

Now ideas for wellness

meiji

Financial Results for FY 2020 2023 Medium-Term Business Plan

May 18, 2021

Meiji Holdings Co., Ltd.



Summary for 2020 Medium-Term Business Plan

Summary for FY 2020 Consolidated Results

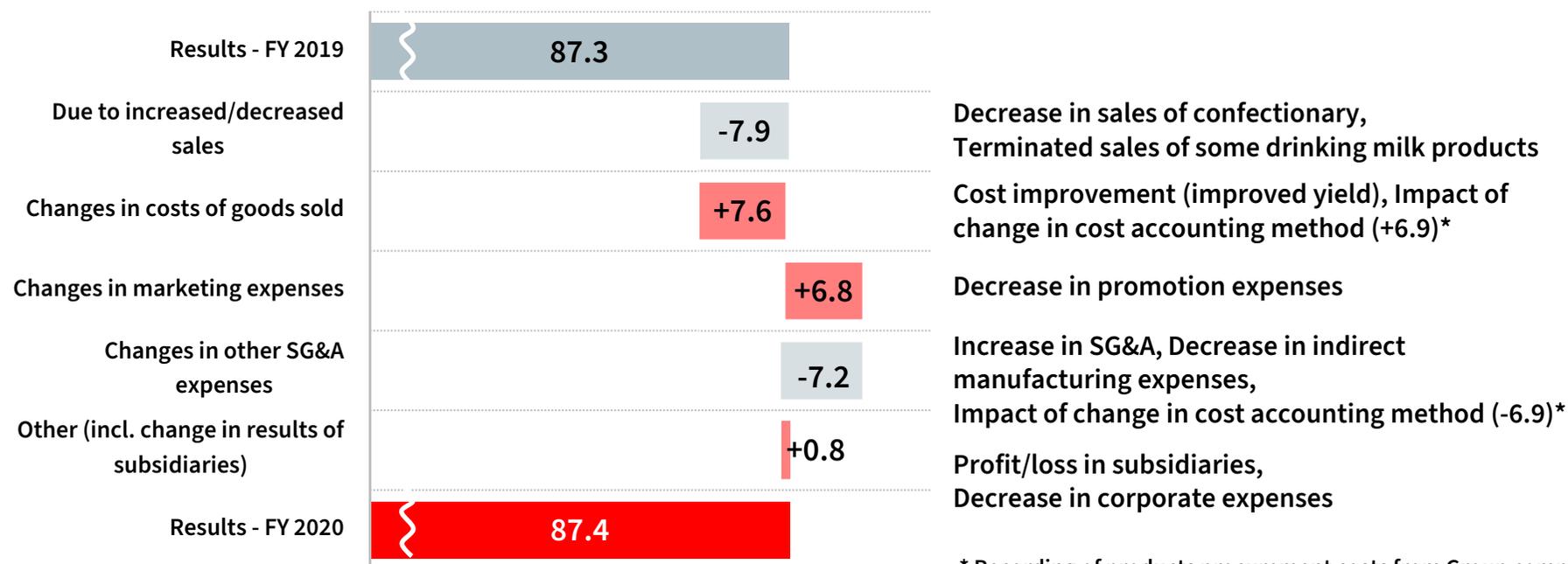
(JPY bn)	FY 2019 Results	FY 2020 Plan	FY 2020 Results	YoY Change	vs. Plan
Net sales	1,252.7	1,200.0	1,191.7	-4.9% -60.9	-0.7% -8.2
Operating profit	102.7	106.0	106.0	+3.3% +3.3	+0.1% +0.0
Op. profit margin	8.2%	8.8%	8.9%	+0.7pt	+0.1pt
Profit attributable to owners of parent	67.3	66.0	65.6	-2.5% -1.6	-0.5% -0.3
EPS (JPY)	464.08	454.90	452.52	-11.56	-2.38
Cash dividends per share (JPY)	150	150	160	+10	+10
Dividend payout ratio	32.3%	33.0%	35.4%	+3.1pt	+2.4pt
ROE	12.4%	11.5%	11.1%	-1.3pt	-0.4pt
Capital expenditures	71.1	69.3	67.9	-4.5% -3.2	-2.1% -1.4
Cash flows from operating activities	114.1	116.9	123.6	+8.4% +9.5	+5.8% +6.7
Free cash flows	43.2	16.7	30.5	-29.4% -12.7	+83.1% +13.8

FY 2020 Analysis of Operating Profit

Food segment

(JPY bn)	FY 2019 Results	FY 2020 Plan	FY 2020 Results	YoY Change	vs. Plan
Net sales	1,049.5	1,010.0	999.6	-4.8% -49.8	-1.0% -10.3
Operating profit	87.3	91.0	87.4	+0.1% +0.1	-3.9% -3.5

Analysis of Operating Profit (JPY bn)



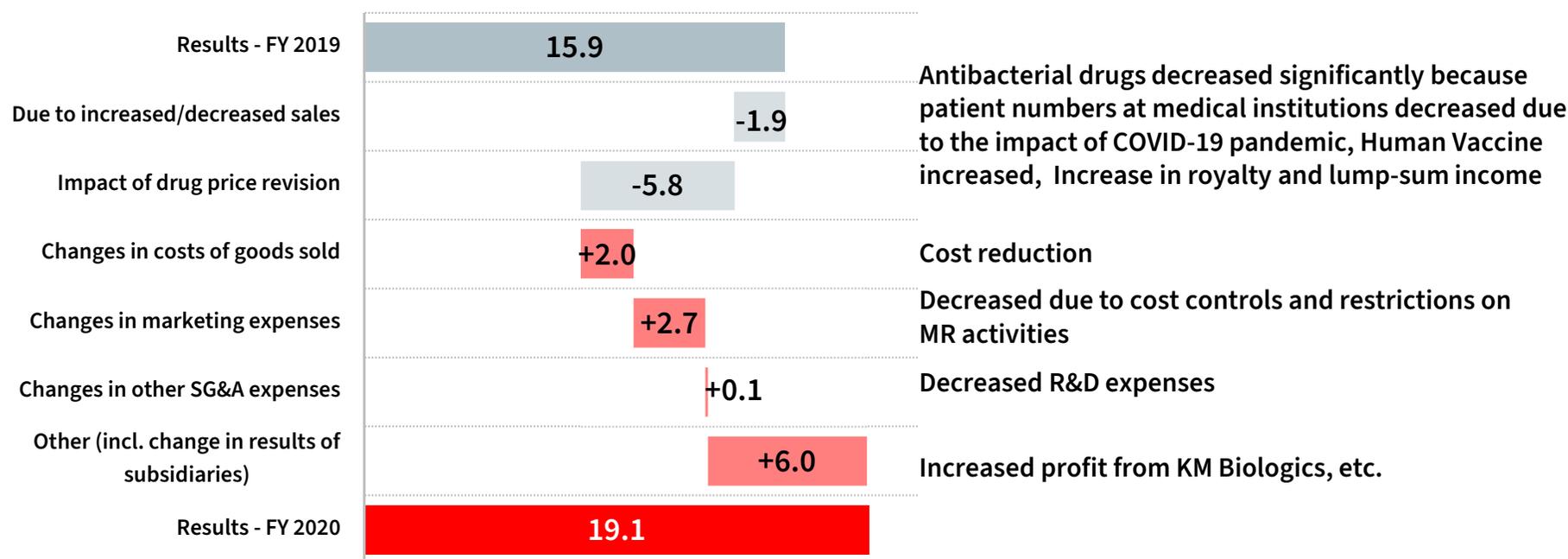
* Recording of products procurement costs from Group companies separated into direct costs and indirect costs

FY 2020 Analysis of Operating Profit

Pharmaceutical segment

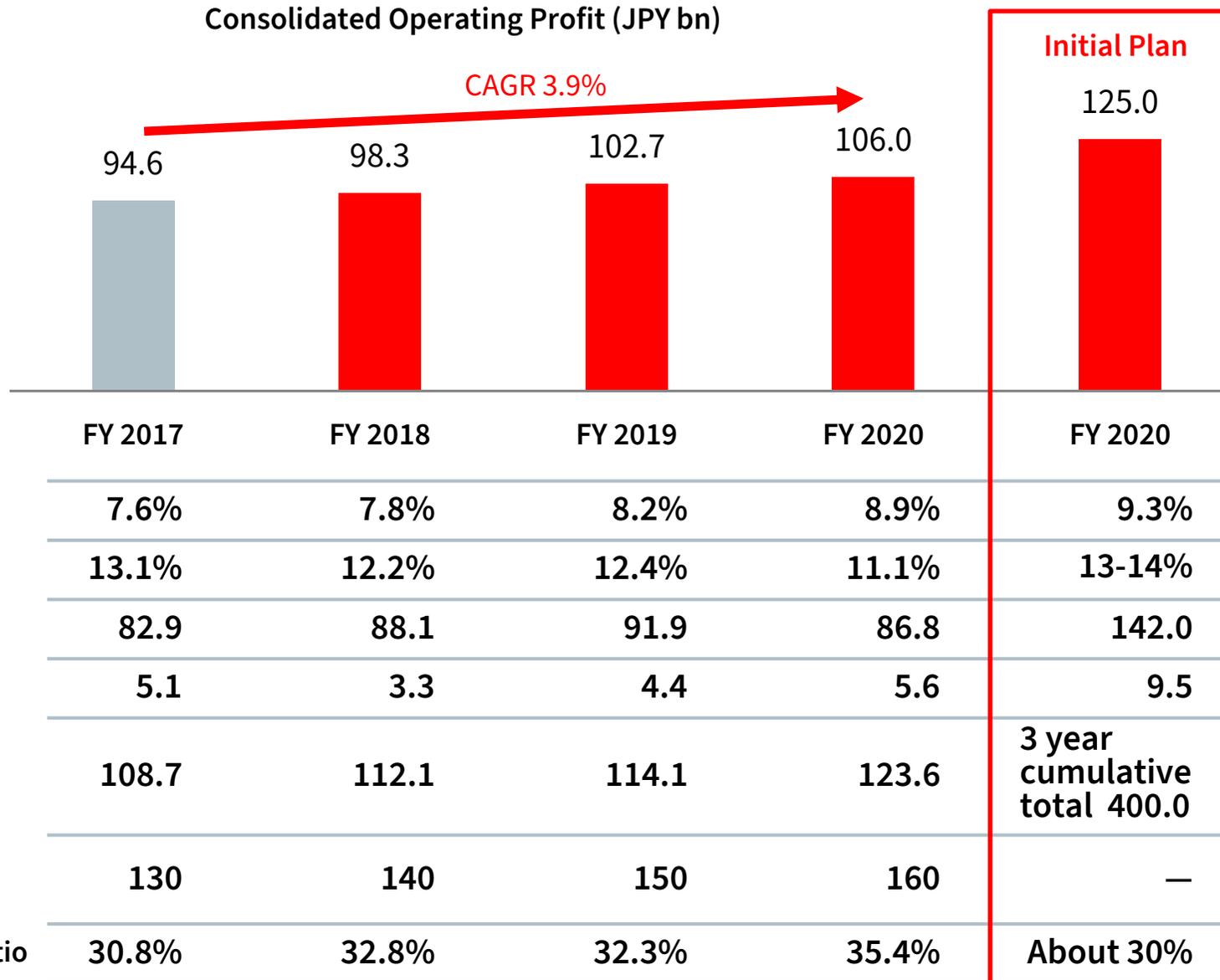
(JPY bn)	FY 2019 Results	FY 2020 Plan	FY 2020 Results	YoY Change	vs. Plan
Net sales	204.3	191.5	193.6	-5.2% -10.6	+1.1% +2.1
Operating profit	15.9	16.0	19.1	+19.5% +3.1	+19.4% +3.1

Analysis of Operating Profit (JPY bn)



Summary for 2020 Medium-Term Business Plan -1

Consolidated Operating Profit (JPY bn)



Summary for 2020 Medium-Term Business Plan -2

	Key Strategies	Results	Evaluation
1	Expand share and achieve high revenues in core businesses	<ul style="list-style-type: none"> • Food Segment: Nutrition grew, Yogurt (incl. functional yogurt) and chocolate sluggish • Pharmaceutical Segment: Started vaccine business, Faced severe market condition due to COVID-19 pandemic 	△
2	Expand aggressively in overseas markets and establish growth platform	<ul style="list-style-type: none"> • Decided to invest in construction of new factories and started selling SAVAS products in China • Engaged business collaboration with Danone and expanded to Europe 	△
3	Propose new value in health care domain	<ul style="list-style-type: none"> • Established Co-Creation Center 	△
4	Continue structural reforms and resolve specific business issues in each business	<ul style="list-style-type: none"> • Promote reconstruction of production system such as factory-shutdown and business transfer of non-core business • Becoming profitable in milk business 	○
5	Enhance Meiji Group management platform and promote sustainability	<ul style="list-style-type: none"> • Introduced chief officer system • Established organization to promote sustainability, Formulated Meiji Green Engagement for 2050, our long-term environmental vision 	○

The Meiji Group 2026 Vision

Our promise and commitment

The Meiji Group will combine the strengths, we have cultivated over the past 100 years, with the latest technology and new findings. Thus we create innovative ways to meet our customers' needs with food and health and grow in Japan and around the world sustainably.

Key strategies

1. Secure an overwhelming advantage in core businesses
2. Establish growth foundation in overseas markets
3. New challenges in the health value domain
4. Social contributions



Noteworthy Issues in Business Climate

Strength	Weakness
<ul style="list-style-type: none"> • Health-oriented product lines • Sound financial structure • Evidence marketing • Expertise, integrating knowledge in food and drug Library and core technology (lactobacillus, nutrition design, vaccine development, etc.) 	<ul style="list-style-type: none"> • Disseminating information (Meiji brand, sustainability) • Diversity & inclusion • Developing overseas market
Opportunity	Threat
<ul style="list-style-type: none"> • Growing consciousness on prevention and health • Growth in overseas emerging economies, growing middle-class • Ageing in Japan • Expanding e-commerce • Growing environmental awareness, ethical consumption 	<ul style="list-style-type: none"> • Shrinking domestic market due to population decline • Growing awareness of deflation among consumers • Impact of climate change on supply chain • Food shortages due to global population growth • Transition to digital formats



Environment changes driven by COVID-19

- Increased consciousness on prevention and health
- Growth of e-commerce
- Consumer thriftiness
- Changes in outpatient healthcare at medical institutions
- Increased brand loyalty
- Decline in inbound demand
- Workstyle changes (commuting, working from home)

Evolving into a corporate group that can solve world's social issues such as health and nutritional issues

New Slogan: Now ideas for wellness

Brand for reassurance, reliability, tastiness, and enjoyment, we are with customers at every life stage

Message appropriate for our 2026 Vision,
Brand that shares health

Japan	Food	明日をもっとおいしく meiji	Japanese	健康にアイデアを meiji
	Pharmaceutical	明日をもっとすこやかに meiji	English	Now ideas for wellness meiji
	Overseas	make life lively meiji	Chinese	创享健康新理念 meiji

New Slogan: Now ideas for wellness

Health value unique to the Meiji Group

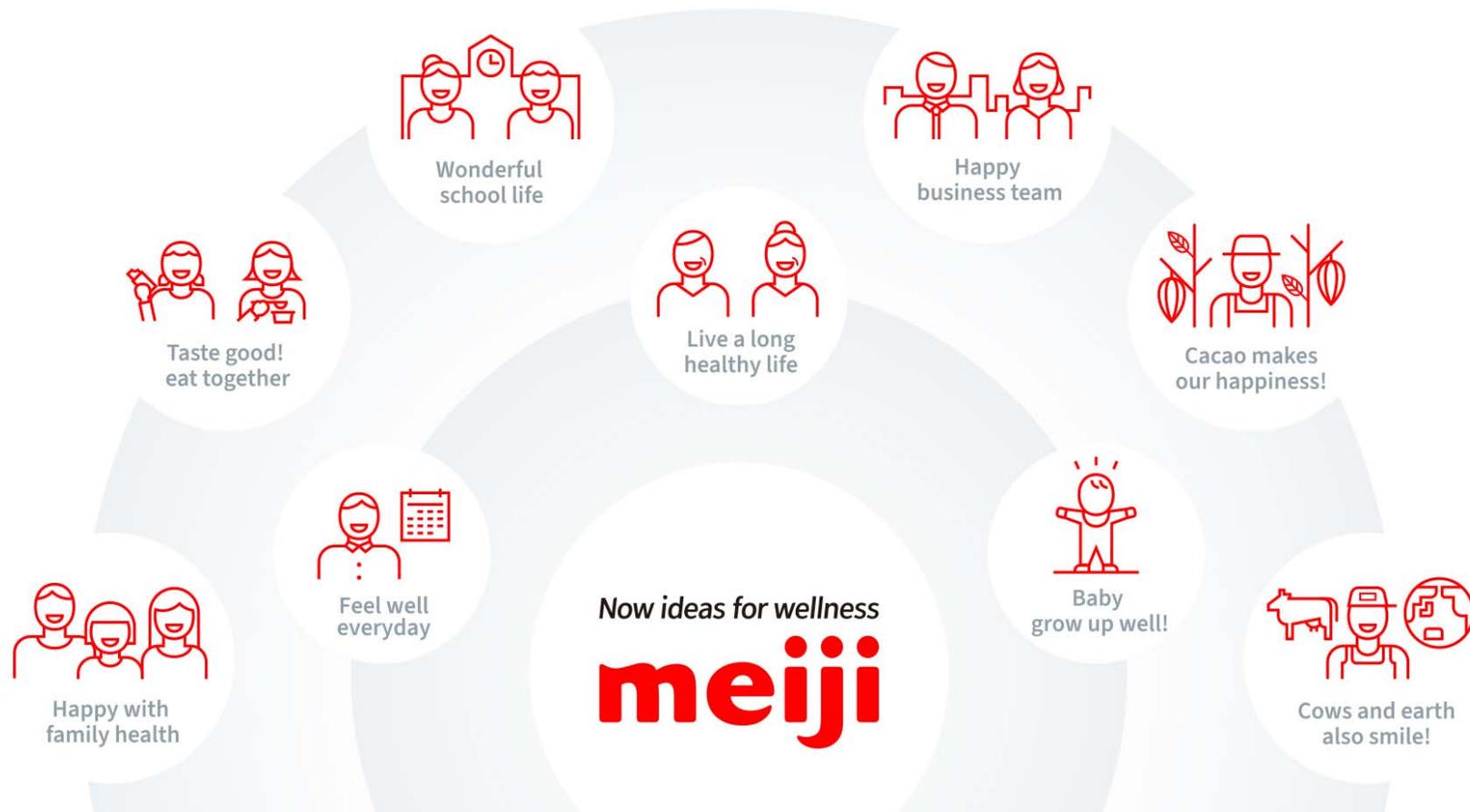
Through a variety of product lines, we will link individual health to the smiles of people all over the world by continually moving through the cycle of Cure, Care and Share.



New Slogan: Now ideas for wellness

The World We Want to Create through Cure, Care and Share

We will work hard to spread happiness to those who share the earth with us and create a better future for people, society and the earth.



2023 Medium-Term Business Plan

Concept

Promote the Meiji ROESG^{®*} Management effectively
Realize both profit growth and sustainability activities

Key Issues

1. Business strategy

Food segment

- 1) Recover from the slump in our core business
- 2) Accelerate growth in our business overseas

Pharmaceutical
segment

- 1) Integrate business operations of Meiji Seika Pharma and KM biologics (Strengthen vaccine business)
- 2) Expand CMO/CDMO business

Group-wide

Venture into new domains

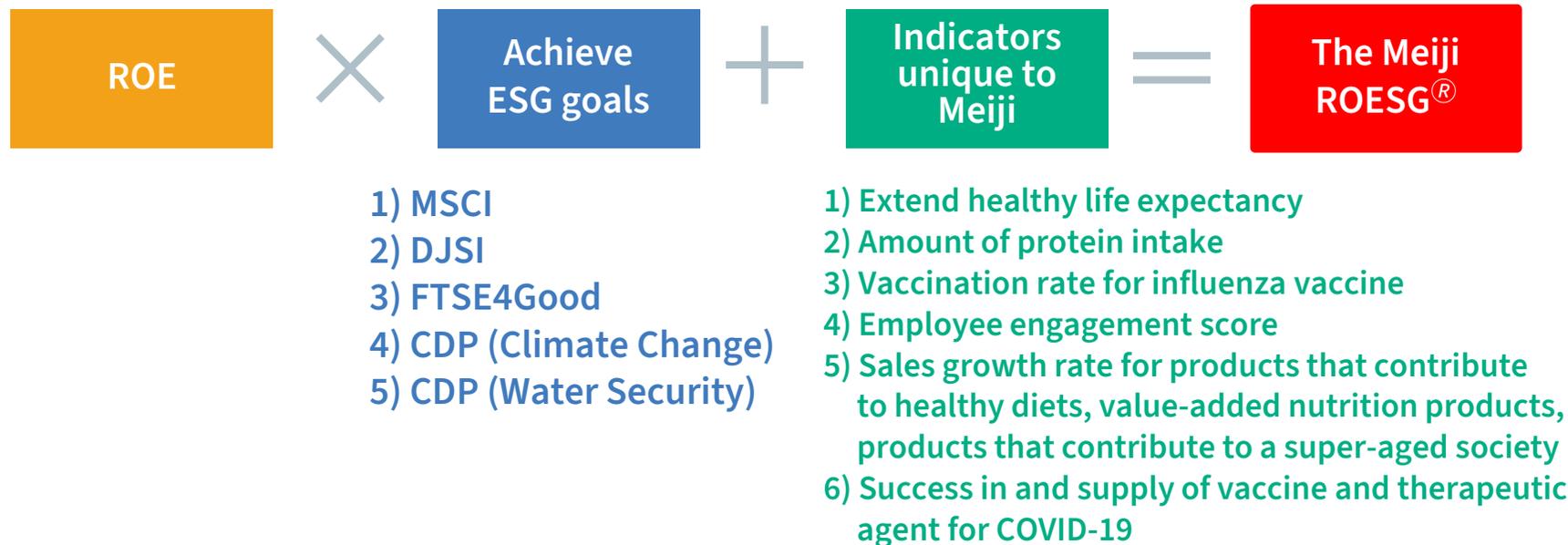
2. Improve business management using ROIC effectively

3. Investing to grow business while constructing strong financial base

4. Promote the Meiji Group Sustainability 2026 Vision

Promote the Meiji ROESG[®] Management Effectively

Offering Health Value: our founding commitment
We reaffirm this commitment and will be a sustainable corporate group that shares health value with people and societies around the world in order to achieve growth



- Set up our unique indicators as KPI. Indicators include sustainability goals unique to the Meiji Group in addition to ROE and ESG
- Link with officer compensation to ensure efficacy

Business Strategy: Food segment - 1

Recover from the slump in our core business

● Yogurt and functional yogurt

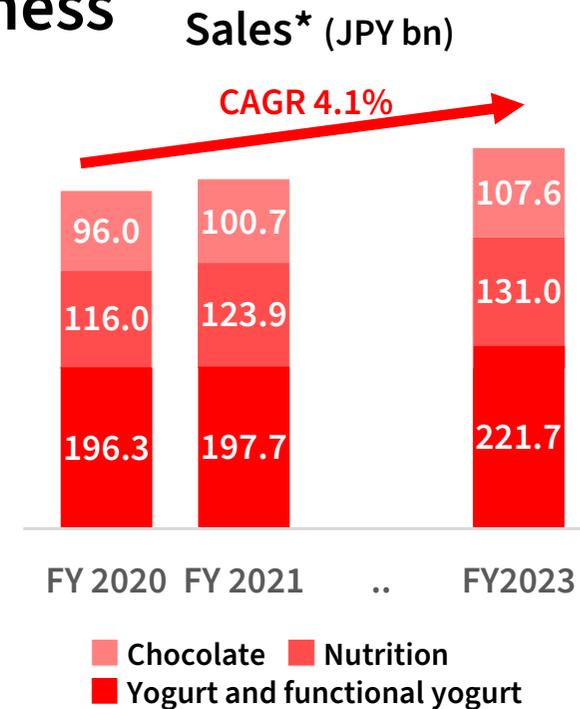
- Improve functionalities and evidences of existing products
- Launch new products that have new added-value
- Venture into new domains and new market

● Nutrition

- Sports nutrition: Increase sales of SAVAS products
- Infant formula, enteral formula: Increase share by enhancing product values

● Chocolate

- Applying the value of cocoa, develop innovative products in new domains and at various serving temperature
- Promote procuring sustainable cocoa and adding value to products
- Optimize production system



* Before applying revenue recognition standards

Business Strategy: Food segment - 2



Expand overseas Business

● China

- Increase production capacity significantly

Production capacity at the end of FY 2023 (Based on monetary amount, compare to FY 2020)
 Milk and yogurt About 4 times (Expand capacity in Suzhou*¹,
 New factory in Tianjin*², Guangzhou*³)

Confectionary About 2 times (New factory in Guangzhou*³)

Ice cream About 2 times (New factory in Shanghai*³) *1: FY 2021 *2: FY 2022 *3: FY 2023



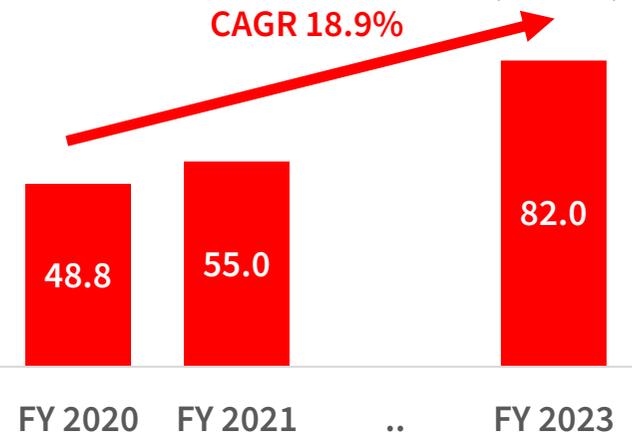
- Increase sales of functional yogurt and SAVAS

● Other area

- Strengthen business partnership with Danone regarding the infant formula tablets



Sales*⁴ of overseas business (JPY bn)



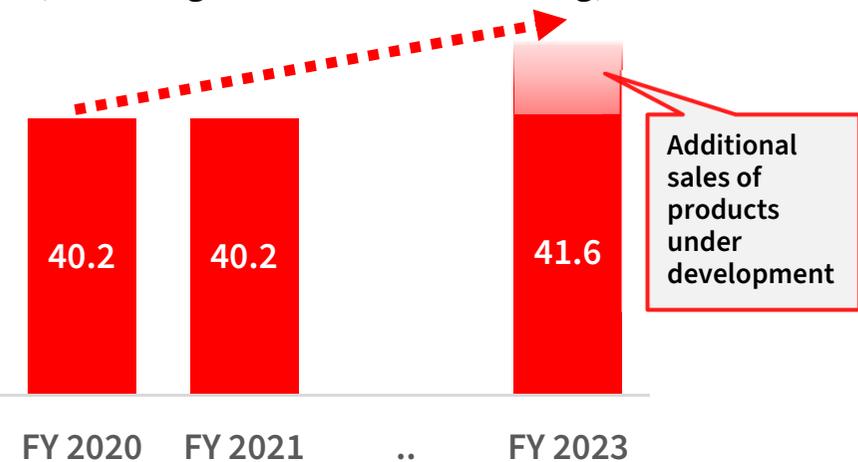
*⁴ Before applying revenue recognition standards

Business Strategy: Pharmaceutical segment - 1

Integrate business operations of Meiji Seika Pharma and KM Biologics (Expand vaccine business)

- Improve research and development collaboration
- Enhance supply management integrating production and sales
- Progress product development
 - Inactivated vaccine for COVID-19
 - DTaP-IPV/Hib vaccine
 - Dengue vaccine
- Expand overseas business
- Establish new modality for drug discovery/development by promoting open innovation

Sales of human vaccines (JPY bn)*
(Excluding contract manufacturing)



* Before applying revenue recognition standards

Business Strategy: Pharmaceutical segment - 2

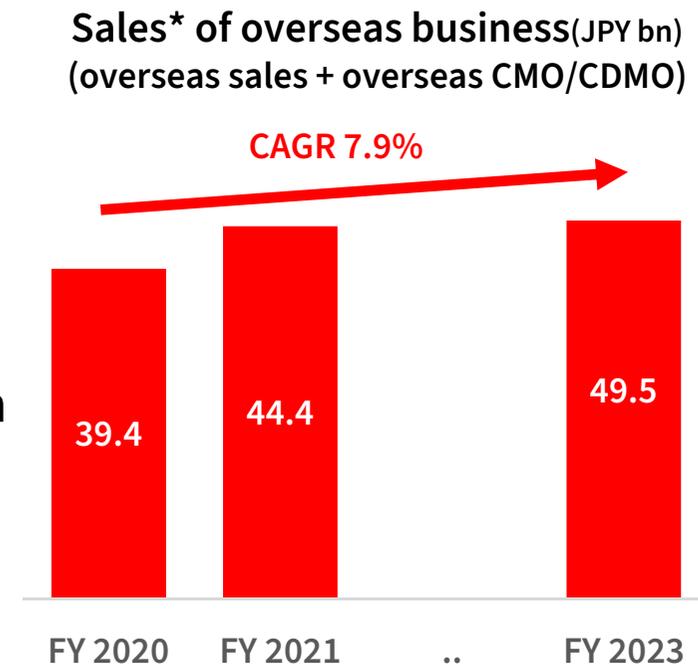
Expand CMO/CDMO

● Overseas

- Expand businesses with existing customers and capture new customers
- Strengthen R&D capabilities to secure a competitive advantage
- Expand production capacity (capital expenditure)
- Respond to increasing demand for access to medicines

● Japan

- Use Medreich's large-scale production capacity for Japanese market



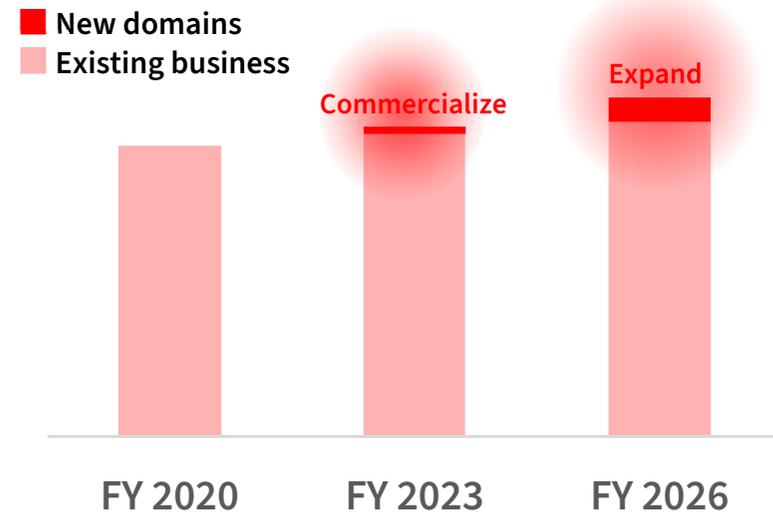
* Before applying revenue recognition standards

Business Strategy: Venture into New Domains - 1

Contribute in immunity domain

- Offer new value that contributes to extending healthy lifespans
 - Commercialize anti-ageing ingredients
 - Create immunity-boosting substances
- R&D Structure (collaborations: industry/ government/ academia)

Sales (for illustration purposes)



Government
(AMED)

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Academia

Invest in
ventures/startups

Business Strategy: Venture into New Domains -2

Strengthen external partnerships to create new businesses (promote open innovation)

1. Internal development program
 - Establish innovation business strategy department
 - Solicit internally to launch new businesses driven by young employees
 - Partner with external contractors (major corporations, ventures, academia, consultants, etc.)
2. External development program (Meiji accelerator program)
 - Solicit to launch new businesses driven by internal young employees with external ventures/startups
3. Search startups/ventures
 - (1) LP* investment in New Protein Fund in Big Idea Ventures
Evaluate businesses related to next-generation protein technology such as plant-based protein
 - (2) TECH PLANTER by Leave a Nest
Participate in food tech and biotech domains

* LP: Limited Partner

Improve Business Management:

Using ROIC effectively - 1

Improve the Group capital productivity

- Review noncore businesses, redistribute management resources to growth businesses
- Improve capital productivity by business

Efforts to strengthen business management structure

- | | |
|---|---|
| 1. Strict ROIC management by business | • Strengthen management and evaluations for B/S and ROIC by Board of Directors |
| 2. Manage business focusing on capital costs | • Optimize invested capital using ROIC key components
• Improve capital productivity |
| 3. Clarify structure for authority and responsibility | • Designate portfolio strategy manager |
| 4. Investment evaluations | • Use ROIC to evaluate capital expenditures, M&A, and R&D investments |

Improve Business Management: Using ROIC effectively -2

- Defined business categories for ROIC evaluation
Food segment: 10 Pharmaceutical segment: 9

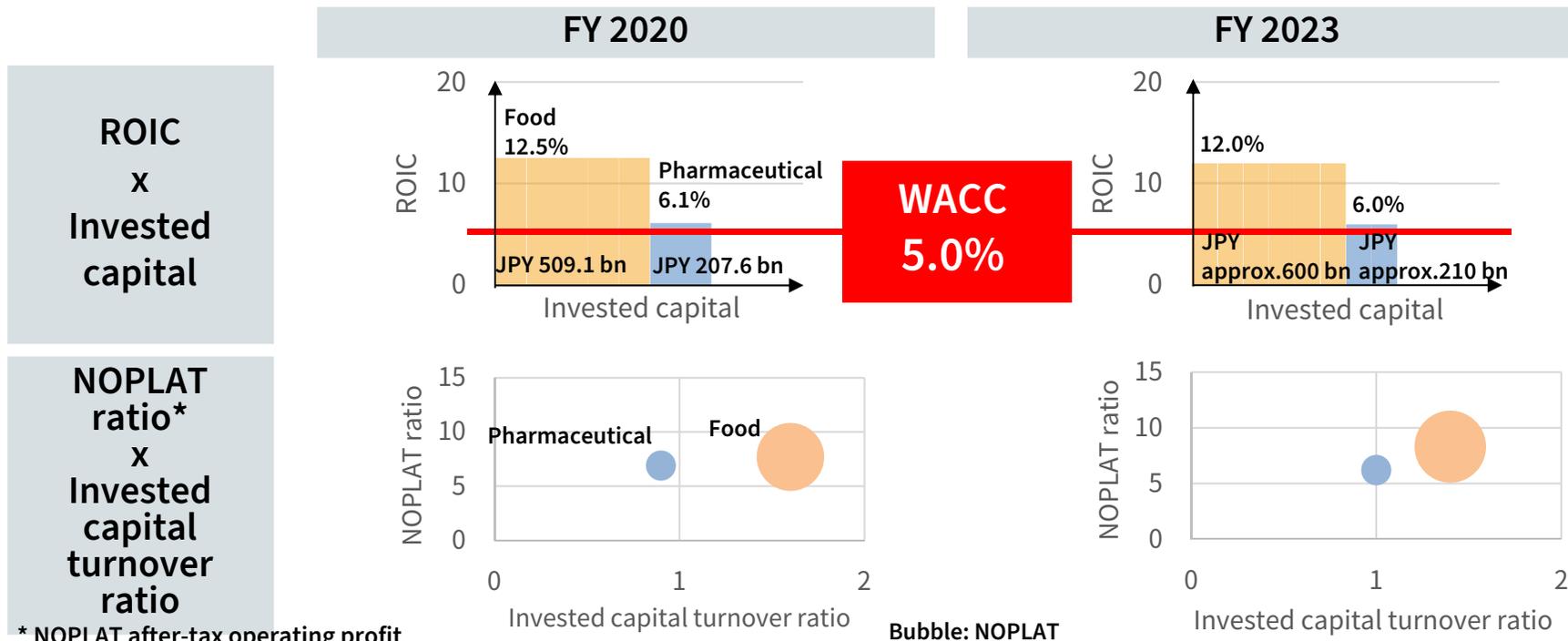
	Disclosure unit	Business management unit	Category
Food segment	Yogurt&cheese	1) Yogurt&cheese	Functional yogurt, yogurt, cheese
	Nutrition	2) Nutrition	Infant formula, sports nutrition, medical, other nutritionals
	Chocolate&gummy	3) Chocolate&gummy	Value-added chocolate, chocolate, gummy
	Drinking milk	4) Drinking milk	Drinking milk, milk for home delivery
	B to B	5) B to B	Cream, other dairy products, cocoa
	Frozen dessert&ready meal	6) Frozen dessert&ready meal	Ice cream, ready meal, butter and margarine
	Overseas business	7) China 8) ASEAN 9) EU, USA	-
	Other/ domestic subsidiaries	10) Others Domestic subsidiaries	Pharmaceuticals, OTC drugs, others
Pharma segment	Domestic ethical pharmaceuticals	1) Brand-name drugs 2) Long-listed/generic drugs	Domestic ethical pharmaceuticals (incl. long-listed drug, basic drugs, generic drugs), Me Pharma, domestic CMO/CDMO, biosimilar drugs, PDT, newborn screening
		3) Blood plasma product 4) New domain	
	Overseas ethical pharmaceuticals	5) Overseas sales of own products 6) Overseas CMO/CDMO business	ASEAN, China, Europe and America, export, overseas CMO/CDMO
	Human vaccines	7) Human vaccine	Influenza vaccine, other vaccines
Agricultural chemicals& veterinary drug	8) Agricultural chemicals 9) Veterinary drug	-	

Improve Business Management: Using ROIC effectively -3

- Set WACC 5%, Keep whole group equity spread $\geq 5\%$

ROIC (Return on invested capital)

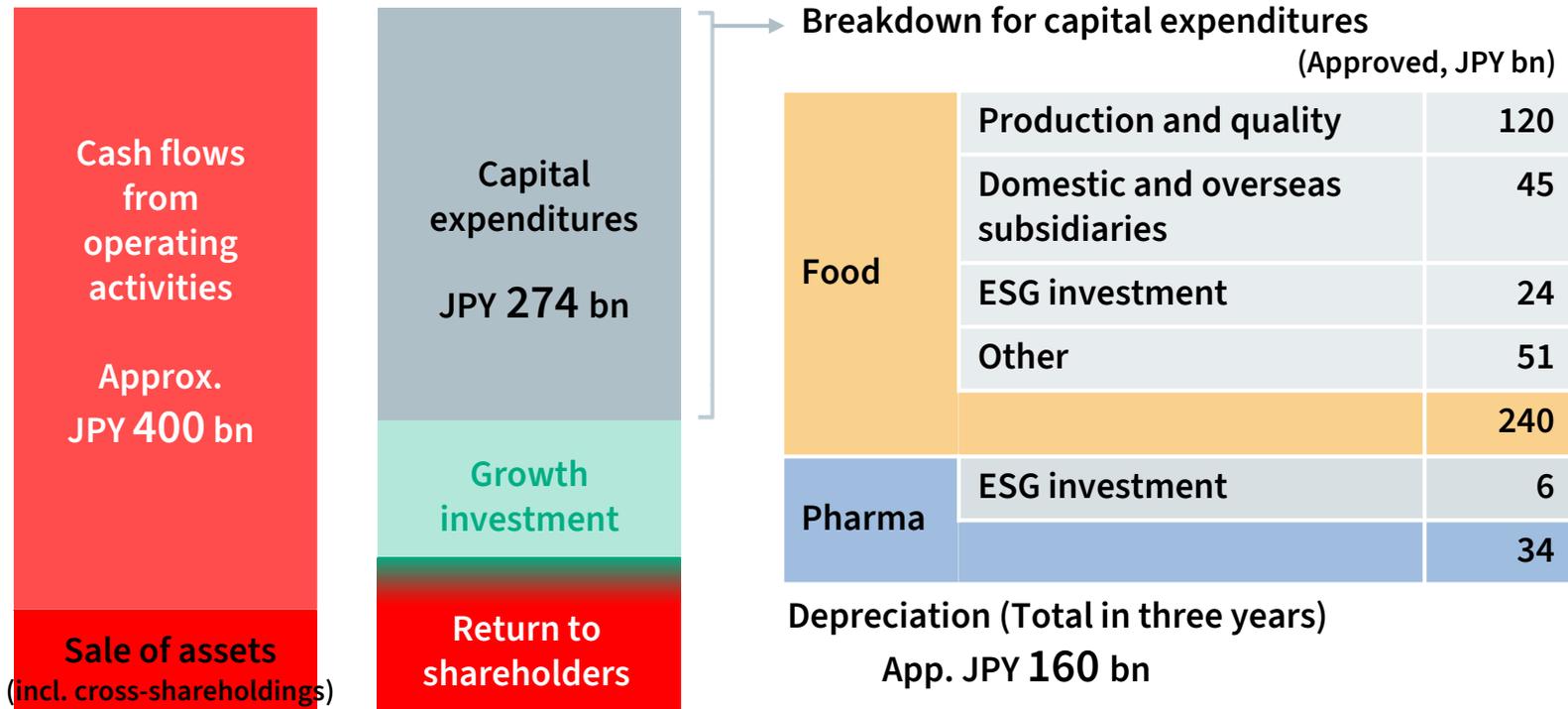
	FY 2020	FY 2021	FY 2023	Spread
The Meiji Group	10.0%	9.5%	$\geq 10\%$	$\geq 5\%$
Food segment	12.5%	11.4%	$\geq 12\%$	$\geq 7\%$
Pharmaceutical segment	6.1%	6.4%	$\geq 6\%$	$\geq 1\%$



Financial strategy: Capital rationing

- Continue investments to grow business (growth investment) within cash flows from operating activities
- Effective M&A as part of growth strategy
- Reduce cross-shareholding by 30% (based on book value)
- Increase dividend continually, Gradually increase dividend payout ratio to 40%
- Examine share repurchase considering optimal capital structure

Cash flows from operating activities, Capital expenditure and Return to shareholders
(Total in three years)



Healthier Lives



Contribute to healthy diets through our business activities

- Develop health-conscious products and nutritional products with added value
- Promote and spread healthy diets and food culture



Action against emerging/re-emerging infectious diseases

- Develop and supply vaccine for COVID-19
- Develop vaccine for Dengue fever

Caring for the Earth



Action against climate change

- Promote using renewable energy (install solar power generator, purchase renewable energy)
- Get SBT (Science Based Targets) certification in FY 2021
- Introduce internal carbon pricing in FY 2021
- Abolish totally the use of specific fluorocarbons



Promote plastic resource circulation

- Reduce (use lighter and thinner plastic container packaging and switch to paper)
- Use bioplastics and recycled plastic



Secure Water Resources

- Reduce water use, protect and conserve water resources
- Respond to water risks

Sustainability: Materiality -3

A richer society



Respect for diversity

- Promote Diversity and Inclusion



Respect for human rights

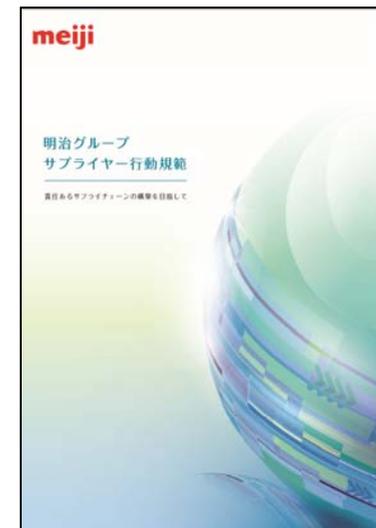
- Conduct human rights due diligence and disclose results

Sustainable procurement



Procure raw materials in accordance with human rights and environmental impact

- Establish responsible supply chain (Questionnaire survey for sustainable procurement)
- Plan procurement of sustainable cocoa beans, certified palm oil and environmentally friendly paper



Sustainability: Sustainability investment

- Invest JPY 30 bn in 3 years in sustainability investment
 Invest strategically to realize 2026 vision

Item	JPY bn	Content
Reduce CO2 emission	13	<ul style="list-style-type: none"> • Introduce energy-saving equipment • Introduce solar power generator
Abolish totally the use of specific fluorocarbons	7	<ul style="list-style-type: none"> • Install fluorocarbon-free refrigerators and freezer
Reduce domestic plastic usage	3	Introduce manufacturing equipment for <ul style="list-style-type: none"> • Lighter and thinner plastic container packaging • Environmentally friendly container packaging
Secure water resources	3	Introduce equipment for <ul style="list-style-type: none"> • improving water use efficiency • Improving wastewater quality
Other	4	<ul style="list-style-type: none"> • Introduce manufacturing equipment for stable supply of pharmaceuticals
Total	30	

KPIs for 2023 Medium-Term Business Plan

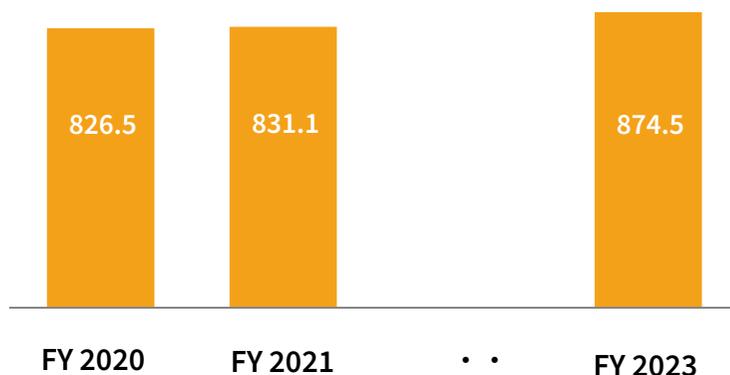
	Indicator	FY 2020	Target for FY 2023*
Integrated goal	Meiji ROESG [®]	9 points	13 points
Growth and Profitability	Consolidated net sales	JPY 1,191.7 bn	JPY 1,080.0 bn
	Consolidated operating profit (profit margin)	JPY 106.0 bn (8.9%)	JPY 120.0 bn (11.1%)
	Overseas net sales	JPY 86.8 bn	JPY 134.5 bn
Efficiency and Safety	ROIC	10.0%	≥10%
Return to shareholders	ROE	11.1%	≥ 11%
	Dividend payout ratio	35.4%	40%

* Applying revenue recognition standards for FY 2023 Target

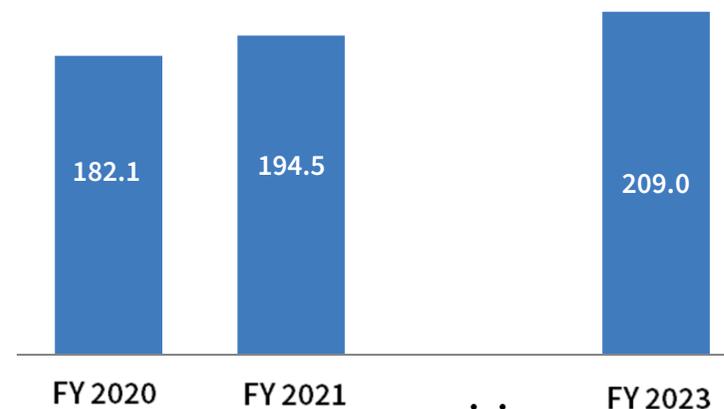
2023 Medium-term Business Plan

Target for sales* and operating profit

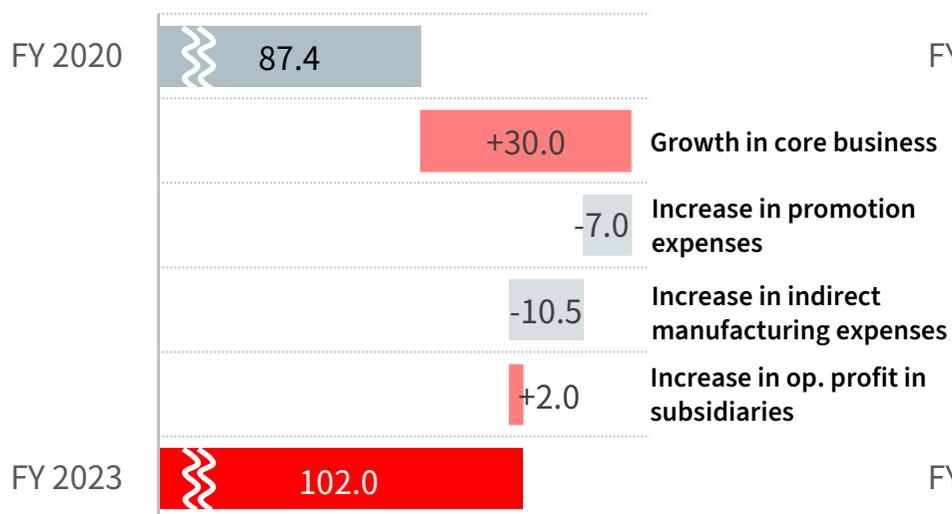
Food Segment Consolidated Sales (JPY bn)



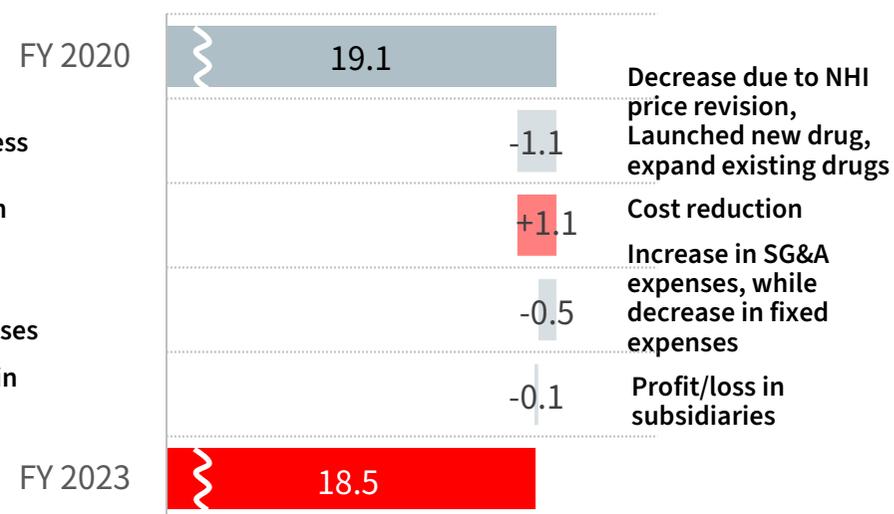
Pharmaceutical Segment Consolidated Sales (JPY bn)



Analysis of Operating Profit (JPY bn)



Analysis of Operating Profit (JPY bn)





Plan for FY 2021

Plan for FY 2021*

(JPY bn)	FY 2020 Results	FY 2021 Plan	YoY Change
Net sales	1,191.7	1,024.0	-14.1% -167.7
Operating profit	106.0	107.5	+1.4% +1.4
Op. profit margin	8.9%	10.5%	-
Profit attributable to owners of parent	65.6	67.0	+2.0% +1.3
EPS (JPY)	452.52	461.79	+9.27
Cash dividends per share (JPY)	160	160	-
Dividend payout ratio	35.4%	34.6%	-0.8pt
ROE	11.1%	10.5%	-0.6pt
ROIC	10.0%	9.5%	-0.5pt
Capital expenditures	67.9	121.4	+78.9% +53.5
Cash flows from operating activities	123.6	134.3	+8.6% +10.6
Free cash flows	30.5	17.1	-43.9% -13.4



References

Results for FY 2020

Before applying revenue recognition standards

Financial Positions for FY 2020

(JPY bn)	FY 2020 Results	Change	Main Factors for Change
Current assets	426.0	+2.2% +9.1	- Merchandise and finished goods (+6.4) - Raw materials and supplies (+1.9) - Cash and deposits (+2.8)
Non-current assets	640.9	+10.1% +58.9	- Investment securities (+40.8) - Retirement benefit asset (+7.7) - Construction in progress (+11.3)
Total assets	1,067.0	+6.8% +68.0	—
Current liabilities	253.0	-1.4% -3.5	- Short-term borrowings (-13.6) - Income taxes payable (+10.2)
Non-current liabilities	154.6	+6.8% +9.8	- Bonds payable (+10.0)
Total liabilities	407.6	+1.6% +6.2	—
Shareholders' equity	597.2	+7.9% +43.5	- Retained earnings (+43.0)
Accumulated other comprehensive income	24.1	+166.3% +15.0	- Remeasurements of defined benefit plans (+8.8) - Valuation difference on available-for-sale securities (+6.9)
Non-controlling interests	37.9	+8.9% +3.1	—
Total net assets	659.3	+10.3% +61.7	—
Interest bearing debt	101.7	-4.7% -4.9	- Short-term borrowings (-13.6) - Bonds payable (+10.0)
Equity ratio	58.2%	+1.9pt	—

FY 2020 Analysis of Consolidated Operating Profit

(JPY bn)	Consolidated total	Food	Pharma	Other
Results - FY 2019	102.7	87.3	15.9	-0.6
Due to increased/decreased sales	-9.8	-7.9	-1.9	—
Impact of drug price revision	-5.8	—	-5.8	—
Changes in costs of goods sold	+9.6 ^{*1}	+7.6	+2.0	—
Changes in other SG&A expenses	+2.4 ^{*2}	-0.4	+2.8	—
Other (incl. change in results of subsidiaries)	+6.9	+0.8	+6.0	+0.1
Results - FY 2020	106.0	87.4	19.1	-0.5

Breakdown

*1 Food: Change in cost accounting method: +6.9, Other (Improved yield and etc.): +0.7

Pharma: Cost reductions: +2.0

*2 Food: Change in cost accounting method: -6.9, Decrease in marketing expenses: +6.8, Other: -0.3

Pharma: Decrease in marketing expenses: +2.7, Decrease in R&D expenses: +1.5, Other: -1.4

FY 2020 Results by Business

Food segment-1

(JPY bn)		FY 2020 Results		
			YoY Change	vs. Plan
Fresh and Fermented Dairy	Net sales	318.1	-3.0% -9.7	-1.2% -3.7
	Operating profit	53.6	+10.8% +5.2	-2.7% -1.4
Processed Food	Net sales	178.3	-0.0% -0.0	-1.4% -2.4
	Operating profit	7.0	-15.7% -1.3	-6.6% -0.5
Confectionery	Net sales	113.6	-6.3% -7.6	-2.2% -2.5
	Operating profit	14.2	-24.9% -4.7	-8.8% -1.3

- **Fresh and Fermented Dairy**
 - Net sales Decreased due to termination of some products. Yogurt and functional yogurt largely unchanged due to the significant increase in Q4 last year
 - Operating profit Increased due to decrease in promotional expenses and depreciation costs
- **Processed Food**
 - Net sales Overall sales were largely unchanged. Products for consumers were favorable. However professional food products were sluggish
 - Operating profit Increased due to increase in logistics and depreciation costs
- **Confectionery**
 - Net sales Decreased due to sales decline in products for convenience stores
 - Operating profit Decreased due to decreased sales despite efforts to reduce promotion expenses

FY 2020 Results by Business

Food segment-2

(JPY bn)		FY 2020 Results		
			YoY Change	vs. Plan
Nutrition	Net sales	93.7	+3.4% +3.1	-0.2% -0.1
	Operating profit	16.4	+4.4% +0.6	+2.9% +0.4
Overseas	Net sales	49.1	+1.6% +0.7	-2.2% -1.0
	Operating profit	1.3	-19.2% -0.3	+11.8% +0.1
Other Domestic Subsidiaries	Net sales	246.6	-12.8% -36.2	-0.1% -0.3
	Operating profit	3.5	-1.0% -0.0	+12.1% +0.3

- **Nutrition**
 - Net sales Increased due to significant increase in sales of sports protein SAVAS on growing needs to address a lack of exercise
 - Operating profit Increased due to increased sales and decreased operating expenses despite increased depreciation costs
- **Overseas**
 - Net sales Increased due to favorable confectionery business and ice cream business in China
 - Operating profit Decreased due to increase in promotion expenses
- **Other Domestic Subsidiaries**
 - Net sales Decreased due to the exclusion of three subsidiaries from the scope of consolidation
 - Operating profit Decreased due to decreased sales

FY 2020 Results by Business Pharmaceutical segment

(JPY bn)		FY 2020 Results		
			YoY Change	vs. Plan
Japan	Net sales	136.9	-3.4% -4.8	+1.9% +2.5
	Operating profit	5.6	-42.0% -4.0	+124.7% +3.1
Overseas	Net sales	37.6	-13.4% -5.8	-0.8% -0.3
	Operating profit	4.3	+59.0% +1.6	-11.4% -0.5
KM Biologics	Net sales	43.3	+7.2% +2.9	-0.0% -0.0
	Operating profit	6.6	+70.6% +2.7	+2.3% +0.1

- **Japan**
 - Net sales Decreased due to NHI pricing revision and the impact of the COVID-19 pandemic
 - Operating profit Decreased due to decreased sales and NHI pricing revisions despite reduced expenses
- **Overseas**
 - Net sales Decreased. Sales of subsidiaries in China decreased significantly due to the impact of the COVID-19 pandemic
 - Operating profit Increased due to reduced expenses in subsidiaries
- **KM Biologics**
 - Net sales Increased due to increase in influenza vaccine
 - Operating profit Increased due to increased production efficiency in addition to increase in sales

FY 2020 Analysis of Operating Profit by Business

Food segment

(JPY bn)	Food Segment Total	Fresh and Fermented Dairy	Processed Food	Confectionery	Nutrition	Overseas	Other Domestic Subsidiaries	Corporate Expenses
FY 2019 Operating profit	87.3	48.4	8.3	19.0	15.7	1.6	3.5	-9.4
Due to increased/ decreased sales	-7.9	-4.7	+0.7	-5.9	+1.8	+0.3	—	+0.0
Changes in COGS*	+7.6	+1.3	+0.7	+4.3	+1.9	-0.1	—	-0.6
Changes in other SG&A expenses	-0.4	+8.5	-2.8	-2.9	-2.9	-0.8	—	+0.5
<i>Change in marketing expenses</i>	+6.8	+5.7	-1.0	+1.7	-0.1	-0.4	—	+0.8
<i>Change in other expenses (R&D expenses)</i>	-7.2 (+0.2)	+2.8	-1.8	-4.5	-2.8	-0.5	—	-0.4
Other (incl. change in results of subsidiaries)	+0.8	+0.2	-0.0	-0.3	-0.1	+0.3	-0.0	+0.8
FY 2020 Operating profit	87.4	53.6	7.0	14.2	16.4	1.3	3.5	-8.8

FY 2020 Analysis of Operating Profit by Business

Food segment

Excluding change in cost accounting method

(JPY bn)	Food Segment Total	Fresh and Fermented Dairy	Processed Food	Confectionery	Nutrition	Overseas	Other Domestic Subsidiaries	Corporate Expenses
FY 2019 Operating profit	87.3	48.4	8.3	19.0	15.7	1.6	3.5	-9.4
Due to increased/ decreased sales	-7.9	-4.7	+0.7	-5.9	+1.8	+0.3	—	+0.0
Changes in COGS*	+0.7	+1.3	-0.3	+0.0	+0.3	-0.1	—	-0.6
Changes in other SG&A expenses	+6.5	+8.5	-1.8	+1.4	-1.3	-0.8	—	+0.5
<i>Change in marketing expenses</i>	+6.8	+5.7	-1.0	+1.7	-0.1	-0.4	—	+0.8
<i>Change in other expenses (R&D expenses)</i>	-0.3 (+0.2)	+2.8	-0.8	-0.2	-1.2	-0.5	—	-0.4
Other (incl. change in results of subsidiaries)	+0.8	+0.2	-0.0	-0.3	-0.1	+0.3	-0.0	+0.8
FY 2020 Operating profit	87.4	53.6	7.0	14.2	16.4	1.3	3.5	-8.8

FY 2020 Consolidated Cash Flows

(JPY bn)	FY 2020 Results	YoY Change	
		YoY Change	Main Factors for Change
Cash flows from operating activities	123.6	+9.5	<ul style="list-style-type: none"> - Income taxes paid (+13.6) - Profit before income taxes (+5.4) - Increase in trade payables (+3.8) - Increase in retirement benefit liability (+2.7) - Depreciation (+2.2) - Increase in trade receivables (-17.9)
Cash flows from investing activities	-93.1	-22.2	<ul style="list-style-type: none"> - Purchase of investment securities (-30.3) - Purchase of property, plant and equipment (+5.1) - Subsidies received (+2.6)
Free cash flows	30.5	-12.7	—

Plan for FY 2021 and FY 2023

Consolidated Plan for FY 2021 and FY 2023

After applying revenue recognition standards

(JPY bn)		FY 2021	YoY Change	FY 2023	vs. FY2020
		Plan		Plan	
Consolidated	Net sales	1,024.0	+1.7% +16.8	1,080.0	+7.2% +72.8
	Operating profit	107.5	+1.4% +1.4	120.0	+13.1% +13.9
	Profit attributable to owners of parent	67.0	+2.0% +1.3	80.0	+21.8% +14.3
Food	Net sales	831.1	+0.6% +4.5	874.5	+5.8% +47.9
	Operating profit	88.0	+0.6% +0.5	102.0	+16.6% +14.5
Pharma	Net sales	194.5	+6.8% +12.3	209.0	+14.7% +26.8
	Operating profit	20.0	+4.7% +0.8	18.5	-3.2% -0.6

Consolidated Plan for FY 2021 and FY 2023

Food segment-1

Before applying revenue recognition standards



(JPY bn)		FY 2021	YoY Change	FY 2023	vs. FY2020
		Plan		Plan	
Yogurt&cheese	Net sales	260.9	+0.1%	272.0	+4.3%
	Op. profit	47.7	+0.1%	50.0	+4.8%
Nutrition	Net sales	123.9	+6.7%	131.0	+12.8%
	Op. profit	18.5	+4.3%	20.8	+17.1%
Chocolate&gummy	Net sales	121.0	+5.2%	126.0	+9.5%
	Op. profit	12.4	+6.2%	16.3	+38.9%
Drinking milk	Net sales	85.7	-8.2%	86.0	-7.9%
	Op. profit	-0.5	—	1.3	—
B to B	Net sales	71.9	+8.1%	71.0	+6.7%
	Op. profit	2.4	+37.8%	4.8	+167.0%

Consolidated Plan for FY 2021 and FY 2023

Food segment-2 Before applying revenue recognition standards



(JPY bn)		FY 2021		FY 2023	
		Plan	YoY Change	Plan	vs. FY2020
Frozen dessert & ready meal	Net sales	71.7	-3.9%	72.0	-3.6%
	Op. profit	2.9	-20.7%	4.0	+9.1%
Overseas	Net sales	55.0	+12.6%	82.0	+67.8%
	Op. profit	0.5	-57.7%	2.0	+57.5%
Other / domestic subsidiaries	Net sales	217.3	-3.1%	220.0	-1.9%
	Op. profit	3.8	-19.3%	2.8	-41.8%

Consolidated Plan for FY 2021 and FY 2023

Pharmaceutical segment

Before applying revenue recognition standards

(JPY bn)		FY 2021		FY 2023	
		Plan	YoY Change	Plan	vs. FY2020
Domestic ethical pharmaceuticals	Net sales	97.5	+6.7%	104.9	+14.8%
	Op. profit	6.4	+14.3%	3.5	-37.5%
Overseas ethical pharmaceuticals	Net sales	44.4	+12.7%	49.5	+25.6%
	Op. profit	4.0	+5.3%	6.6	+73.7%
Human vaccines	Net sales	43.9	-4.4%	41.6	-9.4%
	Op. profit	6.9	-28.9%	5.6	-42.3%
Agricultural chemicals & veterinary drugs	Net sales	22.8	+34.9%	26.1	+54.4%
	Op. profit	2.7	—	2.7	—

FY 2021 Analysis of Consolidated Operating Profit

After applying revenue recognition standards

(JPY bn)	Consolidated total	Food	Pharma	Other
Results - FY 2020	106.0	87.4	19.1	-0.5
Due to increased/decreased sales	+19.1	+9.5	+9.6	—
Impact of drug price revision	-5.1	—	-5.1	—
Changes in costs of goods sold	-0.9 ^{*1}	-2.2	+1.3	—
Changes in other SG&A expenses	-8.4 ^{*2}	-5.6	-2.8	—
Other (incl. change in results of subsidiaries)	-3.2	-1.2	-2.1	+0.0
Plan - FY 2021	107.5	88.0	20.0	-0.5

Breakdown

*1 Food: Increase in raw materials cost: -2.2

Pharma: Cost reductions: +1.3

*2 Food: Increase in marketing expenses: -2.6, Other: -3.0

Pharma: Increase in marketing expenses: -2.7, Increase in R&D expenses: -2.5, Other: +2.4

FY 2021 Consolidated Cash Flows

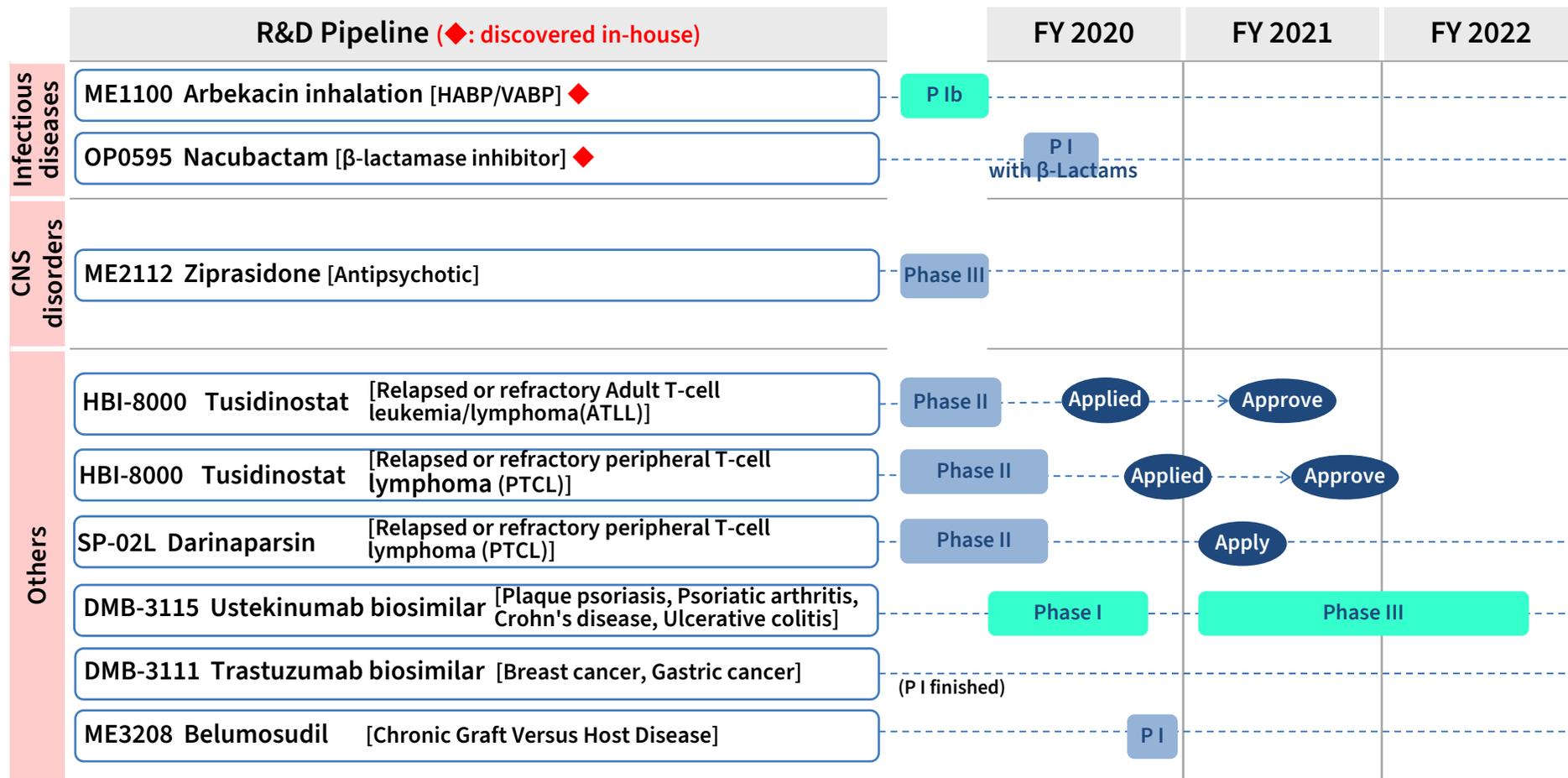
(JPY bn)	FY 2021 Plan	YoY Change		Main Factors for Change
		YoY Change		
Cash flows from operating activities	134.3	+10.6		• Increase in trade receivable
Cash flows from investing activities	-117.2	-24.1		• Increase in investments [Investment] (JPY bn) Food 102.3 (+81.4% YoY) Pharmaceutical 18.9 (+66.9% YoY)
Free cash flows	17.1	-13.4	—	

KPIs for Sustainability Activities

	Our activities	Target		
		FY 2023	FY 2026	FY 2030
Reduce CO2 emissions	Reduce group-wide CO2 emissions (Scope1, 2) (FY 2015 baseline)	≥ 23%		≥ 40%
	Increase renewable energy in group-wide power usage	≥ 15%		≥ 50%
Abolish totally the use of specific fluorocarbons	Abolish totally the group-wide use of specific fluorocarbons by FY 2030	Reduce refrigerator using fluorine as refrigerants ≥ 35%		0
Reduce Environmental Impact	Reduce domestic plastic usage, including container packaging (FY 2017 baseline)	≥ 15%		≥ 25%
Secure water resources	Reduce group-wide water consumption volume (per unit of sales) (FY 2017 baseline)	≥ 10%		≥ 20%
Procure raw materials with consideration toward human rights and the environment	Increase procurement ratio of sustainable cocoa beans	≥ 65%	100%	
	Use RSPO*-certified palm oil group-wide	100%		

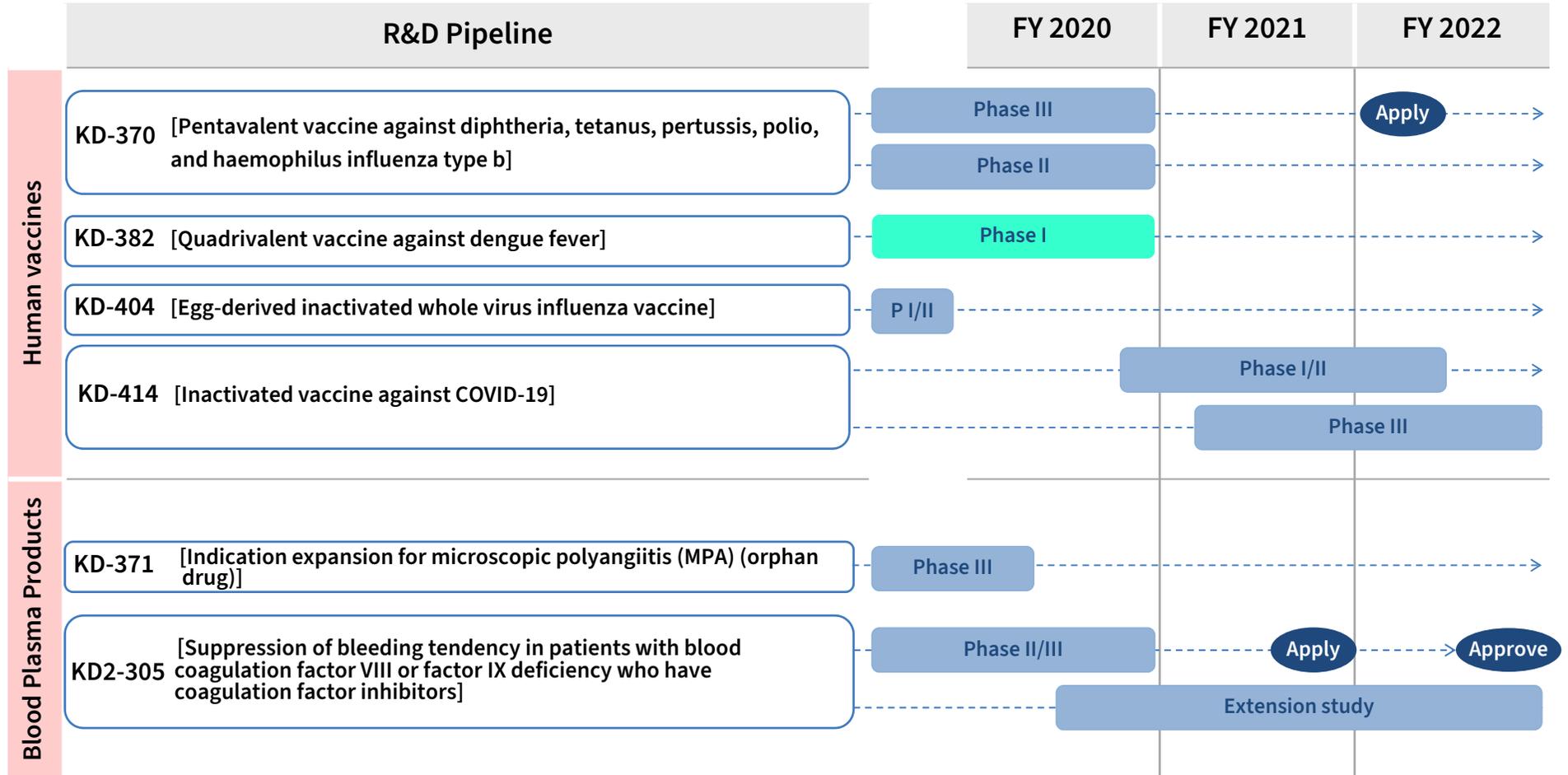
R&D Pipeline-1

■ Japan ■ Overseas



R&D Pipeline-2

■ Japan ■ Overseas



R&D Pipeline-3

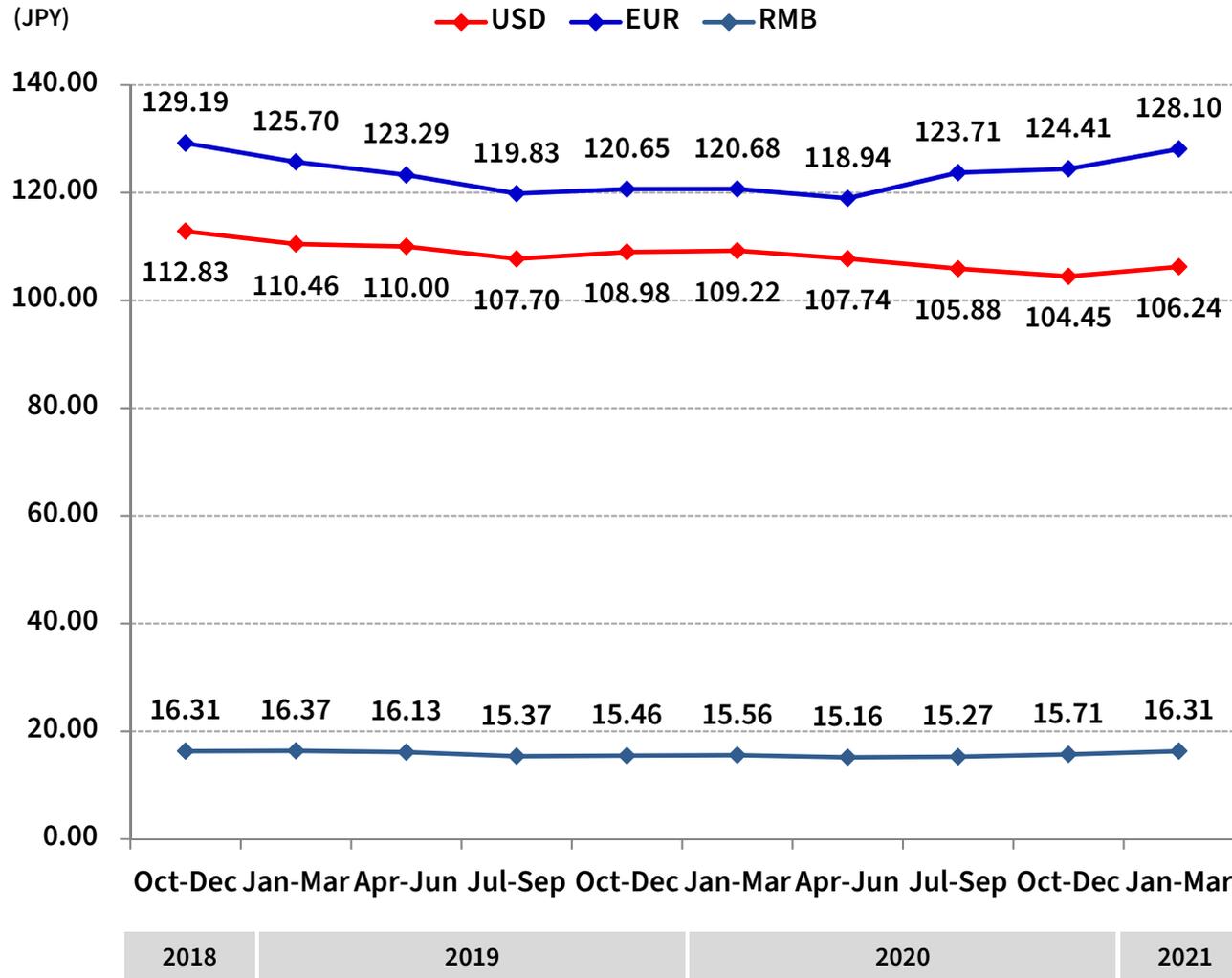
■ Japan ■ Overseas

R&D Pipeline (◆: discovered in-house)		FY 2020	FY 2021	FY 2022
Agricultural chemicals	ME5382 [Insecticide/Flupyrimin] ◆	Approved		
	ME5343 [Insecticide] Licensing agreement with BASF ◆*	Approved		
	ANM-138 [Insecticide] Joint development with Nippon Kayaku ◆	Approved	Approved	
	ME5223 [Fungicide/Fenpicoxamid] Joint development with Corteva Agriscience ◆	Approved		
Veterinary drugs	ME4129 [Injectable antibacterial drugs] Expanded indication	Approved		
	ME4136 [Injectable antibacterial drugs]	Applied		
	ME4137 [Injectable antibacterial drugs]	Applied		Approved
	ME4406 [Feed Additive] ◆			
	ME4204 [Oral Anthelmintic] Expanded indication ◆	Applied	Approved	
	ME4624 [Vaccine]	Applied	Approved	
	KD-390 [Vaccine for poultry use] ◆	Approved		
	KD-377 [Vaccine for swine use] ◆	Applied	Approved	
	KD-386 [Vaccine for swine use] ◆	Applied		

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

Key Currencies and Our Average Exchange Rates

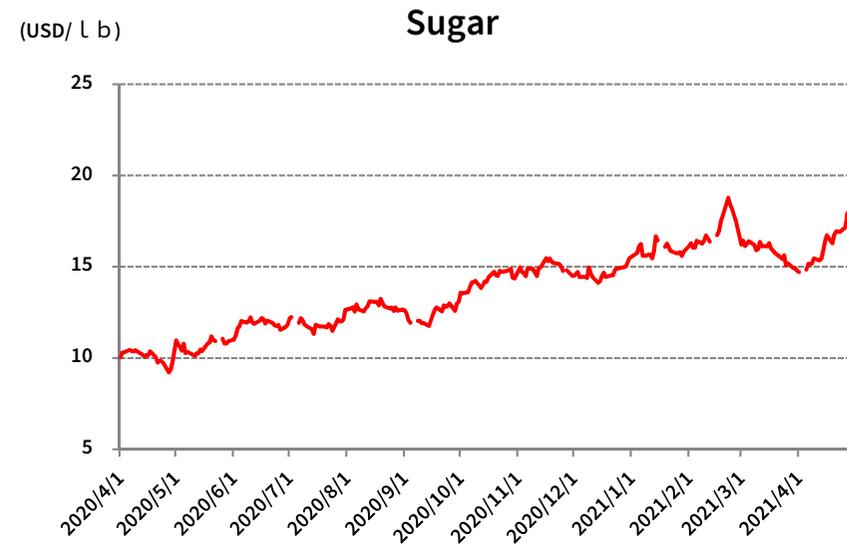
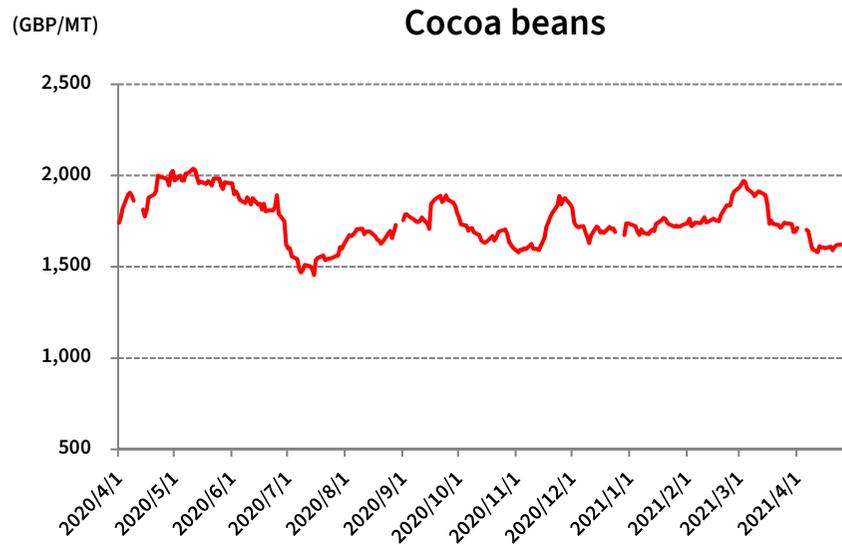
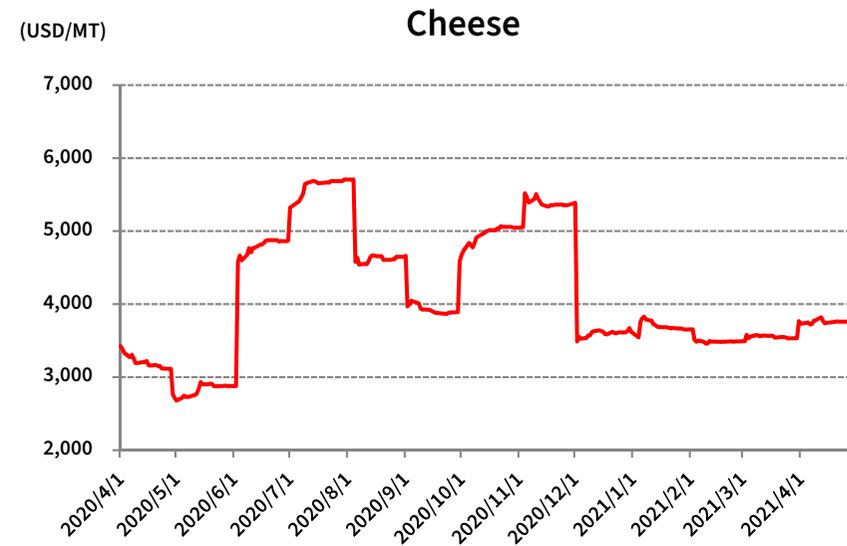
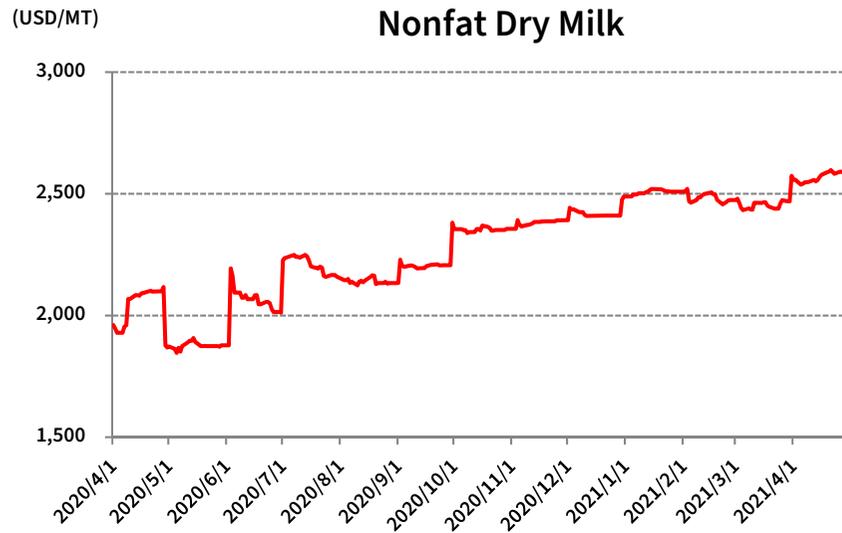
Key Currencies and Our Average Exchange Rates



Foreign exchange forecast for FY 2021 plan

USD	JPY 106
EUR	JPY 126
RMB	JPY 15

Market Prices of Main Raw Materials Imported



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