Q 1. What is the reason for adopting ROIC as a management benchmark for the 2023 Medium-Term Business Plan set to begin next fiscal year?

A 1. Investors focus on capital efficiency. To align the perspectives of investors and corporate management, we will add ROIC as one of the management benchmarks for the upcoming Medium-Term Business Plan. We will use ROIC to manage capital efficiency on a business segment basis. We have a broad business portfolio. During future evaluations concerning the state of our business portfolio, we will advance internal discussions with a focus on ROIC.

Q 2. Your financial strategies for the 2023 Medium-Term Business Plan outline a focus on growth investments and returns to shareholders. What is your approach behind this strategy?

A 2. Since the management integration in 2009, we have focused on three core policies: strengthening our financial base, growth investments, and returns to shareholders. Of these core policies, our financial base is now approaching an ideal status. As such, from the upcoming Medium-Term Business Plan, we will focus cash allocation on growth investments and returns to shareholders.
Q 3. What are your projections for growth potential and operating profit margin for the Fresh and Fermented Dairy business from next fiscal year onward? What is the status of efforts to achieve profitability for the Drinking Milk business?

A 3. The Fresh and Fermented Dairy business has been a growth driver in recent years and we project the Fresh and Fermented Dairy business will continue to grow next fiscal year and beyond. Although COVID-19 has created an operating environment lacking transparency, we believe it is critical that we increase our focus on mainstay products to achieve stable growth. H1 operating profit margin for the Fresh and Fermented Dairy business was approx. 18%. We will continue to focus on cost reductions to further increase the profit margin.

Efforts to improve profitability for the Drinking Milk business are progressing steadily. We will respond to market changes and aim for profitability as planned.

Q 4. The 2023 Medium-Term Business Plan outlines aiming for an overall overseas nets sales ratio of 10% or higher for the Meiji Group. How do you plan to achieve this?

A 4. Our current ratio of overseas net sales is roughly 7%. During the period of the 2023 Medium-Term Business Plan, we will achieve 10% or higher mainly through growth in the Food business. The key to achieving this goal will be sales growth in the key areas of China, Southeast Asia, and the USA. Our approach will be to strengthen highly profitable categories and we are considering launching overseas sales for functional yogurt products. We also intend on aggressive overseas development for infant formula and sports nutrition. In August 2020, we launched sales of SAVAS in China.

Q 5. How will you recover sales in the Confectionery business?

A 5. Sales of health-conscious chocolates such as Chocolate Kouka and Oligo Smart recovered in Q2. We also conducted a total revamp of the specialty chocolate product The Chocolate in September. The chocolate market suffered a temporary downturn in demand among office workers due to environmental changes caused by COVID-19. However, we do not think the market is trending towards contraction. We will strengthen marketing activities for health-conscious and specialty chocolate to recover sales for the overall chocolate business.

For sales of gummy products, we will work to generate new demand and expand sales from H2 onward.

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