Q1: 1Q operating income increased by JPY 0.9 billion so, when subtracting those earnings from your 1H plans, this suggest you are planning for 2Q operating income to decrease by JPY 0.7 billion. What factors for decline are you anticipating?
A1: This fiscal year is just getting started and there are elements of uncertainty such as the October consumption tax rate hike that could impact consumer trends. As such, we have not changed our 1H or full year plans. When subtracting 1Q earnings, this suggests we are planning on recording a year-on-year decline for 2Q but we will aim to maintain the momentum from 1Q and record increased revenues and income for 2Q and beyond.

Q2: Lower sales volume for yogurt and functional yogurt is a concern following the pricing revisions conducted from April 2019. What was the negative impact of the price hike compared to company forecasts?
A2: Yogurt and functional yogurt sales volume decreased during 1Q. However, sales of drinking milk, which were subject to the same pricing revisions, are favorable. We believe the lower sales volume for yogurt and functional yogurt to be due more to the impact of the downward trend that has continued for the past two years rather than the impact of pricing revisions. Also, the impact on income attributable to lower sales volume for yogurt and functional yogurt in 1Q was offset by the benefit of pricing revisions.

Q3: Chocolate was favorable during 1Q but what are your thoughts on growth sustainability?
A3: The reason chocolate sales were favorable in 1Q is due to favorable shipment volume ahead of Golden Week. Strong sales are also attributable to favorable performance by the Chocolate Koka series, which employs a marketing theme centered on health benefits. During 2Q, sales are likely to drop in August due to heat but we are planning to launch new products from September. Also, the Chocolate Koka series has strong support from elderly consumers so we expect firm sales for chocolate to continue.

Q4: Sales of SAVAS are struggling amid severe EC market competition but what is your outlook for the development strategy centered on the launch of the new Kurashiki Plant?
A4: 1Q sales of SAVAS were largely unchanged year on year. We view this as the impact of the EC market. While our market share for storefront sales remains favorably high, the EC market does represent 40% of sales. Operations at the Kurashiki Plant will start around November of this year so we will use new products to distinguish ourselves on the market. Also, sales of SAVAS Milk Protein sold at convenience stores and supermarkets are favorable and we expect this product to grow into a major series that exceeds net sales of JPY 10.0 billion. Moving forward, we will drive both powdered products and beverages to
achieve significant growth for the SAVAS brand.

Q5: Overseas business in the pharmaceutical segment was favorable during 1Q. Are you planning for Medreich, which drove sales during 1Q, to continue its trend of income growth in 2Q and beyond?
A5: Overseas business in the pharmaceutical segment transitioned favorably. The profit increased by approximately JPY 0.4 in 1Q due to having conducted a lump-sum goodwill depreciation at Medreich in India during the previous fiscal year. Also, Medreich recorded increased revenues and income thanks to favorable performance in its main businesses, including the CMO and CDMO businesses. Additionally, our Chinese subsidiary Meiji Pharma (Shandong) and others recorded increased income. We expect Medreich will continue to perform favorably moving forward.

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