

Meiji Holdings Co., Ltd.  
Financial Results - For FYE March 2020  
Briefing for Analysts and Institutional Investors  
Q&A Summary

Date and time: May 26, 2020, 13:30 -15:00 pm

Presenters:

**Kazuo Kawamura**

President and Representative Director, Meiji Holdings Co., Ltd.

**Koichiro Shiozaki**

Member of the Board and Managing Executive Officer, Meiji Holdings Co., Ltd.

**Katsunari Matsuda**

President and Representative Director, Meiji Co., Ltd.

**Daikichiro Kobayashi**

President and Representative Director, Meiji Seika Pharma Co., Ltd.

Q 1. What are the goals of the Chief Officer system, which will be adopted on June 26, 2020? In light of the impact of the novel coronavirus infection pandemic, what decisions will the president make moving forward?

A 1. The Chief Officer system will be adopted to as part of our aim to achieve the Meiji Group 2026 Vision. Through this system, we will enhance the synergy between Food and Pharmaceuticals by increasing our emphasis on the Group as a uniform organization. We will see the adoption of new lifestyle norms that are likely to change how people think about shopping as well as changes in distribution channels. During decision-making regarding business operations, we will carefully analyze market trends and changes in customer behavior.

Q 2. If economic conditions decline in a post-coronavirus environment, will you change your current strategy for value-added products with higher prices?

A 2. We will not change this strategy. We will pursue sales prices that reflect the value of our products. We will use TV commercials and in-store marketing to proactively convey the true value of our products to our customers. Additionally, we will continue cost reduction efforts in order to maintain profitability during difficult market conditions.

Q 3. Currently, chocolate and sports nutrition sales are sluggish. Your plan for both categories during FYE March 2021 entails expanding sales and limiting market expenses but is this achievable?

A 3. In FYE March 2020, net sales of chocolate and sports nutrition were favorable,

increasing by approx. 2% and by approx. 4%, respectively. Although current conditions are tough, we expect continue growth moving forward. In the post-coronavirus market, we will evaluate conditions while focusing sales efforts on highly profitable products that do not require marketing expenses. At the same time, we will conduct efficient promotions that enable us to reduce promotion expenses.

Q 4. For the chilled milk and yogurt business in China, you plan to double sales during the period of the next Medium-term Business Plan but is that achievable? Also, please explain the objective behind the AustAsia Investment Holdings stock acquisition announced recently.

A 4. We think the chilled milk and yogurt business in China is growing favorably. The novel coronavirus infection pandemic has not been much of an impact on our consumer products and our commercial product sales are recovering. With plans to expand the Suzhou Plant line in spring 2021 and to launch operations at the Tianjin Plant in FYE March 2023, we can expect further growth. Additionally, we will begin selling products currently not offered in China. We have decided to acquire a 25.0% stake in AustAsia Investment Holdings. It enables the stable procurement of high-quality raw milk. To further expand business, we will use the Suzhou Plant, the Tianjin Plant, and a potential 3rd plant in China we are currently evaluating.

Q 5. Your plan for the Pharmaceuticals segment outlines net sales of 212.3 billion yen for FYE March 2021. Are there any downside risks, such as a reduction in the number of hospital outpatient visits, for business in Japan due to the novel coronavirus infection pandemic?

A 5. Sales of prescription drugs used in light medical treatment such as antihistamine drugs were impacted by the decline in hospital outpatient visits during 4Q/FYE March 2020. On the other hand, sales of drugs used in first aid such as injectable antibacterials were firm. During FYE March 2021, we are not planning for significant growth of business in Japan. As long as the market does not incur significant change, we anticipate being able to achieve plans. Influenza HA Vaccine is expected to grow on increased demand due to concerns driven by the novel coronavirus infection pandemic. Also, sales of injectable antibacterial drugs are expected to grow steadily.

Q 6. You announced the development of an inactivated vaccine for the novel coronavirus but what are your expectations for this vaccine? As other companies have already begun vaccine development, are you concerned it is too late to begin development at this point?

A 6. We already have the advanced technology, experience, and facilities necessary for the development and commercialization of a vaccine. We will use these platforms to achieve rapid launch to market. In the field of inactivated vaccines, we have

experience in developing vaccines with superior efficacy and safety for use on infectious diseases. We have high expectations for being able to achieve similar results for the novel coronavirus. We possesses production facilities capable of producing enough pandemic influenza vaccines for 57 million people, roughly half the population of Japan. The fact that we already have the facilities necessary for commercialization is a significant advantage.

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