



Financial Results
- For the Q1-Q3 of FYE March 2021 (FY2020) -

(From April 1, 2020 to December 31, 2020)

February 9, 2021

Meiji Holdings Co., Ltd.

FY2020 Q1-Q3 Summary

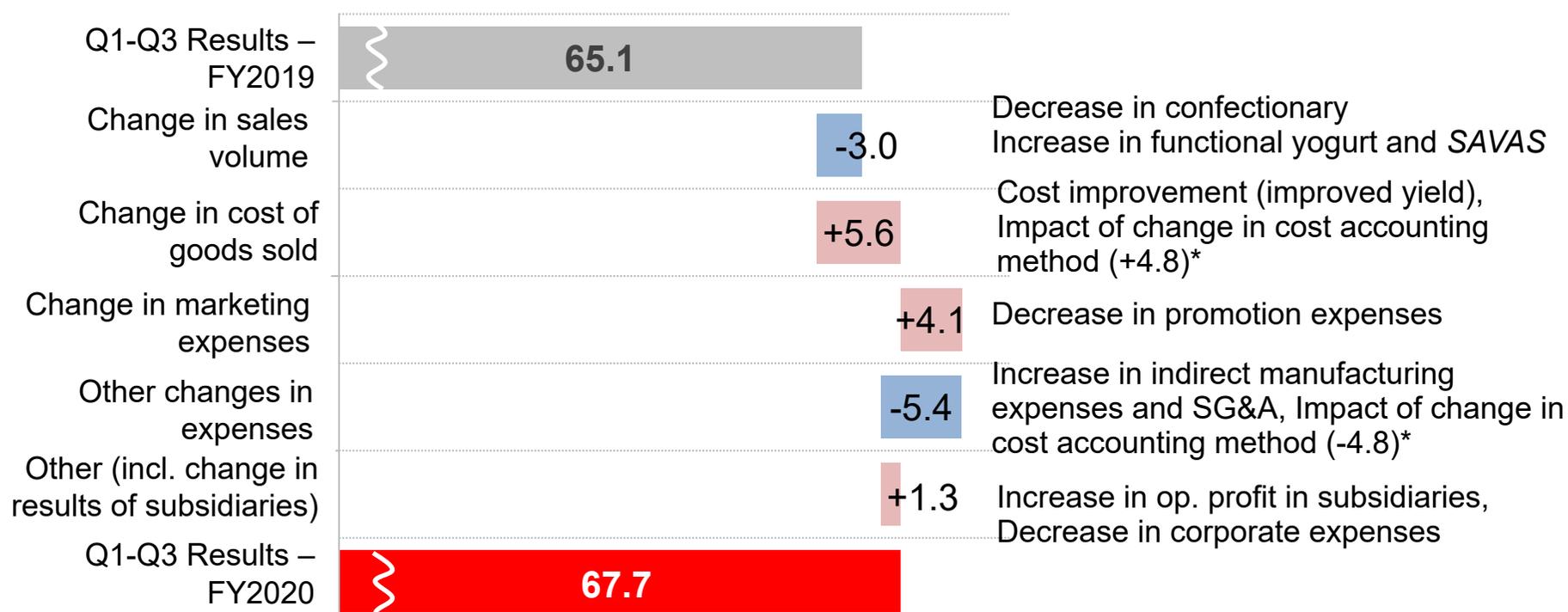


(JPY bn) Meiji HD (consolidated)	FY2019 Q1-Q3 Results	FY2020 Q1-Q3 Results	YoY Change
Net sales	951.1	900.7	-5.3% -50.4
Operating profit	80.3	83.2	+3.6% +2.8
Op. profit margin	8.4%	9.2%	+0.8pt
Profit attributable to owners of parent	52.4	49.4	-5.8% -3.0
EPS (JPY)	361.54	340.54	-21.00

- Q1-Q3 Results: Decrease in sales, increase in operating profit
 - Sales decreased both in Food segment and Pharmaceutical segment
 - Operating profit increased both in Food segment and Pharmaceutical segment
 - Profit attributable to owners of parent decreased due to increased tax expense and increase in non-controlling interests

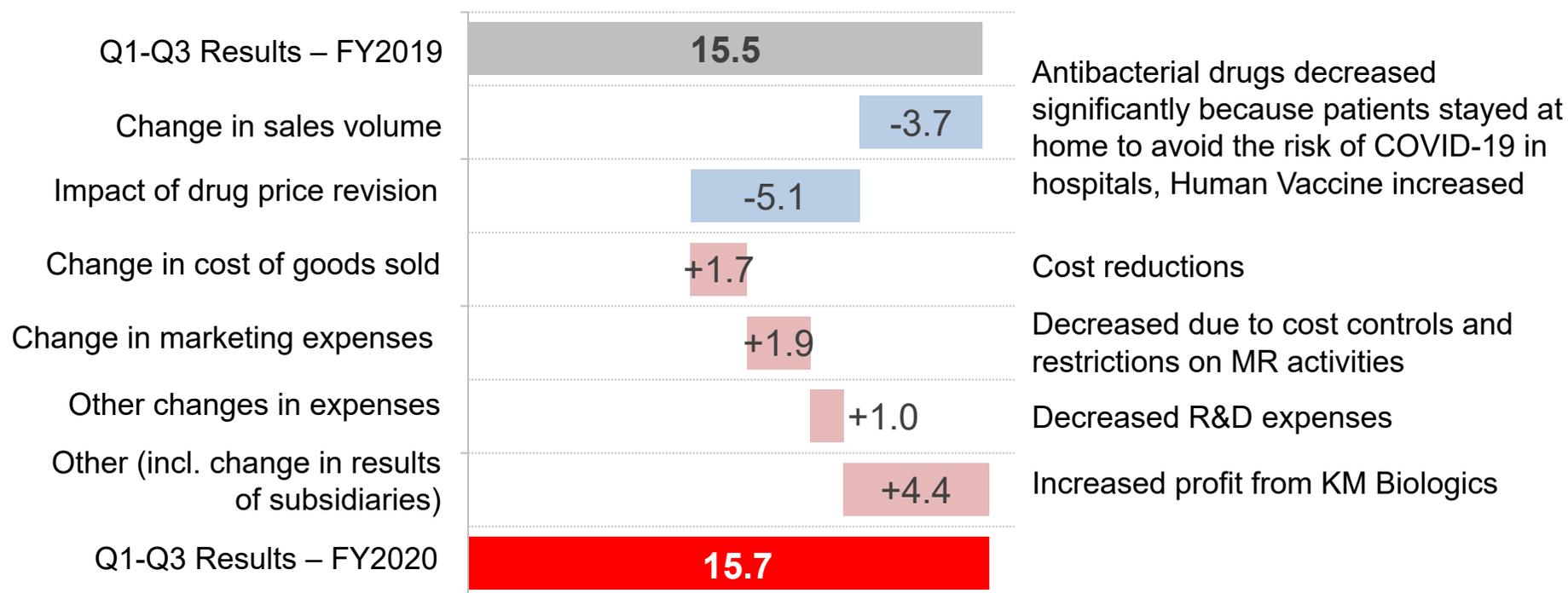
(JPY bn)	FY2019 Q1-Q3 Results	FY2020 Q1-Q3 Results	YoY Change
Net sales	796.6	758.4	-4.8% -38.2
Operating profit	65.1	67.7	+4.0% +2.6

YoY Change in Operating Profit (JPY bn)



(JPY bn)	FY2019 Q1-Q3 Results	FY2020 Q1-Q3 Results	YoY Change
Net sales	155.4	143.4	-7.7% -12.0
Operating profit	15.5	15.7	+1.0% +0.1

YoY Change in Operating Profit (JPY bn)



Consolidated Forecasts for FY2020



(JPY bn)	FY2019 Results	FY2020 Initial Plan	FY2020 Revised Plan	YoY Change	vs. Initial Plan
Net sales	1,252.7	1,253.0	1,200.0	-4.2% -52.7	-4.2% -53.0
Operating profit	102.7	110.0	106.0	+3.2% +3.2	-3.6% -4.0
Op. profit margin	8.2%	8.8%	8.8%	+0.6pt	+0.1pt
Profit attributable to owners of parent	67.3	69.5	66.0	-2.0% -1.3	-5.0% -3.5
EPS (JPY)	464.08	479.05	454.90	-9.18	-24.15
Cash dividends per share (JPY)	150	150	150	—	—
Dividend payout ratio	32.3%	31.3%	33.0%	+0.7pt	+1.7pt
ROE	12.4%	12.0%	11.5%	-0.9pt	-0.5pt
Capital expenditures	71.1	85.2	69.3	-2.5% -1.7	-18.6% -15.8
Cash flows from operating activities	114.1	120.9	116.9	+2.4% +2.8	-3.3% -4.0
Free cash flows	43.2	1.2	16.7	-61.5% -26.6	+1288.3% +15.5

- Consolidated forecasts: Downward revision for net sales and operating profit

Consolidated Forecasts for FY2020



(JPY bn)		Q1-Q3 Results	YoY Change	Q4 Revised plan	YoY Change	Initial full-year plan	Revised full-year plan	YoY Change	vs. Initial plan
Meiji HD (consolidated)	Net sales	900.7	-5.3% -50.4	299.2	-0.7% -2.2	1,253.0	1,200.0	-4.2% -52.7	-4.2% -53.0
	Operating profit	83.2	+3.6% +2.8	22.7	+1.8% +0.3	110.0	106.0	+3.2% +3.2	-3.6% -4.0
	Ordinary profit	84.3	+3.2% +2.6	23.6	+9.6% +2.0	111.0	108.0	+4.5% +4.6	-2.7% -3.0
	Profit attributable to owners of parent	49.4	-5.8% -3.0	16.5	+11.5% +1.7	69.5	66.0	-2.0% -1.3	-5.0% -3.5
Food	Net sales	758.4	-4.8% -38.2	251.5	-0.5% -1.3	1,041.4	1,010.0	-3.8% -39.5	-3.0% -31.4
	Operating profit	67.7	+4.0% +2.6	23.2	+4.7% +1.0	93.0	91.0	+4.2% +3.6	-2.2% -2.0
Pharma	Net sales	143.4	-7.7% -12.0	48.0	-1.7% -0.8	212.3	191.5	-6.3% -12.8	-9.8% -20.8
	Operating profit	15.7	+1.0% +0.1	0.2	-33.8% -0.1	18.0	16.0	+0.1% +0.0	-11.1% -2.0

- Expecting to decrease in profit of JPY 2.0 bn for both segments compared to initial plan

(JPY bn)	Q1-Q3 Results	YoY Change
Net sales	241.6	-0.8% -1.8
Operating profit	40.7	+26.9% +8.6

	Revised full-year plan	YoY Change	vs. Initial plan
Net sales	321.8	-1.8% -6.0	+0.1% +0.3
Operating profit	55.1	+13.8% +6.6	+1.2% +0.6

● Market Conditions*

Yogurt

Q1-Q3: +2% to +3%, Growth in Q1 contributed
Q3: Below previous year

Drinking milk

Q1-Q3: +4% to +5%, Growth in Q1 contributed
Q3: Largely unchanged YoY

● Net Sales Largely unchanged YoY

- Sales increased in functional yogurt, *SAVAS Milk*
- Terminated sale of some milk products

● Op. profit Increased

- Decreased in promotion expenses, depreciation

● Net Sales

Forecast on par with initial plans

- Yogurt and functional yogurt:
Below initial plans
- *Meiji Oishii Gyunyu* and *SAVAS Milk*:
Favorable

● Op. profit

Forecast to achieve initial plans

- Decline in product mix
- Decrease in promotion expenses, depreciation

(JPY bn)	Q1-Q3 Results	YoY Change
Net sales	138.2	-0.6% -0.7
Operating profit	6.3	-17.0% -1.2

	Revised full-year plan	YoY Change	vs. Initial plan
Net sales	180.8	+1.4% +2.4	+0.0% +0.0
Operating profit	7.5	-9.7% -0.8	-18.4% -1.7

● Market Conditions

Cheese Q1-Q3: +11% to +12%

- Natural cheese particularly favorable
- Processed cheese also grew

Ice cream Q1-Q3: +3% to +4%

- Multi-packs favorable on stay-at-home demand

● Net Sales Largely unchanged

Cheese, Ice cream

- For consumer market: Increased
- Commercial products: Sluggish

● Op. profit Decreased

- Increased in logistics costs, depreciation

● Net Sales

Forecast on par with initial plan

- Cheese, ice cream: Below initial plan
- Butter for consumer market, commercial cream: Grow

● Op. profit

Forecast to decrease

- Increase in promotion expenses

(JPY bn)	Q1-Q3 Results	YoY Change
Net sales	82.3	-7.7% -6.8
Operating profit	9.8	-32.4% -4.7

	Revised full-year plan	YoY Change	vs. Initial plan
Net sales	116.2	-4.2% -5.0	-6.2% -7.6
Operating profit	15.6	-17.6% -3.3	-20.6% -4.0

● Market Conditions

Chocolate

Retail store channels: +2% to +3%

- Multi-packs favorable

Railway kiosks and other sales channels:

- Pushed down sales

● Net Sales

Chocolate: Decreased but on recovery trend

Gummy, gum: Decreased significantly -
Decline in demand from office workers in
business districts

● Op. profit Decreased

- Reduced in promotion expenses and other operating expenses
- Decreased due to lower sales

● Net Sales

Chocolate

- Forecast below initial plans but on recovery trend

Gummy and gum

- Forecast significant decrease

● Op. profit

Forecast decrease

- Reduce in operating expenses
- Decrease due to lower sales

(JPY bn)	Q1-Q3 Results	YoY Change
Net sales	72.7	+1.9% +1.3
Operating profit	13.1	-3.6% -0.4

	Revised full-year plan	YoY Change	vs. Initial plan
Net sales	93.9	+3.6% +3.2	+1.6% +1.5
Operating profit	15.9	+1.4% +0.2	+12.9% +1.8

● Market Conditions

Sports protein: +40% to +41%

- Due to consumers' needs to address lack of exercise

Infant formula: -2% to -3%

- For toddlers: Unfavorable

● Net Sales

- SAVAS: Favorable
- Infant formula, VAAM: Unfavorable

● Op. profit Decreased

- Increased in depreciation

● Net Sales

- SAVAS: Forecast sales to exceed initial plan significantly
- Infant formula: Forecast sales to decrease compared to initial plan

● Op. profit

- Increase in sales
- Forecast depreciation to be lower than initial plan

(JPY bn)	Q1-Q3 Results	YoY Change
Net sales	36.8	+2.7% +0.9
Operating profit	1.2	+0.4% +0.0

	Revised full-year plan	YoY Change	vs. Initial plan
Net sales	50.2	+3.8% +1.8	-7.0% -3.7
Operating profit	1.2	-27.7% -0.4	-32.4% -0.5

● Net Sales

China:

- Ice cream business: Favorable
- Drinking milk and yogurt business: Sales declined but on recovery trend
- Confectionery business: Below previous year due to unfavorable sales of chocolate for wedding gift

The US: Firm

● Op. profit Largely unchanged

- Confectionery business, drinking milk and yogurt business in China: Struggled
- Ice cream business in China and US subsidiary: Increased in op. profit

● Net Sales

- Ice cream business in China: Forecast to exceed initial plan
- Other businesses: Forecast to fall below initial plan

● Op. profit

- Forecast to fall below initial plan
Lower sales
Increase in promotion expenses

(JPY bn)		Q1-Q3 Results	YoY Change
Domestic	Net sales	104.8	-4.3% -4.6
	Operating profit	2.6	-72.5% -7.1
KM Biologics	Net sales	32.7	+10.7% +3.1
	Operating profit	7.5	+246.0% +5.3

● Net Sales

- Antibacterial drugs: Unfavorable
Patients continued to stay at home to avoid the risk of COVID-19 in hospitals
- *REFLEX*: Decreased
NHI drug price revisions
- Human vaccines: Favorable

● Op. profit

- Domestic business: Decreased
Reduced operating expenses but sales down due to NHI drug price revisions
- KM Biologics: Significant increase

		Revised full-year plan	YoY Change	vs. Initial plan
Domestic	Net sales	134.4	-5.2% -7.4	-7.5% -10.9
	Operating profit	2.5	-74.2% -7.1	-62.5% -4.1
KM Biologics	Net sales	43.4	+7.2% +2.9	+0.2% +0.1
	Operating profit	6.5	+66.7% +2.6	+62.5% +2.5

● Net Sales

- Domestic business: Forecast significant decrease compared to initial plan
Patients stayed at home to avoid the risk of COVID-19 in hospitals
- KM Biologics: On par with initial plan

● Op. profit

- Domestic business: Forecast significant decrease compared to initial plan due to decreased sales
- KM Biologics: Significant increase compared to initial plan

(JPY bn)	Q1-Q3 Results	YoY Change
Net sales	28.1	-15.5% -5.1
Operating profit	3.6	+44.0% +1.1

	Revised full-year plan	YoY Change	vs. Initial plan
Net sales	38.0	-12.7% -5.5	-19.9% -9.4
Operating profit	4.9	+79.5% +2.1	-15.9% -0.9

● Net Sales

- Sales at Chinese subsidiaries decreased significantly due to the spread of COVID-19

● Op. profit

- Increased
Reduced operating expenses at Indian and Indonesian subsidiaries contributed

● Net Sales

- Forecast sales to fall below initial plan for all subsidiaries
Spread of COVID-19

● Op. profit

- Forecast profit to fall below initial plan
Due to lower sales despite reducing operating costs

- Course of events

Dec. 4, 2020	<ul style="list-style-type: none">● Received report from Kobayashi Kako (manufacturer and distributor) concerning <i>Itraconazole Tablet 50 MEEK</i> tainted with sleep-inducing drug (the product)
Dec. 9, 2020	<ul style="list-style-type: none">● Specified 344 patients prescribed the product● Confirmed patients stop taking the product
As of Jan. 31, 2021	<ul style="list-style-type: none">● Shipment stopped for products manufactured by Kobayashi Kako

- Impact on fiscal year sales

Net sales: JPY -1.5 billion

- Development of inactivated vaccine*¹ in KM Biologics
 - Selected to participate in AMED*² to the COVID-19 Vaccine Development (Corporate-led) Public R&D Project in May 2020. Started vaccine development.
 - Selected to participate in the MHLW Vaccine Production Structure Emergency Development Project in July 2020. Started constructing production system.
 - Effective in nonclinical studies
 - Currently manufacturing study drug
 - Will start clinical study (Phase I/II) in FY2020 and target launching in FY2023
- Signed a contract with AstraZeneca concerning domestic supply of the COVID-19 Vaccine
 - KM Biologics to receive active ingredient from AstraZeneca, after which it will complete formulation (vial filling and packaging)
 - Meiji Seika Pharma to store and distribute
 - Distribute 120 million shots including vaccines formulated by KM Biologics
 - Medical rep. will deliver information and collect safety management information when needed

*1 About inactivated vaccines:

A vaccine created from a pathogen or pathogen component by collecting virus particles and bacterial cells from virus strains or bacterial cultivated in large amounts. These particles or cells are refined and then heat-treated or treated with formalin or another agent to eliminate infectiousness or toxicity.

*2 The Japan Agency for Medical Research and Development



Kikuchi Research Center
Manufacture vaccine concentrate using cultivation process



Koshi Production Center
Filling and packaging

Appendix

Financial Position as of December 2020



(JPY bn)	Results as of Dec. 2020	Change	Main Factors for Change
Current assets	473.9	+13.7% +57.0	- Notes and accounts receivable-trade (+33.8) - Cash and deposits (+20.6)
Non-current assets	622.7	+7.0% +40.7	- Investment securities (+37.4) - Construction in progress (+4.6) - Machinery and equipment (+3.4) - Buildings and structures (-2.9)
Total assets	1,096.6	+9.8% +97.7	—
Current liabilities	3,090.0	+20.5% +52.5	- Commercial papers (+27.0) - Short-term borrowings (+17.0)
Non-current liabilities	155.2	+7.2% +10.3	- Bonds payable (+10.0)
Total liabilities	464.2	+15.7% +62.9	—
Shareholders' equity	581.0	+4.9% +27.3	- Retained earnings (+26.7)
Accumulated other comprehensive income	13.7	+51.9% +4.7	- Valuation difference on available-for-sale securities (+5.3) - Remeasurements of defined benefit plans (+2.4) - Foreign currency translation adjustments (-2.9)
Non-controlling interests	37.6	+8.0% +2.7	—
Total net assets	632.4	+5.8% +34.8	—
Interest bearing debt	159.5	+49.4% +52.7	- Commercial papers (+27.0) - Short-term borrowings (+17.0) - Bonds payable (+10.0)
Equity ratio	54.2%	-2.1pt	—

Consolidated Cash Flows – Q1-Q3 FY2020



(JPY bn)	FY2020 Q1-Q3 Results	YoY Change	Main Factors for Change
Cash flows from operating activities	64.2	+6.0	<ul style="list-style-type: none"> - Income taxes paid (+13.8) - Depreciation (+1.7) - Increase in trade receivables (-14.6) - Increase in inventories (-4.2)
Cash flows from investing activities	-73.3	-24.1	<ul style="list-style-type: none"> - Purchase of investment securities (-30.9) - Purchase of property, plant and equipment (+7.2) - Proceeds from sale of shares of subsidiaries resulting in change in scope of in consolidation (+2.1)
Free cash flows	-9.1	-18.0	—

(JPY bn)		Food Segment Total	Fresh and Fermented Dairy	Processed Food	Confectionery	Nutrition	Overseas	Other Domestic Subsidiaries	Corporate Expenses
FY2019 Q1-Q3 Operating profit		65.1	32.1	7.5	14.5	13.6	1.2	2.9	-6.9
Amounts of YoY change	<i>Due to increased/ decreased sales</i>	-3.0	+0.8	+0.2	-5.0	+0.6	+0.3	—	+0.0
	<i>Changes in COGS*</i>	+5.6	+1.2	+0.5	+3.0	+1.4	-0.1	—	-0.4
	<i>Changes in other SG&A expenses</i>	-1.3	+5.7	-2.1	-2.1	-2.4	-0.5	—	+0.0
	<i>Change in marketing expenses</i>	+4.1	+3.8	-0.9	+1.1	-0.0	-0.3	—	+0.4
	<i>Change in other expenses (R&D expenses)</i>	-5.4 (+0.0)	+2.0	-1.2	-3.2	-2.3	-0.2	—	-0.4
	<i>Other (incl. chang in results of subsidiaries)</i>	+1.3	+0.8	+0.0	-0.6	-0.1	+0.3	-0.1	+1.0
FY2020 Q1-Q3 Operating profit		67.7	40.7	6.3	9.8	13.1	1.2	2.8	-6.4

Analysis of Op. Profit by Business – Q1-Q3 FY2020

[Excluding the impact of change in cost accounting method]

(JPY bn)		Food Segment Total	Fresh and Fermented Dairy	Processed Food	Confectionery	Nutrition	Overseas	Other Domestic Subsidiaries	Corporate Expenses
FY2019 Q1-Q3 Operating profit		65.1	32.1	7.5	14.5	13.6	1.2	2.9	-6.9
Amounts of YoY change	<i>Due to increased/ decreased sales</i>	-3.0	+0.8	+0.2	-5.0	+0.6	+0.3	—	+0.0
	<i>Changes in COGS*</i>	+0.8	+1.2	-0.2	+0.0	+0.3	-0.1	—	-0.4
	<i>Changes in other SG&A expenses</i>	+3.5	+5.7	-1.4	+0.9	-1.3	-0.5	—	+0.0
	<i>Change in marketing expenses</i>	+4.1	+3.8	-0.9	+1.1	-0.0	-0.3	—	+0.4
	<i>Change in other expenses (R&D expenses)</i>	-0.6 (+0.0)	+2.0	-0.5	-0.2	-1.2	-0.2	—	-0.4
	<i>Other (incl. chang in results of subsidiaries)</i>	+1.3	+0.8	+0.0	-0.6	-0.1	+0.3	-0.1	+1.0
FY2020 Q1-Q3 Operating profit		67.7	40.7	6.3	9.8	13.1	1.2	2.8	-6.4

(JPY bn)	Q1-Q3 Results	YoY Change	Initial full-year plan	Revised full-year plan	YoY Change	vs. Initial Plan
	Yogurt	64.3	+1.0%	87.9	84.8	+0.5%
<i>Meiji Bulgaria Yogurt</i>	58.7	+1.9%	79.7	77.2	+1.4%	-3.1%
Functional yogurt	84.0	+8.6%	117.5	114.7	+3.4%	-2.3%
Drinking milk	84.2	-3.4%	104.4	110.6	-2.5%	+5.9%
<i>Meiji Oishii Gyunu</i>	47.6	+7.4%	58.9	62.3	+7.5%	+5.6%
Cheese	28.6	-0.4%	39.0	37.9	+1.3%	-2.8%
<i>Meiji Hokkaido Tokachi series</i>	12.0	+6.7%	16.1	15.8	+7.8%	-1.6%
Ice cream	36.4	-0.4%	47.3	44.8	+1.1%	-5.3%
Chocolate	69.1	-1.3%	100.0	97.5	+0.4%	-2.5%
Nutritional products	45.2	-1.4%	60.5	58.3	-0.8%	-3.6%
Sports nutrition	19.3	+17.6%	20.6	25.1	+22.3%	+21.7%

(JPY bn)	Q1-Q3 Results	YoY Change	Initial full-year plan	Revised full-year plan	YoY Change	vs. Initial Plan
Ethical pharmaceuticals (Japan) (Meiji Seika Pharma non-consolidated results)						
<i>SYCREST</i>	3.1	-2.9%	5.2	4.2	-1.9%	-17.7%
<i>BILANOVA</i>	3.8	+0.8%	10.6	6.9	-4.0%	-34.6%
<i>REFLEX (includes Mirtazapine “MEIJI”)</i>	5.0	-25.1%	6.6	6.6	-22.4%	+0.8%
<i>Meiact (includes Cefditoren “OK”)</i>	2.1	-47.3%	5.2	2.9	-44.7%	-42.7%
<i>TAZOPIPE</i>	4.7	-30.4%	8.0	6.2	-14.8%	-22.7%
Total human vaccine	30.6	+34.9%	30.2	33.8	+29.3%	+11.9%
<i>Influenza HA Vaccine</i>	19.5	+28.7%	15.1	19.1	+28.8%	+26.7%
KM Biologics (non-consolidated results)						
Total human vaccine	23.7	+23.4%	31.0	31.6	+18.7%	+1.9%
Total blood plasma products	5.8	-2.1%	7.6	7.4	-6.1%	-2.7%

Analysis of Operating Profit – FY2020 [Revised as of Feb. 9] **meiji**

	Consolidated	Food	Pharma	Other
Results - FY2019	102.7	87.3	15.9	-0.6
Due to increased/decreased...	-5.4	-2.4	-3.0	—
Decrease due to NHI drug price revision	-5.8	—	-5.8	—
Change in COGS	+9.4 ^(*1)	+7.6	+1.8	—
Changes in SG&A expenses	+0.7 ^(*2)	-1.9	+2.6	—
Other (incl. change in results of subsidiaries)	+4.4	+0.4	+4.5	-0.4
Revised plan - FY2020	106.0	91.0	16.0	-1.0

(Breakdown)

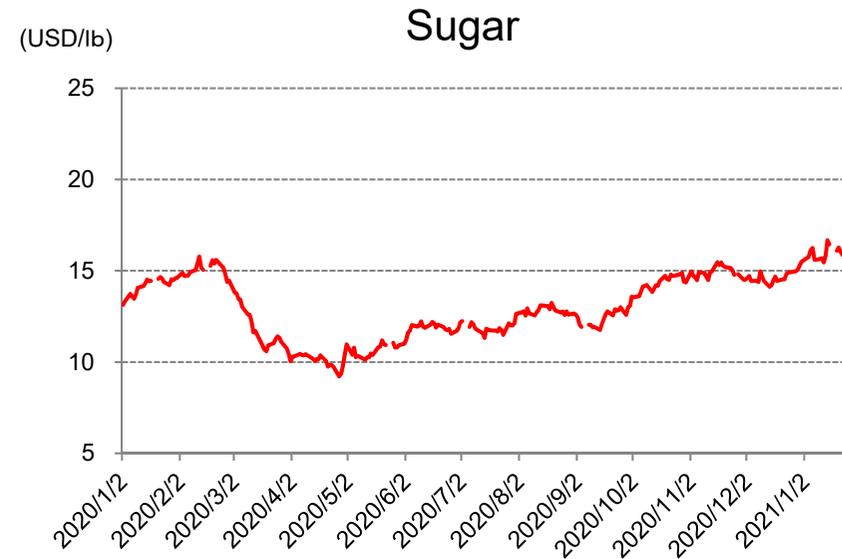
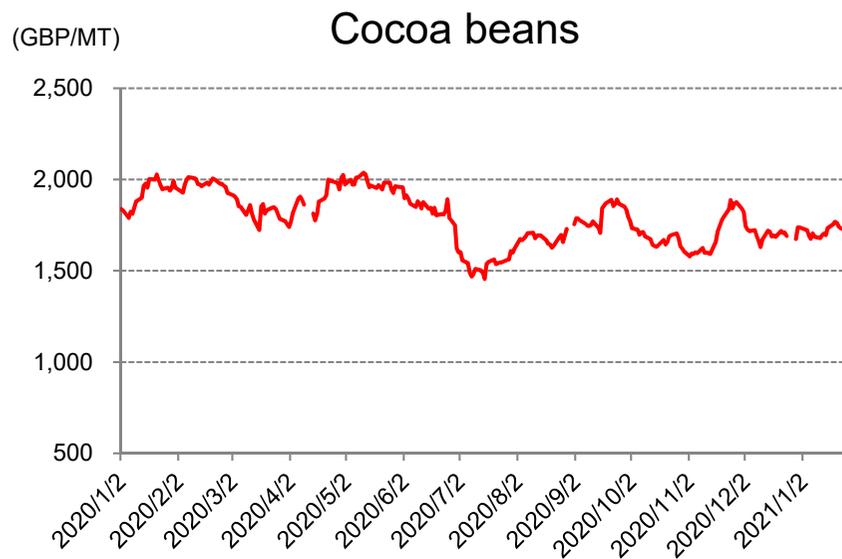
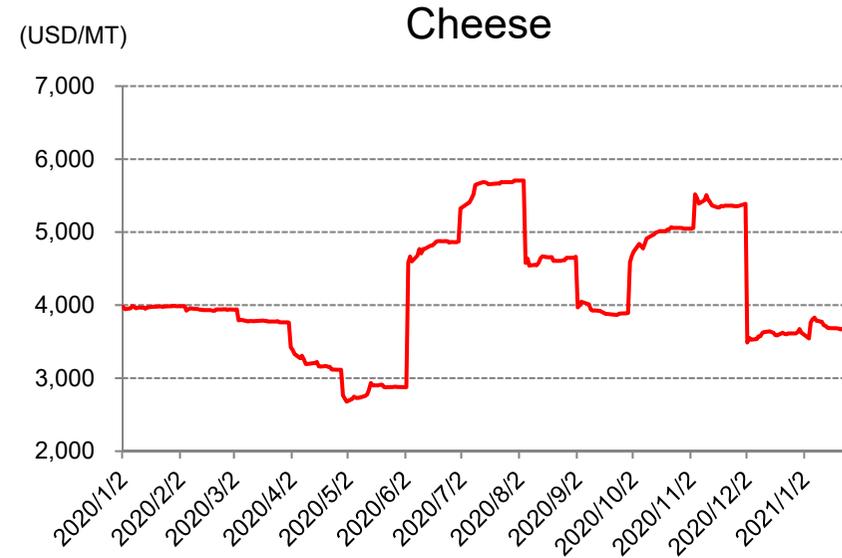
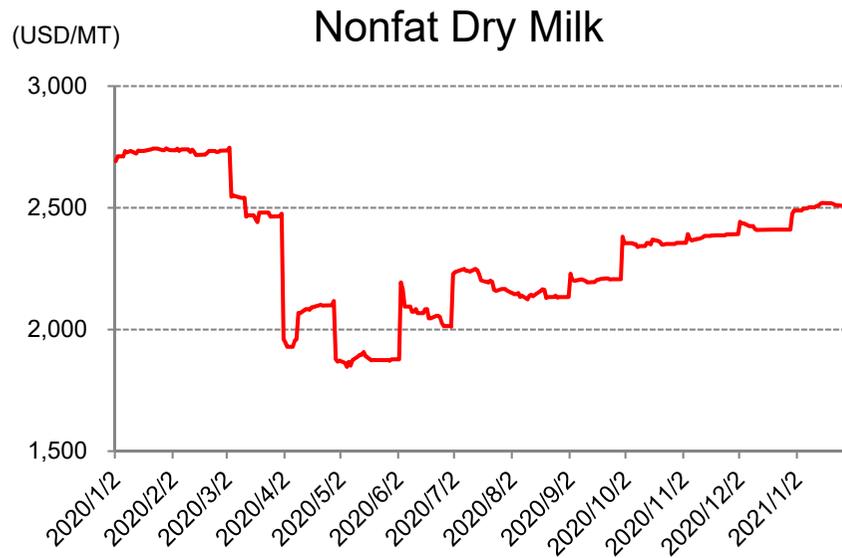
*1 **Food** Change in cost accounting method: +6.8, Other (Improved yield and etc.): +0.8

Pharma Cost reductions: +1.8

*2 **Food** Change in cost accounting method: -6.8, Decrease in marketing expenses: +4.7, Other: +0.2

Pharma Decrease in marketing expenses: +1.7, Decrease in R&D expenses: +0.8, Other: +0.1

Market Prices of Main Raw Materials Imported





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