}		9%
ROIC ^{※3}		6%
Domestic Manufacturing Facility	20% to 30% collaboration or restructuring	
Net D/E ratio		approx. 0.5 times
Adjusted operating profit* ^{※4}		Approx. 35 billion yen

2. Attached file

"Next Design 2030" explanatory materials

※2 exclude the impact of accelerated depreciation due to gain on the sale of assets and streamlining decisions

※3 operating profit excluding the impact of accelerated depreciation increasing due to streamlining decisions $\times (1 - \text{statutory effective tax rate}) \div$
average of interest-bearing debt and beginning and end of the period + average of equity (net assets - non-controlling interests) and the beginning and end of the period

※4 Operating profit excluding the impact of accelerated depreciation increasing due to streamlining decisions

Note: Statements about future performance targets contained in this document are projections made by our company based on information available at present, and are not intended to be promises of achieving these goals. Actual results may differ from the above forecast figures due to a variety of factors including changes in business conditions.

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Next Design 2030

May 14, 2025

Masatoshi Sato

Representative Director and President

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- 1 Future Vision 2050**
- 2 Next Design 2030**
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Future Vision 2050: Project Overview

(May 2023 Financial Results Presentation Materials)

4 Group Medium-Term Business Plan 2025



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



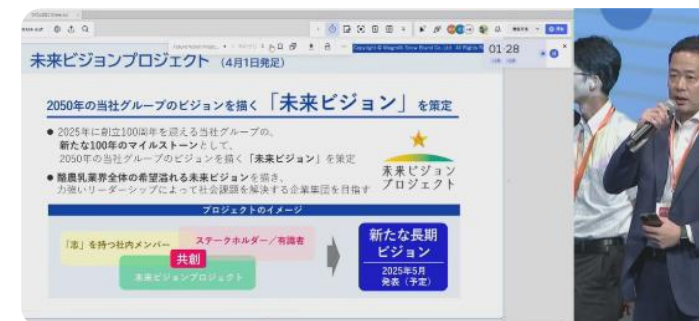
Project image



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Surveys and workshops involving all Group companies



Speeches at food tech events



Since the project's launch, the project members have collected the opinions of a total of **1,600** people in Group companies and collaborated with a total of **2,700** stakeholders inside and outside the Group to facilitate co-creation (The project has been sharing information using the Group's intranet.)

EGAO~MEGUMITOWN

Dairy farming and agricultural area

Developing a Model for Regenerative^{*1} Dairy Farming and Other Forms of Agriculture for the Evolution of the Industry

Regenerative Creating a regenerative society

Promoting the initiatives of each area while mutually utilizing them in Japan and abroad

Space Area

Developing a Food Supply System for New Living Spaces Which Bring Us Excitement

Reciprocally utilizing outcomes from initiatives on the ground and initiatives in space

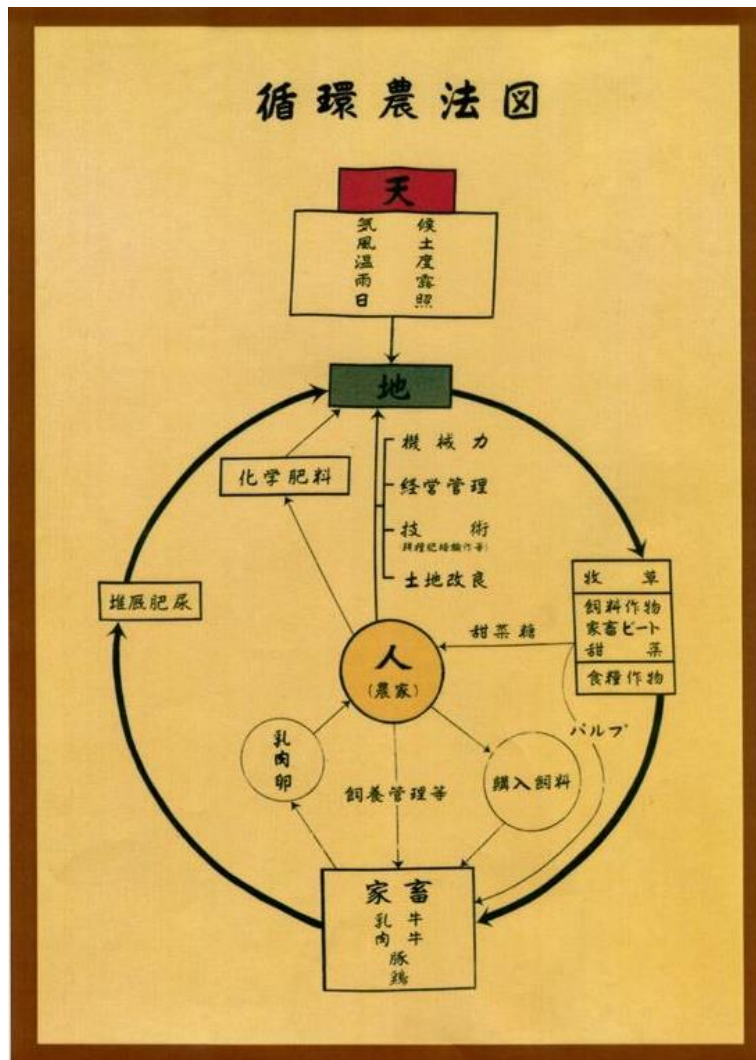
Health area

Extending healthy life expectancy and creating joyful moments

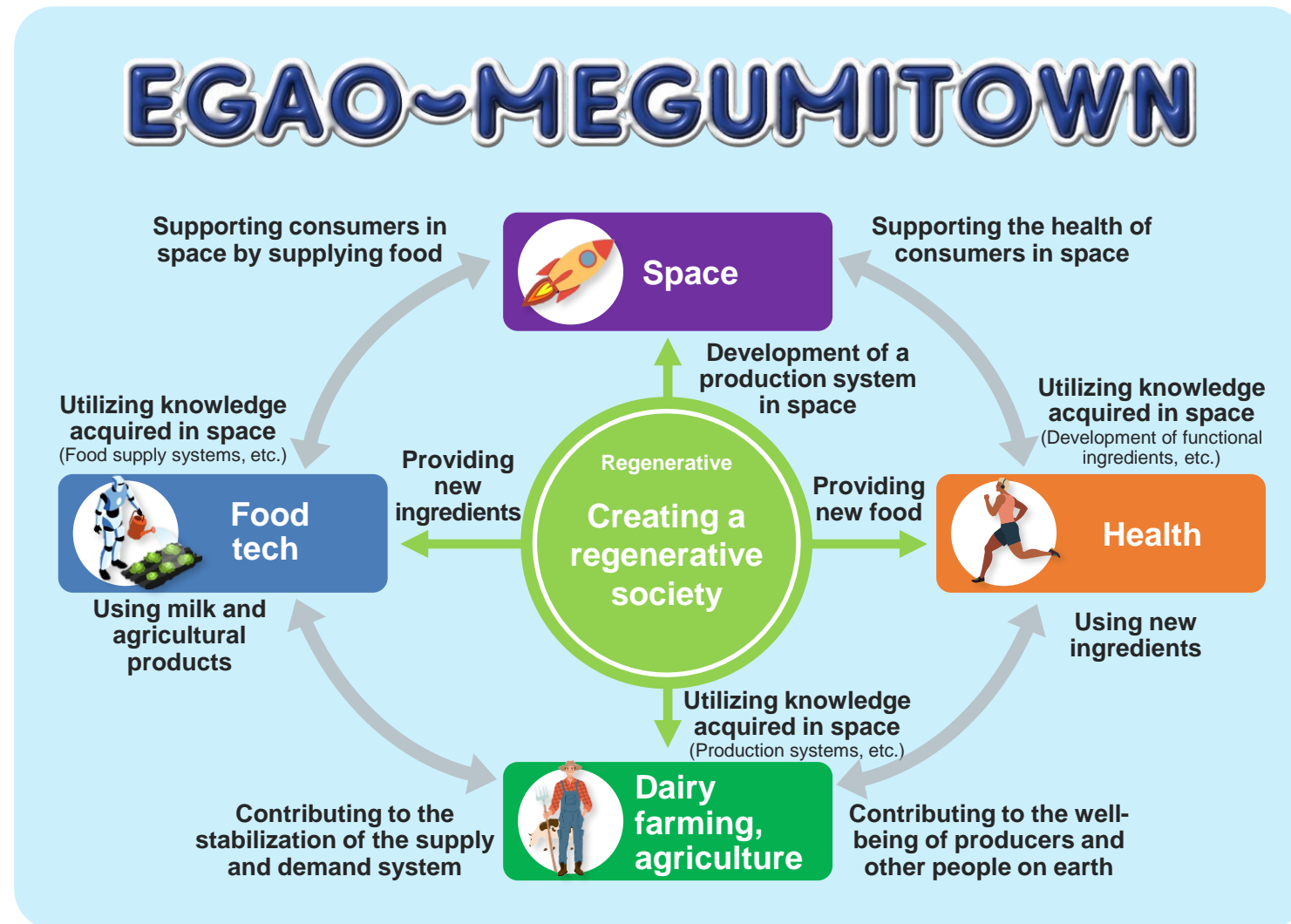
Food tech^{*2} area

Developing a Food Culture beyond Dairy Products by Transforming the Process from Production to Consumption

^{*1} A sustainable positive cycle
^{*2} Cutting edge technologies in the food sector



Circular farming



EGAO~MEGUMITOWN

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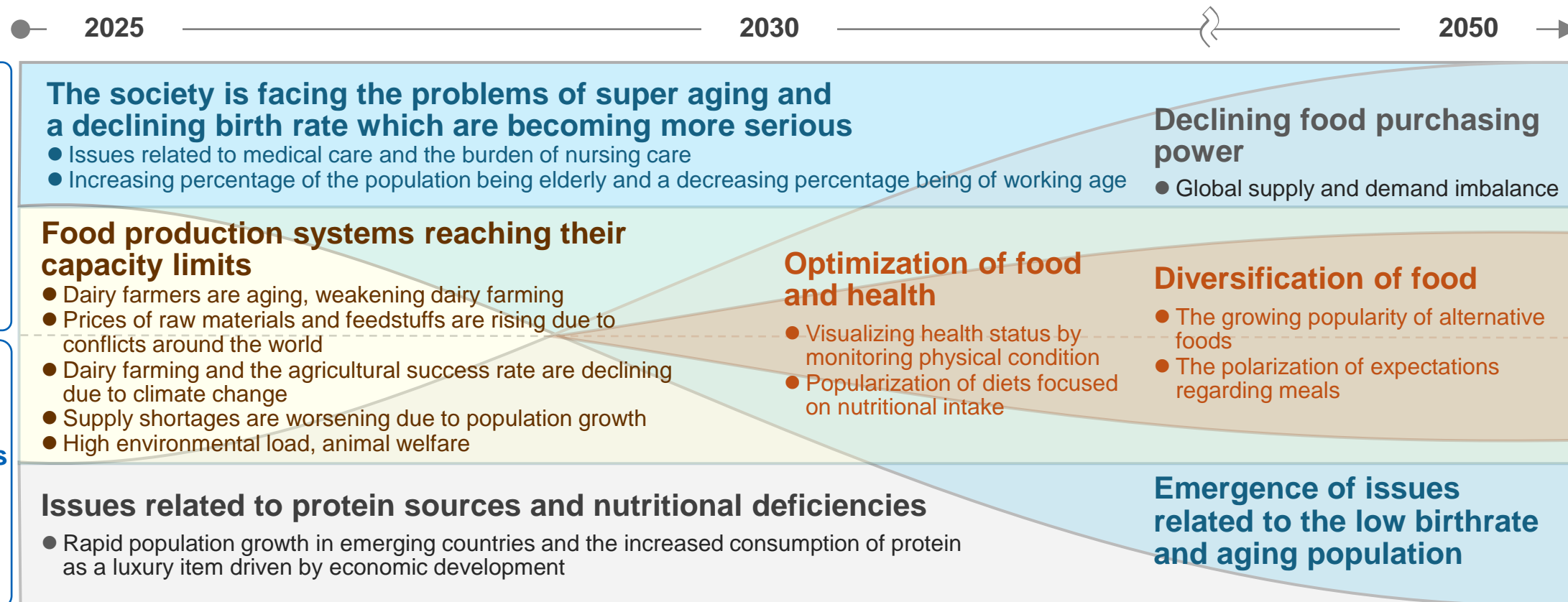
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- 1 Future Vision 2050
- 2 Next Design 2030**
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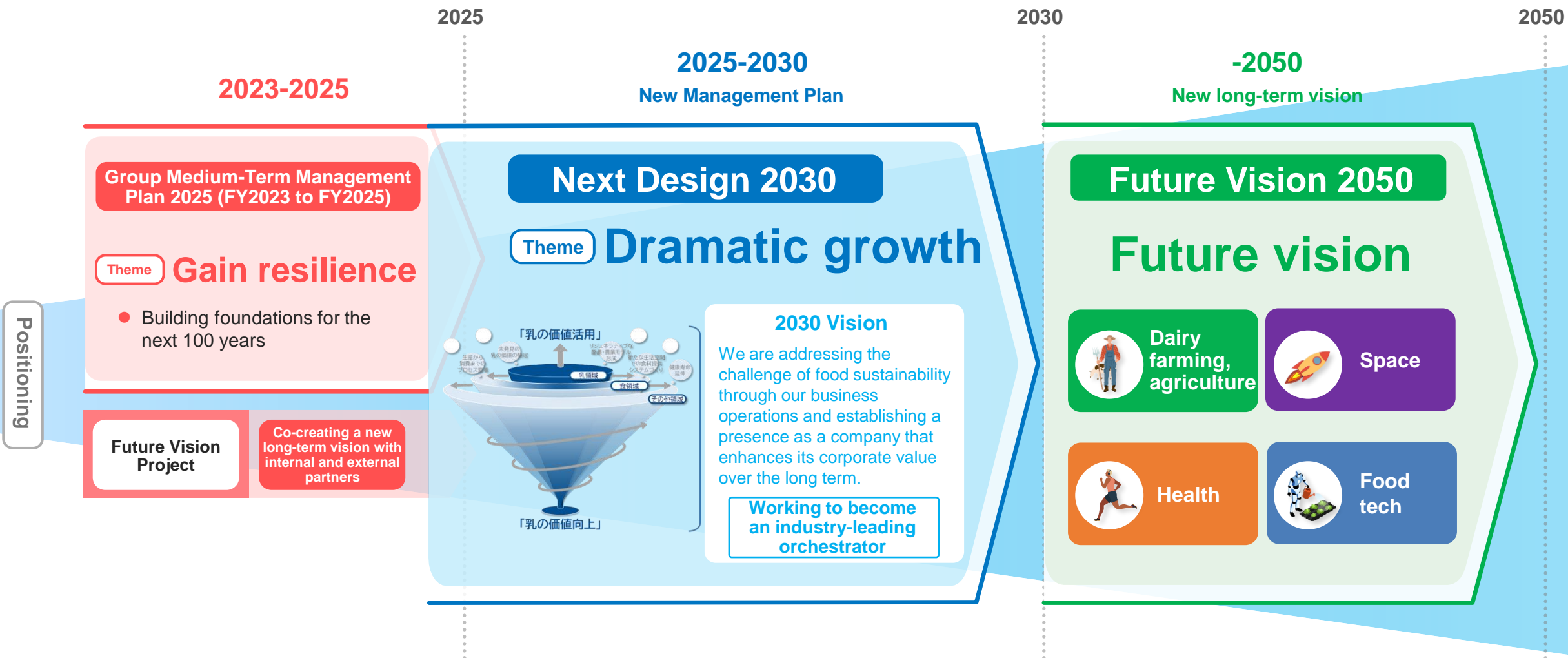
Medium- to Long-term Business Environment Outlook (to 2050)

Medium- to long-term business environment outlook

Social issues becoming increasingly serious in Japan and overseas are expected to become global issues by 2050.



Toward the New Management Plan Next Design 2030



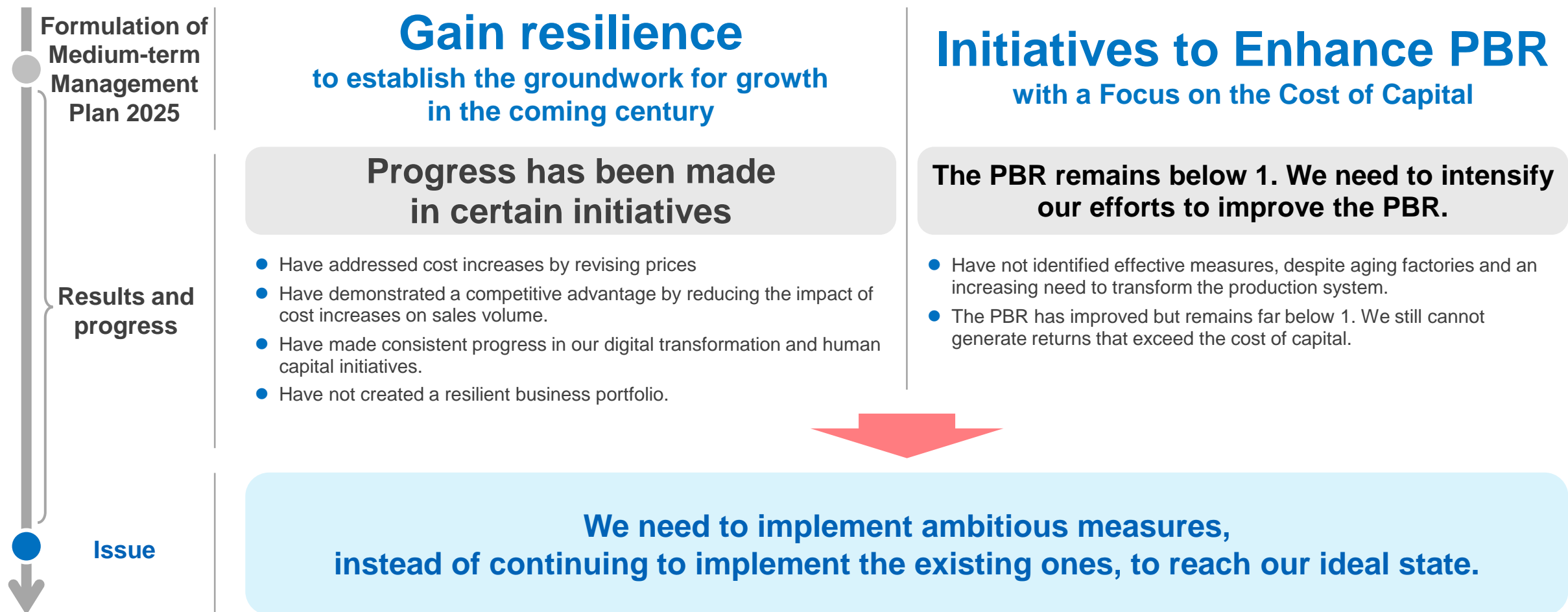
Progress of Group Medium-Term Management Plan 2025: Consolidated Management Indicators

	Group Medium-Term Management Plan 2025			(Billion yen)
	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Initial Target
Net sales	584.3	605.4	615.8	665.0
Operating profit	13.0	18.4	19.1	20.0
Operating Profit to Net Sales	2.2%	3.0%	3.1%	3.0%
EBITDA	30.2	36.0	36.4	38.5
				Level (Target)
Amount Invested	19.5	17.1	17.4	Approx. 70.0- (total over 3 years)
ROE* ¹	4.0%	5.1%	5.4%	More than 6.0%
ROIC	3.2%	4.5%	4.5%	-
Equity ratio	51.9%	53.8%	56.8%	More than 50%
Dividend payout ratio* ¹	48.0%	47.4%	42.1%	More than 40.0%
PBR* ²	0.6 times	0.8 times	0.7 times	-

*1 ROE and the dividend payout ratio are on a basis excluding gains on asset sales. The FY2024 dividend payout ratio does not include the commemorative dividend. ROE is displayed as adjusted ROE hereafter.

*2 Calculated based on the closing share price on the last day of the fiscal year

Reviewing Group Medium-Term Management Plan 2025: Remaining issues



2030 Vision: Social Issues We Recognize

Our Purpose

Kendo Kenmin

(“a healthy earth ensures human health”)

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



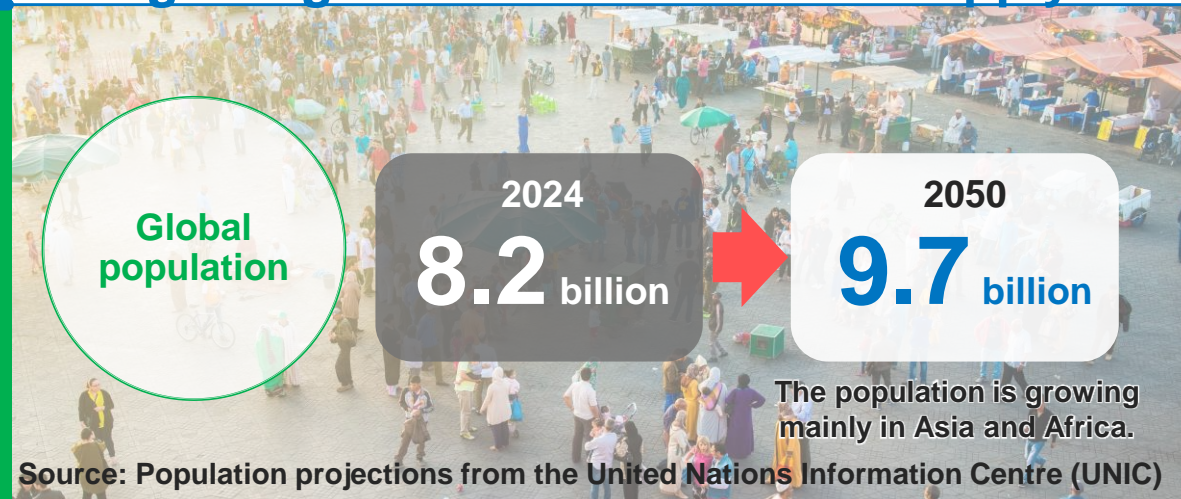
The social challenge that we believe will be the most significant from now until 2030

Achieving food sustainability

We will address this challenge to increase our corporate value.

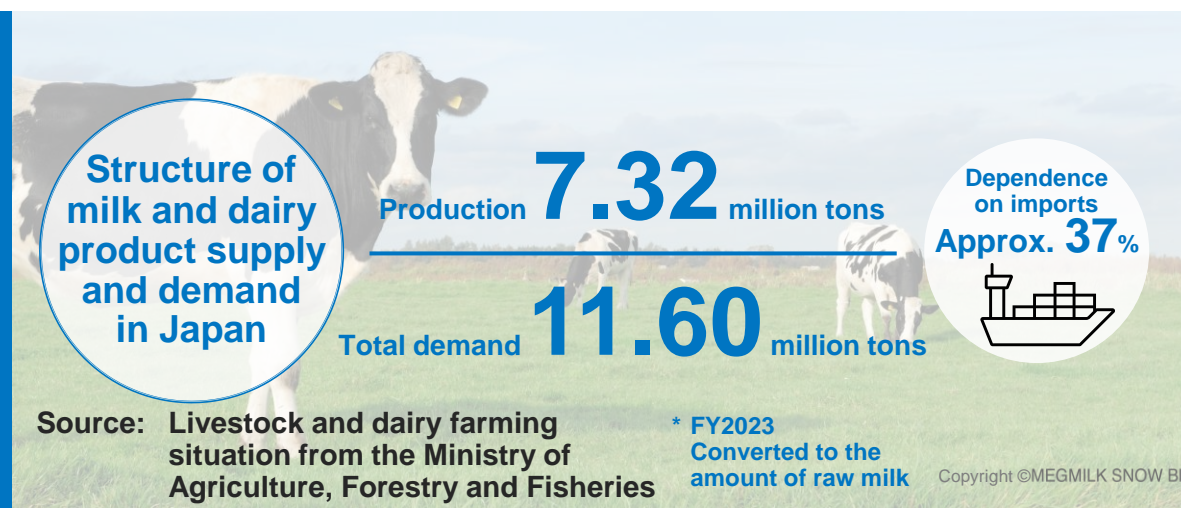
Working Towards the 2030 Vision: Recognizing Issues Related to the Supply of Food

Global

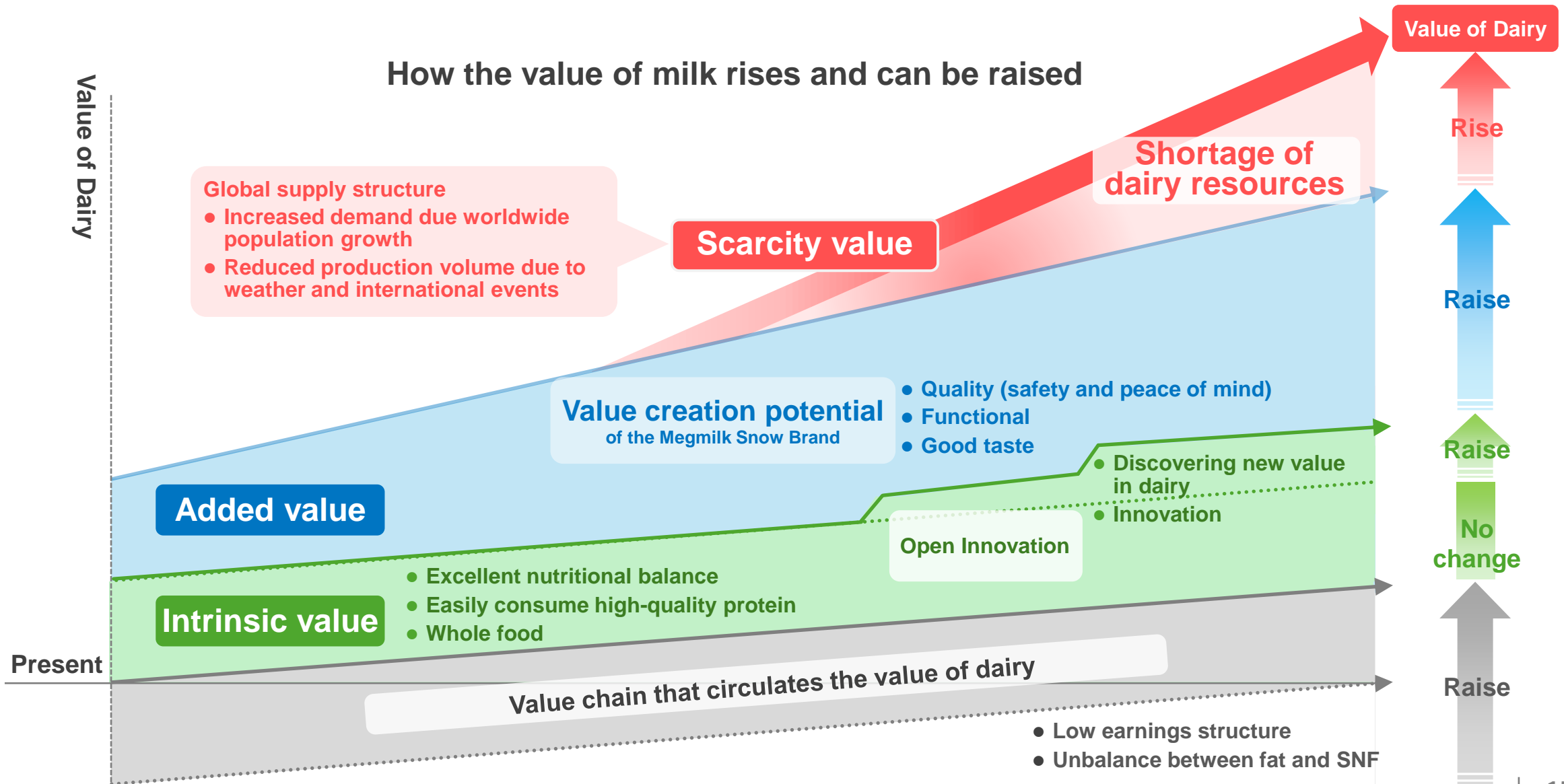


What should we do to achieve food sustainability?

Japan



Working Towards the 2030 Vision: Model to Increase the Value of Dairy



Working Towards the 2030 Vision: Next Design 2030 Concept

Drastically transforming Megmilk Snow Brand's assets

- Ultra-evolution of production systems with new ideas
- Investing in intangible assets to enhance competitiveness



Raising the value of dairy



Dramatically transforming the value of dairy and its supply-demand structure

- The issue of unbalance between Fat and SNF..... ▶ Expand cheese
- Enhance our presence, create demand and raise value recognition.... ▶ Improve the profitability of milk and milk-based beverages
- Earn fair profit by expanding the value we provide to society..... ▶ Apply technologies and knowledge to new areas (alternative foods, overseas)

Strengths that
make it possible

No.1 in Cheese

Distribution capabilities for milk
and milk-based beverages

Unique ingredients / lactic acid

Production
technologies

Synchronizing solutions to social issues with economic efficiency



Achieving food sustainability

Improving corporate value

Working Towards the 2030 Vision: Next Design 2030 Concept

Drastically transforming Megmilk Snow Brand's assets

Evolve production systems with new ideas

- ☑ **Dramatically improve production efficiency by implementing joint ventures or reorganization at 20-30% of domestic manufacturing plants**
- ☑ **Reorganize into next-generation plans (dairy products)**
 - Expand domestic added-value cheese
 - Development of innovative products (including the utilization of subsidiaries and external resources)
 - Solving manufacturing issues (labor shortages)
- ☑ **Evolve into a sustainable value chain (retail milk and dairy products)**
 - Line consolidation, consignment and transfer to joint ventures (end of production at the Kobe Plant, collaboration with Satsuraku Agricultural Cooperative, etc.)
 - Extended used by dates, packaging at the production site, introduction of one-way containers

Strengthen the sales structure by utilizing Group functions

- ☑ **Turn Group company wholesaler Mitsuwa Distribution Industry into a sales company**

Investing in intangible assets to enhance competitiveness

- ☑ **Invest in becoming the brand chosen by consumers**
 - Corporate brand investment to enhance brand value (Proactive messaging about the new corporate identity, recognition of brand value)
 - Strengthening of sustainability initiatives (renewable energy, elimination of plastics, etc.)
 - Investment in human resources (improved engagement, DE&I)
- ☑ **Research and development investment**
 - Exploring new ingredients and functions, extending used by dates
- ☑ **Productivity transformation through DX investment**
 - Data-driven management, building and utilizing data lakes
 - Expand to group companies
 - DX human resource development

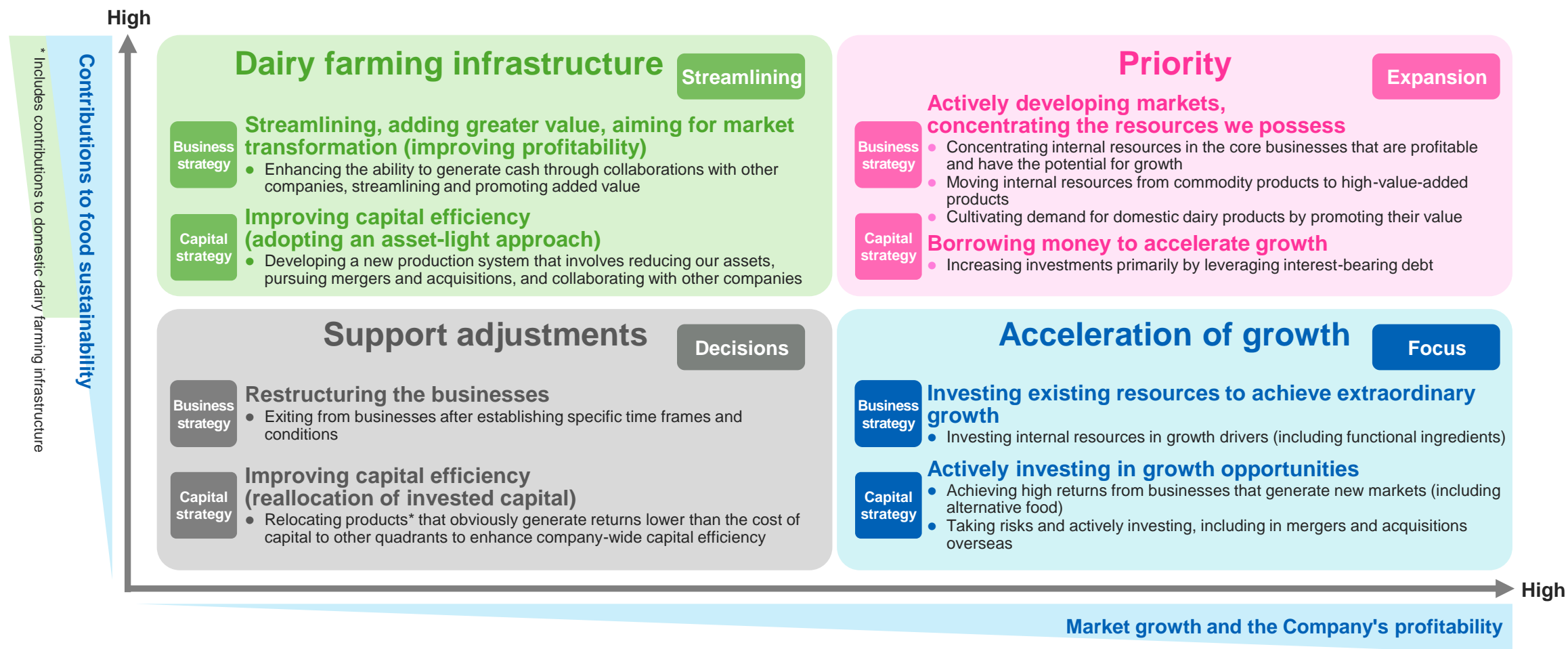
Investment amount: approx. 20 billion yen
(total over 6 years)

Capital investment: approx. 3 billion yen
(total over 6 years)

Connect these measures with business portfolio transformation

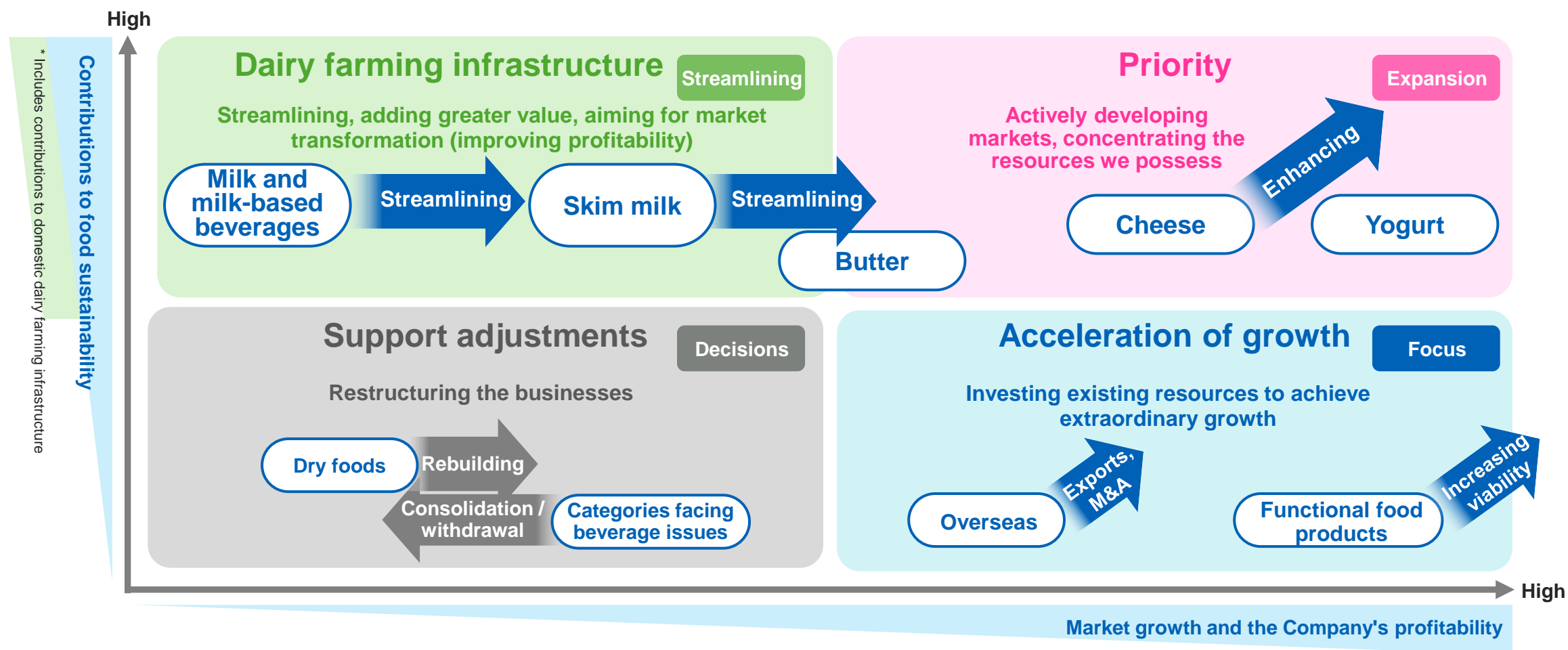
2030 Vision: Direction of Business Portfolio Transformation

We strive to enhance capital efficiency and add greater value in areas that support food sustainability. We aim to further expand our priority and growth areas.



2030 Vision: Direction of Business Portfolio Transformation (Specific Examples)

In the support adjustments category, we will restructure businesses by outsourcing and withdrawing from them. At the same time, we aim to expand the priority and growth categories.



To Business Portfolio Transformation

— Evolve production systems with new ideas —

Capital investment to increase cheese production

Investment amount: approx. 47.5 billion yen (2 plants total)

Phased commencement of
operations from the first half of 2028

Nakashibetsu Plant

Commencement of operations
from the first half of 2028

Ami Plant



Conceptual rendering of the
completed Nakashibetsu Plant

Overview
of
Investment

- Introduction of manufacturing equipment for high added-value cheese
- Expanded capacity for powdered milk equipment
- Reduced environmental impact
- Improving productivity
- Enhancing flexibility in personnel rotations

Pursue the expansion of cheese through product development that generates new demand



Nakashibetsu Plant

Increased production of natural cheese

- Introduction of equipment to increase cheese production
- Supply of raw ingredients areas outside Hokkaido

Upgrading of powdered milk equipment

- Adapt to future production increases and expand capacity to around three times that of current levels



Ami Plant

New cheese production leveraging our strengths

- Producing high value-added cheese using Hokkaido cheese as the raw ingredient



Improving the
demand imbalance
between
fat and SNF

Business Strategy: List of Strategic Issues

We will implement **seven** key strategic initiatives in **four** strategic pillars.

Four strategic pillars

Seven strategic initiatives

Future Vision 2050

1

Nurturing seeds consistently and visualizing growth and returns

Cultivating and harvesting the fruits of growth

↑ Creating seeds for new growth

Enhancing overseas operations

Increasing profits from functional ingredients and cheese production in Southeast Asia

Developing key functional products

Utilizing functional milk ingredients to address health requirements

Expanding alternative food

Establishing it as a source of revenue

2

Developing a sustainable structure by increasing quantity and adding value

Transforming the structure to increase the value of the dairy industry

↑ Expand quantity by utilizing platform

Taking thorough measures to increase demand for cheese

Enhancing competitiveness by generating new demand

Expanding the presence of milk and milk beverages

Leading the transformation of the structure of the milk and dairy products market

3

From maintaining to regenerating

Developing regenerative dairy farming

↑ Strengthen and support domestic dairy farming production platform

Initiatives to increase the demand for self-sufficient feedstuffs

Engaging in research and businesses that contribute to the advancement of dairy farming

4

New

Giving our knowledge back to society

The evolution of our connections with society

Application in other businesses

Applying our expertise and operations in the dairy industry in other businesses



Food tech

Establishing a food culture in sectors outside of the dairy industry



Health

Fostering joyful moments



Dairy farming, agriculture

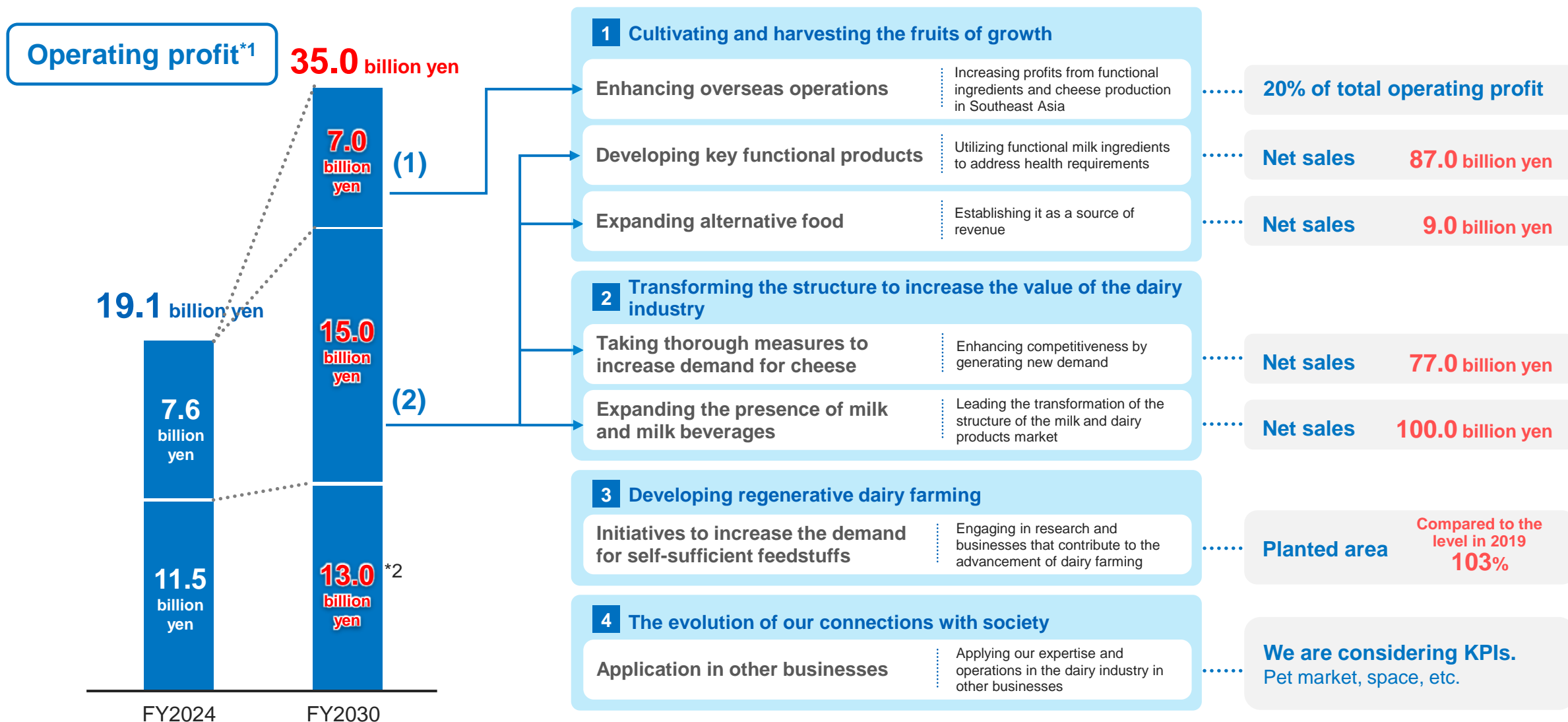
Industry evolution



Space

Providing excitement

Business Strategy: Overall KPIs for Strategic Issues



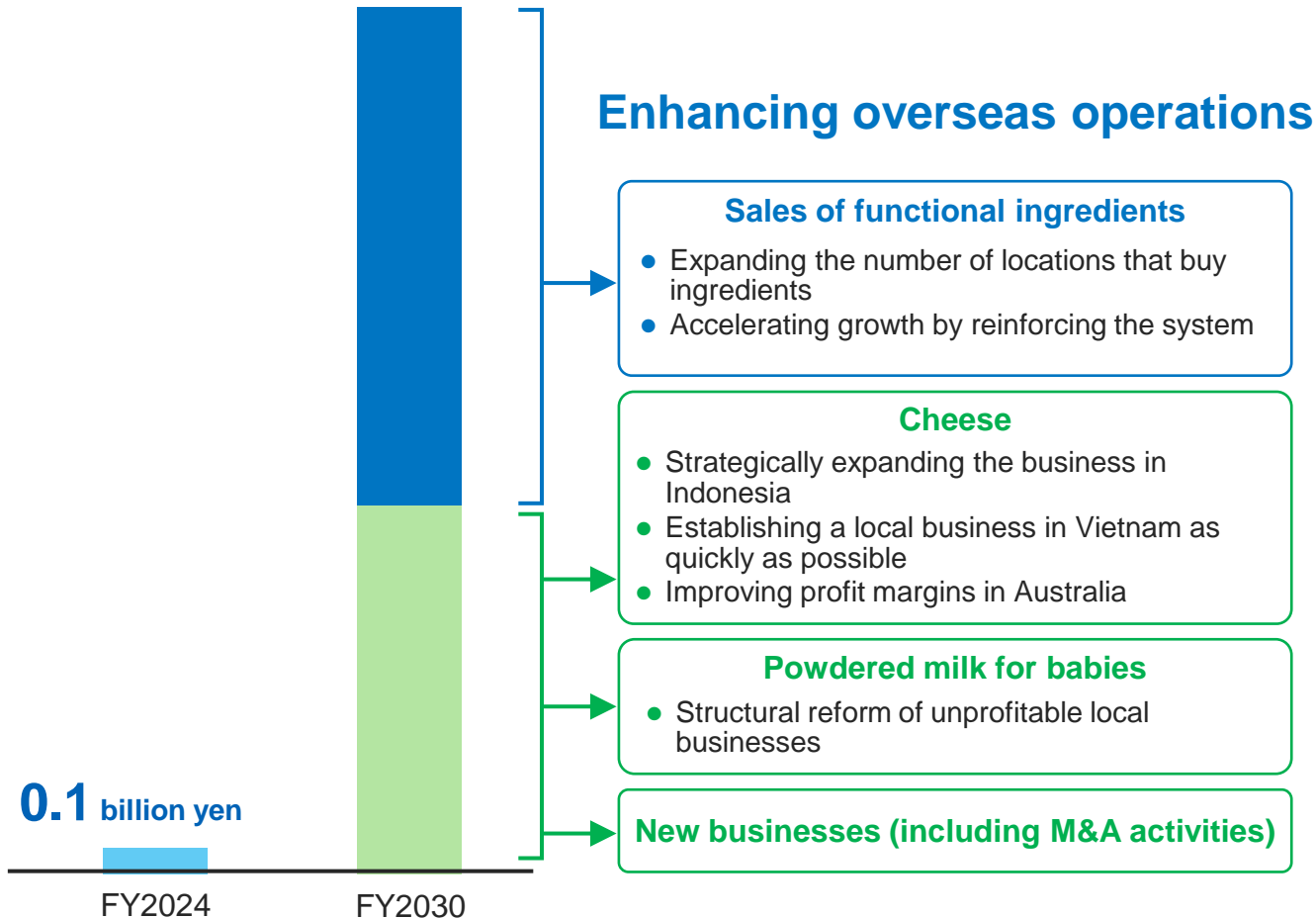
*1 Operating profit excluding the impact of accelerated depreciation increasing due to streamlining decisions

*2 Includes growth of existing areas not mentioned above (butter, margarines, feedstuffs and seed products, etc.)

Business Strategy and Fundamental Strategy (1): Overseas Business

Operating profit*

7.0 billion yen



Fundamental strategies

Investments in intangible assets that will enable the effective implementation of business strategies

Innovation

- Achieving safety standard certification, including GRAS (Generally Recognized As Safe)
- Health claims in different countries

Communication

- Disclosing more information

Utilization and growth of human capital

- Identifying suitable candidates for jobs through internal application processes and nurturing their development
- Hiring external talent

DX promotion

- Enhanced management of local businesses

* Operating profit excluding the impact of accelerated depreciation increasing due to streamlining decisions

Business Strategy and Fundamental Strategy (2): Domestic Growth Areas

Operating profit*

15.0 billion yen

7.5 billion yen

FY2024

FY2030

Taking thorough measures to increase demand for cheese

- Development of domestically produced value-added NC equipment and evolution of production systems

Expanding the presence of milk and milk beverages

- Increasing market share by addressing diverse needs
- Streamlining the supply chain through coordination and collaboration with other companies

Developing key functional products

- Entering new markets
- Expanding the range of products that meet health needs by focusing on research and development

Expanding alternative food

- Firmly establishing plant-based foods as a new revenue source
- Making it the leader in the plant-based yogurt market

Fundamental strategies

Investments in intangible assets that will enable the effective implementation of business strategies

Innovation

- Developing innovative products
- Transforming the Group's organizational structure (turning wholesaler subsidiaries into sales companies)
- Utilizing health big data

Communication

- Using the PDCA cycle to enhance brand value

Utilization and growth of human capital

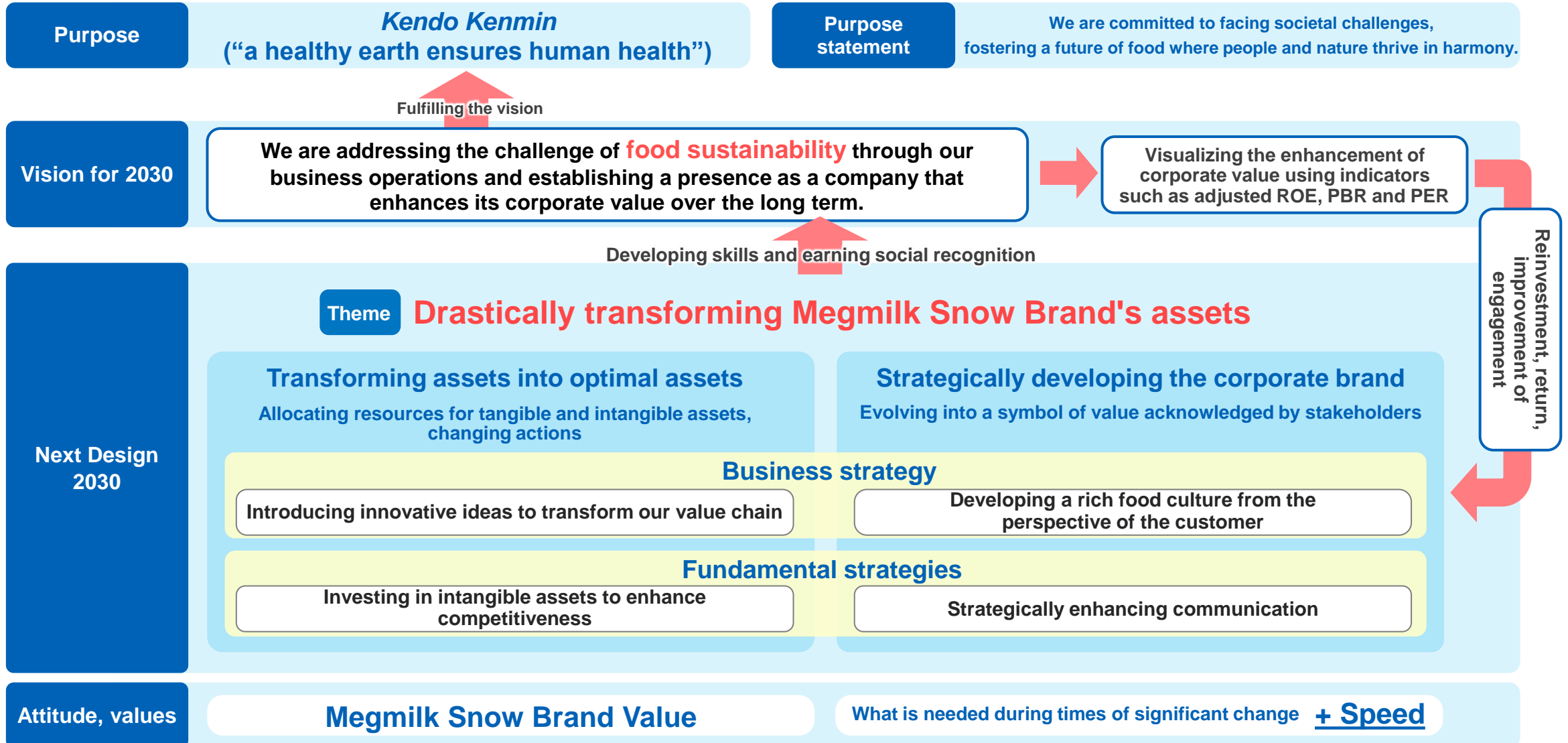
- Promoting DE&I and improving employee engagement

DX promotion

- Dramatically improving labor productivity
- Implementing data-driven management and human resources management

* Operating profit excluding the impact of accelerated depreciation increasing due to streamlining decisions

Working Towards the 2030 Vision: Overview of Next Design 2030



Management Indicators: Commitments and the Key Indicators to Help Fulfill Them (List)

Aiming to fulfill commitments based on our basic financial policy

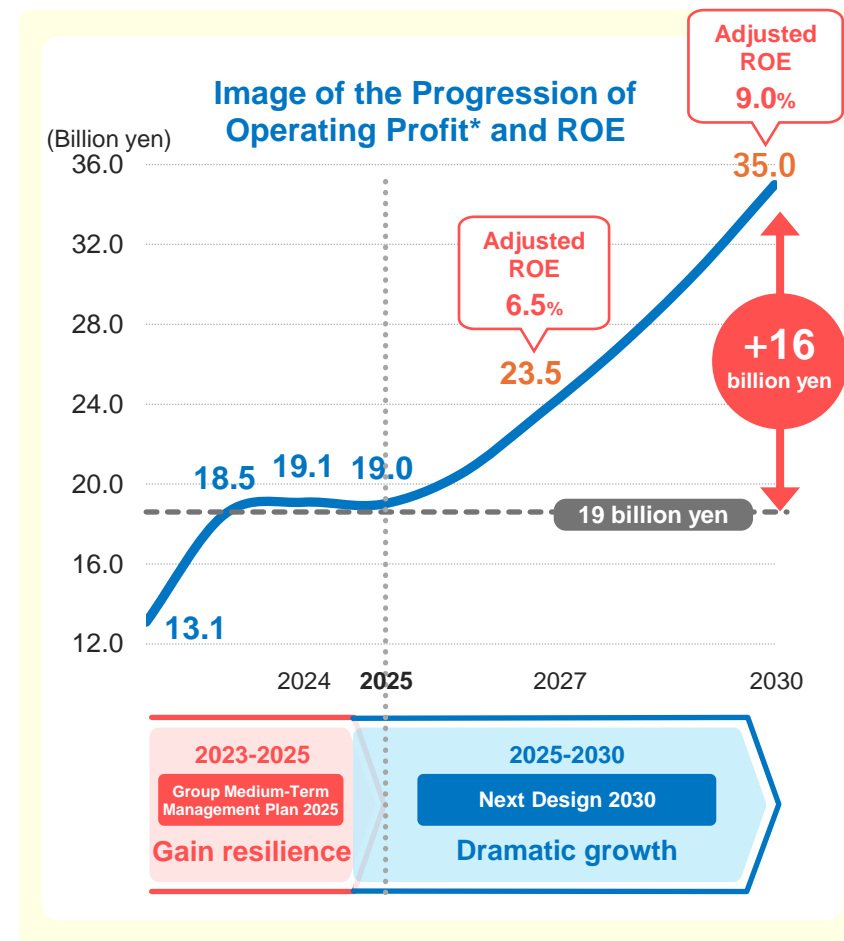
Basic Policy

Maintenance of financial soundness
(continue to have an A rating in external assessments)

Reducing assets and investing in the business foundation and growth by utilizing interest-bearing debt

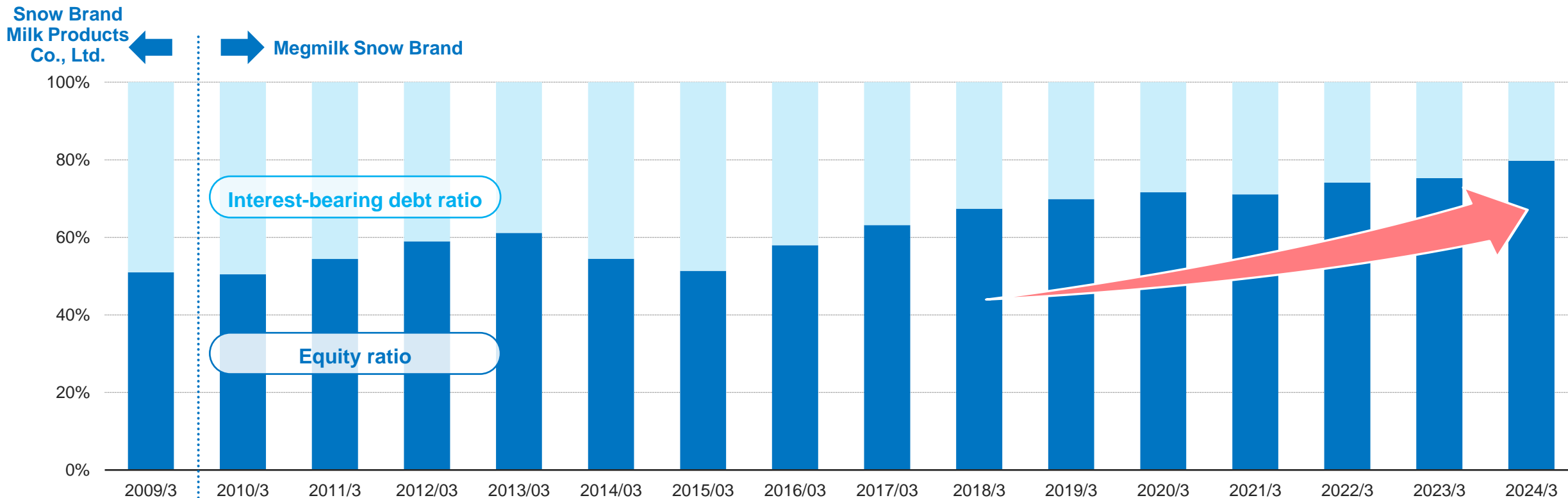
Distributing dividends consistently and buy treasury shares flexibly

Items	Indicator and target	Full-year Results of FY2024	Intermediate milestone (FY2027)
Commitments	Adjusted ROE:	9.0%	6.5%
	ROIC:	6.0%	5.5%
Key indicator targets we need to achieve to fulfill our commitments	Twenty to thirty percent of the domestic production bases collaborate with other companies or undergo restructuring.		
	23 bases		
	Leverage:		
	Net D/E ratio:	approx. 1.5 times	1.2 times
		approx. 0.5 times	0.1 times
	NOPAT:		13.3
	Operating profit*:	approx. 25 billion yen	billion yen
		approx. 35 billion yen	19.1 billion yen
	Invested capital:		295.8
		approx. 410 billion yen	billion yen



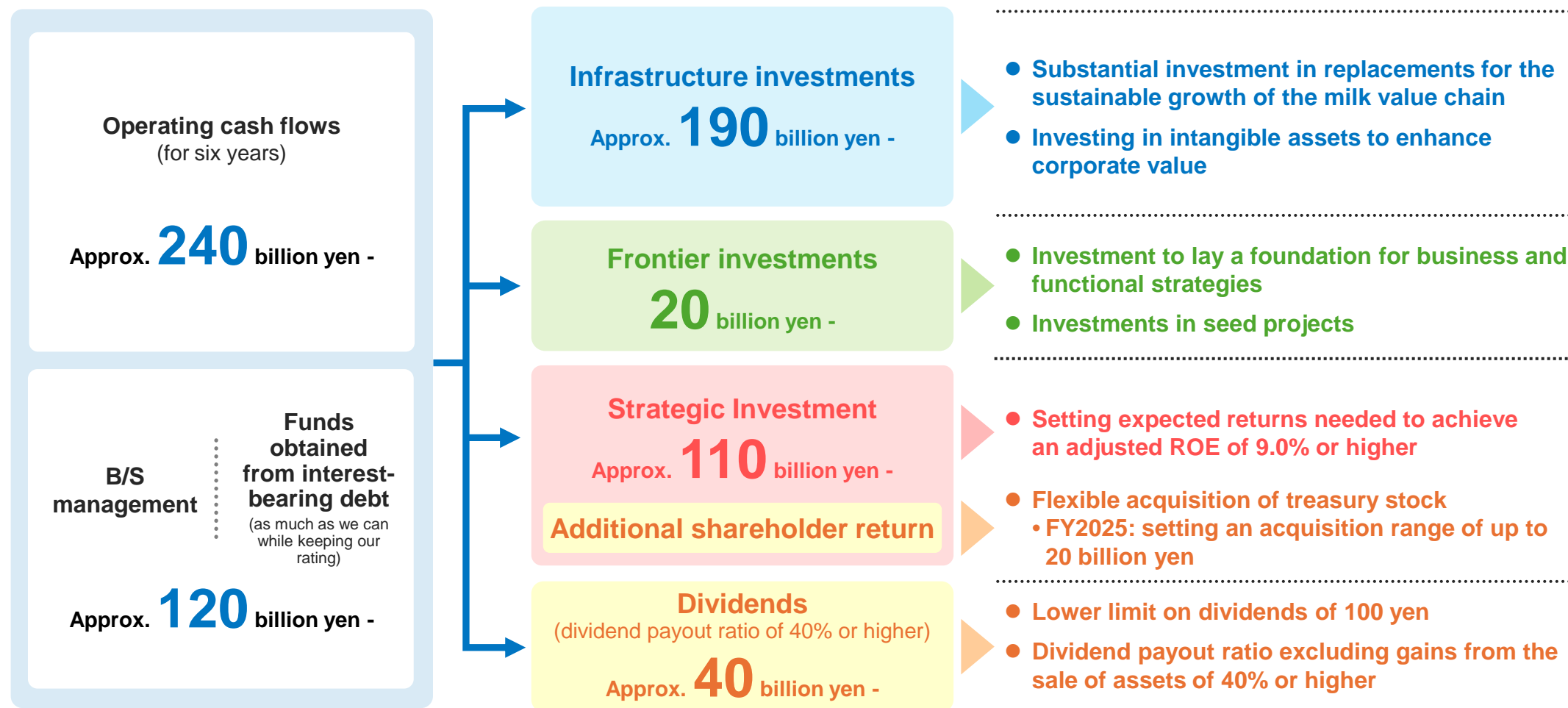
* Operating profit excluding the impact of accelerated depreciation increasing due to streamlining decisions

Investment Policy: Recognition of the Current Financial Status



- The interest-bearing debt ratio has been consistently decreasing to record-low levels due to the creation of stable operating cash flow.
- We have transitioned from the stage of accumulating shareholders' equity to the stage of utilizing it and enhancing corporate value.
- We create strategic criteria for allocating cash and investing to achieve an ROE of 9% or higher utilizing the sale of assets and interest-bearing debt.

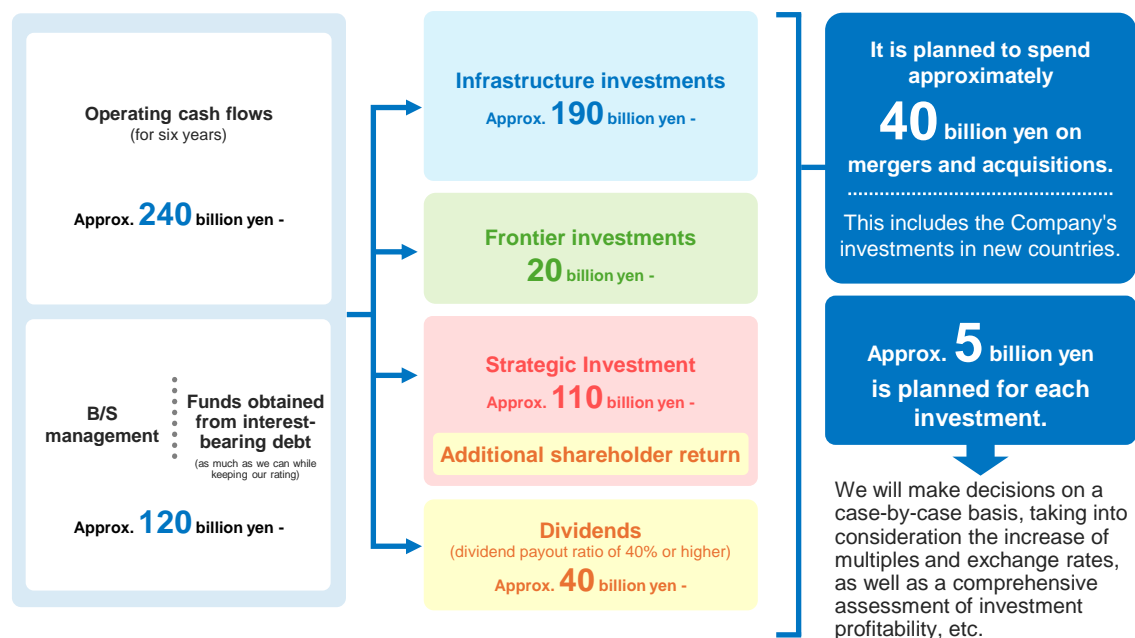
Investment Policy: Basic Approach



Investment Policy: M&A Utilization Guidelines

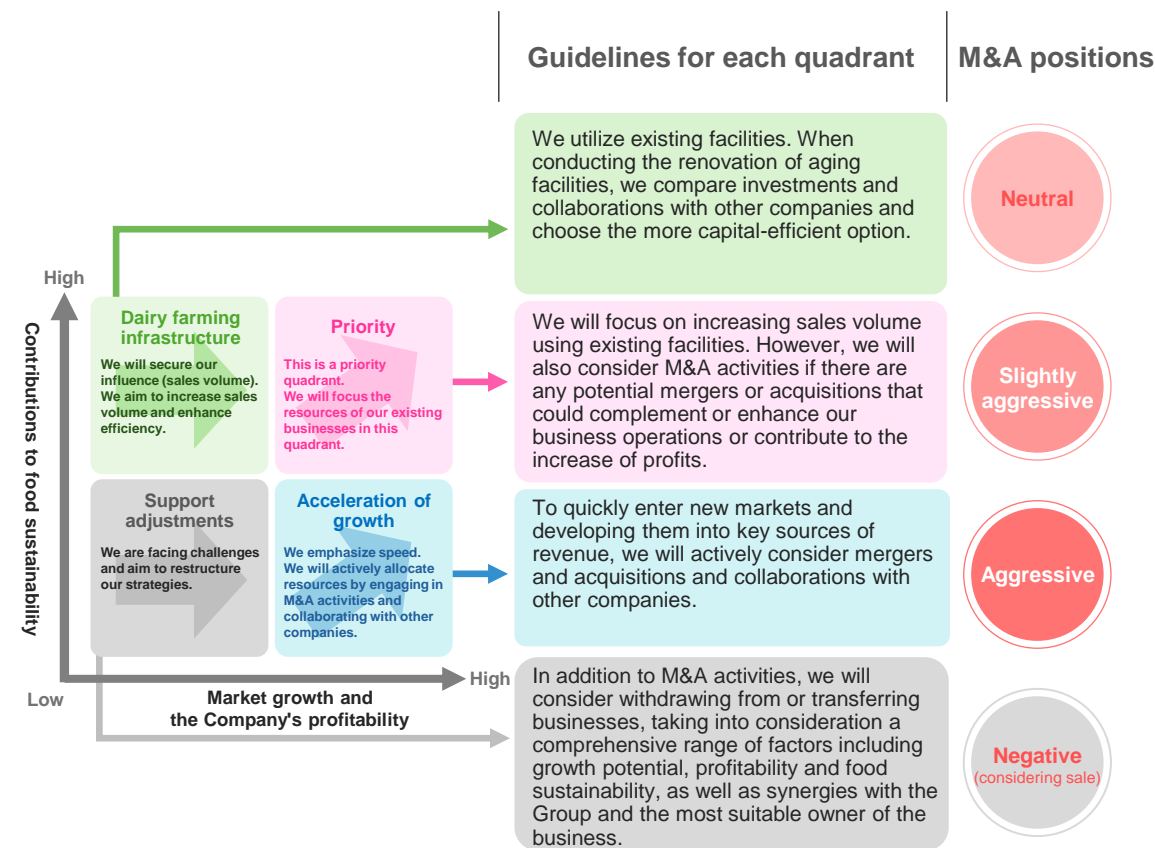
1. Basic policy

- To achieve an adjusted ROE of 9.0% as quickly as possible, we will actively pursue mergers and acquisitions in areas where the Group can create synergy or expand its business domain.
- Priority areas ► overseas business, products with added functions, PBF, innovations



2. Our M&A policies for different categories in the business portfolio

- We have established M&A guidelines and positions for each quadrant of our business portfolio.



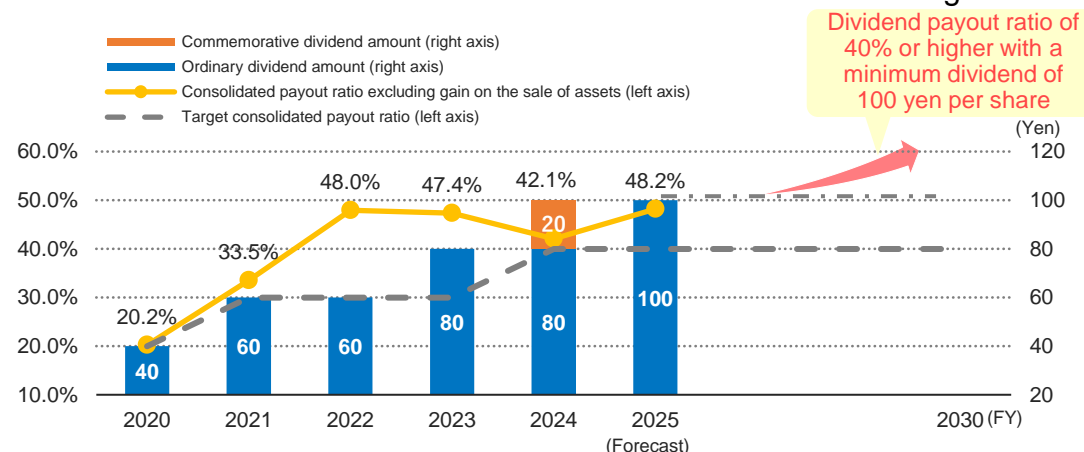
Capital Measures and Asset Efficiency Improvements

After making growth investments utilizing operating cash flow, balance sheet management and interest-bearing debt, we will also improve shareholder returns.

Capital policies

Dividend policy

- Set a **lower limit of 100 yen**
- Dividend payout ratio excluding gain on the sale of assets of 40% or higher



Treasury stock acquisition policy

- We will **engage in the flexible acquisition of treasury stock to improve capital efficiency**, taking into account the share price, our capital structure, and funding needs for growth investments.
- All acquired treasury shares are expected to be canceled.
- FY2025: A treasury stock acquisition range of up to 20 billion yen has been set.

Approach to capital structure

- Gradual optimization toward a target net DE ratio of 0.5 in line with the status of investment

Improved asset

Cross-shareholdings

- Cross-shareholders are scheduled to be sold to ensure they account for **less than 10%** of net assets for FY2025.
- (An expected extraordinary gain of **24.5 billion yen** has already been factored in to the forecast of consolidated financial results.)

Idle assets

- The sale of idled assets will be considered, including plant restructuring and head office relocation.



MEGMILK SNOW BRAND

Love Earth. Love Life.



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.

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Future Vision 2050: Dairy farming and agricultural area

Challenge: Developing a Model for Regenerative Dairy Farming and Other Forms of Agriculture for the Evolution of the Industry

GOAL

We will act as a director in dairy farming and other agriculture to promote co-creation and drive the evolution of the industry.

Actions

Directing the development of a system that will transform dairy farming and other fields of agriculture into cutting-edge businesses

We will establish a foundation for regenerative dairy farming and other forms of agriculture by organizing dairy farming, agriculture and agritech*1 companies and providing consulting services to dairy farmers and other agricultural producers.

We will accelerate innovation in dairy farming and other fields of agriculture by introducing cutting-edge equipment and developing and using new technologies, such as genome editing. Additionally, we will focus on human resource development through collaborations between industry and academia. We aim to share this Japanese model with the world.

Contributing to society through dairy farming and other fields of agriculture

Conserving land by utilizing abandoned farmland

Providing animal therapy programs and promoting collaboration between people working in agriculture and welfare utilizing tourist ranches and other facilities

*1 Cutting-edge agriculture technology

Everyone's ideal image



Dairy farmers and other agricultural producers

- They enhance business performance by stabilizing production infrastructure.
- Fewer time and place constraints make farming jobs even more attractive.



Consumers

- They have consistent access to food.
- They enjoy fulfilling lives thanks to dairy farming and other fields of agriculture



Institutions focusing on research and education in dairy farming and other fields of agriculture

- They share advanced models of dairy farming and other fields of agriculture with more farmers, which enhances the appeal of the agriculture industry and increases participation.



Government

- They improve food self-sufficiency
- They transform Japan into a food-exporting country.
- They revitalize local communities.
- They establish a regenerative farming approach to protect the environment.

Vision for Megmilk Snow Brand (the Group's employees) in 2050

- ☑ More employees realize that the Group contributes to society by aiding in the development of dairy farming and other fields of agriculture and say that they are proud of this when speaking to their families and friends.
- ☑ The social status of dairy farming, other forms of agriculture and dairy manufacturing improves, which results in higher incomes.



Future Vision 2050: Food Tech Area

Challenge: Developing a Food Culture beyond Dairy Products by Transforming the Process from Production to Consumption

GOAL

We will enhance the development, production and supply systems for milk and other new products and services.

Actions

Ambitious research into technologies to generate new value

Collaboration with innovative technology hubs and food tech companies to research new value-creating technologies

Creating a foundation (system) for delivering new value

Transforming production systems using robotics, IoT, AI, etc. and transforming delivery systems in collaboration with logistics and distribution companies

Fostering a food culture

Addressing changes in consumption habits and patterns and fostering a new food culture through two-way communication with consumers

Everyone's ideal image



Consumers

- They enjoy optimal food, achieve physical and mental health and realize happiness.
- They enjoy experiencing a new food culture.



Co-creation companies

- The results of open innovation and collaboration become widespread
- New technologies become common in other industries



Workers in the food industry

- The revitalization of the food market stabilizes the lives of the people involved, leading to greater pride in their income and occupation.



Government

- They reduce food waste and introduce eco-friendly logistics, which contributes to protecting the global environment.
- They build attractive local communities.

Vision for Megmilk Snow Brand in 2050

- ☑ We increase productivity and more flexible ways of working becomes possible.
- ☑ The entire Group cultivates an enthusiastic atmosphere that facilitates innovation.
- ☑ We have many challenging initiatives that enable us to engage in exciting work.



Future Vision 2050: Health area

Challenge: Extending Healthy Life Expectancy and Creating Joyful Moments

GOAL

We will contribute to increasing the proportion of the population that is 100 years of age or older who are healthy both physically and mentally.

Actions

Exploring unknown health needs

We will create a system for conducting joint research with innovative technology hubs, research institutes and local governments and explore unknown health needs.

Meeting diverse health needs by offering personalized products and services*

Developing and selling functional ingredients and products utilizing food tech to promote changes in consumers' behaviors

Promoting well-being on a global scale

Sharing the results of research and development in Japan with the world to enhance the mental and physical health of people around the world

* Providing products and services tailored to meet each customer's individual needs

Everyone's ideal image



Consumers

- Their diverse health needs are met.
- They live an energetic life filled with smiles.



Research institutes, universities

- Open innovation accelerates the process of addressing social issues, including improving healthy life expectancy.



Government

- The working-age population increases.
- Medical expenses decreases.
- Labor shortages are resolved, leading to economic revitalization.

Vision for Megmilk Snow Brand in 2050

- ☑ The Company's initiatives help address health issues for us and our families, which brings us happiness.
- ☑ The growth of our international business enables us to develop a corporate culture that embraces diverse values.



Future Vision 2050: Space Area

Challenge: Developing a Food Supply System for New Living Spaces Which Bring Us Excitement

GOAL

We will apply the advanced expertise we will acquire in space on earth.

Actions

Empirical research

We will engage in joint projects to conduct empirical research aimed at improving the quality of life in the extreme conditions of space.

Activities in space

Supplying existing ingredients (including MBP®) and new ingredients (including cultured milk)

Participating in space farming and ranching projects

Applications on earth

Utilizing advanced recycling-oriented food supply systems developed in space for applications on earth

Everyone's ideal image



Consumers (space)

- People living in space can enjoy delicious food and live comfortably.



Dairy farmers and other agricultural producers

- They create advanced models of recycling-based dairy farming and other types of agriculture to address environmental issues such as climate change and significantly enhance productivity.



Consumers (on earth)

- They enjoy on earth the benefits of new knowledge and the results of empirical research acquired from space projects.



Government

- They establish a stable food supply on earth leveraging the evolution of production technology.
- Food supply systems evolve, leading to accelerated development in space.

Vision for Megmilk Snow Brand in 2050

- ☑ We are excited and motivated by business operations in unfamiliar fields.
- ☑ We have gained new expertise and skills in the process of co-creation.



Business Strategy

(1) Cultivating and harvesting the fruits of growth

Enhancing overseas operations

Increasing profits from functional ingredients and cheese production in Southeast Asia

Developing key functional products

Utilizing functional milk ingredients to address health requirements

Expanding alternative food

Establishing them as sources of expanded revenue

Enhancement
to increase revenue in existing businesses

- Strengthening overseas cheese production affiliates to increase profit
- Increasing exports of infant formula and streamlining overseas production systems for powdered milk, including infant formula

- Increasing domestic BtoB sales of ingredients (Functional products, products for commercial purposes)
- Increasing Hone Care and MBP products

- Establishing plant-based foods as a new source of revenue (the leading brand in the plant-based yogurt market)

Embracing challenges
to seize business opportunities

- Achieving the discontinuous growth of sales of ingredients
- Reproducing and transferring milk VC by establishing local milk production bases
- Increasing exports of dairy products made in Japan
- M&A actions in the Asian dairy product and functional ingredients sales areas

- Research and development of products to meet health needs (beverages and desserts, functional products and lactic acid research)
- Provision of new fermented dairy experiences
- Entering the femcare and athlete markets

- Hybrid products
- Entering the milk alternative protein business
- Agro Snow's alternative ingredients business

Strengths that make it possible

- Technology for developing cheese tailored to consumer tastes
- Increasing certified ingredients, such as U.S. GRAS ingredients and Korean ingredients specified for health use

- Knowledge about functional ingredients and the lactic acid bacteria library developed through many years of research and development
- Marketing and product development capabilities to meet needs, capabilities that we have developed through our online sales business

- Existing assets that make applications possible
- Production technology and quality management developed in the milk production process

Business Strategy

(2) Transforming the structure to increase the value of the dairy industry

Taking thorough measures to increase demand for cheese

Enhancing competitiveness by generating new demand

Expanding the presence of milk and milk beverages

Leading the transformation of the structure of the milk and dairy products market

Enhancement
to increase
revenue in
existing
businesses

- Increasing sales of Sakeru Cheese and soft cheese
- Concentrating management resources on value added products
 - Remodeling or rebranding commodity products

- Asset rationalization through line consolidation, production consignment, joint ventures and other collaborations
 - Asset consolidation, market withdrawal
- Promoting the fundamental value of milk to enhance cash generation
 - Enhancing the power of Megmilk Snow Brand and increasing sales of Mainichi Honebuto
 - Selling more milk and milk beverages in single serving packages
 - Cultivating new users through school meals
 - Transforming home delivery channels (bottle line upgrades, logistics streamlining)

**Embracing
challenges**
to seize business
opportunities

- Development and expansion of domestic high value-added cheese
- Reviewing the product mix and strategically using fat and SNF (solids-not-fat)
- Discontinuous growth through M&A

- Reforming the supply chain structure to adapt to changes in social structure
 - Collaborating with other companies to establish low-cost production systems
 - Enhancing the ability to respond to logistics and environmental issues through extended shelf life, on-site packaging and one-way packaging
 - Streamlining sales activities and demonstrating Group synergy by making the wholesale subsidiary Mitsuwa Distribution Industry a sales company

Strengths
that make it
possible

- Procuring high-quality Hokkaido raw milk
- Production technology for natural cheese
- A large market share that enables us to capture increasing demand

- A nationwide supply network
- A system for procuring dairy products as raw materials ourselves

Initiatives to increase the demand for self-sufficient feedstuffs

Engaging in research and businesses that contribute to the advancement of dairy farming

Application in other businesses

Applying our expertise and operations in the dairy industry in other businesses

Enhancement
to increase
revenue in
existing
businesses

- Making the seed products business a main source of revenue
 - Increasing grass and feed crop seeds to enhance feed self-sufficiency
 - Fostering the growth of the green manure crop, plant growth stimulant and lactic acid bacteria sectors
- Strengthening cost competitiveness
 - Offering blended feed as self-supplied feed
 - Reducing manufacturing costs, exploring potential collaborations with other companies to do so and reviewing the sales structure

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**Embracing
challenges**
to seize business
opportunities

- Increasing the feed self-sufficiency rate
 - Improving research in experimental fields and operation validation farmers and sharing findings
- Addressing social issues, including food security
 - Consulting, support to new farmers
 - Smart dairy farming
 - Taking measures to reduce greenhouse gas emissions

- Entering the pet market
 - Examining the possibility of entering the supplement and raw material markets
- Cheese factories, open labs
 - Producing a diverse selection of small-batch natural cheeses as well as long-aged hard cheeses
 - Joint research with workshops and universities, places for food education
- Space
 - Empirical research on space technology, food and health

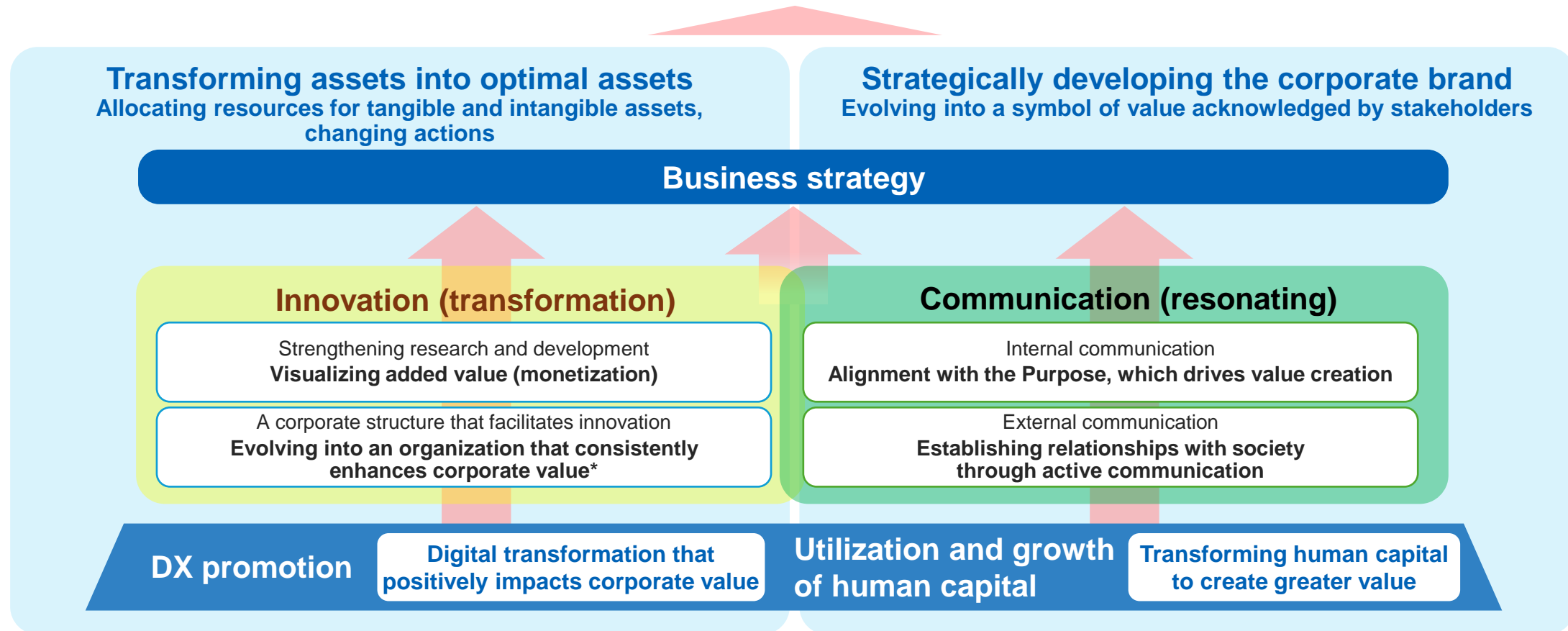
Strengths
that make it
possible

- Relationships with dairy farmers that we have developed over many years
- Snow Brand Seed's sales capabilities (offering comprehensive proposals to producers)

- The agility and influence within the Company of the specialized New Business Creation Dept.
- Seeds that we have developed over years of research

Fundamental Strategy (Functional): Investment in Intangible Assets Enabling Growth

Next Design 2030

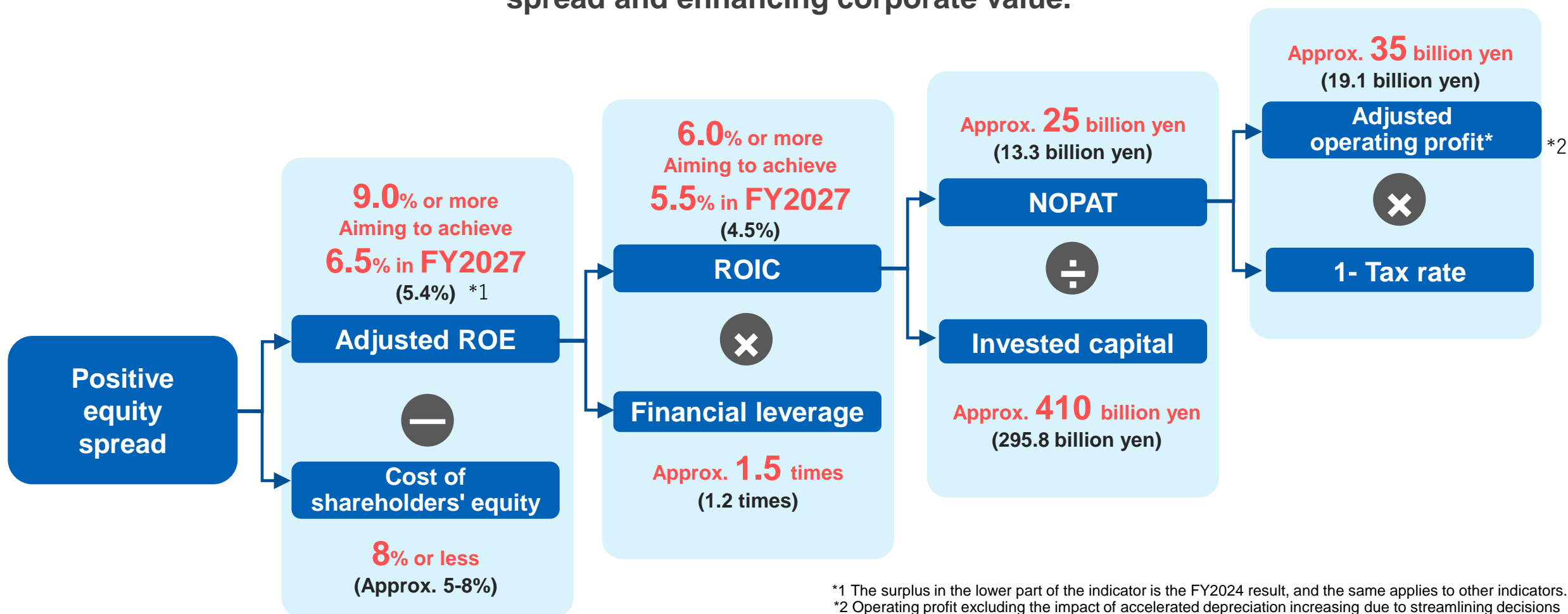


*We consider the promotion of management practices that focus on Return on Invested Capital (ROIC).

To implement business strategies effectively, we will modify our organizational structure to encourage innovation, optimize our assets and strengthen our corporate brand power through proactive communication during the Next Design 2030 period.

Management Indicators: Commitments and the Key Indicators to Help Fulfill Them (Tree)

We are committed to achieving a positive equity spread and enhancing corporate value.



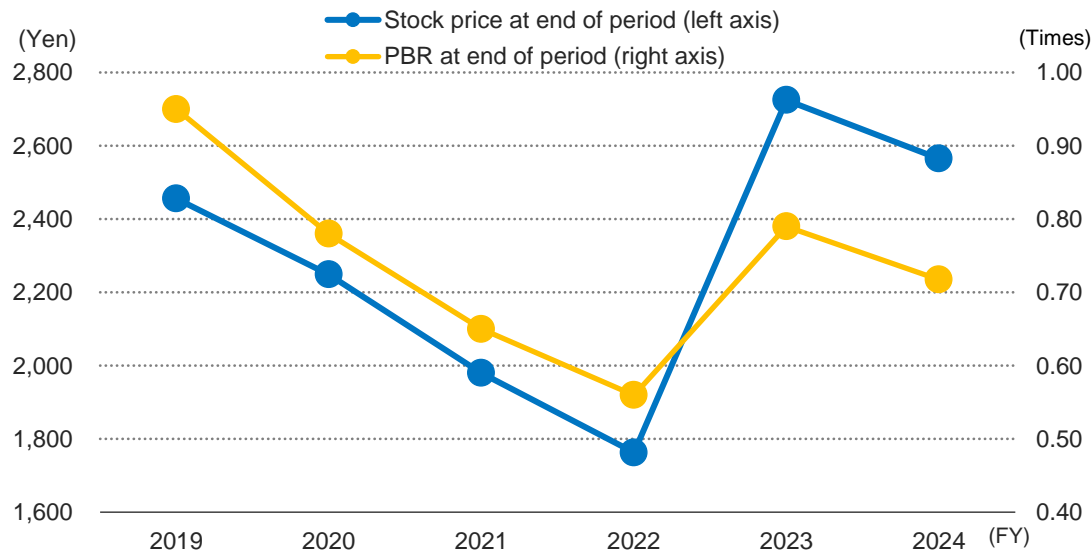
Investment Policy:Key M&A Targets

Priority	M&A guidelines and targets (examples)
Enhancing overseas operations	<ul style="list-style-type: none"> • We aim to conduct mergers and acquisitions in Southeast Asia to acquire sales channels primarily for cheese, MBP® or other functional ingredients.
Developing key functional products Expanding alternative food	<ul style="list-style-type: none"> • We actively seek mergers and acquisitions (including small investments in start-up companies) to monetize the bacterial business. • To quickly enter the alternative food market and develop it into a key source of revenue, we will actively pursue mergers and acquisitions with companies involved in PBF, or precision fermentation or culture.
Other	<ul style="list-style-type: none"> • Establishing production systems through joint ventures and other collaboration with other companies • Forming partnerships with start-up companies involved in dairy farming business or technology development. • Mergers and acquisitions focused on developing interconnected businesses (pet market, space industry, etc.)

Progress of Group Medium-Term Management Plan 2025: PBR/ROE

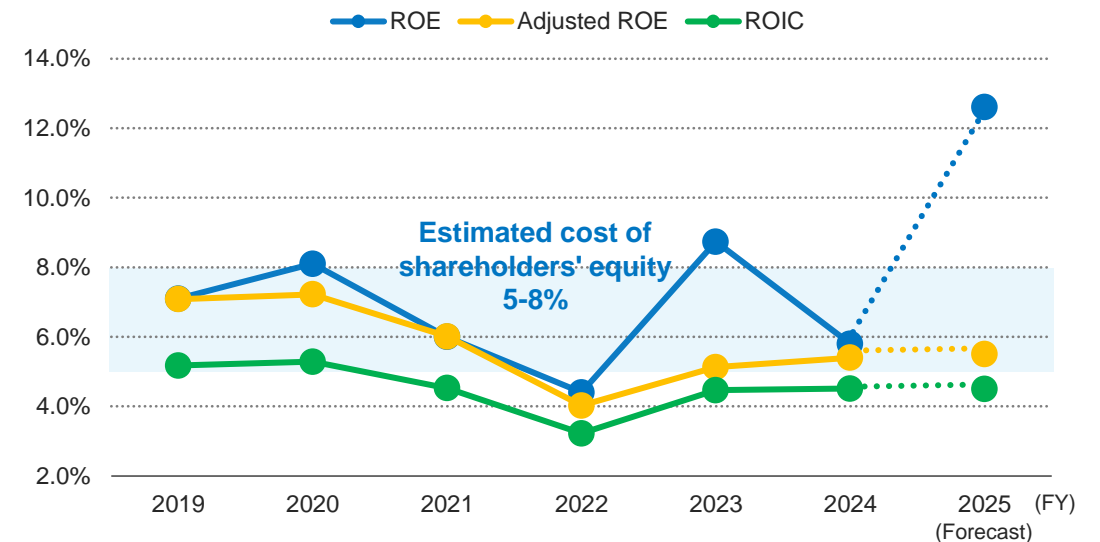
**PBR has continued to remain below 1x,
while adjusted ROE has stayed below the cost of shareholders' equity.**

Share Price at End of Period / PBR



- After rising in FY2023, share prices have settled at around 2,600 yen.
- PBR remains below 1x, in the 0.7 to 0.8x range.

ROE/ROIC



- Adjusted ROE/ROIC are at a level below the cost of capital.
- Cost of capital is based on the CAPM and dialogue with investors.
 - Cost of shareholders' equity: around 5% - 8%
 - WACC: around 3% - 5%

Action to Implement Management that is Conscious of Cost of Capital and the Stock Price (1)

Stage Recognition

- Shift to the stage of utilizing the shareholders' equity that has been accumulated to date to enhance corporate value

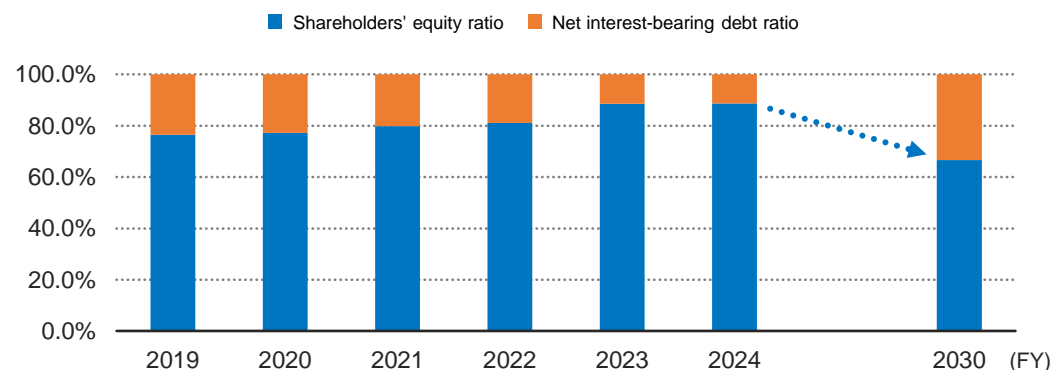
Basic Policy

- After making growth investments through the use of interest-bearing debt within the range that allows operating cash flow, balance sheet management and an external A rating to be maintained, also strengthen shareholder returns

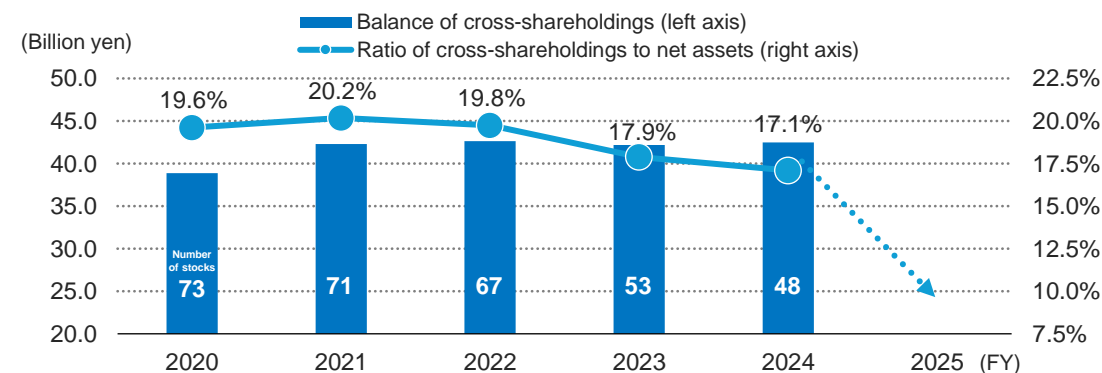
Balance Sheet Approach

- Gradually optimize the capital structure toward a target net DE ratio of 0.5 in line with the status of investment
- Continue asset reduction, bringing the ratio of cross-shareholdings to net assets to below 10% by the end of FY2025

Change in Capital Structure



Change in Cross-shareholdings



Action to Implement Management that is Conscious of Cost of Capital and the Stock Price (2)

Shareholder Returns

- **Dividends:** Set a lower limit of 100 yen, and target a dividend payout ratio excluding gain on the sale of assets of 40% or higher
- **Acquisition of Treasury Stock:**
 - We will engage in the flexible acquisition and cancellation of treasury stock to improve capital efficiency, taking into account the share price, our capital structure, and funding needs for growth investments.
 - A treasury stock acquisition range of up to 20 billion yen has been set for FY2025.

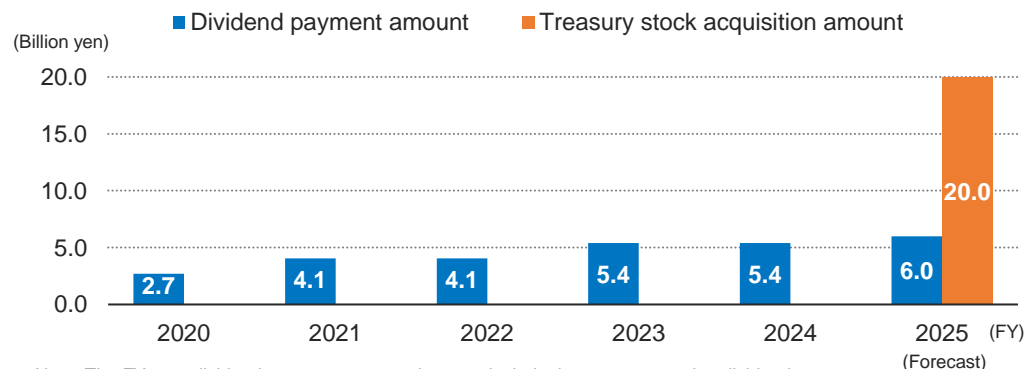
FY2030 Capital Efficiency Targets

- **Adjusted ROE: 9.0%**
- **ROIC: 6.0%**

* Adjusted ROE: exclude the impact of accelerated depreciation due to gain on the sale of assets and streamlining decisions

* ROIC = NOPAT ÷ invested capital
 NOPAT = (operating profit excluding the impact of accelerated depreciation increasing due to streamlining decisions) × (1 - statutory effective tax rate)
 Invested capital = average of interest-bearing debt and beginning and end of the period + average of equity (net assets - non-controlling interests) and the beginning and end of the period

Change in Shareholder Returns



Change in Dividends

