



Financial Results for FYE March 2020

May 22, 2020

**Meiji Holdings Co., Ltd.**

1. Impacts of the Novel Coronavirus
2. Overview for FYE March 2020
3. Outlook for FYE March 2021
4. For the Future Growth

- Information in this material is not intended to solicit sale or purchase of shares in Meiji Holdings. The final decision relating to investments should be made based on the judgment of users themselves.
- Business forecasts and other forward-looking statements are based on information available at the time of the release of this presentation and reasonable assumptions made by the Company. Actual results could differ materially from forecasts due to various factors.
- Although this material includes information concerning pharmaceutical products (including those currently under development), such descriptions are not intended to advertise the products or provide any medical advice.



# 1. Impacts of the Novel Coronavirus

- **Stable supply products to customers – Our mission**
  - Continue production at all Japanese and overseas plants
  - Responsible as a manufacturer of essential food and pharmaceutical products
- **Cooperation with business partners**
  - Strengthen partnerships with raw material suppliers, wholesalers and retailers – Cooperation throughout the entire supply chain
  - Decline in raw milk demand – Should prevent waste disposal: school lunch programs terminated and processed foods for professional use decreased
- **Infection prevention measures for employees**
  - Telecommuting – Ensure safety of workers and their families
  - Production employees and employees working in shipping/order/supply section  
Comply with hygiene management manuals, ensure safe working environment
- **Support for local community**
  - Continue donations to food bank organizations
- **For our shareholders and investors**
  - Appropriate and prompt disclosure when a significant impact on earnings occurs  
Execute business plan maintaining financial soundness

# 1) Production/Sales



- Production: All food and pharmaceuticals plants are operating in Japan and overseas  
No significant impact so far
- Sales: Demand of essential food products favorable  
Commercial use products and nutritional products down due to stay-at-home orders  
Pharmaceuticals impacted by decrease in patients' visits to medical institutions

		Sales YoY Change (%)				Notes	
		Jan.	Feb.	Mar.	Apr.		
Japan	Food *1	Fresh and Fermented Dairy	-4.8	+6.2	+7.4	+5.8	Functional yogurt: Significant growth, Yogurt and <i>Oishii Gyunyu</i> : Both favorable, <i>SAVAS Milk</i> : Steady growth
		Processed Food	-0.8	+3.0	+1.1	-6.6	Prepared foods: Significant growth, Processed foods for professional use: Significant decline
		Confectionery	-4.0	-6.1	-11.9	-14.6	<i>Chocolate Kouka</i> : Reactionary decline from last year's media exposure, market down overall YoY
		Nutrition	+14.9	+13.3	+3.7	-6.9	Infant formula: Grew, Sports nutrition products: Down since March
	Pharma *2	Brand name drugs	-5.4	-22.1	-12.2	-26.1	Feb.: Wholesaler hold off purchases due to April NHI pricing revisions.
		Generic drugs	-9.8	-32.4	+2.3	-15.3	From March: Prescriptions of anti-allergy drug and drugs for lifestyle-related diseases down due to decrease in patient visits.
Over seas	Food	No major impact on consumer products, Chinese chilled milk products for professional use recovering gradually					
	Pharma	India: No major impact due to sufficient inventories despite lockdown					

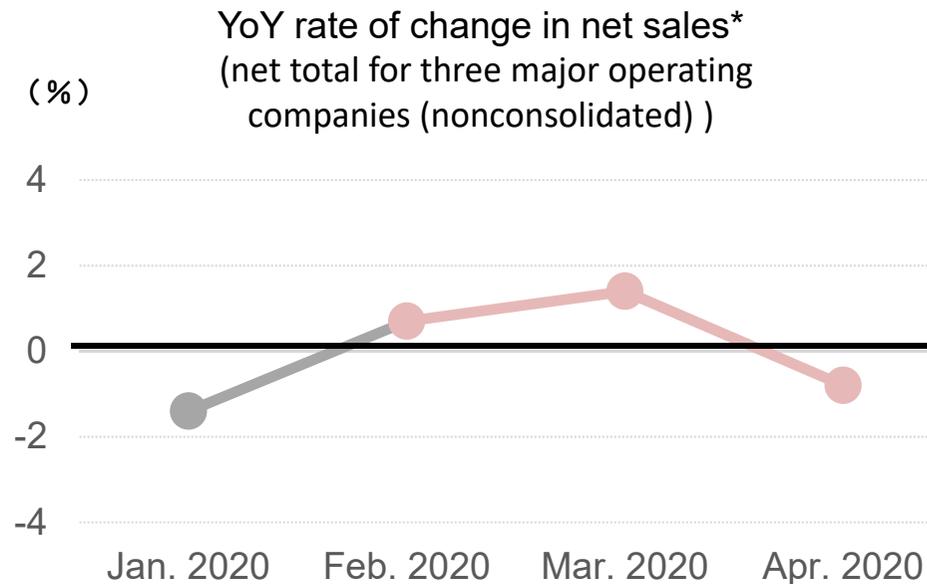
\*1: Meiji earnings (nonconsolidated) \*2: Meiji Seika Pharma earnings (nonconsolidated), vaccines not included in brand name products

## 2) Earnings

- Q4 consolidated earnings: Net sales largely unchanged YoY, operating income increased. Contributions from product mix improvements and reduced expenses.
- Net sales from Feb. to Apr. 2020: Favorable products compensated for stagnant products, overall net sales stayed within range of +/-2%\* (total of three major operating companies (nonconsolidated) )
- Similar trends to continue in the foreseeable future. Reinforce stable product supply and cost management.

FY3/20 Q4 Net sales & Operating income  
(Consolidated)

(JPY bn)	FY3/20 Q4 Results	YoY Change
Net sales	301.5	-0.7% -2.1
Operating income	22.3	+19.1% +3.5



\* Calculated as the net combined value for nonconsolidated net sales by Meiji, Meiji Seika Pharma, and KM Biologics

## 2. Overview for FYE March 2020

# Summary for FYE March 2020

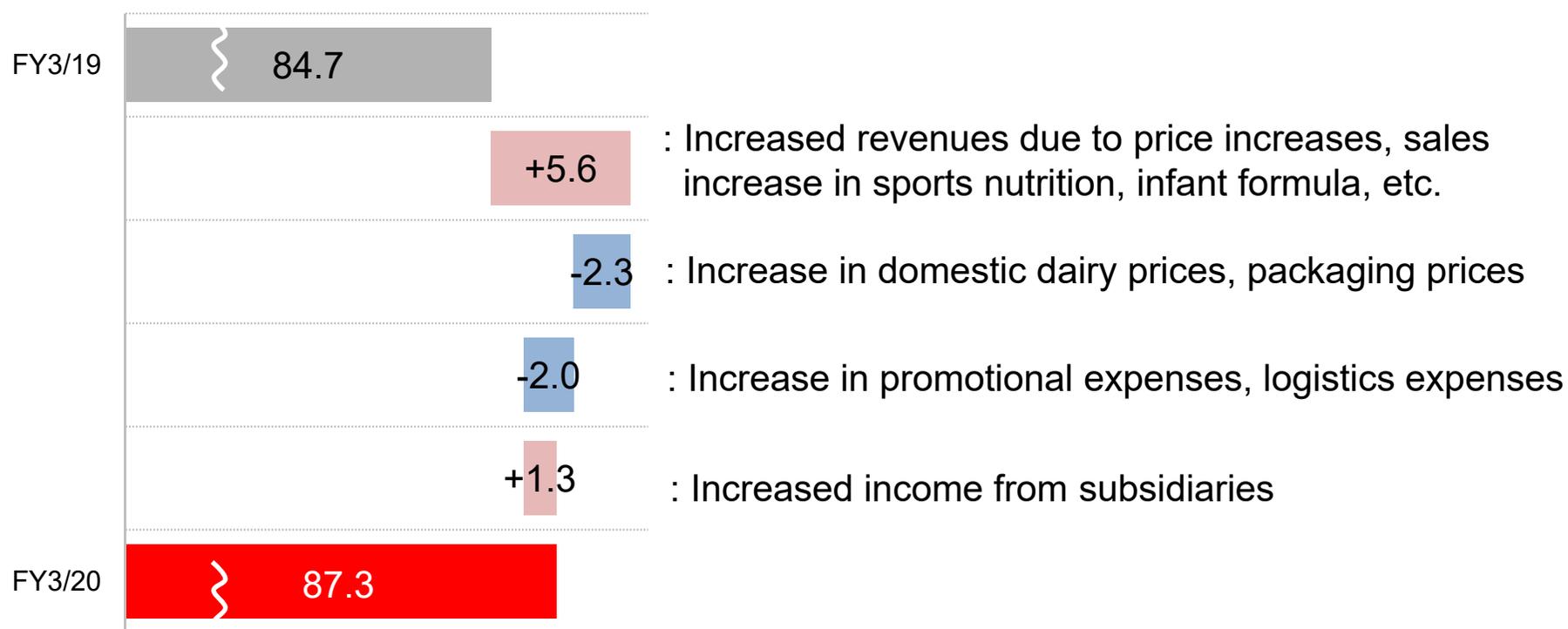


(JPY bn) Meiji HD (consolidated)	FY3/19 Results	FY3/20 Plan	FY3/20 Results		
				YoY Change	vs. Plan
Net sales	1,254.3	1,309.0	1,252.7	-0.1% -1.6	-4.3% -56.2
Operating income	98.3	108.0	102.7	+4.4% +4.3	-4.9% -5.2
Op. income margin	7.8%	8.3%	8.2%	+0.4pt	-0.1pt
Net income attributable to shareholders of parent company	61.8	67.5	67.3	+8.8% +5.4	-0.3% -0.1
EPS (JPY)	426.61	465.34	464.04	+37.43	-1.30
Cash dividends per share (JPY)	140	140	150	+10	+10
Dividend payout ratio	32.8%	30.1%	32.3%	-0.5pt	+2.2pt
ROE	12.2%	12.3%	12.4%	+0.2pt	+0.1pt
Capital expenditures	71.2	99.1	71.1	-0.2% -0.1	-28.3% -28.0

- Net sales largely unchanged YoY, operating income increased YoY but below plans
- Net income increased YoY, largely on par with plans

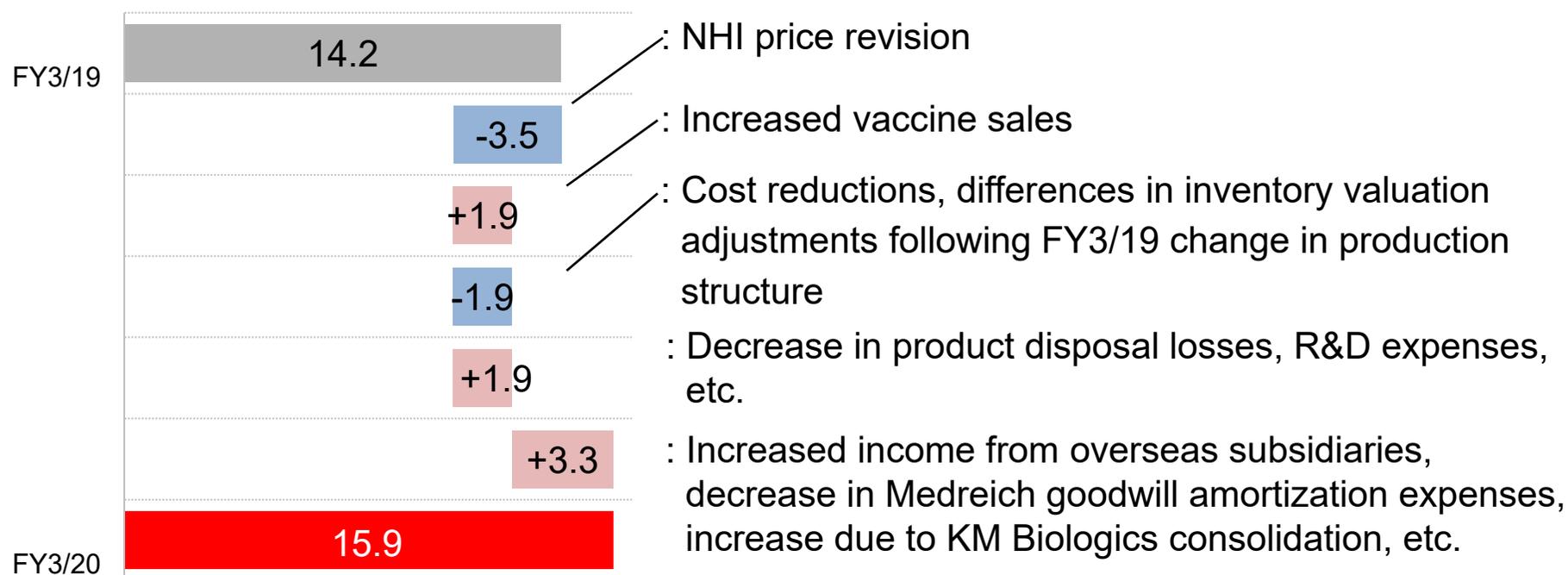
(JPY bn)	FY3/19 Results	FY3/20 Plan	FY3/20 Results	YoY Change	
				YoY Change	vs. Plan
Net sales	1,056.6	1,090.0	1,049.5	-0.7% -7.0	-3.7% -40.4
Operating income	84.7	90.0	87.3	+3.0% +2.5	-3.0% -2.6

(JPY bn) YoY Change in Operating Income



(JPY bn)	FY3/19 Results	FY3/20 Plan	FY3/20 Results	FY3/20	
				YoY Change	vs. Plan
Net sales	198.6	220.5	204.3	+2.9% +5.6	-7.3% -16.1
Operating income	14.2	18.5	15.9	+12.2% +1.7	-13.6% -2.5

YoY Change in Operating Income  
(JPY bn)





### 3. Outlook for FYE March 2021

## Key Strategy

1. Expand share and achieve high revenues in core businesses
2. Expand aggressively in overseas markets and establish growth platform
3. Propose new value in health care domain
4. Continue structural reforms and resolve specific business issues in each business
5. Enhance Meiji Group management platform and promote Sustainability



## Corona response

### Current

- Stable supply to meet demand
  - Health-conscious products, demand from stay-at-home
  - Antibacterial drugs and vaccines, etc.

### After-coronavirus

- Respond to stagnant consumption
  - Reinforce cost reductions
- Increase in demand
  - Increase in sentiment for prevention and health awareness
  - Increase in opportunities for exercise and entertainment demand following lifting of stay-at-home orders

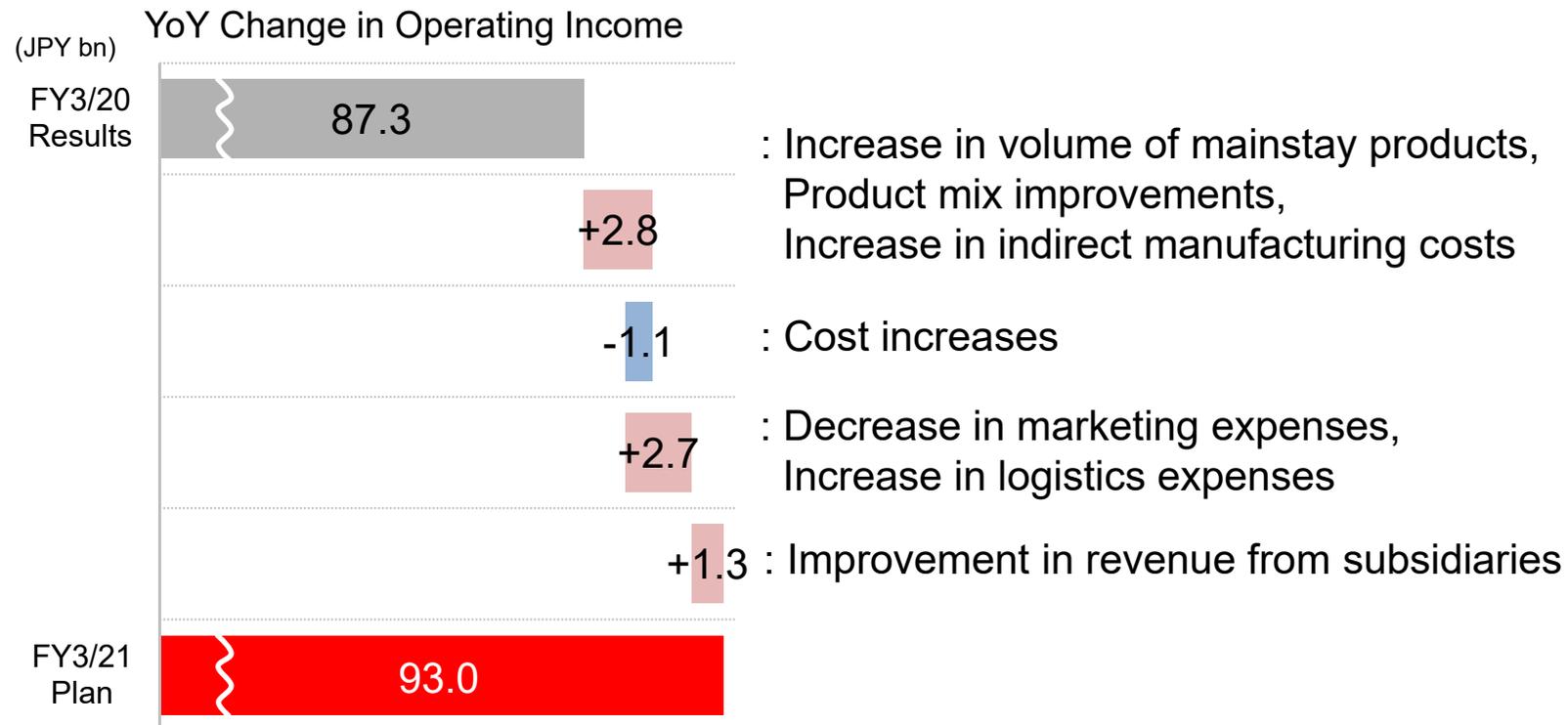
# Outlook for FYE March 2021

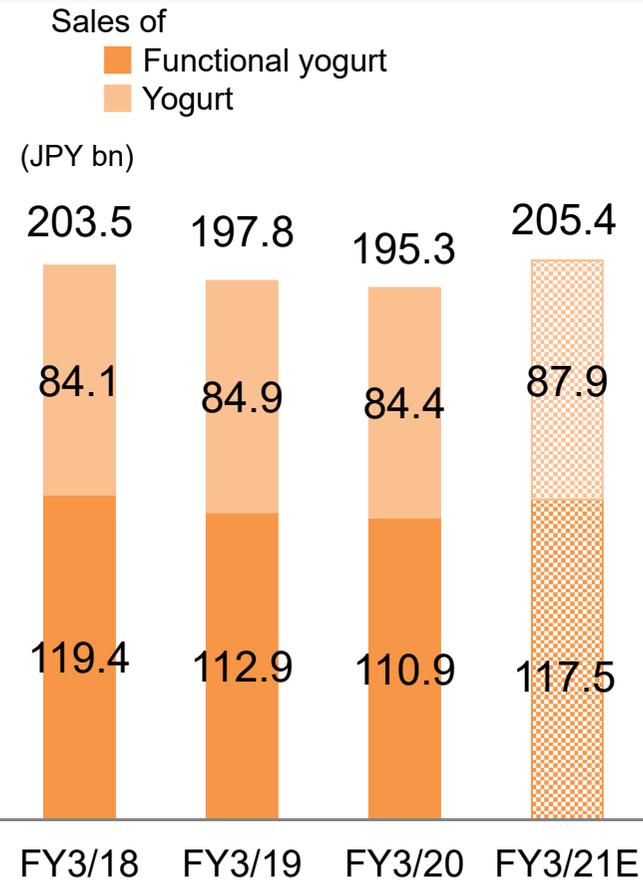


(JPY bn) Meiji HD (consolidated)	FY3/20 Results	FY3/21 Plan	YoY Change
Net sales	1,252.7	1,253.0	+0.0% +0.2
Operating income	102.7	110.0	+7.1% +7.2
Op. income margin	8.2%	8.8%	+0.6pt
Net income attributable to shareholders of parent company	67.3	69.5	+3.2% +2.1
EPS (JPY)	464.04	479.12	+15.08
Cash dividends per share (JPY)	150	150	—
Dividend payout ratio	32.3%	31.3%	-1.0pt
ROE	12.4%	12.0%	-0.4pt
Capital expenditures	71.1	85.2	+19.9% +14.1
Cash flows from operating activities	114.1	120.9	+6.7
Free Cash flows	43.2	1.2	-42.0

(JPY bn)	FY3/20 Results	FY3/21 Plan	YoY Change
Net sales	1,049.5	1,041.4	-0.8% -8.1
Operating income	87.3	93.0	+6.5% +5.6

JPY 18.9 billion from Asahi Broiler and 2 other companies outside scope of consolidation





## Functional Yogurt

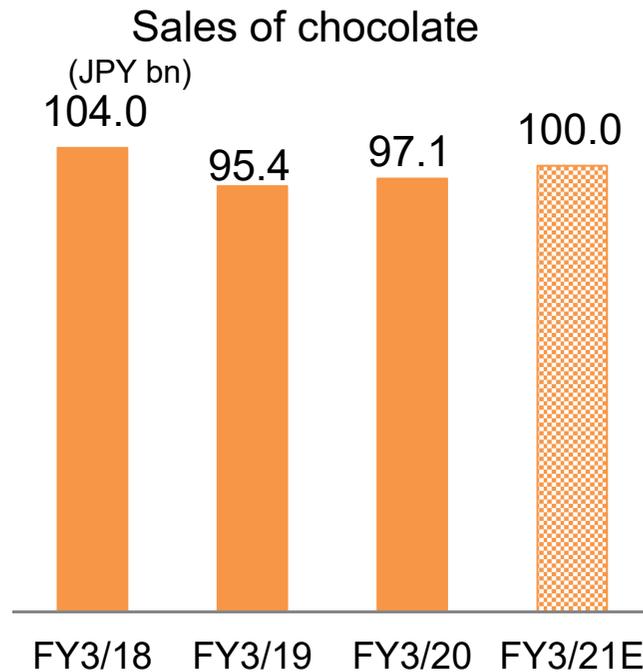
- Respond to increase in sentiment for prevention and health consciousness. Promote appealing added value for sustainable growth

- R-1 Propose new value:  
Large-volume cups (336g)
- LG21 Promote information on functions of lactobacillus aggressively
- PA-3
- Suhada no Mikata* } Promote value, information dissemination as Foods with Functional Claims

## Yogurt

- Intensive promotion of 4 products in *Meiji Bulgaria Yogurt* brand
- Establish presence of the value-added products in the market





Note: Sales are adjusted to include the sales price reduction due to commercial transaction system revision in April 2018.



## ● Healthy chocolate

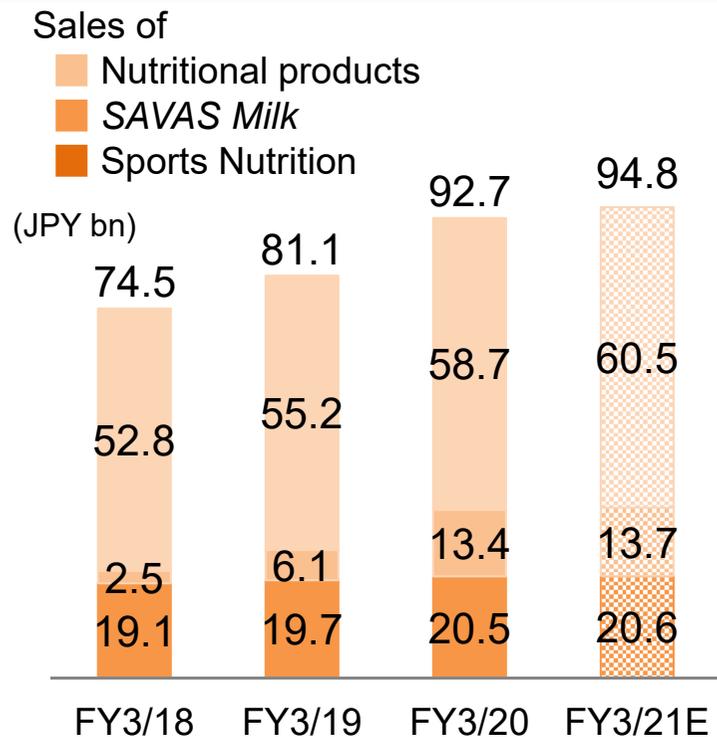
- *Chocolate Kouka*: Promote health value, increase brand recognition
- Expand sales by expanding production capacity for large bags
- *Oligo Smart*: Promote functions

## ● Specialty Chocolate

- Promote value of cacao as a preference for adults
- *THE Chocolate*: Planning major change in specifications this autumn

## ● Other chocolate

- Promote basic chocolate and chocolate for kids to meet demand for outing



Note: Sales of SAVAS Milk are included in the sales of Fresh and Fermented Dairy Business



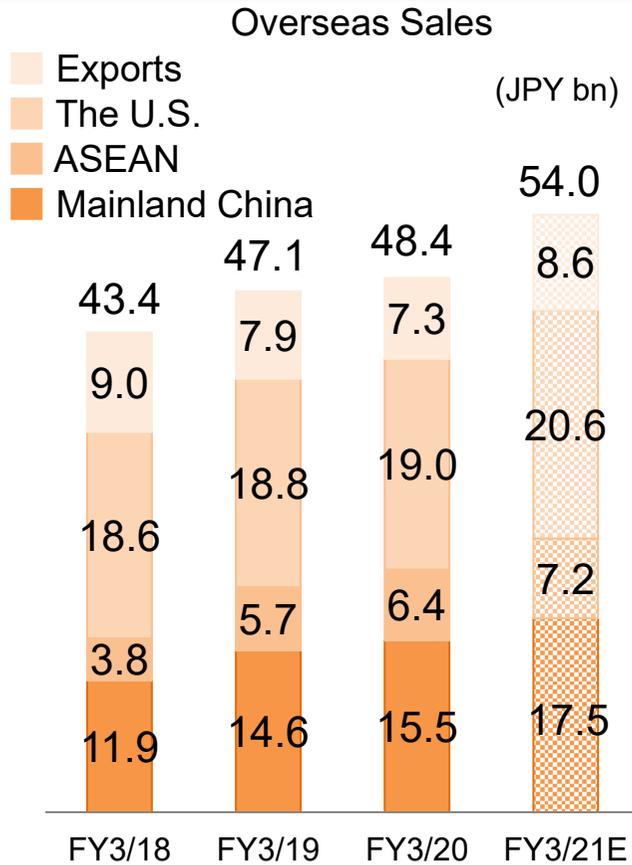
## Sports nutrition

- Aggressively promote towards insufficient physical activity due to stay-at-home orders
  - SAVAS: Promote quality improvements from product renewal, Boost e-commerce sales
  - Expand SAVAS Milk product line targeting female consumers

## Nutritional Products

Note: Nutritional products includes infant formula and enteral formula.

- Infant formula
  - Continue inbound strategy
  - Promote liquid milk products
  - Expand value-added cube-type products
- Enteral formula – Grow exceeding market



- Mainland China
  - Grow existing products significantly and strengthen e-commerce
  - Promote new SAVAS sports protein  
H1 2020: Sales launch (planned)



- ASEAN
  - Expand confectionery exports, use Meiji Seika Singapore as base
  - Expand infant formula and other nutritional foods

- The U.S.
  - Expand sales of meiji brand products
  - Expand sales channels



Mainland China

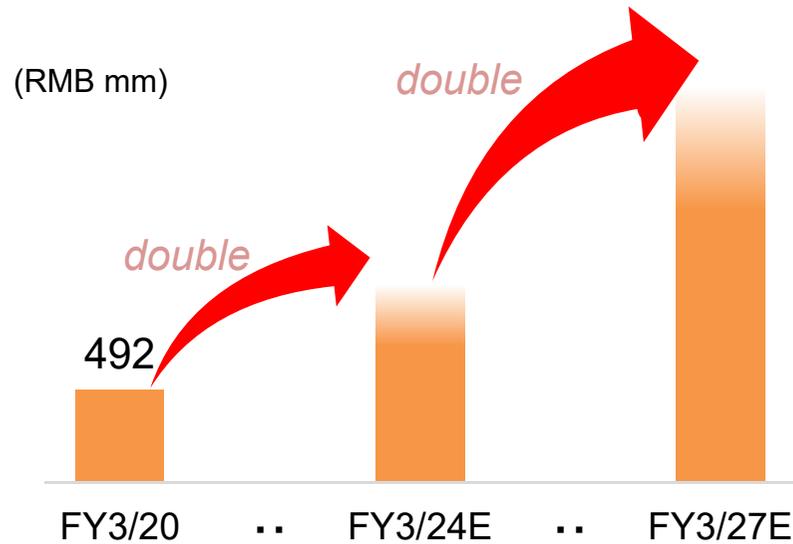


ASEAN



The U.S.

## Sales of Chilled milk and Yogurt



## Aggressive investments to expand sales

- Spring 2021: Expand production line in Suzhou Plant
- 2H/FY3/23: Start operation Tianjin plant
- By FY3/27: Start production the 3rd plant in China

## AustAsia stock acquisition

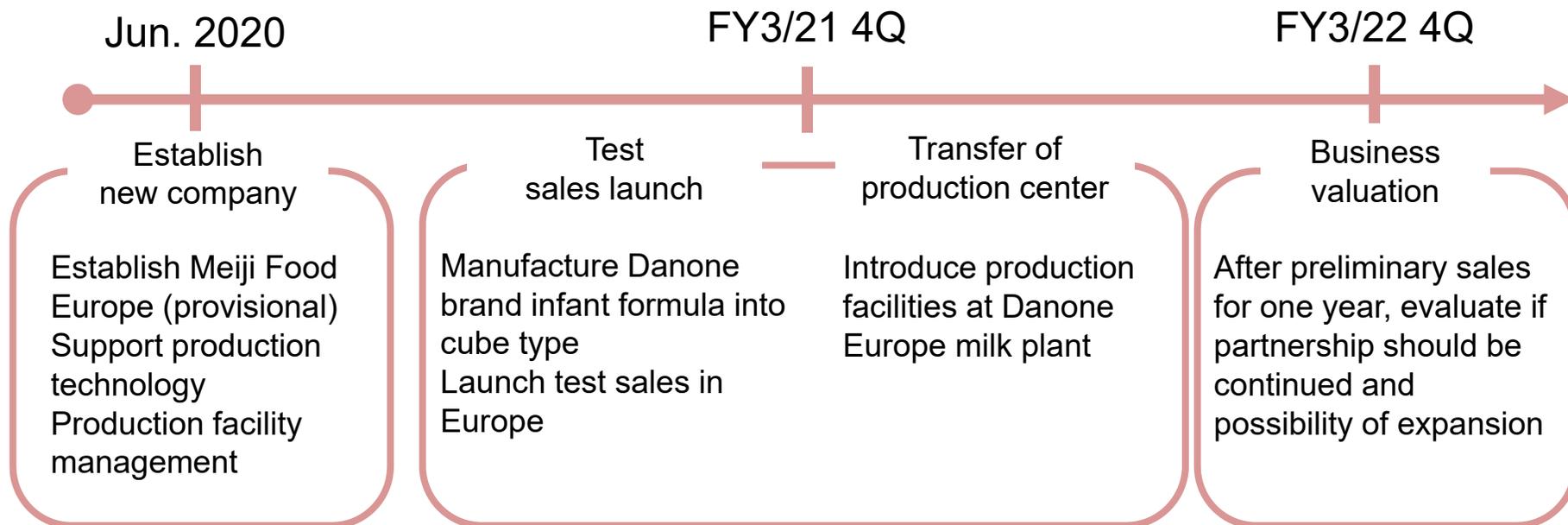
- Investment objective
  - Stable procurement of raw milk
- Investment details
  - Investment amount: Approx. JPY 28.0 bn
  - Acquired stock: 25% of issued shares
- Overview of AustAsia
  - Operates 7 farms in China with 80,000 dairy cows
  - Achieving high-quality and high productivity of raw milk

- Overview of partnership

**meiji** × **DANONE**

- Production and sales of cube-type infant formula in European markets  
Exclusive agreement with Danone
- Meiji provides manufacturing technology, Danone sales cubes under their brand name

- Schedule



## 1. Promote value-added products

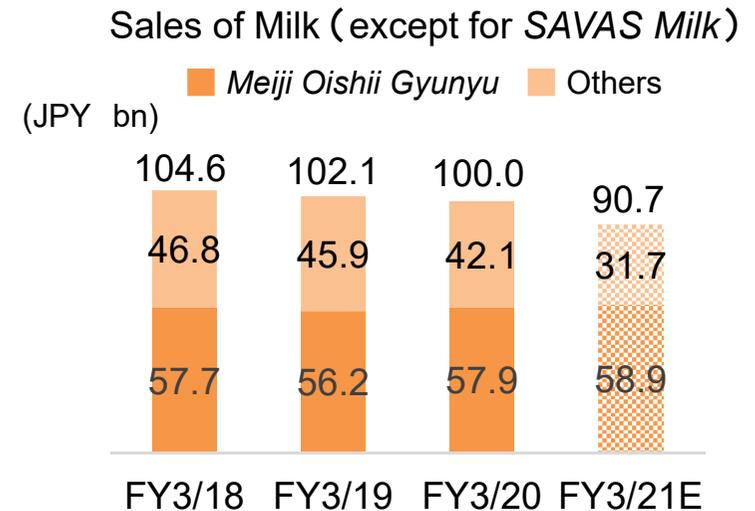
- Promote value of edge container  
Shading, air tightness
- Nationwide sales expansion of *meiji Oishii Gyunyu 450ml*
- Expand rate of stores offering *meiji Oishii Milk Calcium*, *meiji Oishii Low Fat Milk*

## 2. Stop sales of unprofitable products

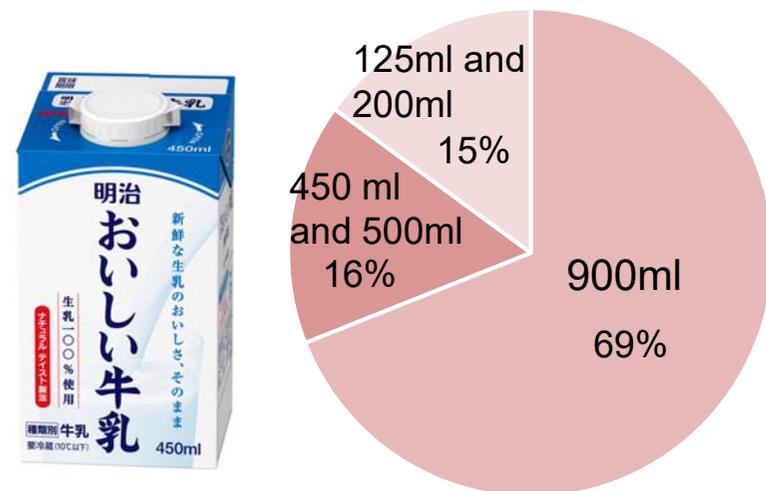
- *meiji Milk* March 2020
- *meiji Love* Stop selling gradually

## 3. Optimize production structure

- Close Hokuriku Plant Sep. 2019
- Close Okayama Plant Mar. 2020
- Withdraw gable-top carton production lines gradually

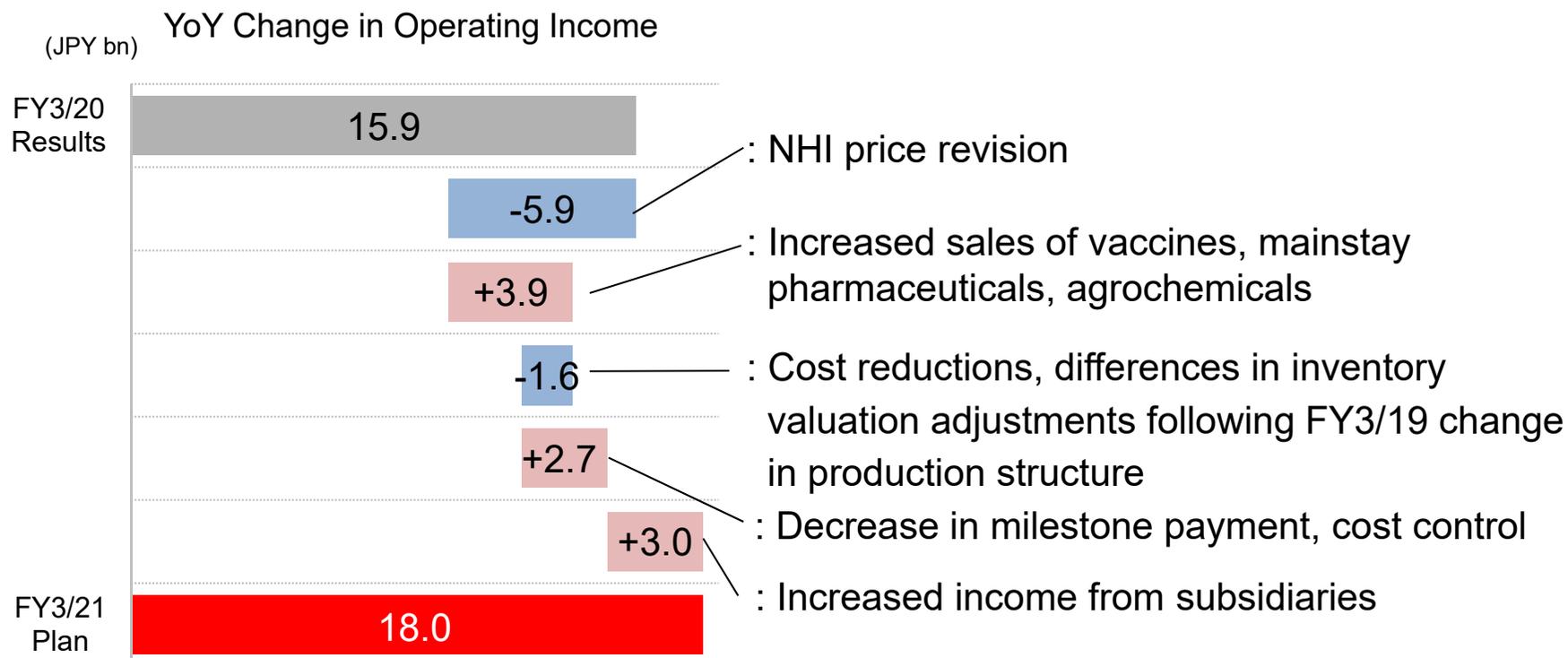


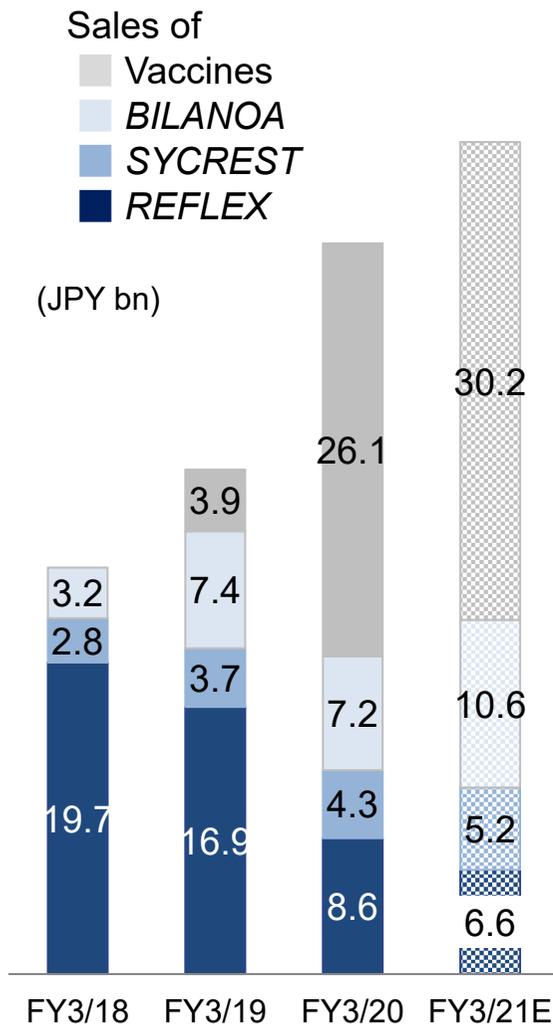
Sales of Oishii Gyunyu Breakdown by Volume



※ FY3/2020 Results Based

(JPY bn)	FY3/20 Results	FY3/21 Plan	YoY Change
Net sales	204.3	212.3	+3.9% +7.9
Operating income	15.9	18.0	+12.6% +2.0



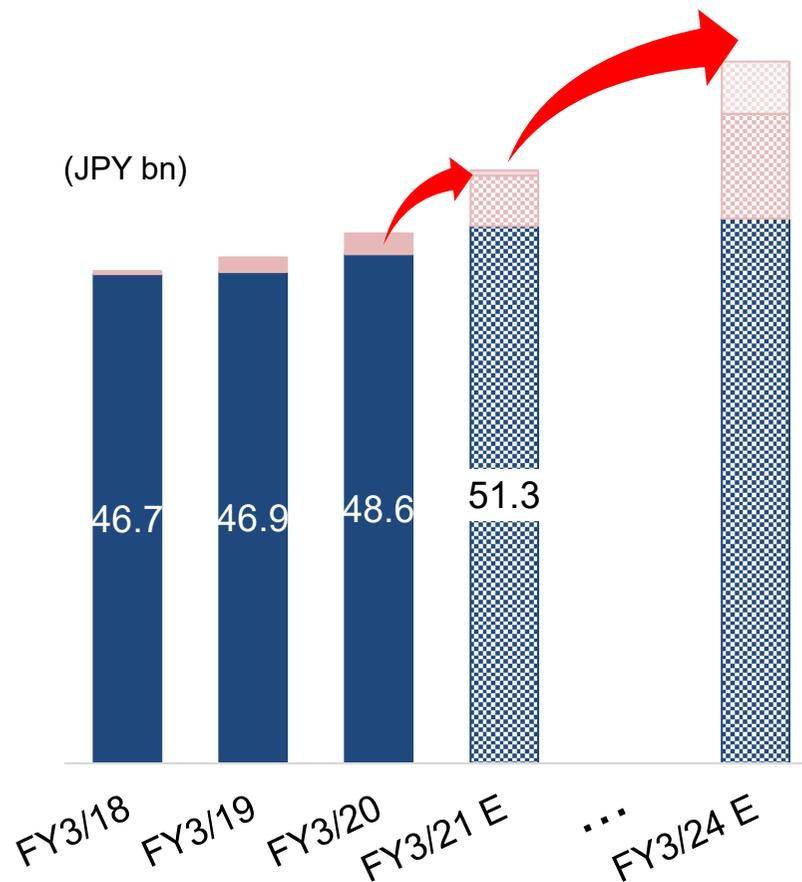


(Note) As of FY3/18, *REFLEX* includes generics

- Expand sales in Q1, which had low sales in previous FY (soon after the transfer of vaccine sales)
- *Influenza HA vaccine KMB*: Increase supply in response to expected increase in patients requesting vaccine
- Routine vaccination program for infant: Increase regular visits and medical institutions to expand share
- Antiallergy drug *BILANOVA* and antipsychotic drug *SYCREST* cover drop in antidepressant drug *REFLEX*

## Sales of

- Formulations to other companies
- Me Pharma
- Meiji Seika Pharma



Group sales

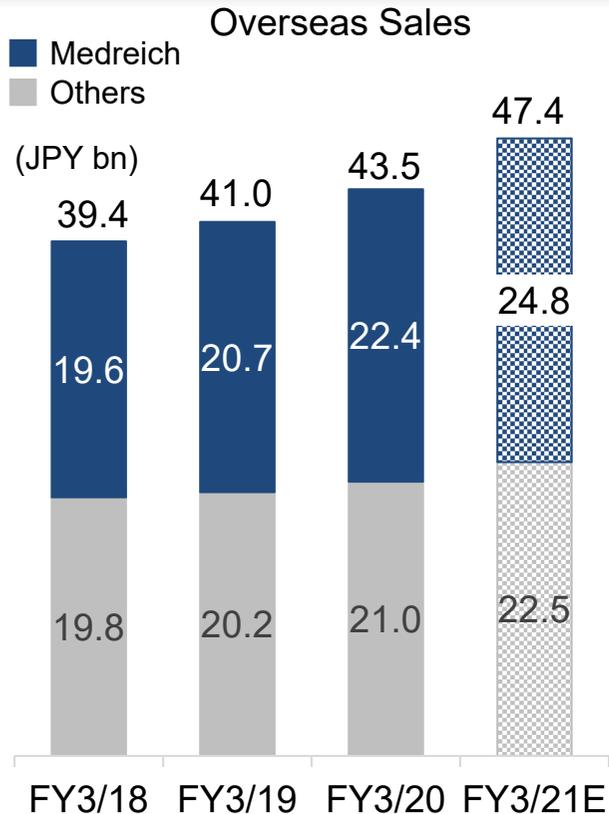
- Approx. 2 trillion yen\*<sup>1</sup> in sales will shift to generics market in 5 years
- Antibacterial and CNS domain: Expand sales through promotion by MR
- Lifestyle related disease domain: Expand sales with cost competitive products (manufactured in Medreich)

CMO business

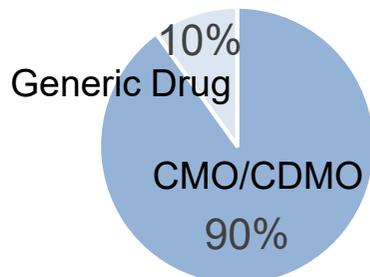
- Promote CMO\*<sup>2</sup> business (use Medreich)
  - Overwhelming cost competitiveness and stable supply
  - Started supply from FY3/20, further growth in FY3/24

\*1 Meiji's estimate based on drug price in NHI scheme

\*2 Contract Manufacturing Organization



Sales Breakdown of Medreich



Medreich

Europe, Asia

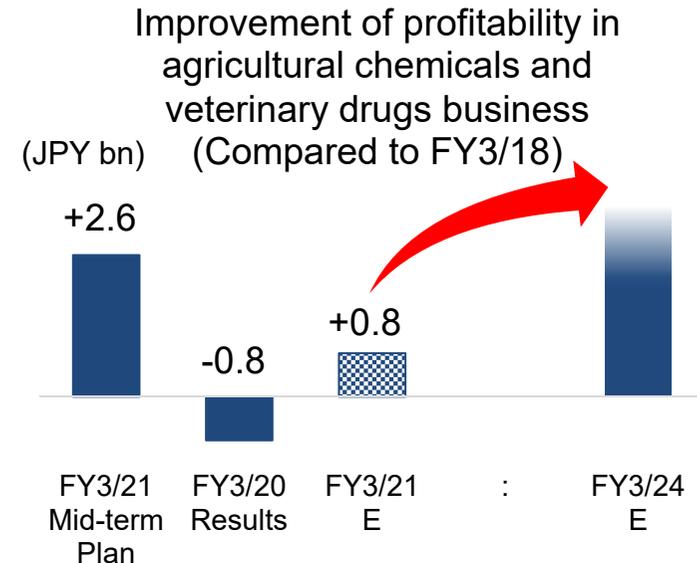
- Continuing market growth in emerging countries
  - Population growth and economic development
- Ready to start expanded production
  - Completing production system restructure in Medreich
- Steady growth
  - Increase in orders from existing customers
  - Capturing new customers
- EU: Increasing demand for *Meiact*, cephem antibiotics drugs
  - Usage restrictions on quinolone antibacterial drugs
- Indonesia, Thailand: Grow sales
  - Expand sales of original products
  - Gradually expand in-licensed products

## Status of FY3/20

- Sales of rice blast preventative *ORYZEMATE* decreased significantly  
Operations suspended at bulk drug vendor
- Grew herbicide *ZAXA*  
Increase in weeds resistant to competitor products  
Expanded sales at DIY centers

## FY3/21 Initiatives

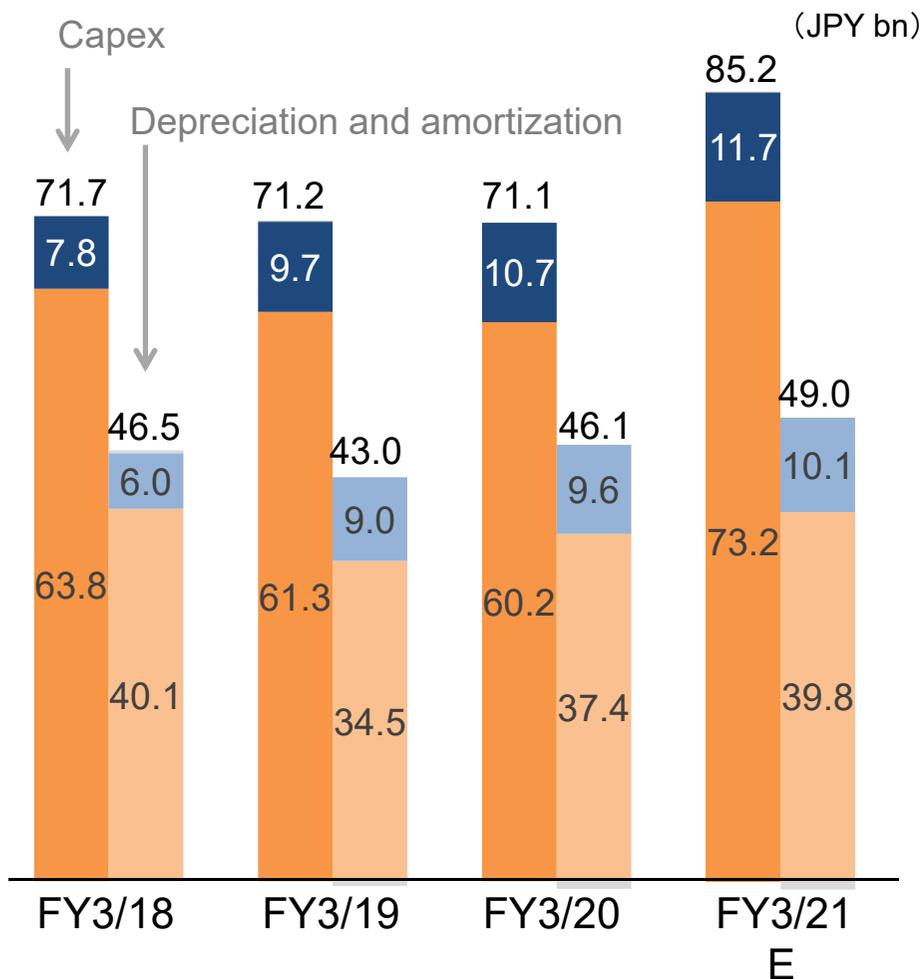
- Establish Meiji AgroChemical, bulk drug manufacturing company for agrochemicals  
Plan to start commercial production this FY  
Stable production of *ORYZEMATE*
- Start sale of product combining new insecticide *Flupyrimin* and *ORYZEMATE*, plan to replace existing formulation
- Promote approval for UPL, a licensed vendor in India  
Provide technical support to sales company



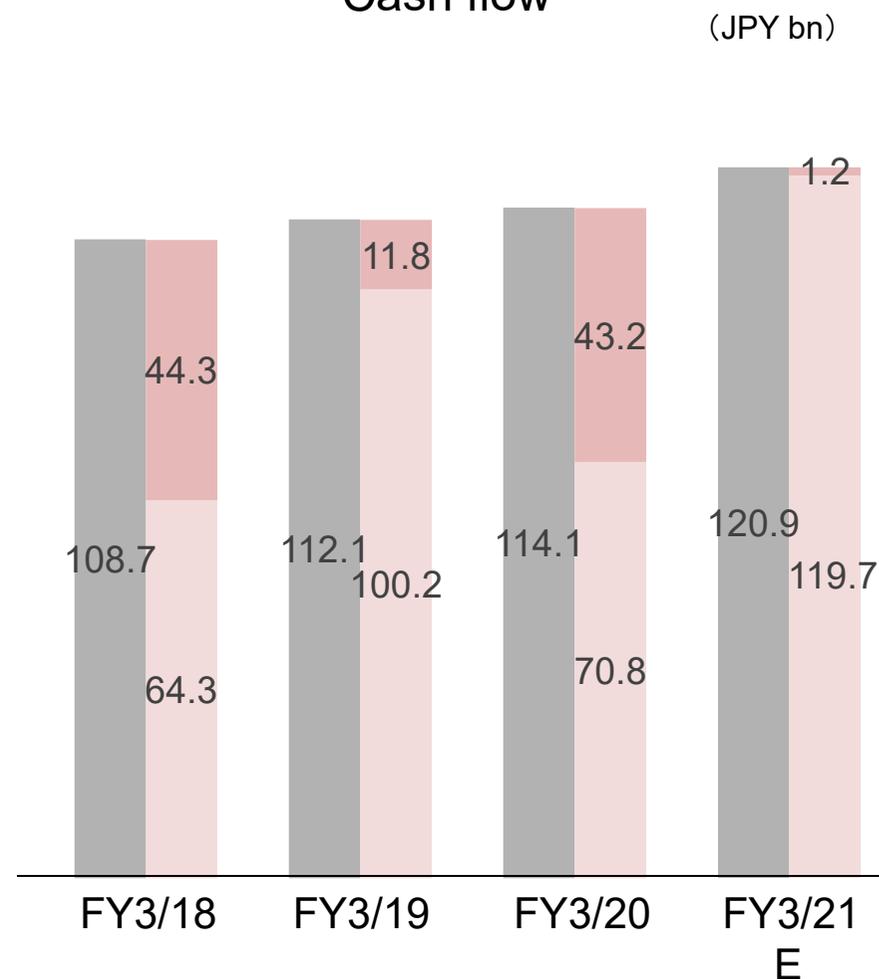
# Capex, Depreciation and amortization, Cash flow



## Capex and Depreciation and amortization



## Cash flow

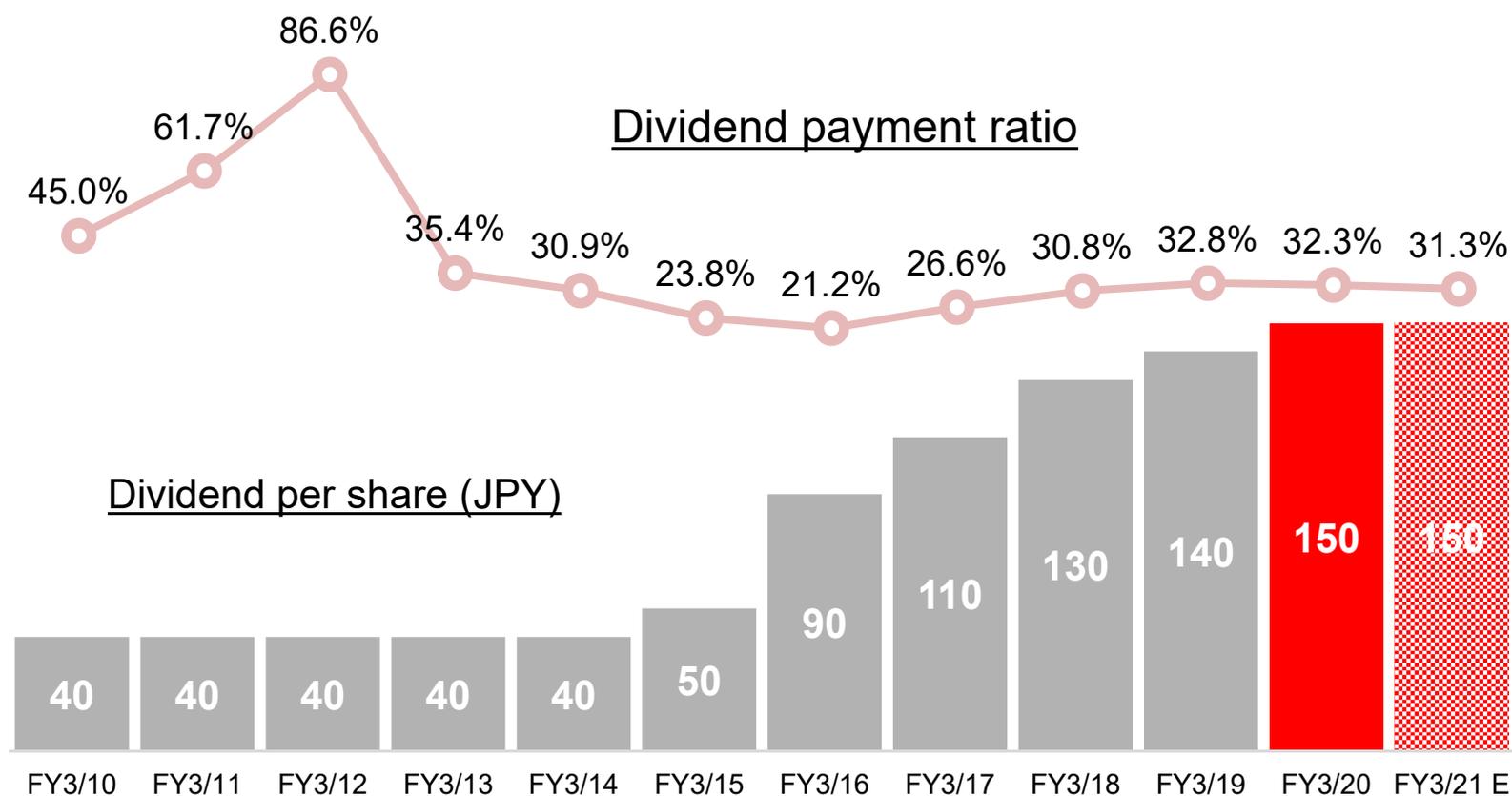


Left: Capex ■ Food ■ Pharma ■ others  
 Right: Depreciation and amortization  
■ Food ■ Pharma ■ others

■ Operating cash flow ■ Free cash flow  
■ Investment cash flow

# Returns to shareholders

- FY3/20 was JPY 150 (dividend payout ratio: 32.3%), dividends increased for 6 consecutive years
- Planning to maintain JPY 150 (dividend payout ratio: 31.3%) for FY3/21



\* On Oct. 1, 2015, we conducted a 2:1 stock split for common shares. The above figures reflect this stock split.



## 4. For the Future Growth

# 1) Co-Creation Center Initiatives

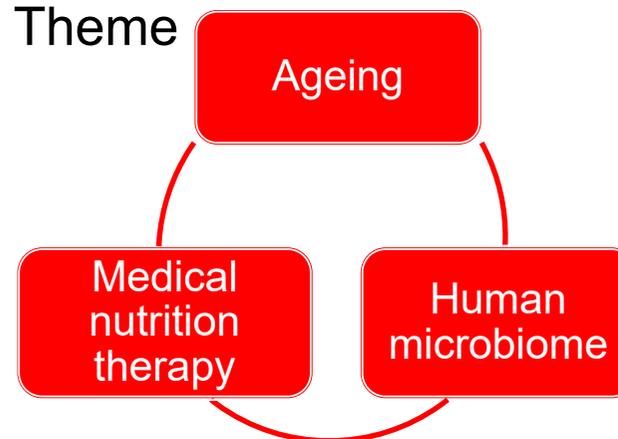
Create unique health value and contribute to resolving societal issues as an ageing society



## ● Mission for Co-Creation Center

1. Create unique value that leads to extending the healthy lifespan by fusing knowledge gained through food and pharmaceutical businesses
2. Promote open innovation to gather and use advanced knowledge and technology
3. Foster human resources to develop new business and to lead new technology development

## ● Research Theme

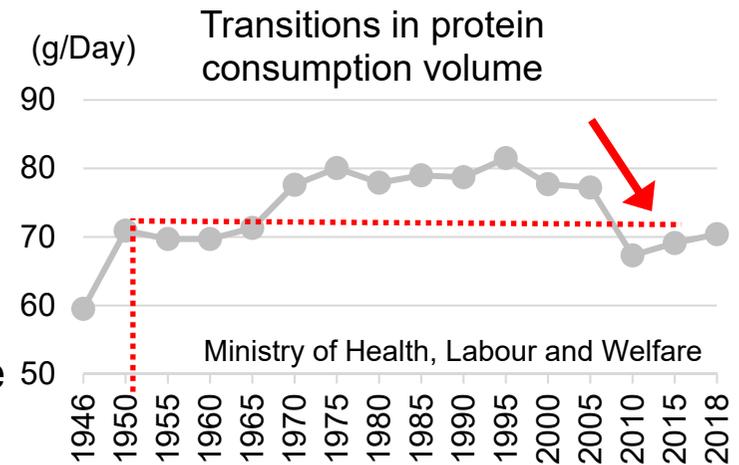


## 2) New market creation

### ● New market creation

#### Meiji TANPACT

- Our protein consumption has fallen to 1950s levels
- Propose +10g/day in protein consumption
- Promote products unique to Meiji that can be consumed in a variety of daily occasions



Drinks      Jelly      Yogurt      Cheese



(FY)

Chocolate      Ice cream      Frozen food      Chilled soup      Drink



### 3) Donating snacks to Foodbank

For children and households practicing stay-at-home

Presents that will **make children smile**

- Funded by donations gathered through the Meiji Group internal charitable contribution system (Meiji Happiness Fund) and donations from Meiji Holdings
  - The Meiji Happiness Fund was founded to increase awareness of societal issues
  - Employee participation is voluntary
- This project received participation from over 1,000 executives and employees



Donation to Foodbank Yamanashi

- Recipient 30 organizations that are members of the Japan Federation of Foodbank Promotion Associations
- Donated products Total of 100,000 *Kaju Gummy*, *Apollo*, *Pucca*, *Yogurette*, and *Hi Lemon*
- Donation period April 15 to 24, 2020

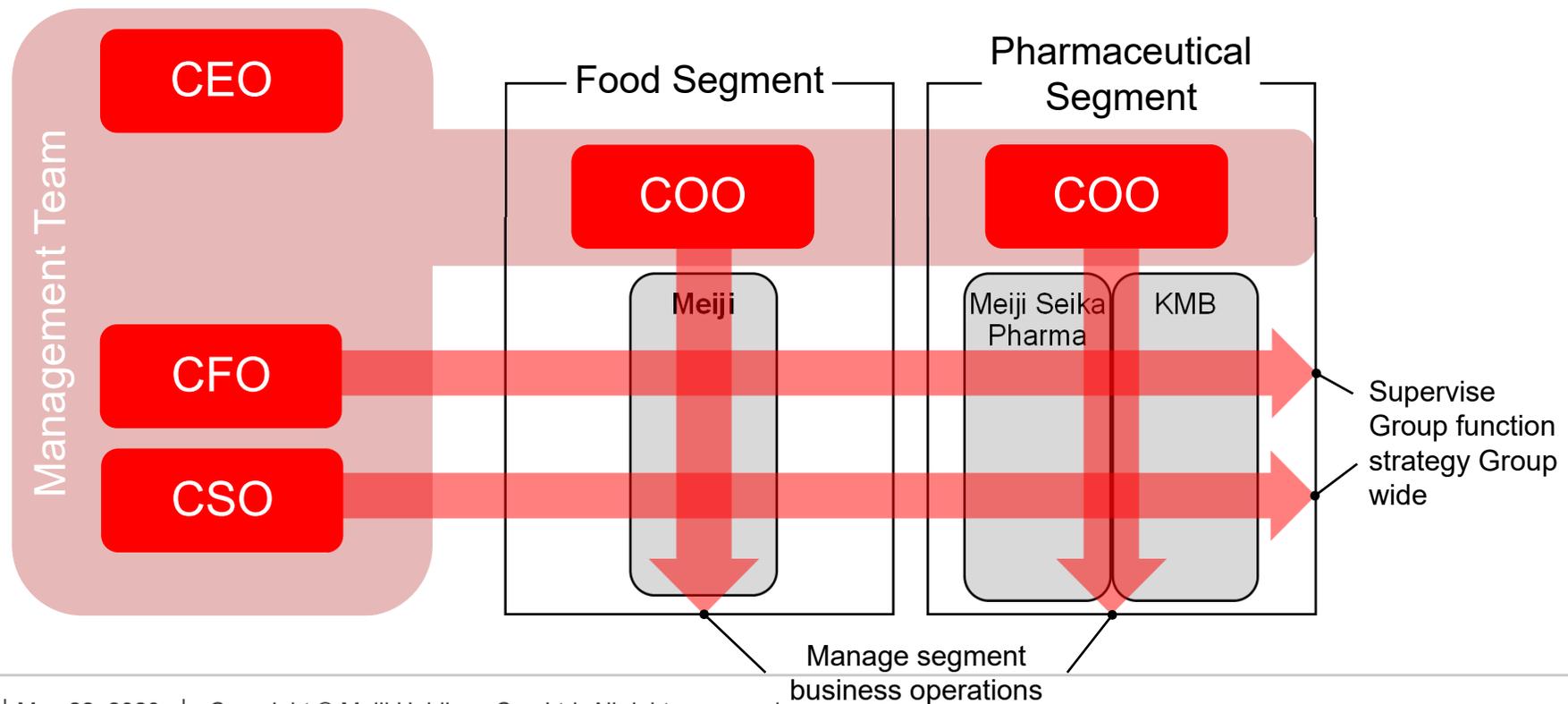
## 4) Our approach to ESG - Environment and human rights **meiji**

Item	Period	Details
1. TCFD	Mar. 2020	Published scenario analysis to the Ministry of the Environment website
	Apr. 2020	Established the Group TCFD Committee to examine analysis
	Aug. 2020	Publish integrated report and disclose to Meiji HD website
2. Reducing volume of plastic used	By FY3/2031 (compared to FY3/2018)	Reduce plastic container packaging by 25% Examples: Weight reduction for small PET bottles Use biomass plastic for straws, etc.
3. Solar power generation	By 2028	Promote installing power generation equipments at facilities
	FY3/2020	Installed power generation equipments at Kyushu Plant, Meiji Oils and Fats
	FY3/2021	Planning to install at Kansai Plant, Kyoto Plant
4. Human rights	FY3/2021 H1	Draft supplier code of conduct Hold seminar for suppliers
	FY3/2021 H2	Conduct sustainable procurement survey

# 5) Our approach to ESG - Governance

- Introduce Chief Officer system, shift to uniform management structure for entire Group (Effective after June 2020 General Shareholders Meeting)

- CEO (Chief Executive Officer) Oversees management of entire Group
- CFO (Chief Financial Officer) Oversees Group financial strategy and operational management
- CSO (Chief Sustainability Officer) Oversees Group sustainability strategy, sustainability activities
- COO (Chief Operating Officer) Oversees business operations for food segment and pharmaceutical segment



- KM Biologics started development of vaccine
  - Selected for the Japan Agency for Medical Research and Development (AMED) public R&D theme *Development of a Vaccine for the Novel Coronavirus Infection(COVID-19)*
  - Develop inactivated vaccine\* using existing platform
  - Consider possibilities to use existing production facility for vaccine against novel influenza A virus  
Existing production facility has production capacity of 57 million of vaccines
  - Collaborative R&D with National Institute of Infectious Diseases, Institute of Medical Science at the University of Tokyo, Institute for Medical Infrastructure, Health and Nutrition
  - Planning to complete non-clinical trials in FY3/2021 and later start clinical trials

\* Inactivated vaccine is a vaccine created from a pathogen or said elements whose infectiousness or toxicity have been removed. The virus or bacteria is cultivated in mass volume and virus particles or bacteria are refined, then subjected to heat or agents such as formalin.



## Appendix: Financial data



FYE March 2020

# Analysis of Operating Income for FYE March 2020



(JPY bn)	Consolidated Results	Food	Pharma	Other
FYE March 2019	98.3	84.7	14.2	-0.6
Due to increased/ decreased sales	+7.5	+5.6	+1.9	—
Decrease due to NHI drug price revision	-3.5	—	-3.5	—
Change in COG sold	-4.2 <sup>*1</sup>	-2.3	-1.9	—
Changes in SG&A expenses	-0.1 <sup>*2</sup>	-2.0	+1.9	—
Other (incl. change in results of subsidiaries)	+4.7	+1.3	+3.3	+0.0
FYE March 2020	102.7	87.3	15.9	-0.6

(Breakdown)

\*1 **Food** Domestic milk prices -2.0, Packaging -0.4, Other +0.1

**Pharma** Favorable variance from inventory valuation restatement due to a production site closing -3.2, cost reductions +1.3

\*2 **Food** Increased promotion expenses -1.9, Increased logistics expenses -0.8, Other +0.7

**Pharma** Reduced losses on inventory disposal +1.2, Other +0.7

(JPY bn)		FY3/19 Results	FY3/20 Plan	FY3/20 Results		
					YoY Change	vs. Plan
Fresh and Fermented Dairy	Net sales	330.1	331.8	327.9	-0.7% -2.2	-1.2% -3.9
	Operating income	47.8	48.8	48.4	+1.2% +0.5	-0.8% -0.4
Processed Food	Net sales	176.5	178.0	178.4	+1.1% +1.8	+0.2% +0.3
	Operating income	8.2	9.2	8.3	+1.9% +0.1	-9.1% -0.8
Confectionery	Net sales	122.2	131.2	121.2	-0.8% -0.9	-7.6% -9.9
	Operating income	20.4	21.9	19.0	-7.0% -1.4	-13.3% -2.9

- Fresh and Fermented Dairy: Income increased YoY. Price hike covered lower sales of functional yogurt and yogurt products, and higher raw material costs, promotional expenses increased.
- Processed foods: Favorable sales of cheese and price hike compensated for decrease in net sales of ice cream.
- Confectionery: Net sales of chocolate increased but income decreased on lower sales of gummy and gum products and higher promotional expenses.

(JPY bn)		FY3/19 Results	FY3/20 Plan	FY3/20 Results		
					YoY Change	vs. Plan
Nutrition	Net sales	85.1	88.3	90.6	+6.4% +5.4	+2.6% +2.2
	Operating income	12.9	13.3	15.7	+21.2% +2.7	+18.4% +2.4
Overseas	Net sales	47.1	53.4	48.4	+2.6% +1.2	-9.3% -4.9
	Operating income	1.2	1.2	1.6	+34.4% +0.4	+30.7% +0.3
Other Domestic Subsidiaries	Net sales	295.3	307.0	282.8	-4.2% -12.4	-7.9% -24.2
	Operating income	3.8	4.3	3.5	-6.7% -0.2	-17.6% -0.7

- Nutrition: Net sales and income increased on favorable sales of sports nutrition, infant formula and other products
- Overseas: Net sales and income increased on favorable sales of US subsidiaries and Chinese subsidiaries
- Other domestic subsidiaries: Income decreased on lower net sales from logistics subsidiary, etc.

(JPY bn)	FY3/19 Results	FY3/20 Plan	FY3/20 Results	YoY Change	vs. Plan
Yogurt	84.9	90.6	84.4	-0.6%	-6.9%
<i>Meiji Bulgaria Yogurt</i>	78.8	78.8	76.1	-3.5%	-3.4%
Probiotic yogurt	112.9	114.2	110.9	-1.7%	-2.9%
Drinking milk	108.3	104.8	113.5	+4.8%	+8.2%
<i>Meiji Oishii Gyunyu</i>	56.2	57.4	57.9	+3.1%	+0.8%
Cheese	36.6	37.3	37.4	+2.4%	+0.5%
<i>Meiji Hokkaido Tokachi series</i>	13.7	15.3	14.7	+7.0%	-3.9%
Ice cream	45.1	44.9	44.4	-1.5%	-1.3%
Chocolate	95.4	104.1	97.1	+1.8%	-6.7%
Nutritional products	55.2	55.8	58.7	+6.4%	+5.3%
Sports nutrition	19.7	21.0	20.5	+3.9%	-2.3%

(JPY bn)	Food Segment Total	Fresh and Fermented Dairy	Processed Food	Confectionery	Nutrition	Overseas	Other Domestic Subsidiaries	Corporate Expenses	
FY3/19 Operating income	84.7	47.8	8.2	20.4	13.0	1.2	3.8	-9.8	
Amounts of YoY change	<i>Due to increased/decreased sales</i>	+5.6	+3.1	+1.5	-0.7	+1.8	-0.1	—	0.0
	<i>Changes in COGS*</i>	-2.3	-1.4	-0.4	-0.2	-0.5	+0.2	—	0.0
	<i>Changes in other SG&amp;A expenses</i>	-2.0	-1.6	-1.0	-0.5	+1.3	-0.2	—	-0.1
	<i>Other (incl. change in results of subsidiaries)</i>	+1.3	+0.5	+0.0	-0.1	+0.2	+0.5	-0.3	+0.4
FY3/20 Operating income	87.3	48.4	8.3	19.0	15.7	1.6	3.5	-9.4	

\* COGS: Cost of goods sold

(JPY bn)		FY3/19 Results	FY3/20 Plan	FY3/20 Results	YoY Change	vs. Plan
Domestic	Net sales	130.6	157.3	141.8	+8.5% +11.1	-9.9% -15.5
	Op. income	9.9	11.3	9.6	-2.6% -0.2	-14.5% -1.6
Overseas	Net sales	41.0	44.5	43.5	+6.1% +2.4	-2.4% -1.0
	Op. income	2.1	2.1	2.7	+27.9% +0.5	+25.1% +0.5
KM Biologics	Net sales	31.2	39.5	40.4	+29.5% +9.2	+2.5% +0.9
	Op. income	3.4	3.5	3.8	+12.8% +0.4	+11.4% +0.3

- Japan: Net sales increased on vaccine sales but income decreased due to decreased sales of *REFLEX* and the impact of NHI price revision
- Overseas: Income increased on higher net sales from overseas subsidiaries and decreased expenses from goodwill depreciation of Medreich
- KM Biologics: Net sales and income increased on favorable sales of human vaccines and blood plasma products

(JPY bn)	FY3/19 Results	FY3/20 Plan	FY3/20 Results	YoY Change	vs. Plan
Ethical pharmaceuticals (Japan)					
<i>SYCREST</i>	3.7	7.7	4.3	+17.2%	-43.7%
<i>BILANOVA</i>	7.4	9.0	7.2	-3.6%	-19.7%
<i>REFLEX (includes Mirtazapine "meiji")</i>	—	12.3	8.6	-49.0%	-30.0%
<i>MEIACT (includes Cefditoren "OK")</i>	—	5.7	5.3	-14.3%	-5.7%
<i>TAZOPIPE</i>	5.2	5.8	7.2	+38.4%	+25.3%
<i>Influenza HA Vaccine</i>	—	14.3	14.8	+277.2%	+3.5%
KM Biologics					
Total human vaccine	21.9	28.2	26.6	+21.3%	-5.8%
Total blood plasma products	5.5	6.8	7.9	+43.3%	+16.8%

# Consolidated Statements of Comprehensive Income for FY3/20



(JPY bn)	Results FY3/20	YoY change	Main factors for the change
Net sales	1,252.7	-0.1% -1.6	— Details on p38-44
Operating income	102.7	+4.4% +4.3	— Details on p38-44
Non-operating income	4.9	+28.5% +1.0	• Insurance income (+1.2)
Non-operating expenses	4.3	+71.8% +1.8	• Share of losses of entities accounted for using equity method (+0.4)
Ordinary income	103.3	+3.6% +3.6	—
Extraordinary income	2.0	-84.9% -11.4	• Gain on bargain purchase (-6.5) • Gain on sales of property, plants and equipment (-5.3)
Extraordinary losses	7.6	-59.0% -10.9	• Impairment losses (-9.8) • Provision of allowance for doubtful accounts (+1.0)
Income before income tax	97.7	+3.3% +3.1	—
Income taxes-total	27.9	-9.6% -2.9	• Income taxes-current (-5.5) • Income taxes-differed (+2.5)
Net income or net losses attributable to non-controlling shareholders	2.4	+39.9% +0.6	—
Net income or net losses attributable to shareholders of parent company	67.3	+8.8% +5.4	—

# Consolidated Balance Sheets for FYE March 2020



(JPY bn)	Results FY3/20	YoY change	Main factors for the change
Current assets	416.8	-1.1% -4.5	• Notes and accounts receivable (-22.2) • Cash and deposit (+12.0) • Goods and products (+5.2)
Fixed assets	581.7	-0.2% -0.9	• Investment securities (-8.9) • Construction in progress (-8.3) • Building and structure (+15.2)
Total assets	998.6	-0.5% -5.5	—
Current liabilities	256.5	-12.0% -34.9	• Notes and accounts payable-trade (-13.1) • Income taxes payable (-8.8) • Short-term loans payable (-2.7)
Long-term liabilities	144.5	-4.9% -7.4	• Long-term loans payable (-6.8) • Deferred tax liabilities (-2.5) • Retirement benefit liability (+1.5)
Total liabilities	401.0	-9.6% -42.4	—
Shareholders' equity	553.6	+9.1% +46.0	• Increase in retained earnings (+45.7)
Accumulated other comprehensive income	9.0	-54.0% -10.6	• Valuation difference on available-for-sale securities (-6.2) • Remeasurements of defined benefit plans (-2.8)
Minority interests	34.8	+4.5% +1.4	—
Total net assets	597.5	+6.6% +36.9	—
Interest bearing debt	106.7	-8.3% -9.6	• Long-term loans payable (-6.8) • Short-term loans payable (-2.7)
Equity Ratio	56.4%	+3.8pt	—

# Consolidated Statement of Cash Flow for FY3/20, Return to shareholders



(JPY bn)	Results FY3/20	YoY change	Main factors for the change
Cash flows from operating activities	114.1	+2.0	<ul style="list-style-type: none"> <li>• Decrease in notes and accounts receivable (+21.4)</li> <li>• Decrease in notes and accounts payable (-13.4)</li> <li>• Impairment loss (-9.8)</li> </ul>
Cash flows from investing activities	-70.8	+29.3	<ul style="list-style-type: none"> <li>• Purchase of shares of subsidiaries resulting in change in scope of consolidation (+32.1)</li> </ul>
Free cash flows	43.2	+31.3	—
Cash dividends per share	JPY 150	JPY +10	



# Outlook for FYE March 2021

# Consolidated plan for FYE March 2021



(JPY bn)		Full Year	YoY Change
Consolidated	Net sales	1,253.0	+0.0% +0.2
	Operating income	110.0	+7.1% +7.2
	Ordinary income	111.0	+7.4% +7.6
	Net income or net losses attributable to shareholders of parent company	69.5	+3.2% +2.1
Food	Net sales	1,041.4	-0.8% -8.1
	Operating income	93.0	+6.5% +5.6
Pharma	Net sales	212.3	+3.9% +7.9
	Operating income	18.0	+12.6% +2.0

(JPY bn)		Full Year	YoY Change			Full Year	YoY Change
Fresh and Fermented Dairy	Net sales	321.4	-2.0% -6.4	Overseas	Net sales	54.0	+11.6% +5.6
	Operating income	54.4	+12.4% +6.0		Operating income	1.7	+7.0% +0.1
Processed Food	Net sales	180.8	+1.3% +2.3	Other Domestic Subsidiaries	Net sales	268.7	-5.0% -14.0
	Operating income	9.2	+10.6% +0.8		Operating income	4.2	+19.7% +0.7
Confectionery	Net sales	123.8	+2.1% +2.5	Corporate expenses	Net sales	—	—
	Operating income	19.7	+3.8% +0.7		Operating income	-10.6	— -1.1
Nutrition	Net sales	92.4	+1.9% +1.7				
	Operating income	14.1	-10.2% -1.6				

	(JPY bn)	Full Year	YoY Change
Domestic	Net sales	145.3	+2.5% +3.5
	Operating income	6.6	-31.1% -3.0
Overseas	Net sales	47.4	+9.1% +3.9
	Operating income	5.8	+113.5% +3.0
KM Biologics	Net sales	43.3	+7.0% +2.8
	Operating income	4.0	+2.6% +0.1
Adjustment and Elimination	Net sales	-23.8	— -2.3
	Operating income	1.5	— +1.8

# Analysis of Consolidated Operating Income for FYE March 2021

(JPY bn)	Consolidated Plan	Food	Pharma	Other
FYE March 2020	102.7	87.3	15.9	-0.6
Due to increased/ decreased sales	+6.7	+2.8	+3.9	—
Decrease due to NHI drug price revision	-5.9	—	-5.9	—
Change in COG sold	-2.7 <sup>*1</sup>	-1.1	-1.6	—
Changes in SG&A expenses	+5.4 <sup>*2</sup>	+2.7	+2.7	—
Other (incl. change in results of subsidiaries)	+3.8	+1.3	+3.0	-0.4
FYE March 2021	110.0	93.0	18.0	-1.0

(Breakdown)

\*1 **Food** Raw material procurement costs -2.0, product strategy, optimization +0.9

**Pharma** Favorable variance from inventory reevaluation due to a production site closing -3.5, cost reductions +1.9

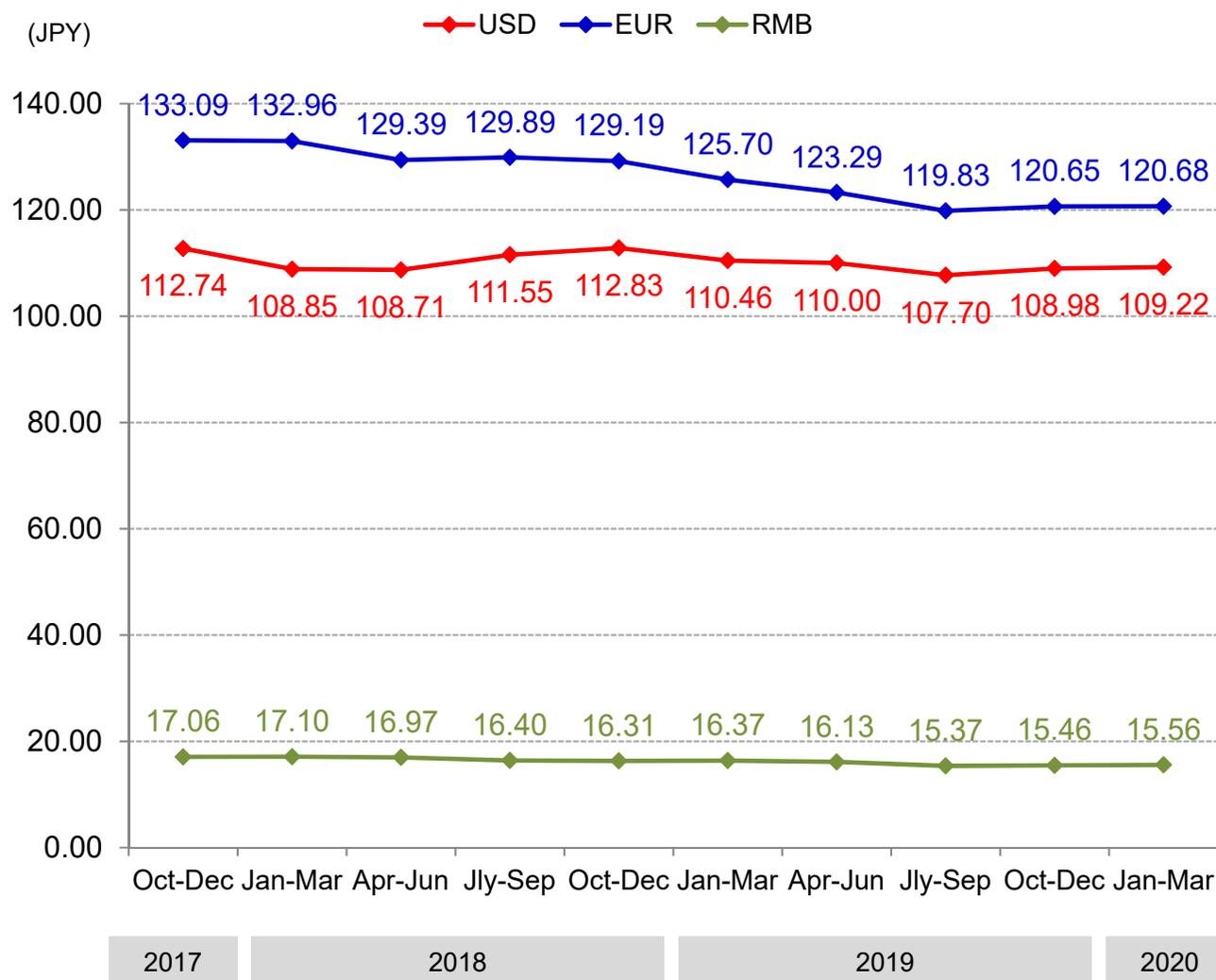
\*2 **Food** Lower promotion expenses +4.0, Increased logistics expenses -1.1, Other -0.2

**Pharma** Lower marketing expenses +0.9, Other +1.8

# Key Currencies and Our Average Exchange Rates



Key Currencies and Our Average Exchange Rates



Foreign exchange target  
For FYE March 2021 (JPY)

USD	110
EUR	120
RMB	15

For FYE March 2021 (JPY)

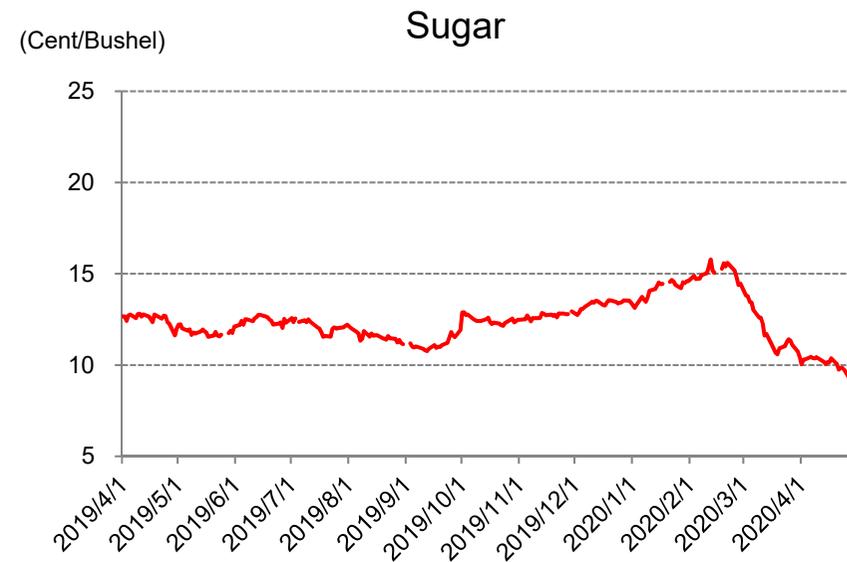
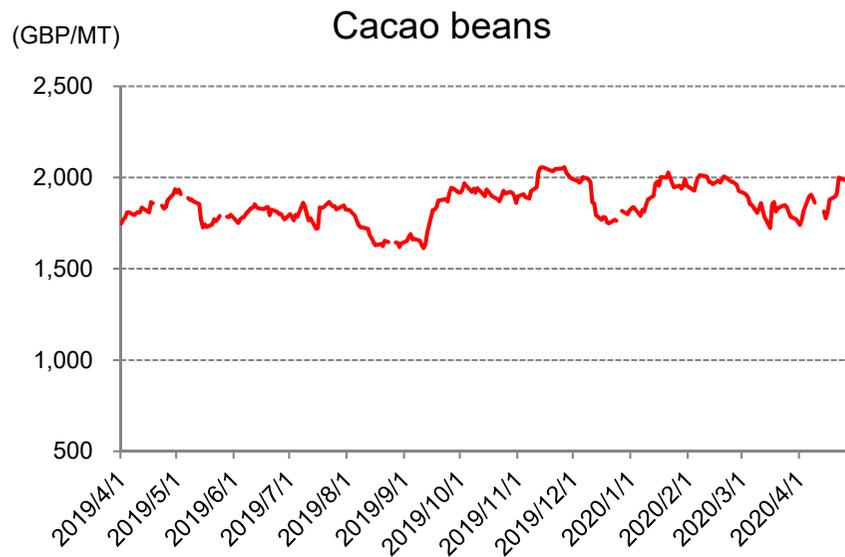
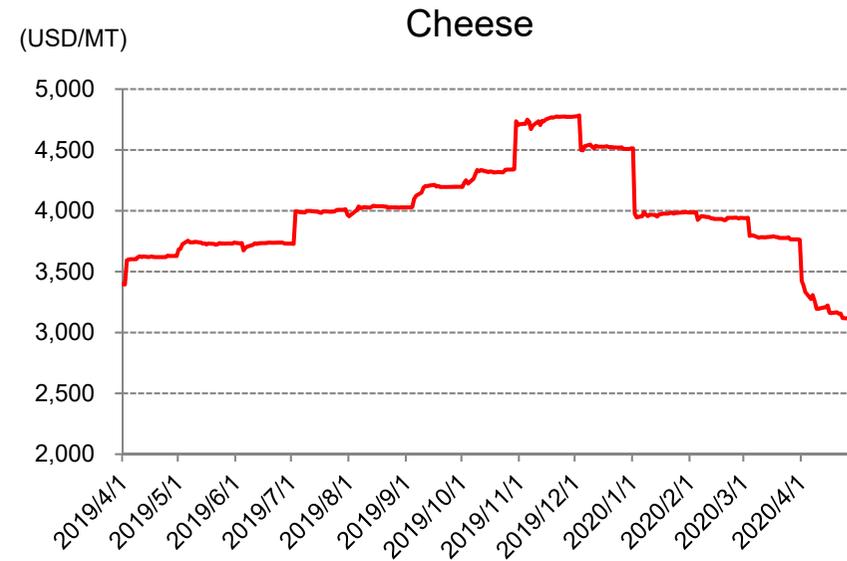
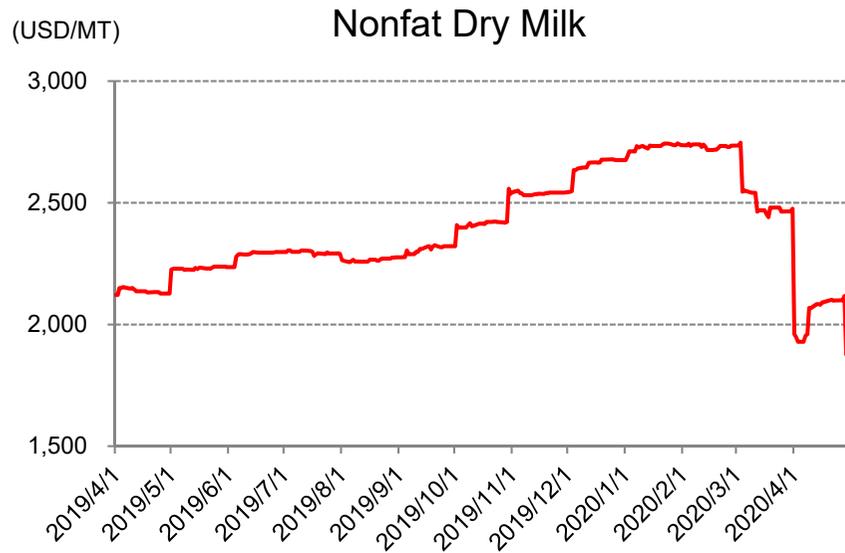
USD	Food	115
	Pharma	110
EUR	Food	125
	Pharma	120
RMB	Food, Pharma	16

\*As of May 2018 when announced our medium-term business plan

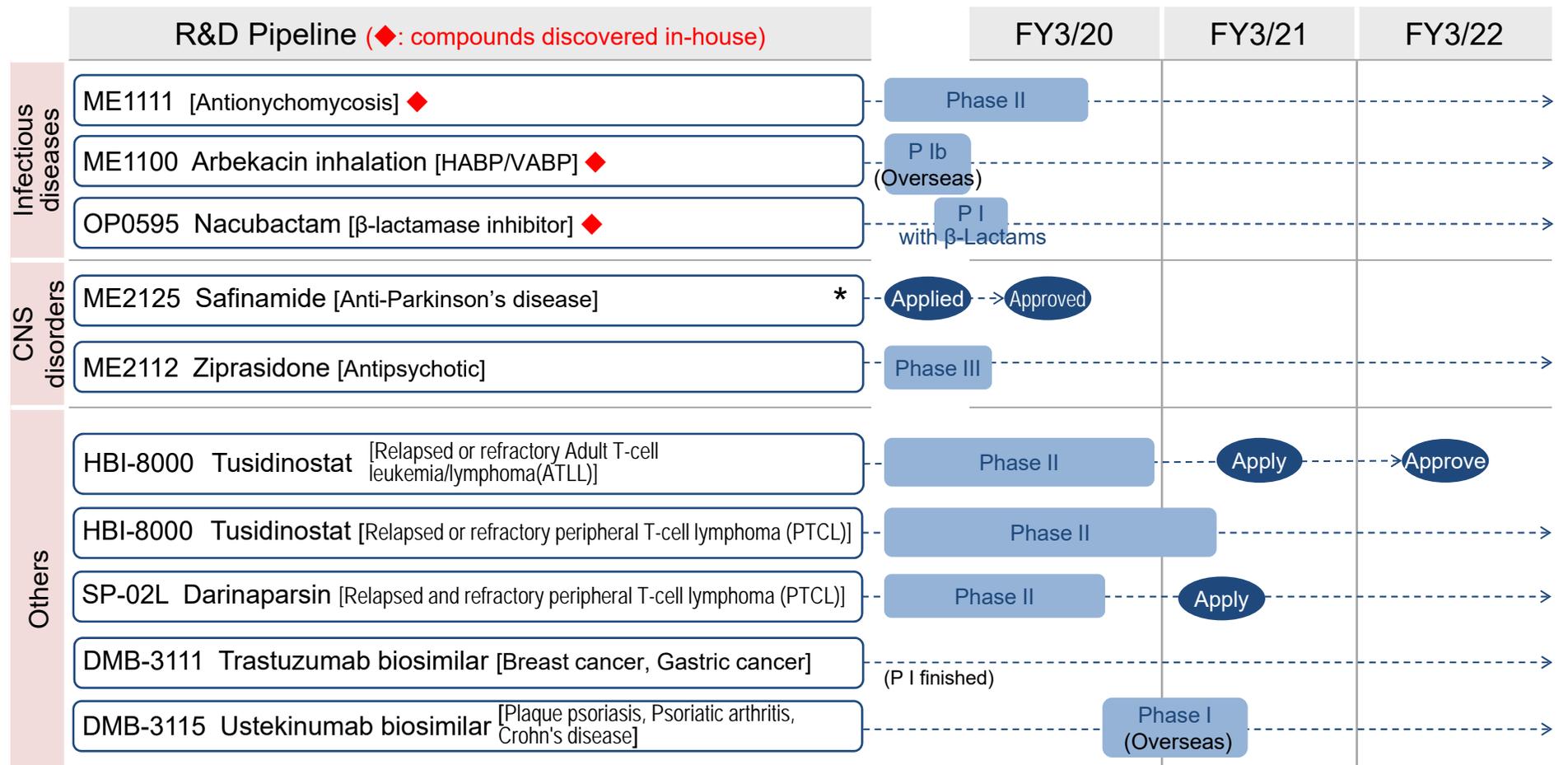


## Appendix: Topics

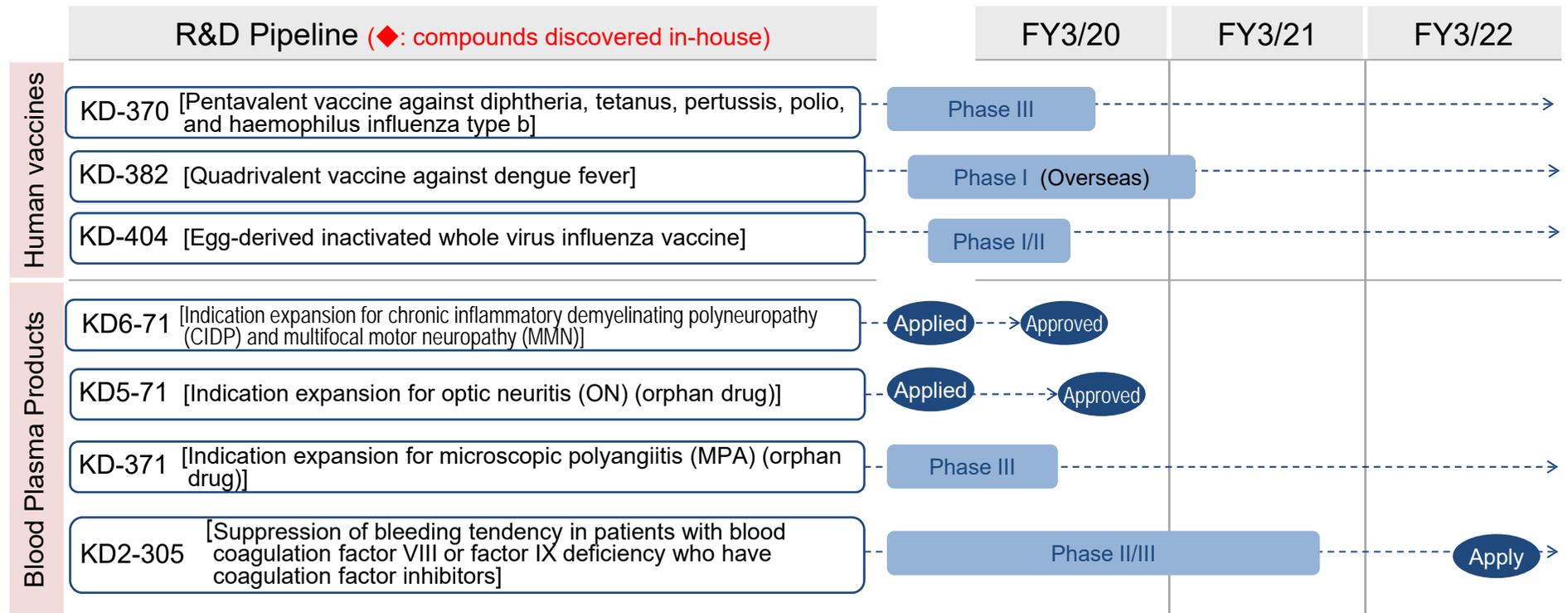
# Market Trends in Imported Raw Materials Prices



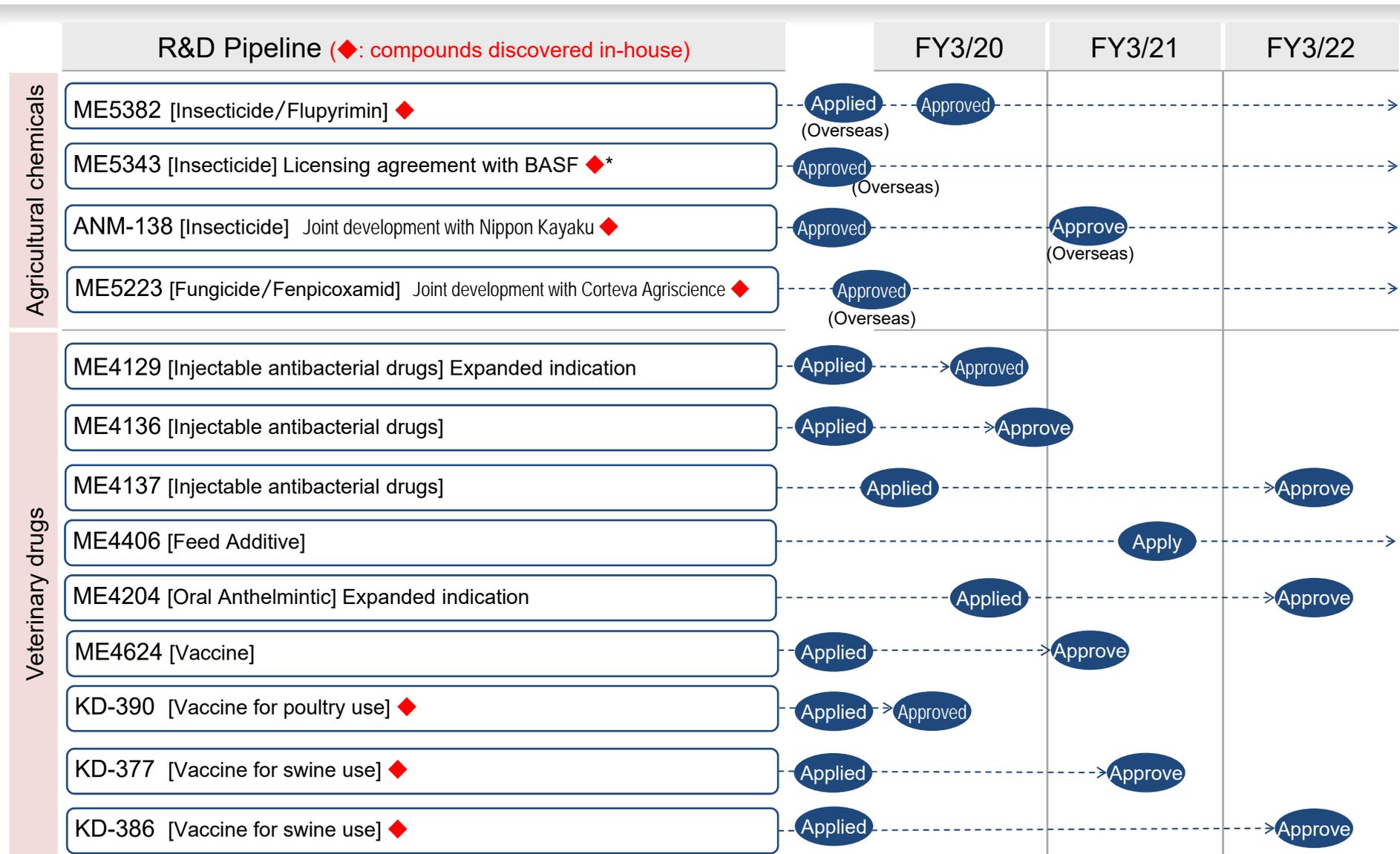
# R&D Pipeline



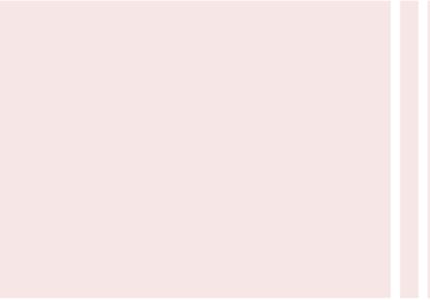
# R&D Pipeline



# R&D Pipeline



\* Discovered in a research collaboration between Meiji Seika Pharma and The Kitasato Institute



**meiji**

