(Translation)
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Annual Securities Report

(Report pursuant to Article 24, paragraph (1) of the Financial Instruments and Exchange Act)

(The 14th Fiscal Year)

from April 1, 2022 to March 31, 2023

Meiji Holdings Co., Ltd.

(E21902)

Contents

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Document title	Annual Securities Report (“Yukashoken Houkokusho”)
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Place of filing	Director, Kanto Local Finance Bureau
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Fiscal year	The 14th Fiscal Year (from April 1, 2022 to March 31, 2023)
Company name	Meiji Holdings Kabushiki Kaisha
Company name in English	Meiji Holdings Co., Ltd.
Title and name of representative	Kazuo Kawamura, CEO, President and Representative Director
Address of registered headquarter	4-16, Kyobashi 2-chome, Chuo-ku, Tokyo
Telephone number	+81-3-3273-4001 (switchboard)
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Nearest place of contact	4-16, Kyobashi 2-chome, Chuo-ku, Tokyo
Telephone number	+81-3-3273-4001 (switchboard)
Name of contact person	Hayato Shimada, General Manager of Corporate Administration Dept.
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I Company Information

1. Overview of the company

1. Key financial data

(1) Key financial data of group

Fiscal year		10th fiscal year	11th fiscal year	12th fiscal year	13th fiscal year	14th fiscal year
Fiscal year end		March, 2019	March, 2020	March, 2021	March, 2022	March, 2023
Net sales	(Millions of yen)	1,254,380	1,252,706	1,191,765	1,013,092	1,062,157
Ordinary profit	(Millions of yen)	99,709	103,326	110,176	93,985	74,160
Profit attributable to owners of parent	(Millions of yen)	61,868	67,318	65,655	87,497	69,424
Comprehensive income	(Millions of yen)	61,512	59,364	85,304	109,008	77,669
Net assets	(Millions of yen)	560,630	597,573	659,358	713,021	751,311
Total assets	(Millions of yen)	1,004,143	998,920	1,067,000	1,117,459	1,136,217
Net assets per share	(Yen)	1,817.89	1,939.59	2,141.40	2,390.76	2,553.69
Earnings per share	(Yen)	213.30	232.04	226.26	303.62	247.39
Diluted earnings per share	(Yen)	-	-	-	-	-
Equity-to-asset ratio	(%)	52.5	56.3	58.2	60.3	62.7
Rate of return on equity	(%)	12.2	12.4	11.1	13.5	10.0
Price-earnings ratio	(Times)	21.1	16.5	15.7	10.9	12.8
Cash flows from operating activities	(Millions of yen)	112,100	114,103	123,683	127,526	85,013
Cash flows from investing activities	(Millions of yen)	-100,202	-70,811	-93,110	-27,614	-36,788
Cash flows from financing activities	(Millions of yen)	-13,980	-30,287	-28,293	-76,997	-54,734
Cash and cash equivalents at end of period	(Millions of yen)	24,481	37,110	39,011	64,872	60,939
Number of employees [Average number of temporary employees not included in above]	(Number of persons)	17,608 [9,723]	17,571 [9,234]	17,832 [8,369]	17,336 [7,864]	17,290 [7,242]

(Notes)
1. Diluted earnings per share is not given because there are no dilutive shares.
2. The number of employees in [ ] is the number of temporary employees, and does not include dispatched employees.
3. In the first quarter of the 12th fiscal year, we finalized provisional accounting treatment pertaining to a business combination. Accordingly, the key financial data to the 11th fiscal year represent amounts reflecting the revisions to the initial allocation of the acquisition cost resulting from the finalization of provisional accounting treatment.
4. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance are applied from the beginning of the 13th fiscal year, and the key financial data to the 13th fiscal year reflect the application of that accounting standard and related implementation guidance.
5. A two-for-one common stock split was issued on April 1, 2023. Net assets per share and earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the 10th fiscal year.

(2) Key financial data of reporting company

Fiscal year		10th fiscal year	11th fiscal year	12th fiscal year	13th fiscal year	14th fiscal year
Fiscal year end		March, 2019	March, 2020	March, 2021	March, 2022	March, 2023
Operating revenue	(Millions of yen)	21,581	23,290	25,537	34,547	28,063
Ordinary profit	(Millions of yen)	19,876	21,065	22,924	31,055	23,924
Profit	(Millions of yen)	19,826	21,133	22,354	31,735	28,336
Share capital	(Millions of yen)	30,000	30,000	30,000	30,000	30,000
Total number of issued shares	(Thousand shares)	152,683	152,683	152,683	148,369	148,369
Net assets	(Millions of yen)	265,862	262,229	266,121	246,042	238,387
Total assets	(Millions of yen)	385,652	378,754	386,119	391,413	369,173
Net assets per share	(Yen)	916.55	903.80	917.04	873.60	855.11
Dividend paid per share (Interim dividend paid per share)	(Yen)	140.00 (65.00)	150.00 (70.00)	160.00 (75.00)	170.00 (80.00)	180.00 (85.00)
Earnings per share	(Yen)	68.35	72.84	77.03	110.12	100.97
Diluted earnings per share	(Yen)	-	-	-	-	-
Equity-to-asset ratio	(%)	68.9	69.2	68.9	62.9	64.6
Rate of return on equity	(%)	7.5	8.0	8.5	12.4	11.7
Price-earnings ratio	(Times)	65.8	52.7	46.2	30.0	31.2
Payout ratio	(%)	102.4	103.0	103.8	77.2	89.1
Number of employees [Average number of temporary employees not included in above]	(Number of persons)	34 [4]	54 [5]	66 [8]	85 [13]	99 [17]
Total shareholder return	(%)	112.7	98.4	93.5	89.3	87.8
(Comparison index: TOPIX (including dividends))	(%)	(95.0)	(85.9)	(122.1)	(124.6)	(131.8)
Highest share price	(Yen)	9,630	9,200	8,990	7,470	3,200 (7,130)
Lowest share price	(Yen)	7,170	6,170	6,760	6,540	3,145 (6,040)

(Notes)
1. Diluted earnings per share is not given because there are no dilutive shares.
2. The number of employees in [ ] is the number of temporary employees, and does not include dispatched employees.
3. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance are applied from the beginning of the 13th fiscal year, and the key financial data to the 13th fiscal year reflect the application of that accounting standard and related implementation guidance.
4. Highest share price and lowest share price refer to those of the Prime Market of the Tokyo Stock Exchange from April 4, 2022 and those of the First Section of the Tokyo Stock Exchange before that date.
5. A two-for-one common stock split was issued on April 1, 2023. Share prices for the 14th fiscal year are the highest and lowest share prices after ex-rights due to the share split, and the highest and lowest share prices before the share split are shown in parentheses.
6. A two-for-one common stock split was issued on April 1, 2023. Net assets per share and earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the 10th fiscal year.

2. History

Establishment of Meiji Holdings

Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation share the same origin in the former Meiji Sugar Co., Ltd, which was established in 1906. In April 2009, responding to changing food and health needs and to capture even greater growth opportunities, the two companies established a joint holding company, Meiji Holdings Co., Ltd., by means of a share transfer.

Then, in April 2011, in a move to realize the Meiji Group Philosophy, the Group formulated long-term management guidelines, and shifted to a new group management structure, creating a food company and a pharmaceutical company under Meiji Holdings.

Following are the major events relating to the Group.

Date	Outline
September 2008	Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation reach agreement to establish a joint holding company by means of a joint share transfer, subject to approval at a general meeting of shareholders. They prepare a Share Transfer Plan for the transfer of shares, and execute an Integration Agreement for management integration at respective meetings of their Boards of Directors.
April 2009	Meiji Holdings is established. Common share of Meiji Holdings is listed on the 1st Section of the Tokyo Stock Exchange (TSE).
February 2011	Meiji Holdings concludes absorption-type company split agreements with its subsidiaries, Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation, for Meiji Holdings to succeed, by way of company splits, a portion of the asset management businesses of the two subsidiaries. Meiji Holdings subsidiaries, Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation, conclude an absorption-type company split agreement for Meiji Dairies Corporation to succeed, by way of a company split, the food and healthcare business of Meiji Seika Kaisha, Ltd.
March 2011	Meiji Dairies (Suzhou) Co., Ltd. is established.
April 2011	Meiji Seika Kaisha, Ltd., a Meiji Holdings subsidiary, changes trade name to Meiji Seika Pharma Co., Ltd. Meiji Dairies Corporation, a Meiji Holdings subsidiary, changes trade name to Meiji Co., Ltd. Meiji Holdings succeeds, by way of absorption-type company splits, a portion of the asset management businesses of its two subsidiaries, Meiji Seika Pharma Co., Ltd. and Meiji Co., Ltd. Meiji Co., Ltd., a Meiji Holdings subsidiary, succeeds, by way of an absorption-type company split, the food and healthcare business of Meiji Seika Kaisha, Ltd., a Meiji Holdings subsidiary.
November 2011	Meiji America Inc. is established.
August 2012	Meiji Ice Cream (Guangzhou) Co., Ltd. is established.
February 2015	Medreich Limited becomes a subsidiary following acquisition of shares.
October 2015	Two-for-one share split conducted for shares of common share.
July 2018	KM Biologics Co., Ltd. becomes a subsidiary following acquisition of shares.
January 2019	Meiji (China) Investment Co., Ltd. is established.
September 2019	Meiji Dairies (Tianjin) Co., Ltd. is established.
July 2020	Meiji Food (Guangzhou) Co., Ltd. is established.
April 2022	Listing on TSE transitions from 1st Section to Prime Market due to revision of TSE market segments.
April 2023	A two-for-one common stock split was issued.

3. Description of business

The Meiji Group consists of Meiji Holdings (a pure holding company), 73 subsidiaries and 8 affiliates.

Since Meiji Holdings falls under the category of a specified listed company, etc. as prescribed in Article 49, paragraph (2) of the Cabinet Office Order on Restrictions on Securities Transactions, the criteria for regarding material facts as minor under the insider trading regulations are determined on the basis of consolidated figures.

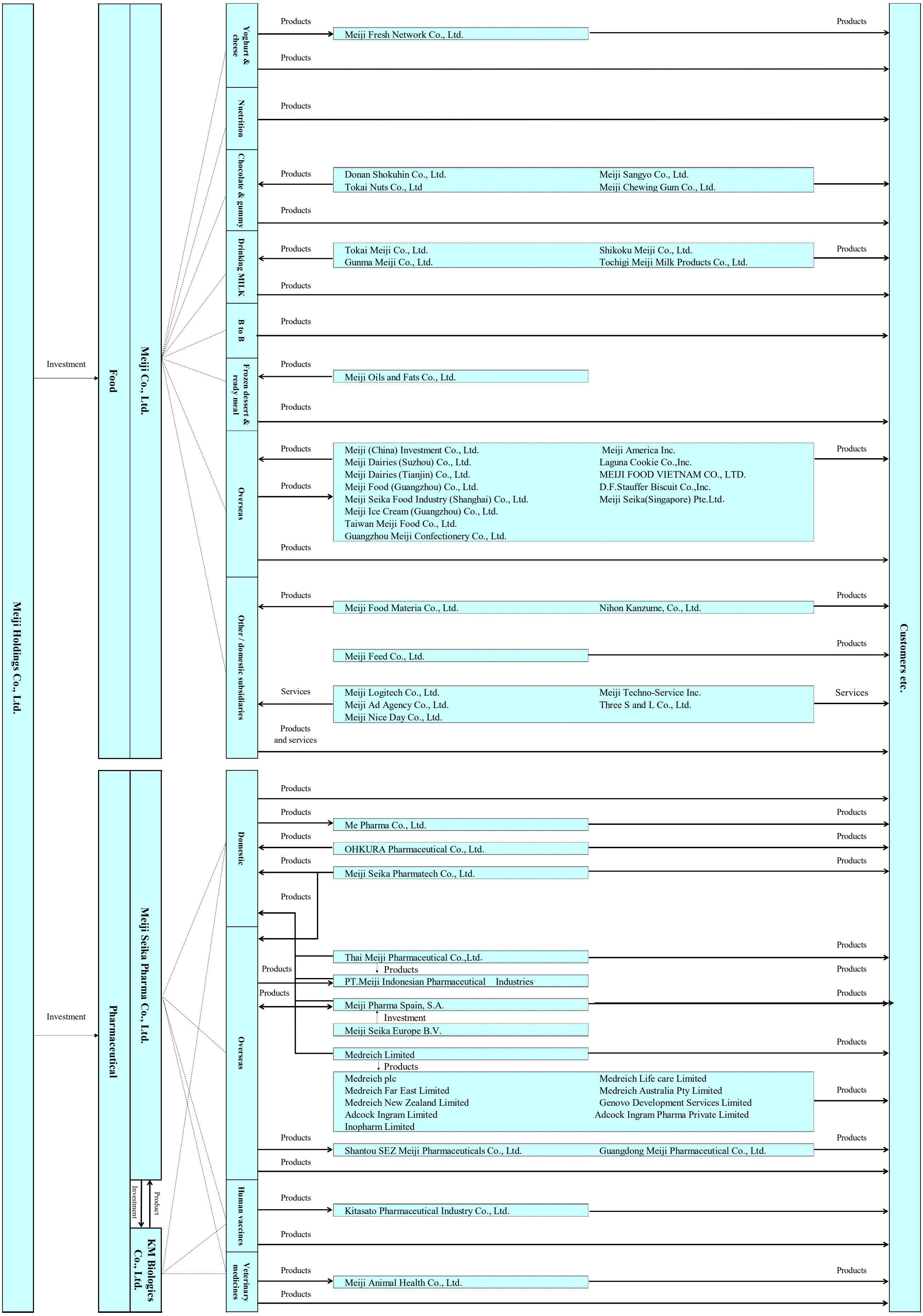
The positioning of related companies and their relationship with the segments are as follows.

Segment	Main Products	Major Companies	
Food	Yogurt, drinking milk, beverages, cheese, butter, margarine, cream, ice cream, ready meal, chocolate, gummy, chewing gum, sports nutrition, infant formula, enteral formula, beauty supplement, OTC medicines, feedstuffs, sugar and corn sweeteners, etc.	Meiji Co., Ltd.	(Consolidated subsidiaries) Meiji Fresh Network Co., Ltd., Donan Shokuhin Co., Ltd., Meiji Sangyo Co., Ltd., Meiji Chewing Gum Co., Ltd., Tokai Nuts Co., Ltd., Shikoku Meiji Co., Ltd., Tokai Meiji Co., Ltd., Gunma Meiji Co., Ltd., Tochigi Meiji Milk Products Co., Ltd., Meiji Oils and Fats Co., Ltd., Meiji Seika (Singapore) Pte. Ltd., Meiji America Inc., D.F. Stauffer Biscuit Co., Inc., Laguna Cookie Co., Inc., Meiji China Investment Co., Ltd., Meiji Dairies (Tianjin) Co., Ltd., Meiji Seika Food Industry (Shanghai) Co., Ltd., Meiji Dairies (Suzhou) Co., Ltd., Meiji Ice Cream (Guangzhou) Co., Ltd., Meiji Food (Guangzhou) Co., Ltd., Guangzhou Meiji Confectionery Co., Ltd., Taiwan Meiji Food Co., Ltd., MEIJI FOOD VIETNAM CO., LTD., Meiji Food Materia Co., Ltd., Meiji Logitech Co., Ltd., Three S and L Co., Ltd., Nihon Kanzume, Co., Ltd., Meiji Feed Co., Ltd., Meiji Techno-Service Inc., Meiji Nice Day Co., Ltd., Meiji Ad Agency Co., Ltd. (Unconsolidated subsidiaries accounted for using the equity method) Chiba Meiji Milk Products Co., Ltd., Thai Meiji Food Co., Ltd. (Unconsolidated subsidiaries) Meihan Ryutsu Co., Ltd., Food Express Tokai Co., Ltd., Meiji Hong Kong, Ltd., MEIJI DAIRY AUSTRALASIA PTY. LTD., MEIJI NEW ZEALAND LIMITED, PT MEIJI FOOD INDONESIA, Meiji Food Europe B.V., Meiji Food Materials (Qing Dao), Ltd., Toko Transport Inc., Kantora Logi Co., Ltd., New Hokkaido Feed Co., Ltd., Makiba Feed Co., Ltd. (Associates accounted for using equity method) CP-MEIJI Co., Ltd., AUSTASIA GROUP LTD., Okinawa Meiji Milk Products Co., Ltd. (Affiliates) Beghin Meiji, N.C. Foods Co., Ltd., Meito Warehouse Co., Ltd., Kushiroshiryo, Co., Ltd., Japan Dairy Trading Co., Ltd.
		(54 companies in total)	

Segment	Main Products	Major Companies	
Pharmaceutical	Ethical pharmaceuticals, veterinary drugs	Meiji Seika Pharma Co., Ltd.	(Consolidated subsidiaries) Kitasato Pharmaceutical Industry Co., Ltd., OHKURA Pharmaceutical Co., Ltd., Me Pharma Co., Ltd., Meiji Pharma Spain, S.A., PT. Meiji Indonesian Pharmaceutical Industries, Thai Meiji Pharmaceutical Co., Ltd., Meiji Seika Europe B.V., Medreich Limited, Genovo Development Services Limited, Adcock Ingram Limited, Medreich Life care Limited, Medreich plc, Medreich Australia Pty Ltd., Medreich Far East Limited, Inopharm Limited, Medreich New Zealand Limited, Adcock Ingram Pharma Private Limited, Shantou SEZ Meiji Pharmaceuticals Co., Ltd., Guangdong Meiji Pharmaceutical Co., Ltd., Romeck Pharma, LLC, Meiji Seika Pharmatech Co., Ltd. (Unconsolidated subsidiaries) Meiji Pharma USA Inc., MIYAKO YUSO TRANSPORTATION CO., LTD.
		KM Biologics Co., Ltd.	(Consolidated subsidiaries) Meiji Animal Health Co., Ltd.
		(26 companies in total)	

(Note) Effective April 1, 2014, Meiji Business Support Co., Ltd. was changed from the Food Segment to the Company-wide (Common) Segment.

Following is a graphic representation of the Group’s business (Meiji Holdings and consolidated subsidiaries).



4. Subsidiaries and other affiliated entities

Name	Location	Investments in capital (Millions of yen)	Principal business	Percentage of voting rights held (%)	Relationship
(Consolidated subsidiaries)					
Meiji Co., Ltd. *2, 4	Chuo-ku, Tokyo	33,646	Food	100.00	Has a business management agreement with Meiji Holdings. Meiji Holdings leases offices, etc. Meiji Holdings lends funds or holds funds in trust. Number of concurrently serving officers: 3
Meiji Fresh Network Co., Ltd. *4	Koto-ku, Tokyo	100	Food	100.00 (100.00)	
Donan Shokuhin Co., Ltd.	Hakodate City, Hokkaido	40	Food	100.00 (100.00)	
Meiji Sangyo Co., Ltd.	Suzaka City, Nagano	50	Food	100.00 (100.00)	
Meiji Chewing Gum Co., Ltd.	Kiyosu City, Aichi	75	Food	100.00 (100.00)	
Tokai Nuts Co., Ltd.	Chiyoda-ku, Tokyo	20	Food	100.00 (100.00)	
Shikoku Meiji Co., Ltd.	Mitoyo City, Kagawa	480	Food	100.00 (100.00)	
Tokai Meiji Co., Ltd.	Fukuroi City, Shizuoka	74	Food	100.00 (100.00)	
Gunma Meiji Co., Ltd.	Maebashi City, Gunma	60	Food	100.00 (100.00)	
Tochigi Meiji Milk Products Co., Ltd.	Utsunomiya City, Tochigi	100	Food	95.00 (95.00)	
Meiji Oils and Fats Co., Ltd.	Hirakata City, Osaka	38	Food	100.00 (100.00)	
Meiji Seika (Singapore) Pte. Ltd.	Singapore	(Thousand SGD) 15,000	Food	100.00 (100.00)	
Meiji America Inc. *2	York, Pennsylvania, US	(Thousand USD) 30,558	Food	100.00 (100.00)	
D.F. Stauffer Biscuit Co., Inc. *2	York, Pennsylvania, US	(Thousand USD) 38,005	Food	100.00 (100.00)	
Laguna Cookie Co., Inc.	Santa Ana, California, US	(Thousand USD) 20,729	Food	100.00 (100.00)	
Meiji (China) Investment Co., Ltd. *2	Shanghai, China	(Thousand USD) 698,359	Food	100.00 (100.00)	
Meiji Dairies (Tianjin) Co., Ltd. *2	Tianjin, China	(Thousand CNY) 705,000	Food	100.00 (100.00)	

Name	Location	Investments in capital (Millions of yen)	Principal business	Percentage of voting rights held (%)	Relationship
Meiji Seika Food Industry (Shanghai) Co., Ltd. *2	Shanghai, China	(Thousand USD) 127,048	Food	100.00 (100.00)	
Meiji Dairies (Suzhou) Co., Ltd. *2	Jiangsu, China	(Thousand USD) 83,964	Food	100.00 (100.00)	
Meiji Ice Cream (Guangzhou) Co., Ltd. *2	Guangzhou, Guangdong, China	(Thousand CNY) 263,000	Food	100.00 (100.00)	
Meiji Food (Guangzhou) Co., Ltd. *2	Guangzhou, Guangdong, China	(Thousand CNY) 1,500,000	Food	100.00 (100.00)	
Guangzhou Meiji Confectionery Co., Ltd.	Guangzhou, Guangdong, China	(Thousand HKD) 45,100	Food	100.00 (100.00)	
Taiwan Meiji Food Co., Ltd.	Taipei, Taiwan	(Thousand TWD) 27,624	Food	100.00 (100.00)	
MEIJI FOOD VIETNAM CO., LTD.	Hanoi, Vietnam	(Million VND) 41,504	Food	100.00 (100.00)	
Meiji Food Materia Co., Ltd.	Chuo-ku, Tokyo	300	Food	95.04 (95.04)	
Meiji Logitech Co., Ltd.	Koto-ku, Tokyo	98	Food	100.00 (100.00)	
Three S and L Co., Ltd.	Kanazawa City, Ishikawa	65	Food	100.00 (100.00)	
Nihon Kanzume, Co., Ltd.	Memuro, Kasai, Hokkaido	314	Food	100.00 (100.00)	
Meiji Feed Co., Ltd.	Koto-ku, Tokyo	480	Food	100.00 (100.00)	
Meiji Techno-Service Inc.	Koto-ku, Tokyo	30	Food	100.00 (100.00)	
Meiji Nice Day Co., Ltd.	Koto-ku, Tokyo	25	Food	100.00 (100.00)	
Meiji Ad Agency Co., Ltd.	Shibuya-ku, Tokyo	226	Food	100.00 (100.00)	

Name	Location	Investments in capital (Millions of yen)	Principal business	Percentage of voting rights held (%)	Relationship
Meiji Seika Pharma Co., Ltd. *2, 4	Chuo-ku, Tokyo	28,363	Pharmaceutical	100.00	Has a business management agreement with Meiji Holdings. Meiji Holdings leases offices, etc. Meiji Holdings lends funds or holds funds in trust. Number of concurrently serving officers: 3
Kitasato Pharmaceutical Industry Co., Ltd.	Minato-ku, Tokyo	30	Pharmaceutical	60.00 (60.00)	
OHKURA Pharmaceutical Co., Ltd.	Minami-ku, Kyoto City, Kyoto	72	Pharmaceutical	100.00 (100.00)	
Me Pharma Co., Ltd.	Chuo-ku, Tokyo	10	Pharmaceutical	100.00 (100.00)	
Meiji Pharma Spain, S.A.	Madrid, Spain	(Thousand EUR) 2,028	Pharmaceutical	100.00 (100.00)	
PT. Meiji Indonesian Pharmaceutical Industries	Jakarta, Indonesia	(Million IDR) 38,073	Pharmaceutical	93.34 (93.34)	
Thai Meiji Pharmaceutical Co., Ltd.	Bangkok, Thailand	(Million THB) 297	Pharmaceutical	94.61 (94.61)	
Meiji Seika Europe B.V.	Amsterdam, Netherlands	(Thousand EUR) 25	Pharmaceutical	100.00 (100.00)	
Medreich Limited	Bengaluru, India	(Thousand INR) 1,407,183	Pharmaceutical	100.00 (100.00)	
Genovo Development Services Limited	Bengaluru, India	(Thousand INR) 18,296	Pharmaceutical	100.00 (100.00)	
Adcock Ingram Limited	Bengaluru, India	(Thousand INR) 380,500	Pharmaceutical	50.07 (50.07)	
Medreich Life care Limited	Bengaluru, India	(Thousand INR) 1,020	Pharmaceutical	100.00 (100.00)	
Medreich plc	Surrey, UK	(Thousand GBP) 100	Pharmaceutical	100.00 (100.00)	
Medreich Australia Pty Ltd.	New South Wales, Australia	(AUD) 100	Pharmaceutical	100.00 (100.00)	
Medreich Far East Limited	Hong Kong Special Administrative Region, China	(HKD) 10,000	Pharmaceutical	100.00 (100.00)	
Inopharm Limited	Nicosia, Cyprus	(Thousand EUR) 100	Pharmaceutical	50.00 (50.00)	
Medreich New Zealand Limited	Auckland, New Zealand	(NZD) 1,000	Pharmaceutical	100.00 (100.00)	

Name	Location	Investments in capital (Millions of yen)	Principal business	Percentage of voting rights held (%)	Relationship
Adcock Ingram Pharma Private Limited	Gauteng, India	(Thousand INR) 280,000	Pharmaceutical	100.00 (50.07)	
Shantou SEZ Meiji Pharmaceuticals Co., Ltd.	Shantou, Guangdong, China	(Thousand CNY) 44,700	Pharmaceutical	80.00 (80.00)	
Guangdong Meiji Pharmaceutical Co., Ltd.	Guangzhou, Guangdong, China	(Thousand CNY) 3,000	Pharmaceutical	80.00 (80.00)	
Romeck Pharma, LLC	Chuo-ku, Tokyo	0	Pharmaceutical	50.00 (50.00)	
Meiji Seika Pharmatech Co., Ltd.	Odawara City, Kanagawa	0	Pharmaceutical	100.00 (100.00)	
KM Biologics Co., Ltd. *2	Kumamoto City, Kumamoto	10,000	Pharmaceutical	49.00 (20.00)	Meiji Holdings lends funds or holds funds in trust. Number of concurrently serving officers: 3
Meiji Animal Health Co., Ltd.	Kumamoto City, Kumamoto	100	Pharmaceutical	100.00 (74.35)	
Meiji Business Support Co., Ltd.	Chuo-ku, Tokyo	20	Company-wide	100.00	Meiji Holdings lends funds or holds funds in trust. Number of concurrently serving officers: 1
(Unconsolidated subsidiaries accounted for using the equity method)					
Chiba Meiji Milk Products Co., Ltd.	Wakaba-ku, Chiba City, Chiba	47	Food	100.00 (100.00)	
Thai Meiji Food Co., Ltd.	Bangkok, Thailand	(Million THB) 222	Food	100.00 (100.00)	
(Affiliates accounted for using the equity method)					
CP-MEIJI Co., Ltd.	Bangkok, Thailand	(Million THB) 500	Food	40.00 (40.00)	
AUSTASIA GROUP LTD.	Singapore	(Thousand USD) 385,992	Food	22.21 (22.21)	
Okinawa Meiji Milk Products Co., Ltd.	Urasoe, Okinawa	91	Food	50.00 (50.00)	

(Notes)
1 The name of the segment is stated in the "Details of main business" column.
*2 Classified as a specified subsidiary company.
3 Figures in parentheses in the "Percentage of voting rights held" column include the percentage of voting rights held indirectly.
*4 For Meiji Co., Ltd., Meiji Fresh Network Co., Ltd. and Meiji Seika Pharma Co., Ltd., the ratio of net sales (excluding inter-company sales between consolidated companies) to consolidated net sales exceeds 10%.

Main profit/loss information for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

	Meiji Co., Ltd.	Meiji Fresh Network Co., Ltd.	Meiji Seika Pharma Co., Ltd.
(1) Net sales (Millions of yen)	620,120	98,975	126,289
(2) Ordinary profit (Millions of yen)	51,996	1,219	9,499
(3) Profit (Millions of yen)	46,084	745	14,787
(4) Net assets (Millions of yen)	494,594	12,683	99,529
(5) Total assets (Millions of yen)	707,193	28,316	196,419

5. Employees

(1) Information about group

As of March 31, 2023

Segment titles	Number of employees
Food	10,501 [4,675]
Pharmaceutical	6,685 [2,535]
Company-wide	104 [32]
Total	17,290 [7,242]

(Note) The number of employees is the number of full-time employees (excluding employees transferred from the Group to outside and including employees transferred from outside to the Group). Parenthesized figures are the average number of temporary employees for the year, excluding those dispatched employees.

(2) Information about reporting company

As of March 31, 2023

Number of employees	Average age (years)	Average length of service (Years)	Average annual salary (thousand yen)
99 [17]	44.9	20.8	10,136

Segment titles	Number of employees
Company-wide	99 [17]
Total	99 [17]

(Notes) 1 The number of employees is the number of full-time employees (excluding employees transferred from the Group to outside and including employees transferred from outside to the Group). Parenthesized figures are the average number of temporary employees for the year, excluding those dispatched employees.

2 Average annual salary includes bonuses and non-standard wages.

3 When calculating the average length of service, for employees transferred from Meiji Co., Ltd. or Meiji Seika Pharma Co., Ltd. to the Company, their years of service at those companies are included in the total number of years of service.

(3) Labor union status

The main labor unions in the Group are the Meiji Labor Union (5,455 members as of March 31, 2023) and the Meiji Seika Pharma Labor Union (1,333 members as of March 31, 2023).

The Meiji Labor Union is a member of the Federation of All Japan Foods and Tobacco Workers' Unions, and Meiji Seika Pharma Labor Union is a member of the Japanese Federation of Pharmaceutical and Cosmetic Industry Workers' Unions.

(4) Percentage of female employees in management positions, rate of male employees taking childcare leave, and gender wage gap

Indicators of diversity for the current fiscal year are as follows.

	Percentage of female employees in management positions (%)	Rate of male employees taking childcare leave (%)	Gender wage gap (%)		
			All employees	Employees	Temporary employees
Meiji Co., Ltd.	3.1	94.4	46.4	66.0	53.6
Meiji Seika Pharma Co., Ltd.	9.8	78.2	63.5	68.8	70.4
KM Biologics Co., Ltd.	7.4	97.8	45.8	54.2	71.6
Meiji Fresh Network Co., Ltd.	0.9	66.7	38.6	64.5	31.7
Shikoku Meiji Co., Ltd.	—	—	52.4	76.6	70.5
Three S and L Co., Ltd.	—	—	56.0	77.0	85.4
Meiji Logitech Co., Ltd.	—	—	52.5	60.6	50.1
Meiji Chewing Gum Co., Ltd.	23.1	—	70.6	85.5	56.9
Tokai Nuts Co., Ltd.	—	—	70.6	70.4	82.3
Nihon Kanzume, Co., Ltd.	7.7	—	—	—	—

(Information about group)

	Percentage of female employees in management positions (%)	Rate of male employees taking childcare leave (%)	Gender wage gap (%)			
			All employees	Employees		Temporary employees
					Managers	
Meiji Holdings and domestic consolidated subsidiaries	5.3	87.2	49.5	66.3	88.8	58.5

(Notes) 1. Employees include full-time employees and exclude non-regular employees.

2. Temporary employees include part-time employees and non-regular contract employees and exclude dispatched employees.
3. All employees include employees and temporary employees.
4. Seconded employees are counted as employees of the company from which they were seconded.
5. The percentage of female employees in management positions and the gender wage gap are calculated and disclosed in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). "—" indicates non-disclosure.
6. The rate of male employees taking childcare leave is disclosed in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). "—" indicates non-disclosure.
7. The rate of male employees taking childcare leave is calculated as the percentage of employees taking childcare leave, etc. and leave for childcare purposes as stipulated in Article 71-4, item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labour No. 25 of 1991).

As for the gender wage gap, which is one of the indicators of women's active participation, the Group's rate is 49.5%. Since the Group does not differentiate wages between men and women in the same employment category, we consider this difference to be due to the difference in the composition of the number of employees in each grade. Specifically, we believe that this is due to the high ratio of women among temporary employees who work short hours and the high ratio of men in management positions, which are higher-paying job groups.

Therefore, we believe that increasing the percentage of women in management positions to an appropriate level through initiatives such as the promotion of women's active participation, which we are currently promoting, will lead to resolving the gender wage gap. Details are described in 2. Overview of Business, 2 Views and Initiatives on Sustainability, (4) The Meiji Group's Human Capital Initiatives.

2. Overview of Business

1. Management policy, business environment, issues to address

The Group's management policy, business environment, issues to address, etc. are as follows.
Forward-looking statements in this report are based on the Group's judgments as of the end of the current fiscal year.

(1) Basic business policies

Based on the missions and roles stated in the Group Philosophy, the Meiji Group endeavors to achieve sustainable growth and development by contributing to better lives for customers as a corporate group focused on food and health and strives to enhance its corporate value based on the trust of all stakeholders.

[Group Philosophy]

Our mission is to widen the world of "Tastiness and Enjoyment" and meet all expectations regarding "Health and Reassurance."

Our wish is to be closely in tune with our customers' feelings and to always be there to brighten their daily lives.

Our responsibility as "Food and Health" professionals is to continue finding innovative ways to meet our customers' needs, today and tomorrow.

[Management Attitude] The basic management attitude for carrying out the Group Philosophy is as follows.

1. Commit ourselves to customer-based ideas and behaviors.
2. Provide safe and reassuring high-quality products.
3. Strive to always produce new value.
4. Foster the development of the synergies and capabilities of the organization and each individual.
5. Be a transparent, wholesome company trusted by society.

(2) Medium- to long-term management strategies, business environment and priority issues

In order to be a corporate group that embodies the Group Philosophy and continues to grow even in a changing environment, the Meiji Group has established a long-term vision that extends through fiscal year 2026 (ending March 31, 2027) and is working to achieve it.
To achieve this vision, a Medium-Term Business Plan has been formulated every three years to reflect the vision in a more specific action plan, which we are currently carrying out.

In addition, the Group slogan was changed to "Now Ideas for Wellness" on June 1, 2021. For more than 100 years, the Group has been striving to expand the world of "Tastiness, Enjoyment, Health, and Reassurance." Going forward, we will create new value by integrating knowledge of food and pharmaceuticals from inside and outside the Group. In the field of health in particular, we aim to provide "Meiji unique value for wellness" in order to play a greater role than ever before. "Meiji unique value for wellness" means linking individual health to the smiles of people by moving through the cycle of Cure, Care and Share, spreading the happiness of being healthy to people around us, and contributing to a better future in which society and the Earth are healthy.

1) Meiji Group 2026 Vision long-term vision (announced in May 2018)

Long-term Vision

We will combine the strengths the Meiji Group has cultivated over the past 100 years with the latest technology and scientific findings. In doing so, we will create innovative ways to meet our customers' needs through food and healthcare, ensuring sustainable growth for the Group in Japan and worldwide.

Targets

Operating profit growth rate;	Mid to high single-digits (CAGR)
Overseas sales ratio:	Aim to achieve 20%
ROE:	Maintain 10% or more

Key Strategies
1. Secure an overwhelming advantage in core businesses
2. Establish growth foundations in overseas markets
3. New challenges in the health value domain
4. Social contribution

To achieve this Vision, we are implementing initiatives based on the Business Vision, Sustainability Vision, and Management Foundation Vision, which were formulated in accordance with the Key Strategies.

Business Vision
(Food Segment)
In Japan, we will focus on our core businesses, including yogurt, chocolate, and nutritional products, while seeking to further strengthen our business portfolio. Overseas, we will expand our differentiated products representative of Meiji in each region and establish a unique position. We will then gain brand awareness and accelerate growth.

(Pharmaceutical Segment)
We will expand infectious disease medicines, generic medicines and biopharmaceuticals not only in Japan but also overseas on an overall basis. In the infectious disease domain in particular, we will strengthen production capacity, research and development and awareness activities to become a leading company in Asia.

(Overall Group)
In addition to making use of the know-how and strengths that we have developed in the food and pharmaceutical businesses, we will seek to create unique value in the health and prevention fields by proactively introducing external knowledge through open innovation.

Sustainability Vision
With the objective of creating a sustainable society in which people can live in good health and with peace of mind, we will take action with Healthier Lives, Caring for the Earth, and Thriving Communities as our core themes to contribute to solving social issues through our business.

Management Foundation Vision
We will promote the establishment of functional and strategic management systems and the creation of an environment, a structure, and a culture in which each person can demonstrate their strengths as well as the initiatives to evolve the Meiji brand.

2) Operating environment and issues to be preferentially addressed
The Group's market environment remains uncertain and includes fierce competition and changes in market structures and consumer sentiment precipitated by the COVID-19 pandemic. In addition, skyrocketing raw material and energy costs are putting pressure on corporate earnings and having a significant impact on consumer prices. Moreover, the roles and responsibilities of corporations are increasing, such as responding to climate change and environmental issues, respecting human rights and diversity, and conducting sustainable sourcing. The approach to corporate valuation is also changing significantly, with emphasis on corporate sustainability, risk resilience, and social contribution.

Under this environment, the Meiji Group will appropriately address the following issues in order to pursue sustainable growth as a business that can globally contribute to resolving social issues in health and nutrition.

- We will seek to establish business models in which business activities and sustainability activities can be carried out at the same time without conflicting with each other. Efforts to address social issues are seeds for business growth and innovation, and we will take on the challenges of creating new value.
- We will transform to a business management structure that encourages business efficiency and capital cost awareness, build an optimum business portfolio, and aim to further improve capital productivity.
- We will refine our strength as a unique corporate group that contributes to the Healthier Lives of all generations from babies to the elder, creating group synergies.

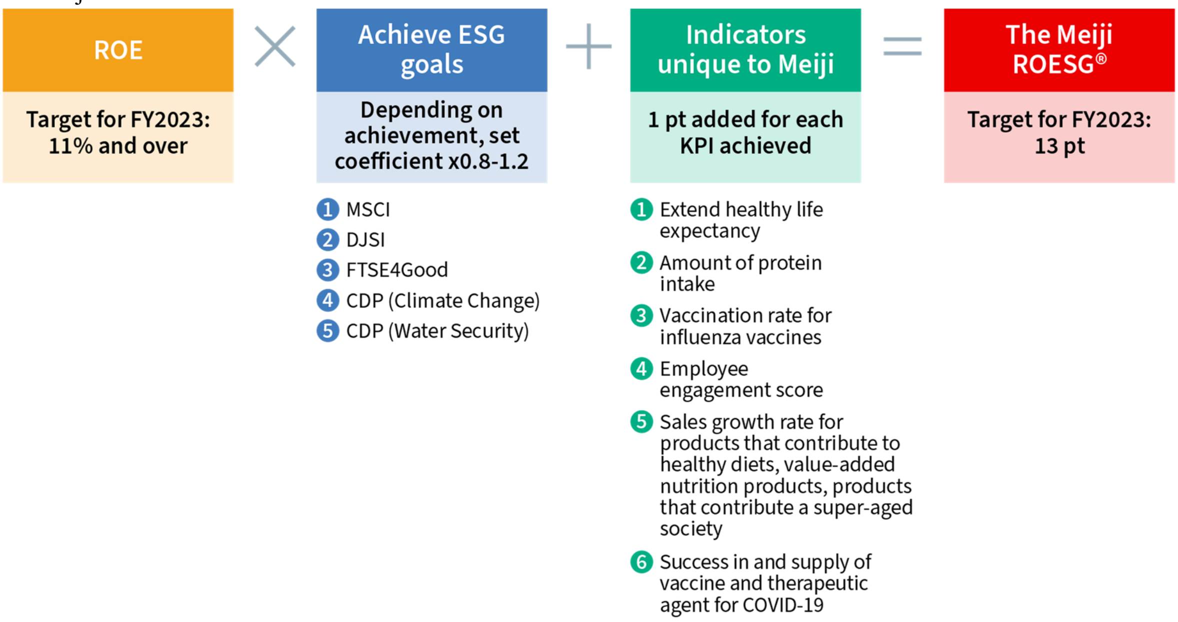
3) 2023 Medium-Term Business Plan (March 31, 2022 to March 31, 2024)

The Group will reaffirm Offering Health Value, which has continued from our foundation, and aim to grow as a sustainable corporate group that shares health value with people and societies around the world.

In the 2023 Medium-Term Business Plan, we introduce the Meiji ROESG®* in addition to the conventional target indicators for growth and profitability such as net sales and operating profit. The Meiji ROESG® is a proprietary indicator, combining ROE and ESG benchmarks with sustainability targets unique to the Meiji Group (goals unique to Meiji). By linking this to executive remuneration, we will secure its efficiency. In addition, we will set ROIC as a target indicator for capital productivity and effectiveness. By managing effectiveness and profitability using ROIC separately for each business, we will ensure business performance centered on capital costs and clarify the authority and accountability structure of business portfolio strategies. We will also use it to evaluate capital expenditures and research development investments and enhance the operational management system of the entire Group.

* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

<Meiji ROESG®>



Target Indicators

	Indicators	Targets for the fiscal year ending March 31, 2024
Integrated goal	Meiji ROESG®	13 points
Growth and Profitability	Consolidated net sales	JPY 1,080.0 billion
	• Food Segment	JPY 874.5 billion
	• Pharmaceutical Segment	JPY 209.0 billion
	Consolidated operating profit (margin)	JPY 120.0 billion (11.1%)
	• Food Segment	JPY 102.0 billion
	• Pharmaceutical Segment	JPY 18.5 billion
	Overseas net sales	JPY 134.5 billion
Efficiency and Safety	ROIC	More than 10%
	• Food Segment	More than 12%
	• Pharmaceutical Segment	More than 6%
Returns to shareholders	ROE	More than 11%

The progress made on the 2023 Medium-Term Business Plan for the fiscal year ended March 31, 2023 is as described in 4. Management analysis of financial position, operating results and cash flows, (1) Business results.

Specific strategic points are as follows:

Business Strategy

Food Segment

・ Recover from the stagnation in our core business

[Yogurt and functional yogurt]

- Improve functionalities of and evidence for existing products
- Launch new products that have new added-value

[Nutrition]

- Continue working to increase sales of "SAVAS" sports protein
- Increase share of infant formula and enteral formula by enhancing product value

[Chocolate]

- Develop new products promoting the value of cocoa
- Promote procuring sustainable cocoa and adding value to products
- Optimize production system

・ Expand overseas business

As a core area, in China we will accelerate sales growth by significantly increasing production capacity for the milk and yogurt, confectionery, and ice cream businesses. We will also increase sales of functional yogurt and "SAVAS" sports protein to develop as new growth pillars.

Pharmaceutical Segment

We will build a strong business portfolio that is less impacted by annual NHI price revisions in Japan or changes in patient behavior trends.

・ Strengthen the vaccine business

We will enhance supply chain management by integrating production and sales. We will strengthen internal and external R&D partnerships to build new modalities for drug development.

・ Expand CMO/CDMO business

[Overseas]

We will expand transactions with existing customers and capture new customer business while also increasing our production capacity. We will strengthen R&D capabilities to secure a competitive advantage and respond to demand for increased access to pharmaceuticals.

[Domestic]

We will increase transactions by taking advantage of the large-scale production capacity of our subsidiary in India, which enables us to produce high-quality medicines on par with Japanese standards at low cost.

Overall group

・ Contributions in the immunity domain

We will offer new value that contributes to extending healthy lifespans by commercializing anti-aging ingredients and creating immunity-boosting substances.

・ Promote open innovation

We will strengthen external partnerships and create new businesses. For that, we launch and implement multiple development programs such as Meiji Accelerator Program. Also, we search for startups or venture businesses in possession of new technology.

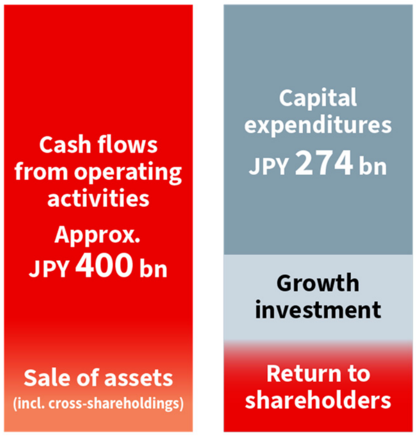
Financial Strategy

・ Apply ROIC towards strengthening our business management structure and improving capital productivity.

・ As an approach to resource distribution, continue investments to grow business within cash flows from operating activities while also aiming for continuous dividend increases. Also, evaluate share repurchasing from the perspective of ensuring optimal capital structure.

・ Reduce strategic shareholdings by 30% (based on book value).

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



Sustainability Strategy

Under each activity theme, we will focus on the following initiatives:

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 a COVID-19 vaccine
  - Develop vaccines for dengue fever and other diseases

Caring for the Earth

・ Climate change
  - Promote the use of renewable energy
  - Acquire SBT (Science Based Targets) certification
  - Introduce internal carbon pricing
  - Completely abolish the use of specified fluorocarbons
・ Circular economy
  - Reduce (use lighter and thinner plastic containers and packaging and switch to alternative materials (such as paper))
  - Expand the use of bioplastics and recycled plastics
・ Secure water resources
  - Reduce water use and protect and conserve water resources
  - Respond to water risks

Thriving communities

・ Diversity
  - Promote diversity and inclusion.
・ Human rights
  - Implement human rights due diligence and disclose results.
・ Employee-friendly workplaces
  Set targets and promote activities to encourage personal health and productivity management in the Group Human Capital Committee (Health and Productivity Management Subcommittee) which is organized by the group and health insurance societies.

Sustainable sourcing

・ Procure raw materials with consideration for human rights and environmental impact and also develop responsible supply chains.
・ Engage in planned procurement of sustainable cocoa beans, certified palm oil, and environmentally friendly paper.

In addition, we will allocate budget for ESG investment and engage in steady activities related to CO_2 emissions reduction and the elimination of fluorocarbons, reducing plastics, securing water resources, and ensuring the stable supply of pharmaceuticals.

Item	Content
Reduce CO_2 emission	• Introduce energy-saving equipment • Introduce solar power generator
Abolish totally the use of specific fluorocarbons	• Introduce fluorocarbon-free refrigerators and freezers
Reduce plastic usage	• Introduce manufacturing equipment for Lighter and thinner plastic container packaging • Introduce environmentally friendly container packaging equipment
Secure water resources	• Introduce equipment for improving efficiency of water use • Improving wastewater quality
Other	• Introduce manufacturing equipment for stable supply of pharmaceuticals

2. Views and Initiatives on Sustainability

The Group's views and initiatives on sustainability are as follows.
Forward-looking statements in this report are based on the Group's judgments as of the end of the current fiscal year.

(1) Governance and risk management for overall sustainability

To promote its sustainability strategy, the Group holds monthly meetings of the Group Sustainability Secretariat Committee chaired by the Chief Sustainability Officer (CSO), who is responsible therefor, to strengthen efforts to resolve social issues. In addition, the Group Sustainability Committee, chaired by the Company's CEO, President and Representative Director, deliberates the progress of overall sustainability activities and other matters on a semi-annual basis. Important sustainability issues are discussed by the Executive Committee, supervised by the Board of Directors, and then reflected in our business management.

With regard to risk management, the Group Sustainability Committee deliberates on sustainability issues where corporate activities are affected by the environment or society, or have the potential to affect the environment or society. The Risk Management Department also participates in the Committee, which also works with the risk management departments for the entire Group. In addition, since 2019, the ESG Advisory Board has been organized with three outside experts. We have received candid opinions from outside experts from a wide range of perspectives on the Group's efforts to address sustainability issues.

(2) Important sustainability issues

The Group's efforts to address the important sustainability issues identified through governance and risk management as above are as follows.

1) Strategy

To realize our Sustainability 2026 Vision, we have set forth three themes of Healthier Lives, Caring for the Earth, and Thriving Communities as well as a common theme of Sustainable sourcing. The risks, opportunities, and main initiatives for each sustainability issue are shown in the table below.

Meiji Group Strategy on sustainability issues

Activity theme	Sustainability issue	Risks and opportunities (●: Risk, ○: Opportunity)	Major Initiatives of the Meiji Group
Contribute to Healthier Lives	Contribute to healthy diets Respond to a super-aged society	● Increase in costs due to legislation and strengthening of rules related to health and nutrition (nutritional labeling, etc.) ● Risks of business opportunity loss due to intensifying competition in the health and nutrition sectors and poor response ● Reputational risk from the impact on the business of investors and ESG ratings on nutrition, food, and health, as well as delays in response ○ Creation of new business opportunities by developing products to meet health needs related to overnutrition and undernutrition ○ Creation of new business opportunities associated with the provision of solutions through the use of open innovation leveraging expertise in food and pharmaceuticals ○ Increase in business opportunities by developing products for a super-aged society ○ Enhancement of the presence of the Meiji brand through the dissemination and awareness of health information that is uniquely Meiji, such as diet education activities and activities to support children's growth	- Providing health-conscious products that take advantage of the health functions, etc. of ingredients such as lactobacilli and cocoa - Responding to needs for improved nutrition through food by providing nutritional products with added value utilizing Meiji's nutritional research and nutrition engineering technology - Contributing to a super-aged society through the development of nutritional products, enteral formula, and nursing care foods that are both delicious and easy to use - Promoting R&D with anti-aging, immune boosting, and microbiome as the primary themes - Promoting diet education activities that contribute to the Healthier Lives of customers by providing them with correct knowledge of food and nutrition - Developing activities for dissemination and promotion of nutrition information in developing countries with low nutrition challenges

Activity theme	Sustainability issue	Risks and opportunities (●: Risk, ○: Opportunity)	Major Initiatives of the Meiji Group
Contribute to Healthier Lives	Action against emerging/re-emerging infectious diseases	● Intensified competition and subordination risk resulting from the introduction of new technologies by globally advanced companies ● Risk of supply instability and suspension of antibacterial drugs due to dependence on foreign raw materials ○ Increase in business opportunities by taking advantage of knowledge and technology in the development of vaccines to deal with emerging/re-emerging infectious diseases ○ Expansion of market share through a stable supply of antibacterial drugs, etc. ○ Improvement of the presence of the Meiji brand by providing information on the proper use of antibacterial drugs	- Responding to emerging/re-emerging infectious diseases by developing new vaccines against COVID-19, dengue fever, smallpox, etc. - Ensuring the establishment of a production system through participation in the dual-use project of METI (Ministry of Economy, Trade and Industry) - Contributing to improving the level of public health overseas by strengthening efforts to improve access to pharmaceuticals in developing and emerging countries through licensing out vaccine technologies and exporting products - Strengthening R&D to acquire and commercialize new modality technologies through enhanced open innovation - Strengthening the system for a stable supply of antibacterial drugs through domestic production of penicillin bulk drugs - Promoting activities to disseminate and raise awareness of the importance of the proper use of antibacterial drugs and vaccination - Promoting R&D of antibacterial drugs effective against drug-resistant bacteria
Caring for the Earth	Reduce CO_2 emission	● Impact on profit from increased costs in manufacturing and raw material procurement due to the introduction of carbon pricing ● Impact on the business of investors and ESG ratings and reputational risk due to delays in decarbonization efforts ● Increased risk of raw material procurement and production stoppages due to climate change ○ Ensuring cost competitiveness by introducing renewable energy ○ Creation of new business opportunities by developing products for decarbonization ○ Creation of new business opportunities such as decarbonization businesses (credit creation and sales)	- Promotion of initiatives to reduce CO_2 emissions throughout the entire value chain and efforts to obtain SBT certification (1.5°C target) - Promoting measures after the introduction of the carbon tax through active use of the internal carbon pricing system - Actively introducing renewable energy facilities - Promoting carbon footprinting calculation - Promoting the introduction of new measures to reduce GHG emissions at dairy farms - Conducting TCFD scenario analysis and disclosing its information - Promoting procurement of certified raw materials that are not involved in deforestation and promoting the resolution of issues of deforestation in cocoa production areas
	Reduce environmental impact	● Loss of business opportunities due to delays in meeting the accelerating global demand for plastic reduction ● Decline of corporate image and increased reputational risk due to delays in efforts to reduce food loss and other waste ○ Reduction of packaging costs through reduced use of plastic ○ Improvement of corporate image by strengthening social contribution activities that contribute to reducing food loss ○ Expansion of new business opportunities by developing new packaging formats and product designs	- Reducing the amount of plastic used in product packaging and expanding the use of sustainable materials - Actively participating in industry-wide efforts to reduce food loss and promoting initiatives to reduce unsaleable products discarded in our own products - Actively using our products in social contribution activities that lead to food loss reduction - Developing production equipment and packaging materials using new technologies
	Secure water resources	● Increased negative impact on production activities due to delays in response to securing water resources ● Increased risk of product safety and supply interruption due to a lack of response to secure safe and secure water resources ○ Reduction of costs during production by reducing water consumption ○ Enhancement of BCP by promoting measures against water risks ○ Expansion of new business opportunities through the development of equipment and products that reduce water consumption	- Analyzing water risks and implementing countermeasures against risks at all production sites - Promoting various initiatives to reduce water consumption during production - Developing equipment and new manufacturing technologies to reduce water consumption - Introducing new technologies to ensure water quality for intake and drainage - Promoting water neutrality through various initiatives such as flooding of rice paddies and forest conservation - Analyzing water risks in production areas

Activity theme	Sustainability issue	Risks and opportunities (●: Risk, ○: Opportunity)	Major Initiatives of the Meiji Group
Thriving communities	Promote diversity and inclusion	Note: This item is described in 2) Strategy, (4) The Meiji Group's Human Capital Initiatives.	
	Human rights	● Increased business risk due to delays in responding to increasingly stringent global legislation ● Reputational risk and loss of business opportunities due to a lack of commitment to respect for human rights ● Increased risk of lower productivity due to a lack of commitment to respect for human rights and lowering of ability to attract human capital due to deterioration of corporate image ○ Enhancement of corporate image through proactive efforts to respect human rights ○ Creation of new business opportunities by offering products and services that lead to the creation of a culture of respect for human rights	- Disclosing corporate stance and approach by presenting the Meiji Group Policy on Human Rights - Promoting human rights due diligence with a view to the entire value chain - Identifying salient human rights issues and strengthening responses to selected priority issues - Developing products that raise awareness and knowledge of respect for human rights
Sustainable sourcing	Procure raw materials with consideration toward human rights and the environment	● Loss of business opportunities due to delays in responding to increasing global legislation on raw material procurement ● Increased reputational risk due to a lack of consideration for human rights and the environment in raw material procurement ● Impact on business continuity due to suspension of procurement of raw materials with insufficient consideration for human rights and the environment ○ Ensuring transparency of raw materials by strengthening traceability and thereby improving corporate image ○ Creation of new business opportunities associated with product development using raw materials with consideration for human rights and the environment ○ Enhancement of supply chains in preparation for global supply chain disruptions in the event of a pandemic or other outbreak	- Presenting the Group Procurement Policy, the Group Supplier Code of Conduct, etc., and promoting the establishment of a responsible supply chain in cooperation with business partners - Conducting the Sustainable Sourcing Survey to identify human rights and environmental issues in the supply chain - Strengthening efforts to support producers of important raw materials - Promoting initiatives to increase the ratio of human rights- and environment-friendly raw materials procurement - Strengthening development of new products using human rights- and environment-friendly raw materials

2) Indicators and targets (including actual results)

The following indicators are used for each sustainability issue. Targets and results for these indicators are shown in the table below. Targets are set for the final fiscal year of our 2023 Medium-Term Business Plan.

Sustainability issue	Indicators (KPI)	Base year	Performance of FY2022	FY2023 Target
Contribute to healthy diets Respond to a super-aged society	Increase sales growth of health-conscious products, nutrition-enriched products, products that contribute a super-aged society (Food Segment (excluding overseas subsidiaries))	FY2020	-3.1%	Increase at least 10%
	Enroll a total of 700,000 participants into nutrition and healthy diet education within three years from FY2021 to FY2023 (Meiji Co., Ltd.)	-	Total of 443,000 participants (FY2022: 255,000 participants)	Total of 700,000 participants
Action against emerging/re-emerging infectious diseases	Aim for launch of COVID-19 vaccines (Meiji Seika Pharma Co., Ltd., KM Biologics Co., Ltd.)	-	Currently taking steps to aim for launch in FY2023	Market launch
Reduce CO_2 emission	Reduce company-wide CO_2 emissions (Scope 1 and 2)	FY2019	14.7% *1	At least 19%
	Reduce CO_2 emissions (Scope 3 from purchased goods and services, upstream and downstream transportation and distribution, and end of life treatment of sold products, Category 1, 4, 9 and 12)	FY2019	7.0% *1	At least 11%
	Expand renewable energy rate of total company-wide usage	-	9.5% *1	At least 15%
Reduce environmental impact	Expansion of the recycling rate in Japan on a consolidated basis (Meiji Group (excluding overseas subsidiaries))	-	86.2% *1	At least 85%
	Reduce product waste in the domestic food business (Food Segment (excluding overseas subsidiaries))	FY2016	31.5% *1	At least 42%
	Reduce domestic plastic usage (packaging, etc.) (Meiji Group (excluding overseas subsidiaries))	FY2017	16.0% *2	At least 15%
	Reuse and recycle to effectively use materials used by our logistics division (pallets, crates, and stretch film, etc.) (Meiji Group (excluding overseas subsidiaries))	-	100%	-
	Expand usage of bioplastics and recycled plastics (Meiji Group (excluding overseas subsidiaries))	-	Began using new packaging materials for Oishii Gyunyu	-
Secure water resources	Reduce company-wide water consumption per unit of sales	FY2020 *3	13.3% *1	-
	Expansion of water replenish rate to nature used in our products	-	41.2% *1	At least 27%

Sustainability issue	Indicators (KPI)	Base year	Performance (FY2022)	FY2023 Target
Promote diversity and inclusion	Increase the ratio of female managers (Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., KM Biologics Co., Ltd.)	FY2017 (2.6%)	5.6%	-
	Increase the number of female leaders (including assistant managers) (Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., KM Biologics Co., Ltd.)	FY2017	256	-
	Raise the ratio of employees with disabilities (*2.3% as of June 2023) above legal requirement in Japan (Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., KM Biologics Co., Ltd.)	-	2.53%	At least 2.3%
Human rights	All domestic Meiji Group employees to attend a human rights training (including e-learning) (Meiji Group (excluding overseas subsidiaries))	-	Implemented one time (Number of participants: Approx. 13,000/ Participation rate: 92.3%)	At least once a year
	All overseas Meiji Group employees to attend a human rights training (including e-learning) (Meiji Group (overseas subsidiaries))	-	Number of participants: Approx. 2,200/ Participation rate: 84.2%)	At least once
Procure raw materials with consideration toward human rights and the environment	Start conducting a sustainable sourcing survey of suppliers for Group companies in Japan by FY2021 (Meiji Group (excluding overseas subsidiaries))	-	Not implemented (To be implemented from April 2023)	Started by FY2021
	Start conducting a sustainable sourcing survey of suppliers for major overseas Group companies by FY2022 (Meiji Group (overseas subsidiaries))	-	Implemented for 17 companies	Started by FY2022
	Increase sourcing ratio of Meiji sustainable cocoa (Food Segment)	-	62.6%	At least 65%
	Switch to RSPO-certified palm oil (Food Segment)	-	90.4%	100%
	Switch to eco-friendly paper	-	98.2%	100%
	Hold Meiji Dairy Advisory program (MDA) to support management of dairy farms (Food Segment (excluding overseas subsidiaries))	-	477 times annually, accumulated total 1,900 times	At least 400 times annually, accumulated total of at least 2,150 times

* 1 Calculated figures are before acquisition of third-party-certification and are subject to change.
* 2 Plastic usage reduction based on actual usage for FY2021.
* 3 The base year and targets have been changed along with making net sales, after the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance, as the per unit denominator.

(3) Approach to and initiatives concerning climate changeiccc (TCFD)

The Group's business is based on the abundant gifts of nature. We therefore believe that it is our responsibility to live in harmony with the global environment and nature. In recent years, however, the sustainability of the global environment has been in jeopardy. We recognize that climate change will have a significant medium- to long-term impact on our business activities and is an important management issue for the Group. International frameworks such as the Paris Agreement and the Sustainable Development Goals (SDGs) are also calling for increased efforts to address climate change. To contribute to these international efforts, we are implementing climate change initiatives to help achieve a decarbonized society.

Information on climate change is presented based on the framework of the Task Force on Climate-Related Financial Disclosures (TCFD).

1) Governance and Risk Management

The Group Sustainability Secretariat Committee, which is chaired by the Chief Sustainability Officer (CSO), meets monthly, and the Group is reinforcing its initiatives to address social issues, including climate change, so that we can carry out our sustainability strategies. In addition, the Group Sustainability Committee, which is chaired by the CEO, President and Representative Director of Meiji Holdings, meets twice each year to report on the overall progress of sustainability initiatives and deliberate on new measures. Climate change in particular is positioned as a key issue.

Regarding governance, the Group TCFD Committee (which was held six times in FY2022) analyzes risks and opportunities arising from climate change and deliberates on countermeasures. The results are discussed by the Executive Committee and reflected in management.

Risk management is carried out Group-wide so that we can accurately address risks that will have a significant impact on corporate activities. Within the risks, we position climate change as a key management risk. Recognizing that climate change-related risks and opportunities change with the times, the Group TCFD Committee also conducts quantitative analysis and evaluations using scenario analysis in line with the TCFD recommendations and identifies high-priority major impacts. Based on this, the Committee investigates countermeasures aligned with risk management flows. The Meiji Holdings Risk Management Department also participates in the Group TCFD Committee, and based on an understanding the effects of climate change pose major risks to the Group as a whole, we have established systems that can respond to those risks.

2) Strategy

We recognize that climate change-related risks and opportunities constitute a significant management issue for the Meiji Group. We have thus established materiality and key performance indicators (KPIs) including “Reduce CO_2 emission” and “Secure water resources” and are promoting initiatives to continue living in harmony with nature based on our 2023 Medium-Term Business Plan (short-term basis), Meiji Group Sustainability 2026 Vision (medium-term basis), and our long-term environmental vision, the Meiji Green Engagement for 2050 (long-term basis).

<Takeaways from our FY2022 Achievements>

・Analyzed the Group's entire supply chain and calculated the financial impact on the Group
・Established three scenarios (1.5-degrees, 2-degrees, and 4-degrees) and currently analyzing medium- to long-term climate change-related risks and opportunities, setting 2030 (medium term) and 2050 (long term) as base years and examining countermeasures (in line with the previous fiscal year)
・Enhanced our analysis of the impact that climate change has on raw materials (expanded the scope of raw materials and added water risk effect analysis)

・Strengthened countermeasures (e.g. adoption of internal carbon pricing and development of transition plans) to achieve the Meiji Green Engagement for 2050
・Implemented specified measures for the countermeasures formulated in the previous fiscal year
・Identified opportunities arising from climate change and ranked them by priority along a time axis

The Meiji Group is taking action to reduce GHG emissions based on the GHG management hierarchy established by the IEMA.

i. Eliminate: Transition to business structures that do not emit greenhouse gases throughout the lifecycle through changes in business models and the business portfolio
ii. Reduce: Reduce energy use and GHG emissions by increasing the efficiency of manufacturing processes and transportation and taking other measures
iii. Substitute: Switch to energy and procured materials with lower GHG emissions by using renewable energy, procuring low-carbon materials, and other measures
iv. Compensate: Compensate for GHG emissions that cannot be reduced using offsets such as purchases of carbon credits

From the results of our analyses on major impacts under the 1.5-degree, 2-degree, and 4- degree scenarios, below we describe the results for the 1.5-degree and 4-degree scenarios that involve major impacts.

<Target scope of analysis>

Business segment	Food	Pharmaceutical
Scope of financial impact calculation	The Group as a whole	
Target raw material	Major raw materials [Dairy, cocoa, palm oil, sugar, timber (paper), eggs]	
Analysis base years	Current, 2030 (medium term) and 2050 (long term)	

Impacts on the Group Under the 1.5-Degree Scenario (Transition Risks)

Change related to climate change	Major impacts and specific effects	Impact on the Group		
		Relevant supply chain	Amount of impact (Unit: Billion yen)	
			2030	2050
Reinforcement of the government's environmental regulations	Increase in amount of carbon pricing burden	Manufacturing	3.7	8.0
		Sourcing Logistics	20.1	27.7
Expansion of investment in power facilities for widespread renewable energy use	Increase in amount of electricity purchased	Manufacturing	2.0	2.8

Impacts on the Group Under the 4-Degree Scenario (Physical Risks)

Change related to climate change	Major impacts and specific effects	Impact on the Group		
		Relevant supply chain	Amount of impact	
			2030	2050
Increase in severity and frequency of typhoons, torrential rains, etc.	Opportunity losses from flood damage	Manufacturing Logistics	Approximately 300 million yen per base	
Change in growth environment of raw materials resulting from temperature rise and water risks	Increase in raw material sourcing costs	Sourcing	-	-

□Major Impacts and Specific Effects

<1.5-degree scenario>

・Effect of introducing carbon pricing (the company)

We estimate a 3.7 billion yen cost increase in 2030, while reducing costs by 1.4 billion yen by undertaking energy-saving and creation activities and purchasing renewable energy-derived electricity. In 2050, we expect to see a 1.9 billion yen reduction by strengthening transition plan- aligned countermeasures (e.g., active adoption of new technology and next-generation energy). We are, however, estimating an 8 billion yen cost increase, as current technologies offer no prospect for eliminating CO_2 emissions, and to achieve this, we will need to purchase emissions allowances at a cost of 4 billion yen.

Unit: billion yen

Detail of initiative	2030	2050
Amount of carbon pricing borne when no countermeasures are taken	5.1	5.9
Amount of carbon pricing reduced through countermeasure	-1.4	-1.9
Amount of emissions allowances purchased to eliminate CO_2 emissions	-	4.0
Total	3.7	8.0

* The amount of the impact from the introduction of the carbon pricing under the 1.5-degree scenario was calculated based on the NZE scenario carbon prices (for 2030 and 2050) announced in the World Energy Outlook (WEO) 2021 of the International Energy Agency (IEA).

・Effect of purchased electricity amount (the company)

In 2030, we plan to reduce costs by 1.7 billion yen through energy-saving and energy-creation activities, but anticipate a cost increase of 2.0 billion yen due to the extra cost of electricity derived from renewable energy. Similarly, we expect a 2.8 billion yen cost increase in 2050.

Unit: billion yen

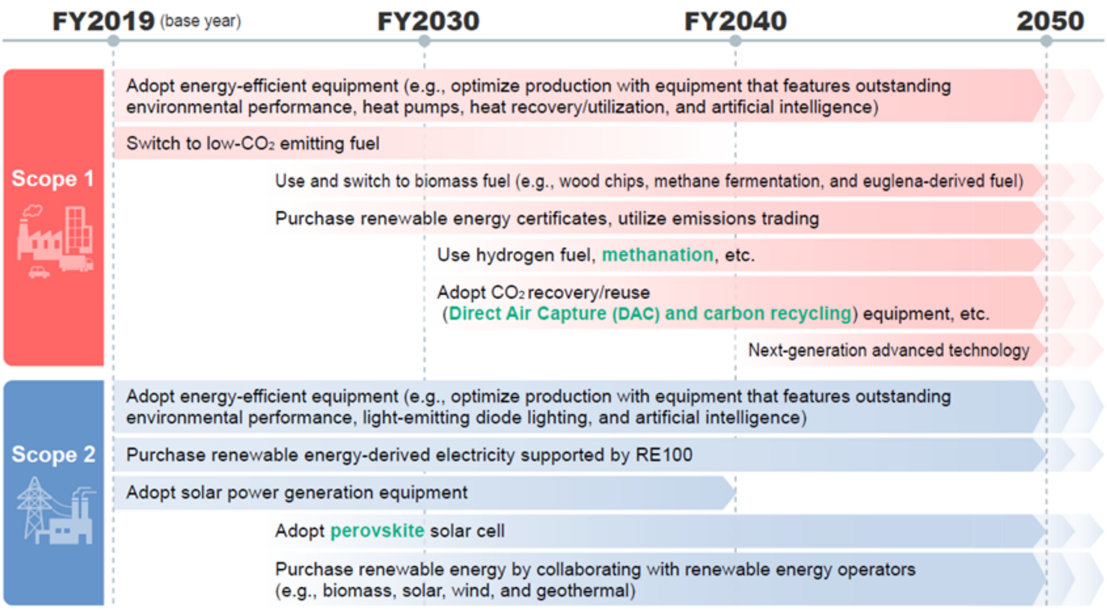
Detail of initiative	2030	2050
Amount increased with rise in electricity unit price	3.0	8.8
Amount reduced through energy-saving and creation activities, etc.	-1.7	-7.1
Amount increased with purchase of renewable energy-derived electricity	0.7	1.1
Total	2.0	2.8

We devised a transition plan that covers the active introduction of new technology and next- generation energy in addition to our current undertakings (e.g., energy-saving and creation activities and purchase of renewable energy-derived electricity). We also adopted an internal carbon pricing system in FY2021 (5,000 yen per 1 t-CO_2), preparing to ensure a smooth transition after the full-scale introduction of carbon pricing.

* The amount of the impact from the amount of purchased electricity under the 1.5-degree scenario was calculated based SDS scenario information from the Research Institute of Innovative Technology for the Earth (RITE) and the World Energy Outlook (WEO) 2018 of the International Energy Agency (IEA).

Below is an outline of the Company's transition plan.

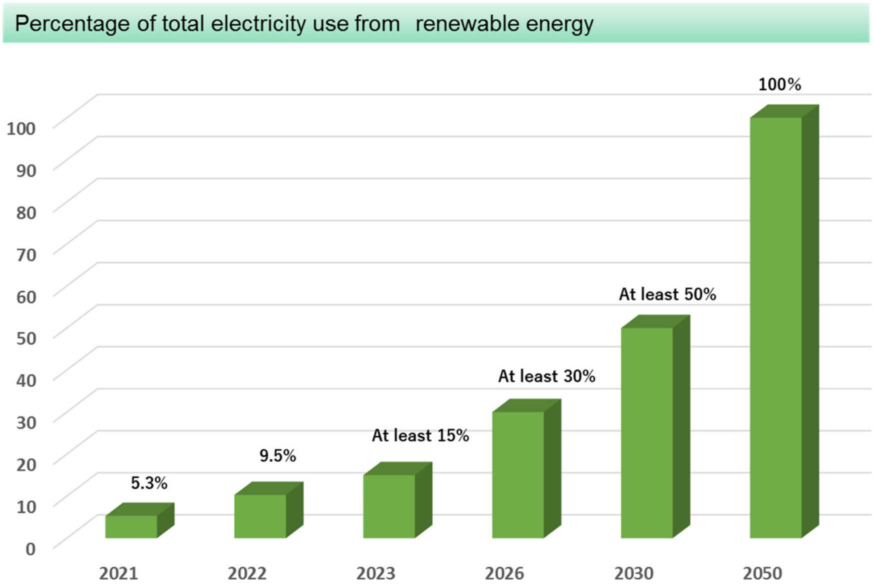
We will actively implement measures and adopt new technologies to achieve a carbon-neutral society by 2050, as set forth in our long-term environmental vision.



* Scope 1: Direct greenhouse gas emissions by the reporting company itself (fuel consumption and industrial processes)
  Scope 2: Indirect emissions from the use of electricity, heat, or steam supplied by others.

The Group has implemented various measures, including the adoption of solar power generation equipment and energy-efficient equipment at our factories and other facilities, as well as the purchase of renewable energy-derived electricity supported by RE100. As a result of promoting these measures in line with the transition plan, in FY2022, renewable energy accounted for 9.5% of total electricity use.

The Group is taking further action with a target of reaching 100% by 2050.



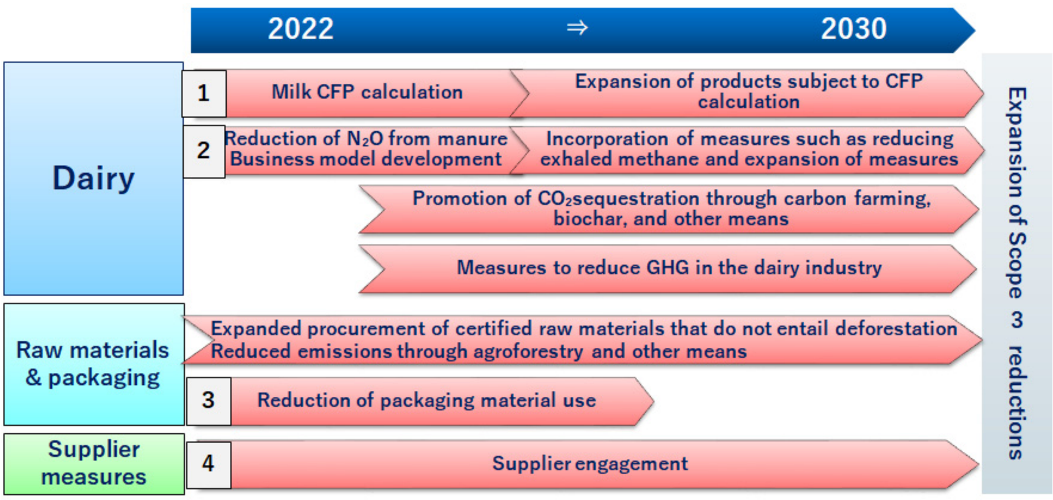
・Effect of introducing carbon pricing (major raw material)

Based on the countermeasures overviewed below, we estimate a 20.1 billion yen increase in 2030 based on the carbon price in our major raw material sourcing countries. Likewise, we estimate a 27.7 billion yen increase in 2050.

* The amount of impact from the introduction of the carbon pricing under the 1.5-degree scenario was calculated based on the NZE scenario carbon prices (for 2030 and 2050) announced in the World Energy Outlook (WEO) 2021 of the International Energy Agency (IEA).

In addition, we consider the reduction of not only CO_2 emissions but also greenhouse gas (GHG) emissions in general, such as methane from the dairy industry, to be an important issue with respect to major raw materials. In order to reduce GHG emissions, we have established a transition plan for Scope 3, focusing on the dairy industry. In order to effectively reduce GHG emissions, we began by calculating the carbon footprint (CFP) of milk to identify the processes with the highest GHG emissions throughout the lifecycle, and then developed and initiated measures to reduce emissions in those processes. In addition, we will consider measures for other raw materials and engage with suppliers to reduce their GHG emissions, thereby facilitating emissions reductions at suppliers and, ultimately, throughout the supply chain.

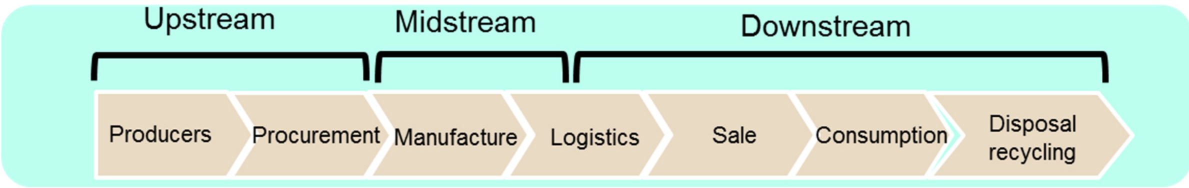
Below is an outline of the transition plan for the supply chain (Scope 3). Details of the corresponding measures for 1 to 4 in the figure are provided below.



*Scope 3: Indirect emissions from the supply chain other than Scope 1 and Scope 2, generated in the supply chain in business activities from manufacture, transfer of raw materials and packaging to manufacture, transfer, sale, use, and disposal of goods.

Countermeasure 1: Calculation of Milk Carbon Footprint (CFP)

To establish a calculation formula for milk, we began by calculating GHG emissions for “Meiji Organic Milk” throughout its lifecycle (from milk procurement to manufacture, consumption and disposal) based on actual data collected from several dairy farms and other sources. From this, we learned that the upstream segment accounts for more than 90% of emissions, and therefore, we are taking action to reduce emissions in cooperation with producers and suppliers.



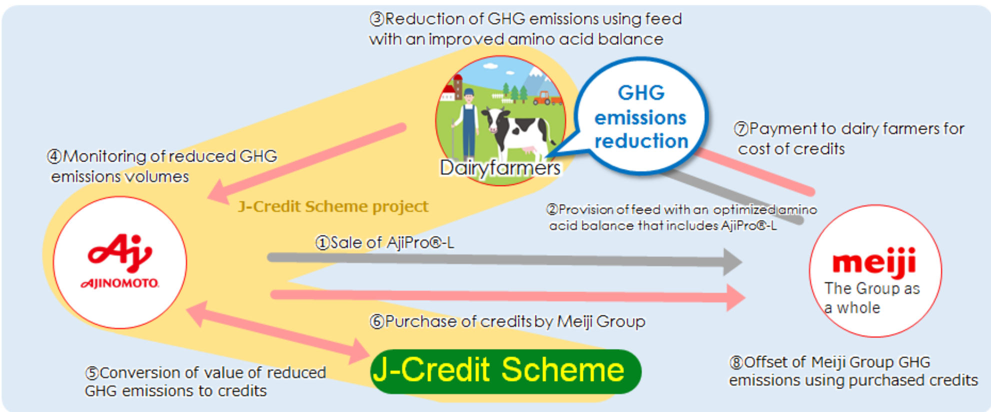
Percentage of total of GHG emissions

Product Name	Unit	Emissions by Supply Chain Segment			Total Emissions
		Upstream	Midstream	Downstream	
Meiji Organic Milk	Percentage of Total	90.7%	5.8%	3.4%	100%

Countermeasure 2: Creation of a Business Model to Reduce N_2O from Manure

Dairy farmers, Ajinomoto Co., Inc., and the Group played central roles in the creation of a business model. We used AjiPro®-L, an Ajinomoto product, to curtail excess nitrogen in feed and thereby reduce N_2O emissions from manure while maintaining milk production volume by improving the amino acid balance in the feed.

Under the model we created, the dairy farmers and Ajinomoto use the J-Credit Scheme to convert the N_2O reductions into credits, and by purchasing those credits, we are providing economic support to the dairy farmers.



Countermeasure 3: Reduction of Packaging Material Use

Reducing the use of plastic made from oil, which is the main raw material in packaging material, leads to reductions in GHG emissions. We are taking action regarding packaging materials with even greater consideration for the environment based on 3R + Renewable. Specific measures are described below.

Product Name	Container	Countermeasure
Meiji Bulgaria Yogurt LB81 Low Sugar	Cup	Reduce weight (Reduce)
Meiji SAVAS Cup Series	Cup	Reduce weight (Reduce), include biomass plastic (Renewable)
	Cap、spoon	Include biomass plastic (Renewable)
Meiji Oishii Gyunyu	Cap ,etc	Use biomass plastic (Renewable)
Meiji dairy five stars	Bottle	Use recycled PET (Renewable)

* 3R: Reduce, Reuse, Recycle

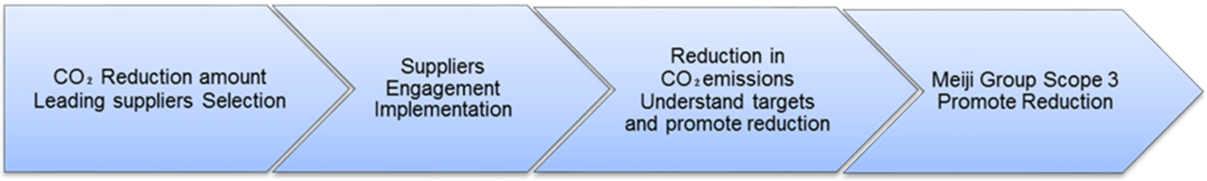
Plastic Usage Targets and Trends

Year	FY2017 base year	FY2019 (Result)	FY2020 (Result)	FY2021 (Result)	FY2030 (Target)
Result (t)	30,807	27,777	27,265	25,878	23,107
Reduction (t)	—	3,030	3,542	4,929	7,700
Reduction (%)	—	9.8	11.5	16.0	25.0

Countermeasure 4: Supplier Engagement

Reductions of CO_2 emissions by suppliers reduce the Company's Scope 3 emissions. Therefore, we will promote emissions reductions by engaging with suppliers with high CO_2 reduction amounts and sharing information on target values and best practices.

CO_2 Reduction through Supplier Engagement



<4-degree scenario>

・Opportunity losses, such as site shutdowns, resulting from flood damage

The estimated amount of damage per flood is on the scale of 300 million yen, based on previous cases. We calculated this amount by referencing the damage (e.g., unsaleable products discarded as a result of distribution network disruption) the Group incurred as a result of floods caused by heavy rainfall. Twelve of our bases are expected to face opportunity losses from floods, taking into consideration results achieved by using Aqueduct (the World Resources Institute's open-source tools for global water risk evaluation) and the availability of alternative production bases.

*We analyze flood risks based on information in the pessimistic scenarios (RCP 8.5, SSP3) from Aqueduct Floods.

Flood risk countermeasures

・Conduct GAP analysis of risk assessment results in cooperation with local entities at high-risk sites to understand the actual situation

・Conduct detailed surveys of business sites with particularly high priority and investigate and implement physical countermeasures in anticipation of the flood area and flood depth

Examples of countermeasures: Installation of box walls (temporary water barriers) and waterproof walls

・Impacts on sourcing of major raw materials

We expect climate change-based temperature rise and water risks to reduce crop yields and shift the unit prices of raw materials in raw material production areas. Below, we overview the results of our analysis on water risks (water stress, drought, and flood risk, which indicate a deterioration in the supply-and-demand balance of water) and changes in yields at raw material production areas.

Expected change in yields

・We expect reduced yields in cocoa bean and sugar source countries in the future.

・In contrast, we expect to see relatively little impact both in 2030 and 2050 regarding the main areas from which the Meiji Group sources cocoa.

・We expect the impact on dairy to remain within a few percentage points both in 2030 and 2050. This impact, based on our expectation, is addressable by enhancing productivity (e.g., changing feedstuff mixes) and will pose no significant risk.

Expected water risks

・We expect low water stress and water shortage risks in most areas, with some exceptions.
・We expect flood risks to rise in most areas, and thus believe that we need to examine improvement measures upon confirming the flood risk of each production area.

*The impacts on procurement of major raw materials under the 4-degree scenario were calculated based on future yield predictions in the GAEZv4 database (RCP8.5) released by the FAO and a literature survey.

Agricultural products procured as raw materials closely related not only to climate change, but also to the conservation of natural capital and biodiversity. We used the LEAP approach of the Taskforce on Nature-related Financial Disclosures (TNFD) to analyze the degree of reliance on nature for cocoa beans, an important raw material for the Group.

Analysis of Nature-related Risks in Cocoa Bean Production Regions

・Since cocoa bean production relies heavily on nature, we investigated to ascertain the degree of reliance in key cocoa bean production sites (13 locations). As a result, we learned that reliance is particularly high with respect to mitigating the effects of natural disasters and curtailing soil erosion. In addition, we identified sites that face risks relating to these two important items. In the future, we will take action to avoid reductions in yield while performing gap analysis and so on with production areas.
・Number of sites with extremely high risks relating to mitigating the effects of natural disasters: 2
・Number of sites with extremely high risks relating to curtailing soil erosion: 2

As a result of these impacts, we expect the sourcing costs for major raw materials to increase. We will endeavor to reduce these costs through the following initiatives and absorb the costs through an incresse in revenue.

・Product Measures
◇Increase unit price through price revisions
◇Promote high-value-added products by enhancing health and nutritional value and creating social value through sustainability
◇Optimize portfolio by reviewing product strategies

・Raw material measures
◇Change formulations and use alternative ingredients
◇Optimize procurement countries/regions/suppliers

・Production/logistics measures
◇Improve productivity and purchasing and logistics efficiency through efficient production

・Cooperation with suppliers
◇Reduce procurement costs and risks by strengthening engagement

□ Measures to Address Opportunities

We believe that the direct impact of climate change will alter society and daily lives, thereby creating new needs and opportunities. The Meiji Group expects to obtain opportunities including those mentioned below by leveraging our current operating bases and adopting new resources.

The process up to the creation of opportunities is described below.

・Members of the Group TCFD Committee secretariat conduct individual hearings of organizations relating to investigation of opportunities.
・The Group TCFD Committee deliberates on the direction of opportunities.
・Opportunities are qualitatively organized from perspectives including the relationship with (distance from) existing business, the possibility of responding using existing company assets, and feasibility.
・ Business opportunities are identified by narrowing the points for acquisition of opportunities to those that are highly feasible.

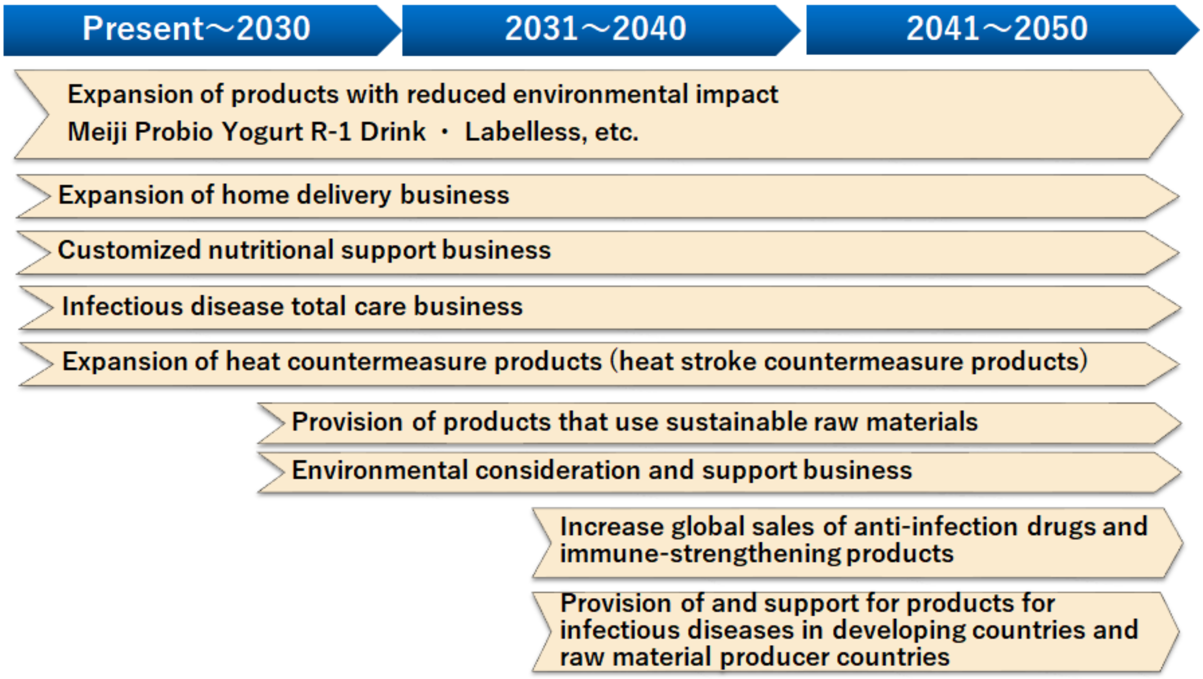
Going forward, the Group as a whole will explore the feasibility of each opportunity and take concrete action to achieve them.

Direct impact of climate change	Impact of climate change on society and daily life
・Rise in average temperature ・Intensification of disasters ・Changes in precipitation patterns ・Harm to biodiversity ・Reduction of crop yields ・Rise in sea level ・Permafrost thawing etc.	・Changes in lifestyles resulting from temperature rise (e.g., self-restraint on going out and moving between locations, staying at home, thirst- quenching, heat stroke) ・Rise in food and energy prices, changes in producer expenditures ・Stricter GHG emission restrictions, manifestation of water risks (water shortages, deterioration of water quality) ・Promotion of environmental load-reducing lifestyles (e.g., reduction of waste and discarded unsaleable products, energy-saving, and ethical consumption) ・Permanent overwhelming on medical institutions and increased awareness of infectious disease prevention ・Increased awareness of disaster countermeasures ・Intensified malnutrition in developing countries

Keys to gaining opportunities	Needs expected to grow	Business Opportunities for the Group
Responses to changes in lifestyles (e.g., staying at home)	・Thirst-quenching and heat stroke countermeasures as a result of temperature rise ・Products and systems to complete daily activities inside one's home ・Maintenance of health through improved nutritional balance	・Expand heat countermeasure products ・Expand home delivery businesses ・Customized nutritional support business
Responses to growing environmental awareness	・Products with low environmental impact (e.g., vegetable-derived products, cell culture, circular agriculture) ・Products and lifestyles that involve fewer discarded products and reduced energy use ・Sustainable sourcing of raw materials	・Expand environmental impact-reducing products ・Eco-friendly and environment-supporting businesses ・Expand products that use sustainable raw materials
Responses to emerging and re-emerging infectious diseases	・Habituation of infectious disease prevention behaviors (e.g., gargling, hand-washing, mask- wearing, and boosting the immune system) ・Self-medication for infectious diseases ・Countermeasures against infectious diseases in developing countries	・Globally expand infectious disease drugs and products to boost the immune system ・Business for comprehensive infectious disease treatment (e.g., natural immunity, acquired immunity, and pharmaceuticals) ・Supply infectious disease products to developing countries and raw material- producing countries and provide support

In addition, we prioritized these nine business opportunities along a time axis, from those that are currently being worked on to those we will work on in the medium to long term.

<Timeline for Acquisition of Business Opportunities>



3) Metrics and Targets (Including Progress)

The Group established materiality and KPIs by formulating the Meiji Group Sustainability 2026 Vision and our long-term environmental vision, the Meiji Green Engagement for 2050. Given that responses for climate change-related risks and opportunities (e.g., activities to reduce environmental impacts and raw material sourcing) entail diverse action, we have established the following KPIs and manage their progress accordingly. We regularly check the progress made on each KPI, work systematically to achieve the indicators, and evaluate the results as part of the Meiji ROESG®*1 indicators and reflect them in the remuneration of directors and corporate auditors.

*1 ROESG® is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

KPIs associated with climate change-related risks and opportunities

Major impacts	Category	KPIs		
		Sustainability 2026 Vision	Long-term environmental vision	Progress in FY2022
Introduction of carbon pricing	CO_2 emission volume	Reduce company-wide CO_2 emissions (Scope 1 and 2) by at least 50% by FY2030 and at least 30% for Scope 3 (compared to FY2019)	Reduce company- wide CO_2 and other greenhouse gas emissions to nearly zero in the whole supply chain by 2050	Scope 1, 2 14.7% Scope 3: 7.0%*2, 3
	Renewable energy usage	Expand renewable energy usage to make up at least 50% of total company-wide usage by FY2030	Achieve 100% share of renewable energy in total power usage at each site by 2050	9.5%
	Plastic usage	Reduce domestic plastic usage (e.g., packaging) by at least 25% by FY2030 (compared to FY2017)	Minimize use of new natural capital for packaging, utilizing recyclable resources	16.0% *2, 4
Water sourcing cost	Water consumption volume	Reduce company-wide water consumption volume per unit of sales by at least 15% by FY2030 (compared to FY2020)	Reduce company- wide water consumption volume per unit of sales by 50% by 2050, compared to FY2020	13.3% *2
Sustainable sourcing of major raw material	Cocoa	Increase procurement ratio of sustainable cocoa beans to 100% by FY2026	-	62.6%
	Palm oil	Switch 100% to RSPO- certified palm oil by FY2023	-	90.4%
	Timber (paper)	Switch 100% to eco- friendly paper by FY2023	-	98.2%
	Raw milk	Conduct MDA activities to provide management- related support to dairy farmers at least 400 times a year and at least 2,150 times in total by FY2023	-	477 times/year Cumulative total: 1,900

*2 Described here are the reduction rates (%) compared to the base year. Figures are pre-third-party-certification calculations and are subject to change.

*3 Scope 3 comprises indirect CO_2 emissions from the supply chain other than Scope 1 and Scope 2.

*4 Plastic usage reduction results for FY2021.

(4) The Meiji Group's Human Capital Initiatives

Human capital is extremely important capital that supports value creation by the Meiji Group. We believe that respecting employees' diversity and enabling individuals to fully exercise their abilities lead to sustainable growth by the Meiji Group, and accordingly, we will make strategic investments in accordance with management strategies. We will break away from homogeneity under the internal competitive environment that focuses on "internal impartiality" practiced up to this point and strive to gain and improve external competitiveness by encouraging and promoting human capital who are keenly aware of diversity.

1) Governance and Risk Management

i) Governance

In promoting the Group-wide human capital strategy, we hold the Group Human Capital Committee meetings twice a year, chaired by the CEO, President and Representative Director of the Company, as an advisory body to the Executive Committee, and report on them to the Board of Directors. For FY2022, we selected D&I (Diversity and Inclusion), Health and Productivity Management and Human Capital Development as topics, and promoted initiatives throughout the entire Group, establishing individual sub-committees. In April 2023, we established a Chief Human Resource Officer (CHRO) position as the senior manager responsible for promoting the human resource strategy of the entire Group, while adding "Occupational safety" to the important topics of the Group Human Capital Committee with the establishment of a subcommittee.

ii) Risk Management

In promoting human resources strategies in line with management strategies, we recognize that issues related to human resources and organizational culture are one of management risks that have a significant impact on corporate activities. We have been discussing issues concerning human resources and organizational culture in light of changes in the external environment at the Group Human Capital Committee, and identifying and managing the following three risks in cooperation with the Risk Management Department, which is in charge of management risks for the entire Group.

i Recruit and develop human capital required for corporate growth

- Risk of not being able to acquire and develop management human capital, business management human capital, advanced human capital, etc.
- Risk of a decline in the ability to recruit due to a lack of D&I, and a decline in the ability to drive business from the customer's perspective

ii Effects of business environment on productivity

- Risk of decreased productivity and increased turnover due to inadequate response to the working environment and health and safety
- Risk of an increase in the number of employees taking leave of absence due to a lack of approach to identify and remedy appropriate health issues of employees

- Risk of stagnation of creativity due to delays in the development of a working environment (workplace, IT, etc.) that meets the needs of the times

iii Employee engagement
- Risk of a decline in organizational strength due to a lack of understanding and penetration of business plans and organizational goals, as well as a lack of communication across hierarchical and departmental boundaries
- Risk of increased turnover due to decreased sympathy for the company

With regard to the above risks, we examine cases where they have materialized and consider countermeasures, as well as strive to reduce the risks in cooperation with related departments, mainly the human resources department.

2) Strategy

i) Personnel Development Policy

We strive to invest in talented human capital who can formulate and execute our strategies to ensure the Group's sustainable growth.

We strengthen the knowledge, skills, and abilities of each individual so that they can do their best in their work.

< The Meiji Group Human Resources Development Policy >

In order to realize the Long-term Vision of the Meiji Group 2026 Vision, we have established the Meiji Group Human Resources Development Policy to foster human capital with the qualities and capabilities required by the Meiji Group.

Meiji Group Human Resources Development Policy

To achieve the Long-term Vision laid out in the Meiji Group 2026 Vision, we will:

1. Develop personnel who have the proactive mindset, as well as the expertise, creativity, and practical skills, needed to take on and achieve ambitious targets
2. Spur group expansion by growing individuals and developing independent-minded personnel who raise groupwide capabilities
3. Develop personnel who fully understand the Group Philosophy and put the meiji way into practice at an advanced level

< Skills Development Structure >

Based on the Meiji Group Skills Development Policy, we have established a skill development system that facilitates the growth and career development of each employee.

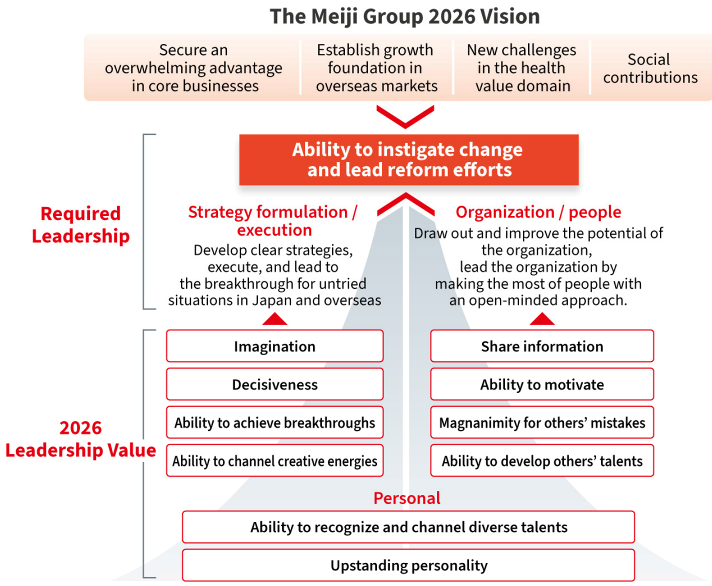
	New employees	Mid-career employees	Managers	Objectives
Rank-based training	Training for new employees	Training for promoted employees Training for career track employees Training for clerical workers	Training for newly promoted managers	· Train young employees · Develop promoted employees · Develop management skills
Global training Diversity management		Global training · Language training · e-learning · Training through overseas assignments Support to create individual career paths for women	Training for managers with female subordinates	· Develop personnel to work overseas · Strengthen diversity management
Developing next-generation leaders		Training for next-generation leaders Training at business school and external venues · Management school · Interaction with and exposure to other industries · Developing managers	Training for top management	· Fostering innovation · Developing next-generation leaders · Developing next-generation managers
Division-specific and group company training such as self-development	Division-specific training · R&D · Quality · Manufacturing technologies · Logistics · Sales · Marketing · Global · Admin · Sustainability · Information systems · MR	Training for Group company employees New employees Business management (fundamentals and practice) Self-development support e-learning, Open college, Distance learning, Video archives		· Raise the level of expertise specific to a division · Strengthen group companies · Self-development support

Training Results for FY2022 * Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., KM Biologics Co., Ltd.

Training	Purpose	Target	Number of attendees (total)	Average total length (hours)	Average course cost (thousand yen)
Rank-based training	Skills training at each career stage - Strengthen their ability to foster their subordinates / younger personnel - Enhance management skills to make the team / workplace more dynamic - Cultivate an awareness of self-reform as participants seek to become next generation / management leaders	Managers	806	10.1	23.9
		Non management employees	1,259	25.3	49.1
Global training Diversity management	- Develop personnel capable of working globally - Foster work environment that can encourage and promote human capital with diverse backgrounds	Managers	704	6.6	21.5
		Non management employees	705	2.7	25.5
Developing next-generation leaders	- Develop personnel with a wider range of skills and perspectives - Develop strategic thinking, reasoning, decision-making, and communication skills	Managers	43	39.4	691.6
		Non management employees	38	40.5	244.3
Division-specific and group company training such as self-development	- Develop the business skills they need for work - Promote employee's "Learning autonomy" and develop autonomous Human Capital	All employees	23,501	11.8	6.3

< Development of Group Management Human Capital >

With a view to achieving the Meiji Group 2026 Vision and growth going forward, we focus on fostering human capital across the entire Group. We launched the group management human capital development program in FY2021 to systematically discover and foster human capital, with a focus on human capital for transformation and strategy, who have not only knowledge, skills and capability to implement strategy in each business, but also perspectives, horizons and views that are necessary for developing and promoting the group management strategy. Through a development program chaired by the CEO for a select group of executive officers and senior managers, we are developing competencies and capabilities appropriate for the image required for the Meiji Group managers (leadership value) who can strongly lead the realization of the Vision.



ii) In-House Environmental Improvement Policy

i D&I (Diversity & Inclusion)

We have established the Meiji Group Diversity & Inclusion Policy as a concept to accelerate the promotion of D&I toward the realization of the Meiji Group 2026 Vision. We will achieve sustainable corporate growth by enabling employees with diverse backgrounds, including gender, sexual orientation / gender identity, career, age, nationality, disability, employment status, during childcare/caregiving, etc., to maximize their individual abilities and play an active role in various workplaces, by creating innovation and new value by leveraging each other's diverse values.

In addition, the Group Human Capital Committee, held in FY2022, set forth the image of D&I as it should become and medium- to long-term numerical targets, and is strengthening efforts to address the priority attributes (women, career hires, and global human capital) listed in the targets.

Meiji Group Diversity and Inclusion Policy

We, Meiji Group, owe our growth to being attentive to the feelings and daily lifestyles of all customers who experience diverse values at each stage of life, from babies to the elderly. We will continue to pursue diversity and inclusion order to leverage this approach as a group strength, delivering one step ahead in "food and health" value to our customers in Japan and around the world.

1. Empower Diverse Human Resources

We strive to create environments in which human resources from diverse backgrounds, including gender, sexual orientation/gender identity, career, age, nationality, disability, employment status, and childcare/nursing care, etc., can maximize their abilities and play active roles in a variety of assignments.

2. Maximize Utility of Diverse Values

We leverage diverse values, knowledge and abilities to create innovation and new value, which lead to corporate growth.

We establish systems to encourage diversity and inclusion, set numerical targets for such as core human resources, and implement measures (hiring and training diverse human resources, improving working environments, etc.), aiming to improving corporate competitiveness on an ongoing basis.

< Women >

With regard to the promotion of women's active participation as a first step for D&I, the following three pillars of efforts are being made under the commitment of top management. In building a leadership pipeline, the first Group Joint Networking Meeting for Female Managers was held in conjunction with International Women's Day in March 2023, and panel discussions and roundtable discussions were held by female directors and managers. The event was an initiative to foster perspectives toward senior management and build a management pipeline. In addition, as for the support for encouraging and promoting employees in the childcare period and the supervisor management, training was provided to employees in the childcare period and their supervisors, and after learning about communication in a way that engages others in the case of employees in the childcare period as well as the importance of individual management and support for encouraging and promoting in the case of their supervisors, we conducted joint work to understand others by employees in the childcare period and their supervisors. Going forward, we will continue to create an environment where each and every employee, regardless of gender or restrictions, can demonstrate their abilities and play an active role in all jobs and positions.

Leadership pipeline building

Awareness building for management and managers

- Active promotion of female employees to management positions
- Networking event for female managers (panel discussion and roundtable discussion by female executives and general managers)
- Training for female managers
- Training for female leaders

Support for encouraging and promoting employees in the childcare period

From support for balancing to support for encouraging and promoting

- Training for employees in the childcare period
- Network construction support
- Development of interviews before and after childcare leave

Supervisor management

Management of diverse employees

- Unconscious bias training
- Management training
- Evaluator training
- Training for supervisors who have employees in the childcare period under their supervision

< Career hires >

In order to incorporate a wide range of knowledge and new perspectives and create innovative ways to meet our customers' needs, in addition to hiring new graduates, we are also actively recruiting career human capital who have built their careers at other companies. In addition, we have introduced a comeback system that allows employees who have retired once to reapply for employment. Through the rehiring of retirees who have know-how and knowledge gained in the Meiji Group and who have developed diverse experience and knowledge after retirement, we aim to further revitalize the Group and create new value.

< Global human capital >

We are strengthening the recruitment and development of global human capital in order to reflect a global perspective in our decision-making and to become the Meiji Group that continues to grow worldwide. In terms of recruitment, we have set a target for the ratio of global human capital to core human capital and are promoting efforts to achieve the target. In addition, in the area of global human capital development, we are currently implementing training programs such as language training, e-learning, and overseas dispatches, and are considering further expansion of these programs in the future.

< Promoting flexible workstyles >

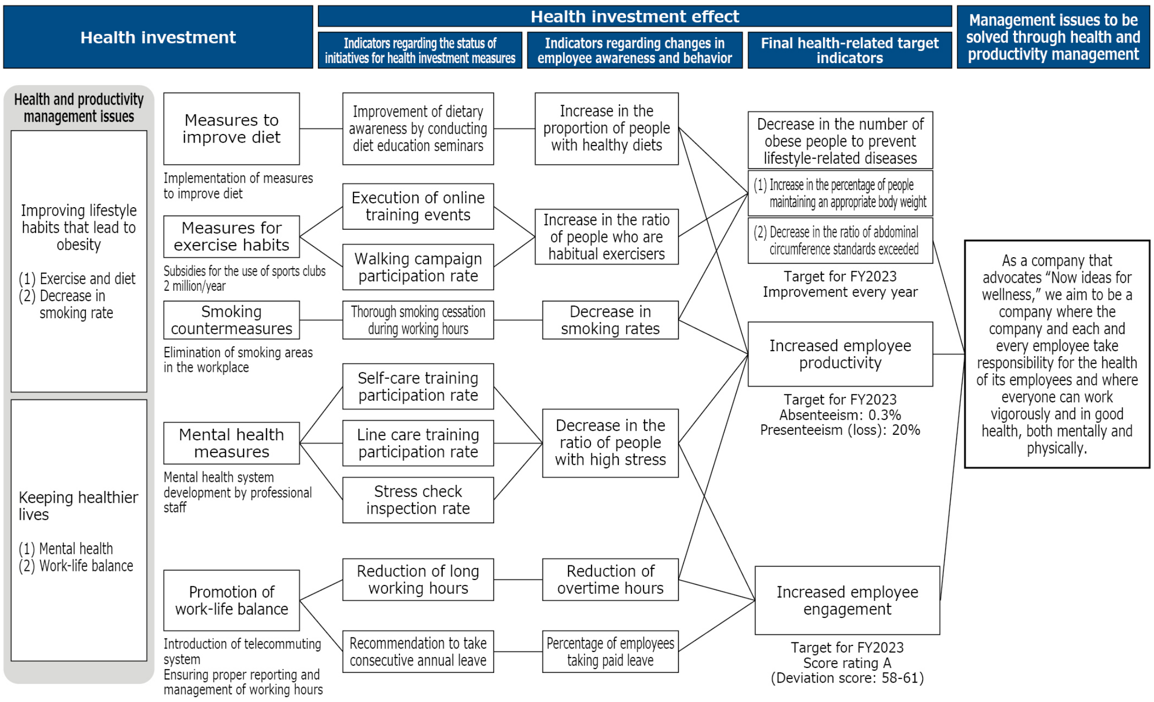
To enable employees with diverse backgrounds to achieve work-life balance and maximize their abilities, we have introduced a telecommuting system, flextime system, and other systems to promote flexible workstyles. In addition, with an awareness that we are a company that deals infant and toddler milk and vaccines, we support male employees in taking childcare leave with an eye to improving corporate value.

ii Health and productivity management

We believe the driving force for continued growth as a corporate group that represents the group slogan “Now ideas for wellness” is the Healthier Lives of employees, and we are making strategic investments in the maintenance and improvement of employees’ health to maximize productivity and invigorate organizations. Under the Meiji Group Health and Productivity Management Declaration, we established the Health and Productivity Management Strategy Map and put it into practice. This map describes flows from investment in health and productivity management to the effects of measures.

In recognition of its ongoing efforts, the Company was selected for the first time in 2023 as a Health and Productivity Management Stock, which is jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The Company has been recognized as a Certified Health & Productivity Management Outstanding Organization for the seventh consecutive year.

< Health and Productivity Management Strategy Map >



Specific initiatives implemented in FY2022

- Kenko My Boom Declaration, where individuals and teams declare their health goals and commit to ongoing activities
- Conducting breakfast reform seminars at operating sites nationwide to learn the importance of the breakfast habit
- Training Challenge, training with athletes contracted by Meiji Co., Ltd.
- Walking campaign
- Display of top message posters calling for people to quit smoking, smoking cessation support program
- e-learning (self-care and line care, women-specific health issues, etc.)
- Stress check

iii Occupational safety

Based on the Meiji Group Occupational Health and Safety Policy, we are continuously working to ensure safety in the workplace in cooperation with partner companies based on the recognition that safety takes precedence over everything else. Specifically, each operating company has set a goal of zero occupational accidents, and we conduct pre-operational risk assessments of new facilities and safety audits and inspections of existing facilities, and strive to prevent occupational accidents and violations of laws and regulations at each operating site by familiarizing employees with and observing safety measures and rules. From FY2023, we will not limit our efforts to those of individual operating companies but will establish a new Occupational Safety Subcommittee within the Group Human Capital Committee to strengthen occupational health and safety initiatives across the Group.

Meiji Group Policy on Occupational Health and Safety

The Meiji Group's first priority is safety. With this in mind, we ensure workplace safety. We commit to help maintain and improve employees' health.

1. **Legal and Regulatory Compliance**
   We comply with all laws and corporate rules related to occupational health and safety in the workplace.

2. **Prevention of Work-Related Accidents**
   We identify and assess sources of danger in the workplace and reduce or eliminate risks to prevent work-related accidents.

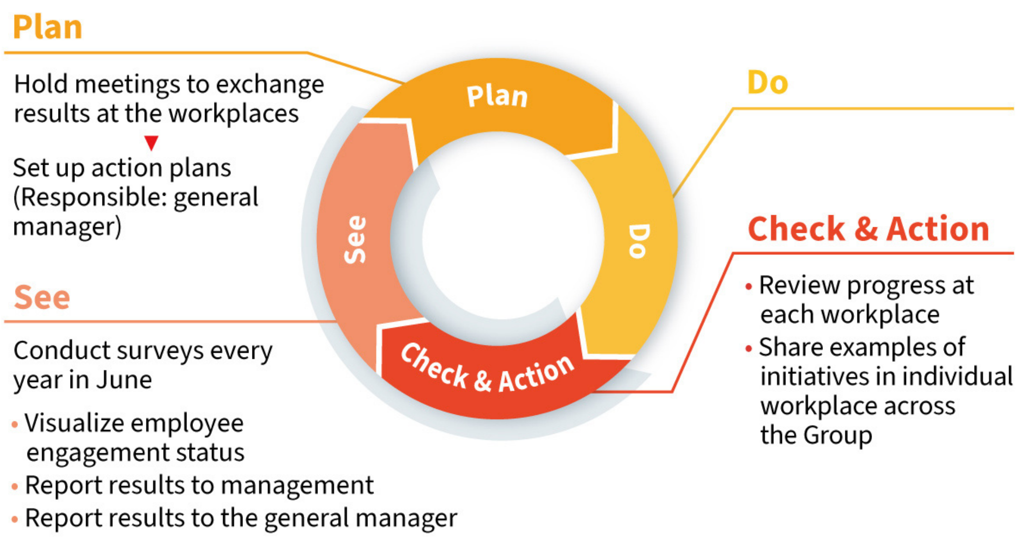
3. **Physical and Mental Health Maintenance**
   We provide safe, comfortable workplace environments and support employees' sound physical and mental health.

4. **Health and Safety Education for Employees**
   We regularly offer in-house training on occupational health and safety as well as traffic accident prevention. We encourage employees to be aware of the importance of occupational health and safety.

iv Employee engagement

We recognize employee engagement as one of the important management issues because we believe that to promote sustainable growth of the Meiji Group, it is important to put in place an environment where employees understand and feel empathy for our vision and can work with passion and enthusiasm.

We conduct an engagement survey annually to identify the level of engagement and pursue initiatives that lead to quickly making improvements through implementing PDCA cycles. In addition, we are strongly delivering our vision through the management team, creating opportunities for dialogue in the workplace and taking other steps in an effort to forming an organization climate where the Company and its employees work together in pursuing the Group's growth.



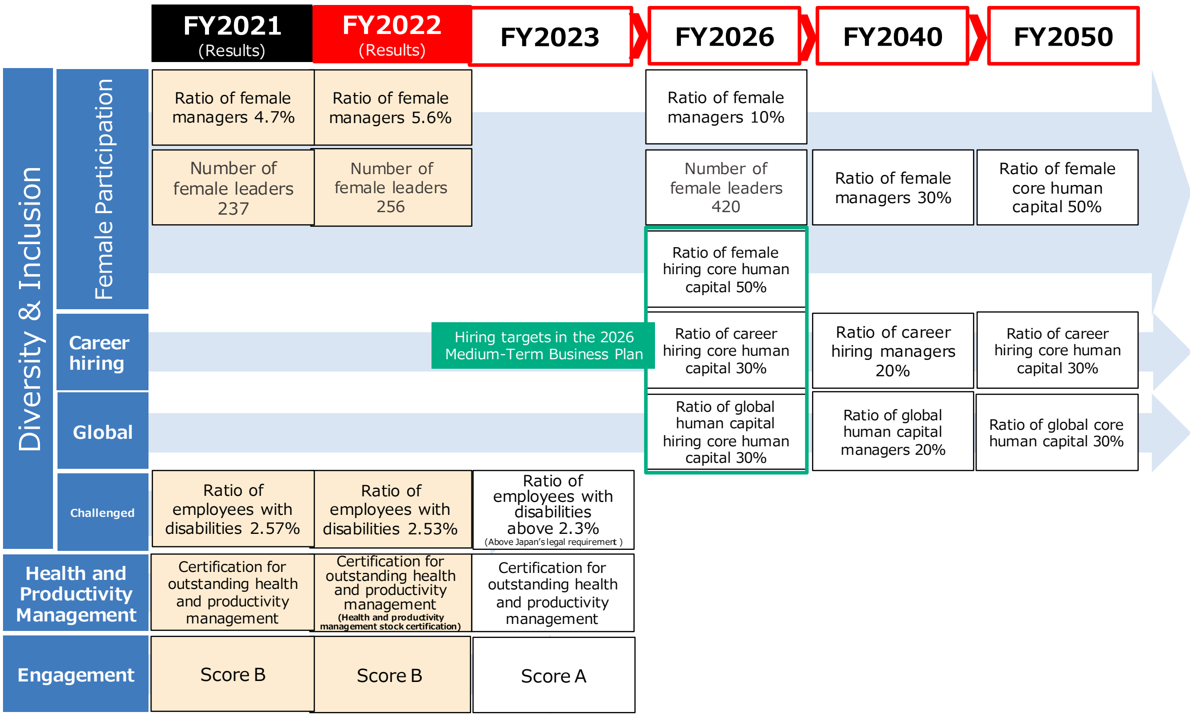
< Meiji Brand Project >

Under our Meiji Brand Project, we implement various initiatives to promote changes in employee awareness and behavior toward realizing the Group slogan, "Now ideas for wellness." We periodically hold a "Let's talk with top management" time during which the top management team and young employees have discussions on "Meiji unique value for wellness," the Group vision and other matters, and "workplace meetings" where employees think about embodying "wellness ideas" through dialogues in workplaces. These initiatives promote understanding and empathy of employees for our vision as well as activate communication across employee levels and organizations, thereby contributing to employee engagement.

We have also been running the Meiji Brand Award program to solicit and recognize ideas from individuals and workplaces that embody "Meiji unique value for wellness" since FY 2021. In FY2022, we received over 600 submissions.

3) Indicators and Targets

In promoting the Meiji Group Human Capital Strategy, we set targets that can be measured quantitatively by theme, monitor those targets, and measure the effects of efforts and improve them.



* Core human capital: Executives, officers and employees of Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., and KM Biologics Co., Ltd.

* Leaders: Persons in managerial positions and assistant managers

* Engagement Score:

Engagement is defined as "employee empathy with the company" and is calculated from expectations and satisfaction with questions about the company, job, manager, and workplace. Grades are calculated based on survey results from a third-party evaluation organization and are given on an 11-point scale from AAA to DD.

3. Business risks

The Group recognizes that risk management is not just for responding when emergencies or disasters occur and severely impact business activities. It is also important to take preventive measures to control and avert/mitigate of management risks.

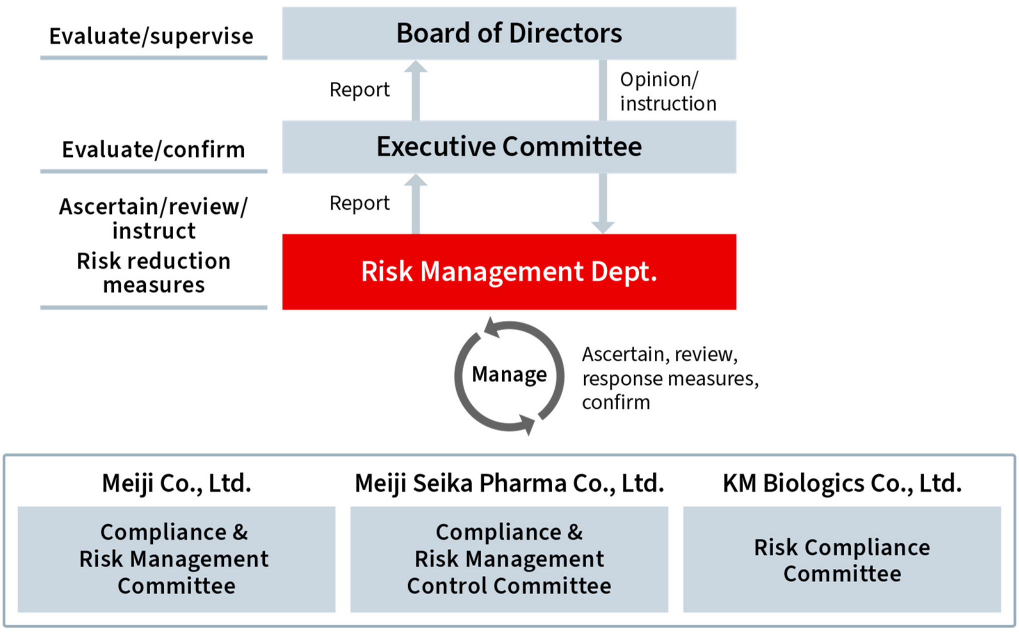
(1) Risk Management System

The Group established a risk management structure that supports further growth to achieve the Meiji Group 2026 Vision. Under this risk management structure, we identify overall Group management risks, reduce risks, and manage decisive risk-taking.

In April 2021, we established the Risk Management Department, which is independent of the Audit & Supervisory Board, to strengthen Group-wide risk management, and appointed an executive officer in charge of the department. The Executive Committee evaluates and confirms Group-wide management risks in line with the Group Vision and the risk control status and reports them to the Board of Directors, which evaluates and supervises the system. Thus, we can manage risks by adapting to changes in our operating environment.

Furthermore, we have established risk management systems that are suited to the Food Segment and Pharmaceutical Segment, respectively. We regularly share risk information across the Group, which includes risks common to all of our segments and risks that have impacts on the whole Group. Accordingly, we identify, evaluate, address, and solve risks promptly. The executive officer in charge of the Risk Management Department reports information to the CEO, President and Representative Director.

< Risk Management System >



(2) The Group Business Management Risks

We appropriately identify risks and develop countermeasures considering the risk impact from a company-wide business management perspective. In this way, we not only minimize risks, but we also achieve sustainable growth and gain new growth opportunities. We outlined the three visions—the Business Vision, Sustainability Vision and Management Foundation Vision — in the Meiji Group 2026 Vision. We have identified the Meiji Group Business Management Risks based on those three Visions.

Among the matters related to the status of business, accounting, etc. as described in this annual securities report, the main risks that management recognizes as having a significant impact on the financial position, operating results and cash flows of the consolidated company are as follows.

The future risks outlined in the table below are categorized based on our medium- and long-term management strategies. We have assessed their importance to the Group, taking into account the likelihood of occurrence and the level of impact on the Group.

The information represents risks recognized by the Group as of the date of submission of this annual securities report. These risks are not a comprehensive representation of all the risks related to our businesses.

	Risks	Countermeasures	Change in risk recognition from previous year	Importance to the Group
1 Business Risks				
1.1 Sale and supply of products and services	・Abandon to launch planned product ・Changes in customer lifestyles and values ・Negative rumors about the Company's core materials (milk, cocoa, etc.)	・Establish solid Proofs of Concept (POC) ・Gather information on market trends ・Develop products that are friendly to the environment and society ・Create products and services unique to Meiji that address social issues ・Appropriately disseminate relevant information about products and materials	→	$$
1.2 The majority of profits comes from specific products	・Sluggish sales of products that account for a considerable portion of sales and profits	・Implement promotions that maximize unique value ・Improve product portfolio management ・Explore new markets and new business domains	↗	$$
1.3 Supply chains	・Insufficient or excess procurement or price increases of raw materials ・Cessation of production due to production problems, etc. ・Difficulties in procuring raw milk ・Unstable product supplies due to distribution problems	・Gather information on raw materials markets and promote procurement strategies ・Strengthen coordination between production and sales divisions ・Diversify suppliers and consider alternative materials ・Improve distribution efficiency through labor-saving/automation	↑	$$
1.4 Technological advances	・Insufficient adaptation to rapid advances in digital technologies ・Discovery of innovative treatment methods, manufacturing methods and formulation methods	・Consider introducing new technologies as early as possible ・Research new manufacturing and formulation methods, and search for alliances	↗	$
1.5 Laws and regulations	・Revisions that significantly impact corporate activities ・NHI drug price revisions	・Obtain information about system revisions early and implement countermeasures ・Make appropriate approaches to relevant government authorities ・Expand portfolio of products that are not affected by NHI drug price revisions	→	$
1.6 Overseas expansion and overseas Group companies	・Rapid changes in society, or outbreaks of war or terrorism ・Revisions of the systems that greatly exceed expectations in various countries	・Gather information, and investigate and implement countermeasures early ・Create product supply systems from multiple locations	↗	$
1.7 Business plans, etc.	・Failure to achieve the Visions or Medium-Term Business Plans due to change in business conditions ・Growth slowdowns in core business, or failure to achieve targets for overseas markets or new business domains ・Impairment losses on non-current assets or goodwill ・Fluctuations in foreign exchange or interest	・Enhance unique value and search for new value ・Provide unique value and health value and manage business portfolio from the perspectives of profitability, growth and productivity ・Make decisions and monitor investment and M&A plans appropriately ・Use foreign exchange contracts and borrow at fixed interest rates	↗	$

$$: Risks of greater importance $: Risks of great importance

	Risks	Countermeasures	Change in risk recognition from previous year	Importance to the Group
2 Sustainability-related Risks				
2.1 Caring for the Earth	・Environment friendliness in corporate activities	・Reduce CO_2 emissions and prevent fluorocarbon leaks, promote energy-saving activities, expand installation of solar power generation facilities, use renewable energy-driven power, promote internal carbon pricing, properly treat wastewater and industrial waste, and promote environmental management in compliance with ISO14001 ・Circular economy ・Comply with policies related to the environment	→	$
2.2 Climate change	・Address climate change	・Analyze climate change scenarios according to the TCFD framework, formulate strategies and release information	↗	$
2.3 Thriving Communities	・Sustainable raw material procurement ・Understand diversity, and use a diverse workforce effectively ・Consider human rights, and human rights issues	・Increase the ratio of sustainably procured raw materials, such as cocoa beans and palm oil ・Strengthen cooperation and collaboration with dairy farmers and other suppliers ・Create organizations and cultures that value diverse perspectives and abilities ・Address challenges of human rights based on due diligence ・Strictly comply with policies, guidelines, etc. related to procurement, human rights, society, and so on.	↗	$
3 Management Foundation-related Risks				
3.1 Corporate Governance	・Make business decisions in a timely and appropriately manner ・Internal or external non-compliance	・Improve effectiveness of the Board of Directors ・Enhance corporate governance systems ・Provide education on compliance and social media usage based on Meiji Group Behavior Charter, and comply with internal and external policies	→	$
3.2 Damage to the Meiji brand	・Product recalls or withdrawals from the market due to quality defects or unexpected side effects of pharmaceuticals, etc. ・Unexpected harmful rumors about the Group or products	・Pursue quality and safety ・Communicate appropriately with each stakeholder	→	$
3.3 Human capital and culture	・Recruit and develop human capital required for corporate growth ・Employee engagement ・Effects of business environment on productivity	・Appropriately implement succession planning ・Improve employee training ・Implement measures in consideration of the results of the employee engagement survey ・Strengthen the structure to enhance health and productivity management; develop a Group-wide structure for occupational health and safety	↗	$
3.4 Information asset leaks	・Information leaks and system shutdowns due to unauthorized access, etc. ・Data breaches due to inappropriate system management	・Strengthen information management systems and information security ・Strengthen education on information management and comply with regulations and policies	↑	$$
3.5 Disaster, emergency or other unforeseen circumstances	・Temporary or full suspension of business operations due to disasters, pandemics or other unexpected emergency ・Increases or decreases in product demand due to changes in business conditions in an emergency	・Develop business continuity plans and risk management plans for swift recovery ・Maintain a broad product portfolio across the Group	→	$

The Board of Directors selected the priority initiative topics for FY2022 relating to Group business management risks and confirmed the initiatives of each operating company.

Priority initiative topics for FY2022:

1) Confirmation of country risk in China
   Given the drastic changes in social circumstances, war and terrorism in overseas, we confirmed the details of key risks that threaten the continuity of Chinese business the Meiji Group focuses on and the response system for situations when material risks arise, the level of dependency on China for procurement and the relevant response system.
2) Discovery of innovative treatment methods, manufacturing methods and formulation methods
   In responding to the rise of mRNA vaccines as COVID-19 vaccines, we confirmed recognition and evaluation of and response to the technology as we did in the previous fiscal year, and the status of development of replicon vaccine (next-generation mRNA vaccine) against COVID-19.

4. Management analysis of financial position, operating results and cash flows

Matters regarding the future in the following text are based on judgments made as of the end of the current fiscal year.

(1) Business results

1) Status of business as a whole

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (Yen)
Current fiscal year	1,062,157	75,433	74,160	69,424	247.39
Previous fiscal year	1,013,092	92,922	93,985	87,497	303.62
YoY change (%)	104.8%	81.2%	78.9%	79.3%	-

(Note) A two-for-one common stock split was issued on April 1, 2023. Earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

The Meiji Group is aiming at realizing both profit growth and sustainability activities in line with the basic concept of our 2023 Medium-Term Business Plan "Promote the Meiji ROESG® Management Effectively". Below are the key issues.

1. Business Strategy

(Food Segment)	(1) Recover from the stagnation in our core business
	(2) Accelerate growth in our business overseas
(Pharmaceutical Segment)	(1) Strengthen the vaccine business
	(2) Expand the CMO/CDMO business
(Overall group)	Venture into new domains

2. Improve business management system using ROIC effectively
3. Invest in business for future growth while constructing strong financial base
4. Promote the Meiji Group Sustainability 2026 Vision steadily

In the FYE March 2023, there was an impact of COVID-19 on the global economy and domestic consumption trends and significant impact from skyrocketing raw material and energy costs as a result of the Russia-Ukraine situation and yen depreciation, etc..

Under these circumstances, in the Food Segment, we implemented price hikes and changed product volumes in order to absorb higher raw material costs and energy costs. We strengthened efforts to promote the value of various products, conduct aggressive marketing activities, and worked to expand sales of new products. Overseas, we expanded production and sales capacity in China and expanded sales areas and our line of high value-added products.

In the Pharmaceutical Segment, we focused management resources in the infectious disease domain, one of the Meiji Group's strengths, as we worked to strengthen our competitive advantage as a top company for vaccines and infectious disease drugs. Additionally, we advanced cost reduction efforts and the expansion of the overseas CMO/CDMO business. We applied our Group's advanced technology, vast facilities, and solid track record in infectious diseases to enhance the ability to create new drugs.

These factors resulted in net sales of JPY 1,062.157 billion (up 4.8%, year on year), operating profit of JPY 75.433 billion (down 18.8%, year on year), and ordinary profit of JPY 74.160 billion (down 21.1%, year on year) during FYE March 2023. Profit attributable to owners of parent was JPY 69.424 billion (down 20.7%, year on year). ROE was 10.0%, and earnings per share was JPY 247.39.

Note that a two-for-one common stock split was issued on April 1, 2023. The above earnings per share is calculated on the number of shares after the stock split was conducted.

The Meiji Group is engaged in the following initiatives for development of inactivated vaccine and next generation mRNA vaccine for COVID-19. We continue working towards early provision.

Currently, Group subsidiaries KM Biologics and Meiji Seika Pharma are developing an inactivated vaccine for COVID-19.

We started Phase III clinical trials, the final stage prior to approval, in April 2022 (multiregional clinical trials, adults under 40 years of age). We also started Phase III domestic pediatric clinical trials (children 6 months to less than 12 years of age) in January 2023.

In April 2023, Meiji Seika Pharma and CSL Seqirus, a subsidiary of CSL Limited, have entered into a distribution agreement for the distribution and sales of ARCT-154, a next generation mRNA COVID-19 vaccine developed by Arcturus Therapeutics Inc., in Japan. CSL Seqirus has exclusively licensed worldwide rights to the vaccine, ARCT-154, from Arcturus Therapeutics Inc. Meiji Seika Pharma submitted a New Drug Application to manufacture and market ARCT-154 for primary immunization to prevent COVID-19 in adults (two doses of ARCT-154) in Japan.

Also, regarding the COVID-19 vaccine of AstraZeneca PLC, allocated for Japan, Meiji Seika Pharma is collecting safety management information of the COVID-19 vaccine.

2) Status of segments

(Millions of yen)

	Reportable segments						Total		
	Food			Pharmaceutical					
	Previous fiscal year	Current fiscal year	Change	Previous fiscal year	Current fiscal year	Change	Previous fiscal year	Current fiscal year	Change
Net sales	826,080	865,609	39,528	187,981	197,280	9,298	1,014,062	1,062,889	48,826
Profit by segment	75,973	55,874	-20,099	18,658	21,721	3,063	94,632	77,596	-17,035

(Note) Amounts of net sales and profit by segment are those before inter-segment elimination.

Details of business results by segment are as follows:

I. Food

This segment includes manufacturing, sale, transportation, etc. in the yogurt & cheese business (functional (probiotics) yogurt, yogurt, cheese), nutrition business (infant formula, sports nutrition, enteral formula, beauty supplement), chocolate & gummy business, drinking milk business, B to B business, frozen dessert & ready meal business (ice cream, ready meal, butter and margarine), overseas business (overseas subsidiaries, exports), and other/domestic subsidiaries (domestic subsidiaries, chewing gum, candy, OTC medicines).

Net sales increased year on year. Net sales of overseas business and other and domestic subsidiaries increased significantly year on year. Net sales of nutrition business, chocolate and gummy business, B to B business increased year on year. Net sales from frozen dessert and ready meal business were largely unchanged. Net sales of yogurt and cheese business, and drinking milk business decreased year on year.

Profit by segment decreased significantly year on year, due to higher raw material costs and energy costs, as well as decreased sales volume in the yogurt and cheese business, even though we raised price for our mainstay products.

Below is an overview of each of the Food Segment’s businesses.

■Yogurt & cheese business (Functional (probiotics) yogurt, yogurt, cheese)

Net sales decreased year on year. For functional yogurt and yogurt, we expanded our product line and strengthened marketing activities but sales decreased due to the impact of various competitor products appealing health value. Additionally, sales of cheese decreased since we reduced the number of items.

Operating profit decreased significantly year on year due to the impact of the sales decrease and the increase in raw material costs, energy costs and marketing expenses.

■Nutrition business (Infant formula, sports nutrition, enteral formula, beauty supplement)

Net sales increased year on year. Sales of liquid diet “Meiji Mei Balance” and infant formula in which we caught inbound demand, were favorable. Sales of sports protein “SAVAS” were also favorable particularly for ready-to-drink products. As a result, overall net sales of “SAVAS” increased year on year.

Operating profit decreased significantly year on year. The raw material costs and energy costs increased, and also depreciation costs increased due to production lines expansion.

■Chocolate & gummy business

Net sales increased year on year. Sales were favorable for our mainstay product “Chocolate Kouka,” and “Chocorooms” and “Takenoko no Sato” series. Sales of gummy, which the market continues to expand, increased significantly year on year through introduction of new products and stronger marketing.

Operating profit decreased significantly year on year due to the higher raw material costs and energy costs.

■Drinking milk business

Net sales decreased year on year. Sales were impacted by the reduction in the number of products offered and the decrease in sales of home delivery.

Operating profit decreased year on year. In addition to the higher raw material costs and the decline in net sales, depreciation costs increased due to the operation of a new plant.

■B to B business

Net sales increased year on year. Restaurant and gift confectionery demand recovered from the previous fiscal year, which was impacted by restrictions on movement due to the state of emergency declaration. In such circumstances, net sales increased significantly mainly on butter, ice cream and chocolate for professional use.

Operating profit increased significantly year on year due to increase in sales, even though there was an impact of higher raw material costs.

■Frozen dessert & ready meal business (Ice cream, ready meal, butter and margarine)

Net sales were largely unchanged from the previous fiscal year. Sales of ice cream increased since the sales of our mainstay product “Meiji Essel Super Cup” and the new product “Meiji Bulgaria Frozen Yogurt Dessert” were favorable. However, sales of prepared foods decreased.

Operating profit increased significantly year on year. The impact of the increase in raw material costs were offset by price hikes. The decrease in manufacturing overhead also contributed.

■Overseas business (Overseas subsidiaries, exports)

Net sales increased significantly year on year, partly due to the positive valuation effect of yen depreciation. Net sales of confectionery business and ice cream business in China and subsidiaries in Southeast Asia and the US were favorable.

Operating losses were less than the previous fiscal year thanks to increased volume of mainstay products and effect of price hikes.

■Other / domestic subsidiaries (Domestic subsidiaries, chewing gum, candy, OTC medicines)

Net sales increased significantly year on year. There was an impact of the removal of a logistics subsidiary from the scope of consolidation following the transfer of stock for said subsidiary. However, net sales of domestic subsidiaries increased year on year due to increased sales from our sugar trading company and our feed business.

Operating profit decreased significantly year on year. In addition to the impact of the removal of the logistics subsidiary, profits decreased at the feed business due to the higher raw material costs.

II. Pharmaceutical

This segment includes the domestic ethical pharmaceuticals business, overseas ethical pharmaceuticals business, human vaccines business, and veterinary drugs business (veterinary drugs, veterinary vaccines).

Net sales increased year on year. Net sales of domestic ethical pharmaceuticals business and overseas ethical pharmaceuticals business increased significantly year on year. Net sales of human vaccines business and veterinary drugs business decreased significantly year on year. Decrease in net sales for veterinary drugs business is due to the impact of transferring agricultural chemicals business that was in the same business category as the veterinary drugs business up to the previous fiscal year.

Profit by segment increased significantly year on year due to the significant increase in sales of domestic ethical pharmaceuticals business and overseas ethical pharmaceuticals business.

Below is an overview of each of the Pharmaceutical Segment's businesses.

■Domestic ethical pharmaceuticals business

Net sales increased significantly year on year. Sales of the antibacterial drug SULBACILLIN and the anti-allergic drug BILANOA increased.

Operating profit increased significantly year on year due to sales increase, even though there was an impact of NHI price revisions in Japan. Decrease in R&D expenses also contributed to the increase in profit.

■Overseas ethical pharmaceuticals business

Net sales increased significantly year on year, partly due to the positive valuation effect of yen depreciation. Net sales of a subsidiary in India, conducting contract manufacturing for pharmaceuticals, increased. Net sales of a subsidiary in Spain recovered from the results in the previous fiscal year, which was impacted by the COVID-19 pandemic. Royalty revenues also contributed.

Operating profit increased significantly year on year due to the sales increase and the impact of foreign exchange.

■Human vaccines business

Net sales decreased significantly year on year. Despite the largest-ever market supply volume, influenza vaccinations were significantly below assumptions. As a result, the amount of sales returns increased. Also, compared to the previous year, there was no contracted manufacturing income related to AstraZeneca's COVID-19 vaccine formulation.

Operating profit decreased significantly year on year due to the increase in the amount of sales returns, the decline in contracted manufacturing income related to the COVID-19 vaccine formulation, and the impact of valuation losses on inventories.

■Veterinary drugs business (Veterinary drugs, veterinary vaccines)

Net sales decreased significantly year on year. There was an impact of transferring agricultural chemicals business that was in the same business category as the veterinary drugs business up to the previous fiscal year. Excluding this effect, net sales were largely unchanged from the previous fiscal year.

Operating profit increased year on year. In April 2022, we established Meiji Animal Health Co., Ltd. to integrate the veterinary drugs business and the veterinary vaccine business. Benefits of the cost reduction resulting from the business integration contributed.

3) Progress of the 2023 Medium-Term Business Plan (the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024)

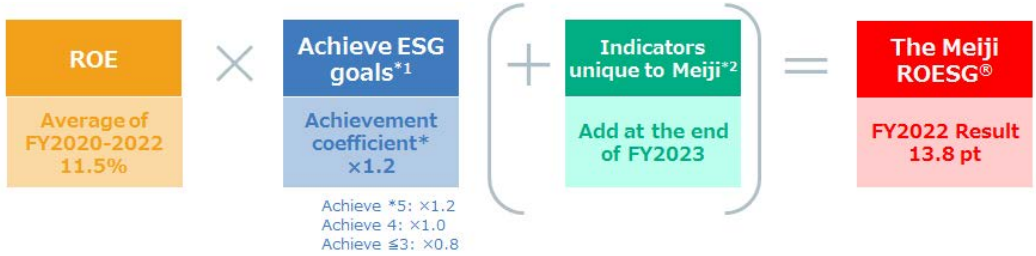
In the 2023 Medium-Term Business Plan, we introduced the Meiji ROESG®. In addition to outlining indicators for growth and profitability such as net sales and operating profit, the Meiji ROESG® combines ROE and ESG benchmarks with proprietary indicators for sustainability goals unique to the Meiji Group. We also added ROIC as a benchmark for capital productivity and efficiency. Fiscal year results against Medium-Term Business Plan KPI are as shown below.

	Indicator	Results for the fiscal year ended March 31, 2022	Results for the fiscal year ended March 31, 2023	Initial targets for Medium-Term Business Plan (FYE March 2024)
Integrated goal	Meiji ROESG®	12.3 points	13.8 points	13 points
Growth and Profitability	Consolidated net sales	JPY 1,013.0 billion	JPY 1,062.1 billion	JPY 1,080.0 billion
	・Food Segment	JPY 826.0 billion	JPY 865.6 billion	JPY 874.5 billion
	・Pharmaceutical Segment	JPY 187.9 billion	JPY 197.2 billion	JPY 209.0 billion
	Consolidated operating profit (margin)	JPY 92.9 billion (9.2%)	JPY 75.4 billion (7.1%)	JPY 120.0 billion (11.1%)
	・Food Segment	JPY 75.9 billion	JPY 55.8 billion	JPY 102.0 billion
	・Pharmaceutical Segment	JPY 18.6 billion	JPY 21.7 billion	JPY 18.5 billion
	Overseas net sales	JPY 92.9 billion	JPY 120.0 billion	JPY 134.5 billion
Efficiency and Safety	ROIC	8.4%	6.3%	More than 10%
	・Food Segment	9.8%	6.3%	More than 12%
	・Pharmaceutical Segment	6.6%	8.0%	More than 6%
Return to shareholders	ROE	13.5%	10.0%	More than 11%

Summary for FYE March 2023 (FY2022) is as follows:

- Net sales increased in both Food and Pharmaceutical Segments. Overseas sales ratio exceeded 10%.
- Operating profit decreased significantly in Food while increased significantly in Pharmaceutical.
- Profit decreased significantly while ROE declined.
  *Impact of a decline in extraordinary income recorded for the transfer of the agricultural chemicals business in the previous fiscal year.
- Sale of cross-held shares advanced. Also acquired treasury shares.

The details of the status of achievement of the Meiji ROESG® is as follows:



*1 Status of achievement of the ESG indicators

Evaluation Indicators	FY2020 Result	FY2021 Result	FY2022 Result	Target for FY2023
MSCI ESG Ratings	BB	BBB	A	A
DJSI*	52 points	55 points	61 points	65 points
FTSE4Good**	3.0 points	3.0 points	3.7 points	3.8 points
CDP (Climate Change)	A-	A-	A	A
CDP (Water Security)	A-	A	A	A

* DJSI targets were changed from percentile to points. This is based on the judgment that adopting points is more appropriate as a means of target management than percentile which fluctuates in line with the fluctuation of evaluation of other companies.

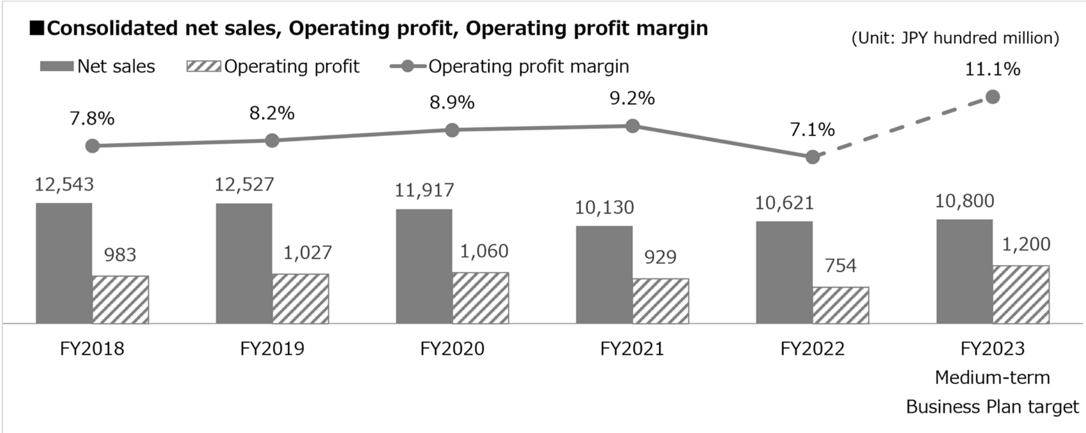
** FTSE4Good was revised in connection with having achieved the initial target for FY2023 of 3.5 points in FY2022.

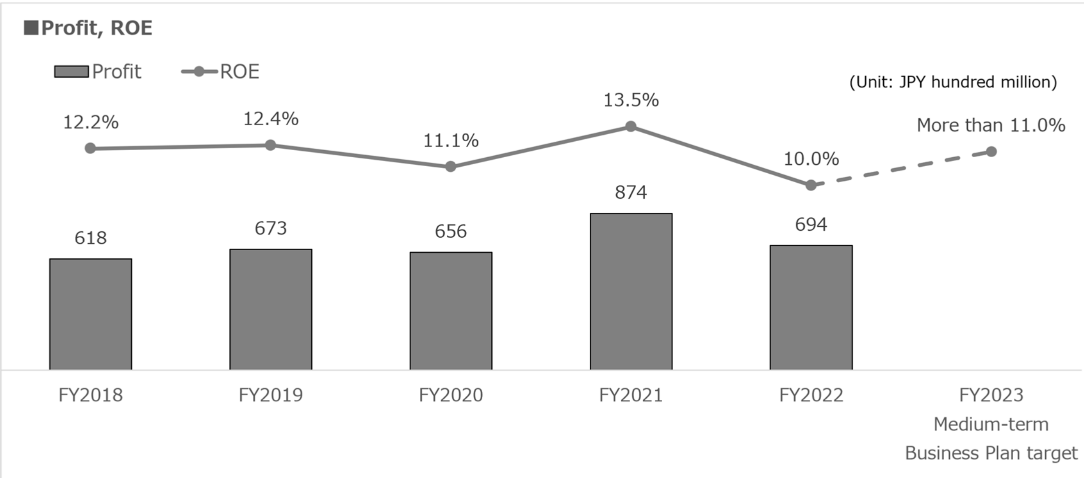
- Achieved all evaluation indicators out of 5 of them
- CDP acquired the highest evaluation along with Climate Change and Water Security.
- Evaluation of initiatives for the environment, governance, occupational health and safety, and human capital increased.

*2 Status of achievement of the sustainability goals unique to the Meiji Group (“Indicators unique to Meiji”)

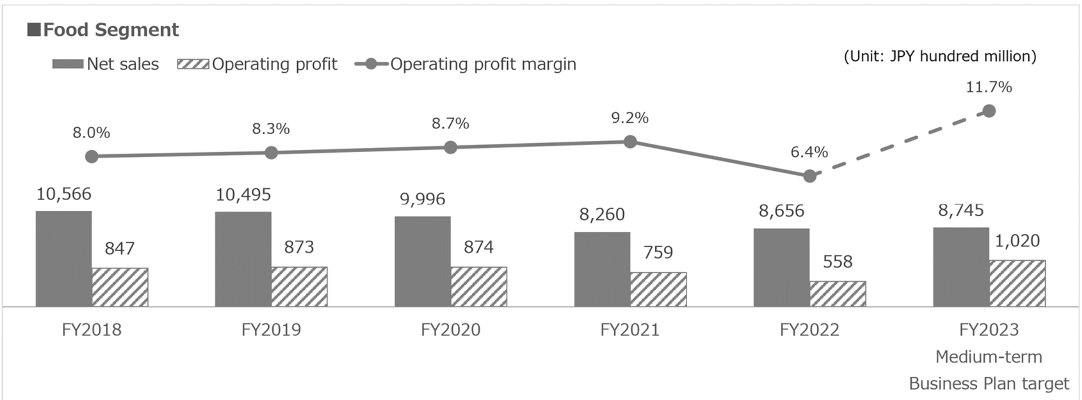
Item	As of FY2022	Target for FY2023
Extend healthy life expectancy	+0.56 year	+ 1 year
Amount of Protein Intake	71.4 g/day	75 g/day
Vaccination rate for influenza	55.7%	60%
Employee engagement score	Deviation score B	Deviation score A
Sales growth rate for products of healthy diets, value-added nutrition products, products that contribute a super-aged society	-3.1%	+10% and over
Success in and supply of vaccine and therapeutic agent for COVID-19	Under development	Development and supply

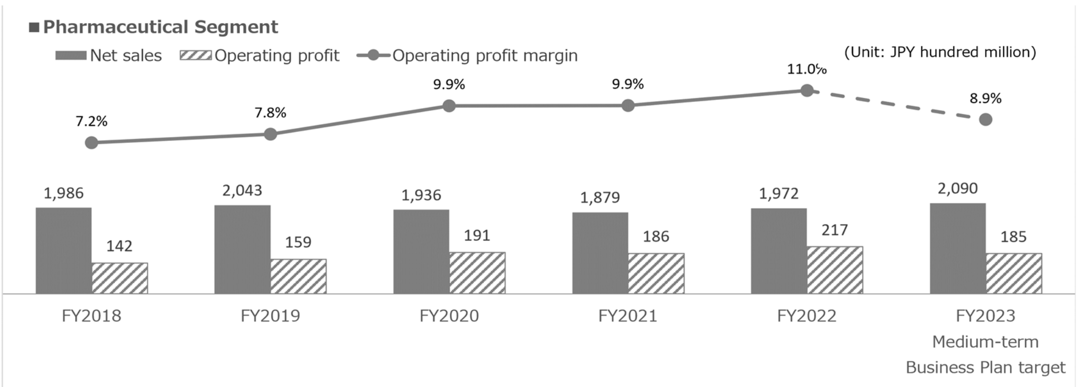
Trends in major management indicators are as follows:





Trends in net sales and operating profit by segment are as follows:





(Note) Starting from the beginning of FYE March 2022 (FY2021), the Accounting Standard for Revenue Recognition and related implementation guidance have been applied, and accordingly, the above figures for FY2021, FY2022, and FY2023 Medium-Term Business Plan targets are after the accounting standard and related implementation guidance are applied.

4) FY2023 forecast

During the fiscal year ending March 2024, which represents the final year of our 2023 Medium-Term Business Plan, we expect the resumption of consumer activities previously curtailed by COVID-19 will drive a recovery in consumer movement and provide an economic boost. However, we forecast earnings will continue to be impacted by domestic prices for raw milk and other raw materials and soaring energy costs.

Accordingly, we revised the initial targets for the Medium-Term Business Plan as follows.

Indicator	Results for the fiscal year ended March 31, 2023	Targets for the fiscal year ending March 31, 2024	Initial targets for Medium-Term Business Plan (FYE March 2024)
Meiji ROESG®	13.8 points	13 points	13 points
Consolidated net sales ・Food Segment ・Pharmaceutical Segment	JPY 1,062.1 billion JPY 865.6 billion JPY 197.2 billion	JPY 1,102.0 billion JPY 887.0 billion JPY 215.5 billion	JPY 1,080.0 billion JPY 874.5 billion JPY 209.0 billion
Consolidated operating profit (margin) ・Food Segment ・Pharmaceutical Segment	JPY 75.4 billion (7.1%) JPY 55.8 billion JPY 21.7 billion	JPY 78.0 billion (7.1%) JPY 56.0 billion JPY 25.0 billion	JPY 120.0 billion (11.1%) JPY 102.0 billion JPY 18.5 billion
Overseas net sales	JPY 120.0 billion	JPY 143.0 billion	JPY 134.5 billion
ROIC	6.3%	6.5%	More than 10%
ROE	10.0%	7.0%	More than 11%

With regard to the Food Segment in Japan, we will raise price to absorb rising raw material and energy costs. We will then work to minimize the impact of price hike on sales volume by enhancing efforts to promote the health value of items such as functional yogurt, yogurt, and health-conscious chocolates. We will also work to expand sales by conducting aggressive marketing activities for items such as the sports protein "SAVAS". At the same time, we will undertake structural reforms, including a review of our production system, to increase profitability.

Overseas, in January 2023, we started operation of Tianjin plant for milk and yogurt to further expand business in China. In addition to achieving growth by expanding sales areas, we will expand our line of high value-added products such as functional yogurt and *SAVAS* as we work to foster businesses that will become new growth pillars. In the U.S., we will expand sales channels for our chocolate snacks.

Regarding the Pharmaceutical Segment, we will focus management resources in the infectious disease domain, as we work to establish a competitive advantage as a top company for vaccines and infectious disease drugs. We are developing inactivated vaccine and next generation mRNA vaccine against COVID-19 using the Group's advanced technologies, facilities, and extensive experience in infectious diseases. We continue working towards early provision. We will manufacture and distribute in a planned manner our influenza vaccines, which have the largest market share in Japan. Also, we will strengthen our vaccination awareness efforts.

Overseas, we will focus on strengthening and expanding the CMO/CDMO business. We are making good progress towards start commercial production and shipment during FYE March 2024 in the new manufacturing building completed in India. In addition, we will work to improve productivity.

(2) Production, Orders and Sales Results

1) Production Results

The below shows the production results for the current fiscal year by segment.

Segment titles	Amount (Millions of yen)	Year-on-Year (%)
Food	833,605	101.4
Pharmaceutical	137,395	115.5
Reportable Segments - Total	971,000	103.2
Total	971,000	103.2

(Note) Transactions between segments are not included.

2) Orders Results

The Group performs production after planning based primarily on sales plans.

Some of products are manufactured upon receipt of orders; however, the order amounts and balances are not significant.

3) Sales Results

The sales results by segment for the current fiscal year are as follows.

Segment titles	Amount (Millions of yen)	Year-on-Year (%)
Food	864,894	104.8
Pharmaceutical	197,262	105.1
Reportable Segments - Total	1,062,157	104.8
Total	1,062,157	104.8

(Notes) 1. There are no counterparties whose percentage of sales to total sales is 10% or more.
2. Transactions between segments are not included.

(3) Analysis of Financial Status

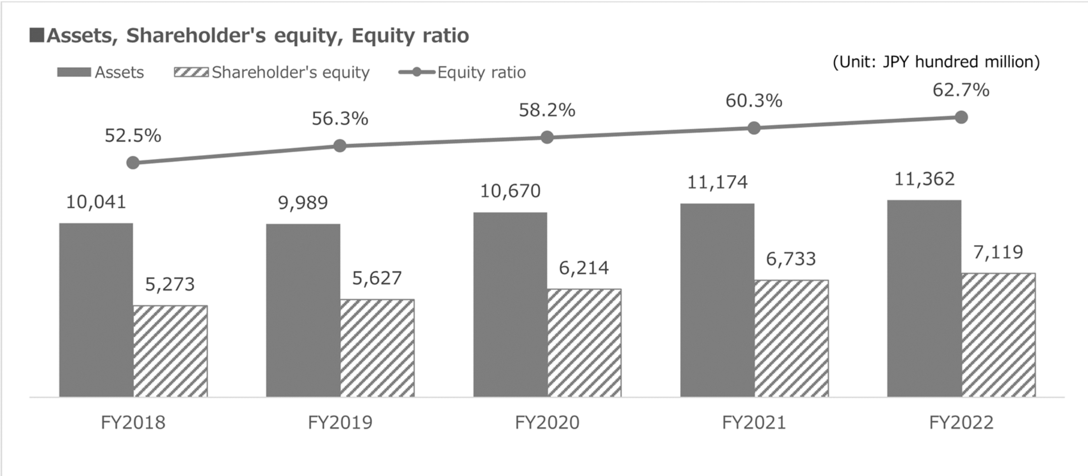
In assets, cash and deposits decreased by JPY 3,889 million from the end of the previous fiscal year to JPY 63,519 million. We maintained liquidity reserves of JPY 83,519 million together with a commitment line amount of JPY 20,000 million and secured the target level of on-hand liquidity (about one month of consolidated net sales) for the 2023 Medium-Term Business Plan. Raw materials and supplies increased by JPY 11,684 million from the end of the previous fiscal year to JPY 73,405 million. This was due mainly to the impact of rising raw material costs in the Food Segment.
Property, plant and equipment increased by JPY 4,263 million from the end of the previous fiscal year to JPY 487,755 million. This was due mainly to overseas plant construction in Guangzhou and Shanghai. Investment and other assets decreased by JPY 4,159 million from the end of the previous fiscal year to JPY 156,046 million. This was mainly due to a decrease in investment securities from the sale of shares of subsidiaries and associates as well as cross-shareholdings, while deferred tax assets increased in connection with the increase in subsidiaries under the Japanese Group Relief System. As a result, total assets as of the end of the current fiscal year were JPY 1,136,217 million, an increase of JPY 18,757 million from the end of the previous fiscal year.

In liabilities, income taxes payable decreased by JPY 8,842 million from the end of the previous fiscal year to JPY 11,299 million, mainly due to a decrease in tax expenses. In addition, contract liabilities decreased by JPY 5,036 million from the end of the previous fiscal year to JPY 870 million. This was because they were reversed with the recognition of revenue in consignment service contracts mainly in the Pharmaceutical Segment. Refund liabilities increased by JPY 2,123 million, accrued expenses increased by JPY 3,520 million. Interest-bearing debt (bonds payable and borrowings) decreased by JPY 16,896 million from the end of the previous fiscal year to JPY 64,371 million. As a result, total liabilities as of the current fiscal year were JPY 384,905 million, a decrease of JPY 19,532 million from the end of the previous fiscal year.

In net assets, total net assets increased by JPY 38,290 million from the end of the previous fiscal year to JPY 751,311 million. This was mainly the result of an increase of retained earnings of JPY 41,804 million and foreign currency translation adjustment by JPY 10,197 million, while treasury shares increased by JPY 9,634 million due to acquiring treasury shares, and valuation difference on available-for-sale securities decreased by JPY 4,749 million due to sales of cross-shareholdings.

As a result, the current ratio increased by 18.0 points to 176.9%, the shareholders' debt-to-equity ratio decreased by 0.03 points to 0.09 times, and the shareholders' equity ratio increased by 2.4 points to 62.7% from the end of the previous fiscal year, which shows that capital liquidity and financial stability are being maintained. Note that net assets per share increased by JPY 162.93 from the end of the previous fiscal year to JPY 2,553.69.

The trends in equity and equity-to-asset ratio are as follows.



(4) Capital Resources and Liquidity of Funds

1) Capital Management Policy

We will pursue sustainable growth by aggressively applying capital gained through business activities towards future growth investments and research and development. In addition, to promote overall Group capital efficiency, our approach to growth investments is to maintain financial discipline and reduce other non-business-related assets such as cross-shareholdings.

We recognize that shareholder returns are important issues in management. We will raise our consolidated dividend payout ratio to 40% by the fiscal year ending March 2024. We will also consider the acquisition of treasury shares as necessary based on a comprehensive evaluation of our optimal capital structure and surplus capital.

We increased dividends in the current fiscal year for the ninth consecutive period. In addition, we acquired JPY 10,000 million of treasury shares with the goal of enhancing shareholder returns and increasing capital efficiency by improving cash flow. All acquired treasury shares was cancelled on April 3, 2023.

2) Financing Policy

Our basic policy on capital procurement is to use debt to procure capital, taking into consideration capital demand and the interest environment, while giving first priority to reducing the cost of capital, among a diverse range of procurement methods. To address credit risks associated with increased debt, we set a maximum debt-to-equity ratio of 0.3 times and strive to maintain a high credit rating that is not impacted by conditions in financing markets. Note that we had a credit rating of AA- (Stable) from Japan Credit Rating Agency, Ltd. as of the date of this report.

We maintain good relationships with major financial institutions. In addition, we recognize that we have no issues in procuring investment capital and working capital necessary from financial institutions for the Group's business expansion and operation due to our strong financial position. We have commitment lines for a total of JPY 20,000 million with financial institutions in Japan, and we secure liquidity in case of emergencies by setting a target level for on-hand liquidity, which is the sum of the cash and deposits balance during the period and the amount of commitment lines, at about one month of consolidated net sales.

In addition, we have introduced a group financing system for Group companies in order to stabilize capital procurement and reduce financing costs.

As means of financing necessary for activities to achieve The Meiji Group Sustainability 2026 Vision, we created a Sustainability Finance Framework based on the Green Bond Principles and the Social Bond Principles established by the International Capital Market Association, and we procured funds by issuing 10th Unsecured Straight Bond (Sustainability Bond, five years, JPY 10,000 million) in April 2021. We will continue to aggressively use sustainability financing based on this framework and make further contributions to addressing social issues.

3) Cash flows

Categories	Previous Fiscal Year (Millions of yen)	Current Fiscal Year (Millions of yen)	Amount of Change (Millions of yen)
Cash flows from operating activities	127,526	85,013	-42,512
Cash flows from investing activities	-27,614	-36,788	-9,173
Free cash flows	99,911	48,224	-51,686
Cash flows from financing activities	-76,997	-54,734	22,262
Effect of exchange rate change on cash and cash equivalents	2,931	2,576	-354
Net increase (decrease) in cash and cash equivalents	25,844	-3,933	-29,778
Cash and cash equivalents at beginning of period	39,011	64,872	25,861
Cash and cash equivalents at end of period	64,872	60,939	-3,933

The trends in the cash flow–related indicators are as follows.

Categories	10th fiscal year	11th fiscal year	12th fiscal year	13th fiscal year	14th fiscal year
Equity-to-asset ratio (%)	52.5	56.3	58.2	60.3	62.7
Equity-to-asset ratio based on market rice (%)	129.8	111.5	96.8	83.3	77.4
Debt-to-cash-flow ratio (years)	1.0	0.9	0.8	0.6	0.8
Interest coverage ratio (times)	143.2	157.0	197.2	246.3	193.6

(Note) Calculation method of each indicator

Equity-to-asset ratio: (Net assets – Non-controlling interests)/Assets

Equity-to-asset ratio based on market price: Market capitalization (Year-end share price x Total number of issued shares)/Assets

Debt-to-cash-flow ratio: Interest-bearing debt/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest payment (Interest paid)

* Market capitalization is calculated based on the total number of issued shares excluding treasury shares.

Cash flows from operating activities decreased by JPY 42,512 million from the previous fiscal year, which resulted in a revenue of JPY 85,013 million. This was due to an increase in trade receivables, inventories and payments for business restructuring expenses, in addition to a decrease in profit before income taxes.

Net cash used in investing activities was JPY 36,788 million, an increase in outflows of JPY 9,173 million from the previous fiscal year. This was due to an increase in proceeds from sales of property, plant and equipment and intangible assets mainly associated with the sale of Yokohama Research Center while proceeds from sales of investment securities decreased following the sale of the agricultural chemicals manufacturing and sales business and DM Bio Limited shares in the previous fiscal year.

This led to a decrease in free cash flows (the sum of cash flows from operating activities and cash flows from investing activities) by JPY 51,686 million from the previous fiscal year to JPY 48,224 million.

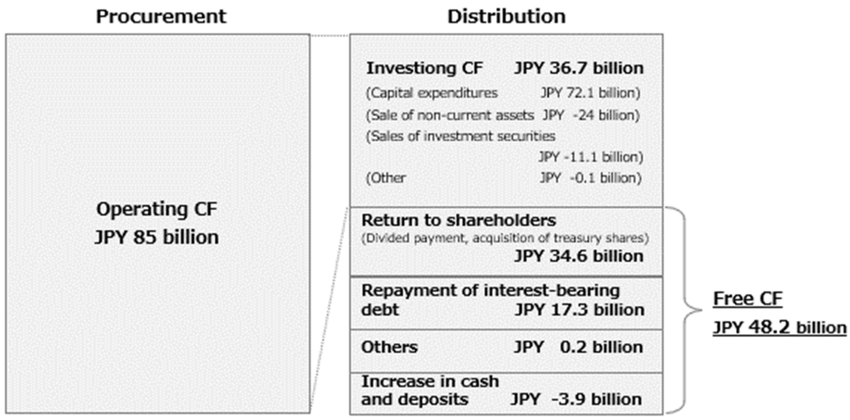
The free cash flows generated are used to pay dividends and purchase treasury shares to return profits to shareholders as well as to repay interest-bearing debt. Dividend payments increased, and we have made efforts to enhance shareholder returns. We will continue to maintain stable and continuous profit returns. Note that dividend payments resulted in JPY 24,606 million in expenditures, an increase of JPY 708 million compared to the end of the previous fiscal year, and the payout ratio was 36.4%.

Net cash used in financing activities was JPY 54,734 million, a decrease in outflows of JPY 22,262 million from the previous fiscal year. This was mainly due to an increase in proceeds from long-term borrowings and a decrease in expenditures from the purchase of treasury shares while proceeds from issuance of bonds decreased.

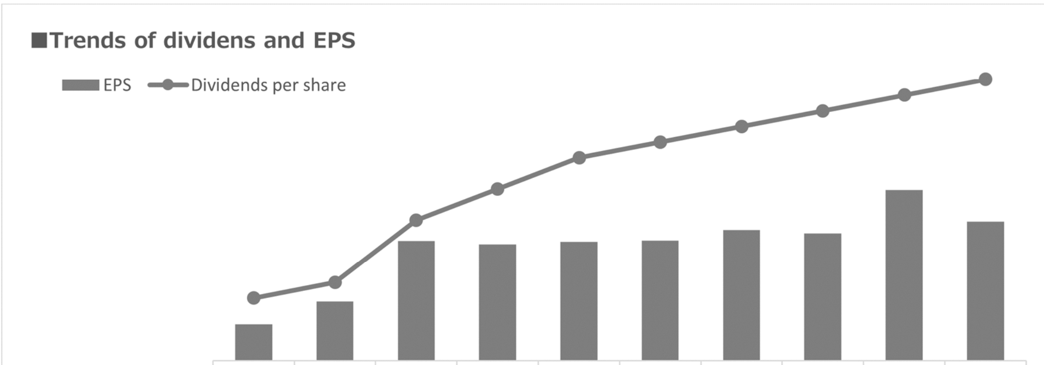
As a result of the foregoing, cash and cash equivalents at the end of the current fiscal year were JPY 60,939 million.

In this current fiscal year, we procured working capital for business activities through borrowings from financial institutions and issuance of commercial paper. Although there was no particular impact on cash flows due to COVID-19, we have prepared for emergencies by maintaining the target level of on-hand liquidity, which is the sum of the cash and deposits balance during the period and the amount of commitment lines, at about one month of consolidated net sales.

The relationship between procurement and distribution of funds for the current fiscal year is as follows.



The trends of dividends and EPS (earnings per share) are as follows.



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
EPS	64.69	104.89	212.53	206.55	211.07	213.30	232.04	226.26	303.62	247.39
Dividends per share	20	25	45	55	65	70	75	80	85	90
Dividends payout ratio	30.9%	23.8%	21.2%	26.6%	30.8%	32.8%	32.3%	35.4%	28.0%	36.4%

(Note) A two-for-one stock split of common stock was implemented on October 1, 2015 and on April 1, 2023. Cash dividends per share and earnings per share are calculated by assuming that relevant stock split was implemented at the beginning of fiscal year 2013.

(5) Significant Accounting Estimates and Assumptions Used for Such Estimates

Among the accounting estimates used for the preparation of consolidated financial statements and assumptions used for such estimates, significant items are described in Part 5 Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements Notes (Significant accounting estimates).

Note that as described in “(1) Business results,” the negative effects on the Group’s business performance due to the COVID-19 pandemic include a decline in revenue as there was no earning commission income concerning formulation of the AstraZeneca COVID-19 vaccines, which was recorded under the Pharmaceutical Segment in the previous fiscal year ended March 31, 2022.

On the other hand, there were positive effects in the Food Segment, which include a significant rise in revenues for butter, ice cream and chocolates as demand for eating out and sweets as gifts recovered from the previous fiscal year when the B to B business was affected by movement restrictions based on the declaration of the state of emergency. Also, in the Pharmaceutical Segment, revenue increased in the overseas pharmaceutical business due to the recovery of our Spanish subsidiary which was affected by the spread of COVID-19 in the previous fiscal year.

Considering that COVID-19 has been placed under “category V infection diseases,” the impact of COVID-19 on the Group’s business performance in the fiscal year ending March 31, 2024 and thereafter will be limited, and we have made estimates for the fiscal year ended March 31, 2023 with the assumption that there would be only a minor impact on our accounting estimates.

5. Material business contracts, etc.

(1) Technical Assistance Contracts

Technology Introduction

Name of Contracting Company	Counterparty	Effective Date of Contract	Expiration Date	Purpose	Implementation Fee
Meiji Co., Ltd.	LB Bulgaricum Republic of Bulgaria	May 2000	April 2020, thereafter, automatically extended every five years until April 2040	Introduce manufacturing technologies for yogurt	Payment of fixed percentage of production
Meiji Seika Pharma Co., Ltd.	Organon & Co.	March 2013	The longer of 10 years after the start of sales or the duration of the license	License contract concerning manufacturing and sales of Asenapine	Payment of a fixed amount in a lump sum

(2) Business Partnership Contracts

Name of Contracting Company	Counterparty	Effective Date of Contract	Expiration Date	Purpose	Implementation Fee
Meiji Seika Pharma Co., Ltd.	Taiho Pharmaceutical Co., Ltd.	December 2015	From December 17, 2015 until the release date of the Bilastine generic	Co-marketing contract for Bilastine pharmaceutical	Payment of a fixed amount in a lump sum

(3) Joint Venture Contracts

Name of Contracting Company	Counterparty	Effective Date of Contract	Expiration Date	Joint Venture Description	Contracting Company Investment Amount
Meiji Seika Pharma Co., Ltd.	Tjipto Pusposuharto and others Republic of Indonesia	March 1974	Duration of the Joint Venture	Company Name: P.T. Meiji Indonesian Pharmaceutical Industries Purpose: Manufacturing and sales of antibiotics and various other pharmaceuticals Share Capital: IDR 38,073 million Foundation: May 1974	IDR 35,538 million (93.34% of Share Capital)
Meiji Seika Pharma Co., Ltd.	Nana Chart Traders Consolidation Ltd. and others Kingdom of Thailand	September 1979	Duration of the Joint Venture	Company Name: Thai Meiji Pharmaceutical Co., Ltd. Purpose: Manufacturing and sales of antibiotics and various other pharmaceuticals Share Capital: THB 297 million Foundation: November 1979	THB 281 million (including indirect ownership) (94.61% of Share Capital)
Meiji Co., Ltd.	Bangkok IN-EX Co., Ltd. Charoen Pokphand Group Co., Ltd. Kingdom of Thailand	January 1989	No provision	Company Name: CP-MEIJI Co., Ltd. Purpose: Manufacture and sale of drinking milk, yogurt, and others in Thailand Share Capital: THB 500 million Foundation: February 1989	THB 200 million (40% of Share Capital)

(4) Others

Counterparty	Period	Description
Meiji Co., Ltd. Meiji Seika Pharma Co., Ltd.	From April 1, 2009	Business management agreement to manage, supervise, and guide management
KM Biologics Co., Ltd.	From April 1, 2019	Business management agreement to manage, supervise, and guide management

6. Research and development activities

Total research and development expenses for the current fiscal year were JPY 30,989 million.

New and changed research and development activities during the current fiscal year were as follows.

(1) Food

The amount of research and development activities in this category for the current fiscal year was JPY 13,604 million.

1) Yogurt & cheese business (Functional (probiotics) yogurt, yogurt, cheese)

(Functional (probiotics) yogurt)

Under the "Meiji Probio Yogurt R-1" brand, we launched two products in the "Mitasu Karada" series in April 2023: "Mitasu Karada Iron Blueberry Mix" with added iron and "Mitasu Karada Vitamin C Fruit Mix" with added vitamins A, C and E. In our drinks category, we launched a 6-pack type with label-less PET bottles in September 2022. It is the first yogurt drink in a label-less bottle without the need to peel off the label and which uses less amount of plastic, thereby contributing to reducing environmental burden. In October 2022, we launched the regular and drink-type "Meiji Fat Fighting Yogurt" as foods with functional claims for people concerned about fat. It contains "MI-2 lactobacilli" which has the function of reducing belly fat for people who tend to be overweight. In December 2022, we also relaunched our "Meiji Probio Yogurt LG 21" series as foods with functional claims with the label stating that "LG21 lacttobacilli temporarily eases the burden on stomach."

(Yogurt)

Under the "Meiji Bulgaria" brand, we revamped four types of plain yogurt in March 2023 before the 50th anniversary of launch. A new smooth and rich fermentation method was adopted to achieve a refreshing yet rich, milky flavor that spreads and melts smoothly in the mouth. Additionally, in our fruit and concentrated types of yogurt, we introduced new seasonal flavors. Under our "SAVAS" brand, we launched three products that contain 15 g of milk protein per cup (125 g) and offer smooth mouthfeel and a nice, clean aftertaste - "SAVAS Not-so-Sweet," "SAVAS Strawberry," and "SAVAS White Peach" – in April 2023. Meanwhile, under the "TANPACT" brand, we launched a new product with 10 g of protein along with reinforced nutrients such as calcium and iron that people tend to lack. In March 2023, we also launched the "Meiji Absorption Support - Drink Yogurt with Vegetables," which contains "V1 lactobacilli" that helps to absorb vegetable nutrients (α-carotene, β-carotene, lycopene, lutein). Through this product, we propose a new value of yogurt and contribute to the healthy diets of customers.

(Cheese)

The "Meiji Hokkaido Tokachi" brand celebrated its 30th anniversary since it was first introduced in 1992. We launched "Meiji Hokkaido Tokachi - Camembert Black Pepper Curry Flavor Sliced Type" as a limited-period product in the Kanto area in March 2023. Curry-flavored black pepper is lavishly placed between camembert cheese to offer a mellow taste of camembert with a spicy cumin-based flavor. We also launched "Meiji Hokkaido Tokachi - Sliced Cheese Strong Taste (7 Slices)" (112 g) in March 2023. This cheese is characterized by its full richness and taste created with our Umami Lactobacillus Maturation technology.

2) Nutrition business (Infant formula, sports nutrition, enteral formula, beauty supplement)

(Infant formula)

In Japan, we relaunched "Meiji Step" and "Meiji Step Raku Raku Cube" in October 2022. We reinforced iron and DHA which are essential for the development of brain in this liquid milk formula that provides all the nutrients important for children aged 1 to 3 years but that tend to be lacking in their diet.

Based on the consigned research of the Juntendo University Graduate School of Medicine Pediatric and Adolescent Development and Pathology, the results of the research that contribute to the understanding the status of anemia to eliminate iron deficiency in toddlers were released in an international professional journal Pediatric Research. Further, in November 2022, we initiated the "iron check movement," a project to communicate the importance of understanding the status of anemia and taking iron.

In November 2022, Meiji Cube Production Technology, which has been adapted to produce both "Meiji Hohoemi Raku Raku Cube" and "Meiji Step Raku Raku Cube" products, received the Japan Patent Attorneys Association Chairman's Award and the Distinguished Implementation Award at the 2022 Kanto Area Invention Award. This Meiji Cube Production Technology, our proprietary technology used for solid-type powdered milk is highly recognized by consumers for its convenience of not requiring measurement, avoiding spilling of powder, being hygienic, and being easy to carry.

(Sports nutrition)

Under the "SAVAS" series, we launched "SAVAS Casein & Whey MPC 100 Cocoa Flavor" (210 g, 810 g), a special absorption-type protein with milk protein concentrate (MPC) abundant with casein, across the country in September 2022. Casein, which is abundant in MPC, has the characteristic of continuing to absorb amino acids since absorption is gentler compared to whey protein.

We also launched “SAVAS Whey Protein 100 Milk Tea Flavor” (280 g, 980 g), a new Whey 100 flavor that supports ideal body building, and “SAVAS Soy Milk Flavor” (224 g, 900 g), a new Soy 100 flavor that supports to make your body firm. We will respond to the needs for a wide range of flavors in connection with market expansion.

In March 2023, we launched “SAVAS Pro Advanced Whey Protein Premium Chocolate Flavor” that newly adopts acid whey protein, a protein material focusing on the content ratio of leucine which is an important component for body building. Although the production volume of acid whey protein is limited worldwide, we succeeded in procuring this protein by leveraging our unique raw material network. Also contained in this product are 10 types of vitamins essential for body building, including whey peptide that has excellent absorption, and three types of minerals that tend to be lost with perspiration.

In the “SAVAS” drink-type line, we launched “SAVAS Milk Protein Zero Fat Café Latte Flavor” (430 ml), which offers 20 g of milk protein per drink for people with high intensity exercise and others who look for protein content, in October 2022. We also launched “SAVAS Milk Protein Zero Fat Chocolate Flavor” (200 ml), which contains 20 g of milk protein for the first time in our 200 ml-type products, in March 2023. The product is designed with the intention to offer a refreshing, easy-to-drink taste for use after exercising even with high protein concentration.

In our “SAVAS Soy Protein Beauty Fit” (250 ml) series for females who wish to trim their body line, we launched “SAVAS Collagen Tea Flavor” in September 2022 and “SAVAS Collagen Matcha Flavor” in February 2023. They contain 12.5 g of soy protein which supports body tightening along with 1,500 mg of collagen, iron, folic acid, vitamin B6 and vitamin B12, offer a refreshing, easy-to-drink taste after exercising, and are designed to support the body building and beauty of females.

In the “VAAM” series, we relaunched two products “VAAM Smart Fit Water Scented Lemon Flavor” and “Apple Flavor” as foods for specified health use that help to further reduce the body fat that is burned during exercise, in March 2023. We made a major packaging upgrade to better convey the functions and features of the “VAAM” series.

In the “Sokko Genki” series that boosts power and health, sales are expanding in response to the growing needs for recovery from fatigue since 2021. In March 2023, we launched “Sokko Genki Amino Acid & Royal Jelly Zero Sugar,” a non-sugar version with the same functional content of the current “Sokko Genki Amino Acid & Royal Jelly,” as a jelly product to support recovery from fatigue for people who are concerned about sweetness and sugar content.

(Enteral formula)

For the “Meiji Mei Balance Mini Cup Milk Taste” series (7 products), we acquired the approval for labeling as foods with special use and general nutritional food (No. 2021016, No. 2021017) and launched the products with new labels in June 2022. “Meiji Mei Balance” is a general nutritional food that contains a well-balanced set of nutrients that should be taken from meals, and is suitable as supplementary nutrition for people who cannot take in adequate nutrition through regular meals and those who are in a low nutrition state. We are widening options for replenishing nutrition to many people who have concerns about meals and nutrition to contribute to people’s healthy everyday lives. Moreover, in late March 2023, we launched a new series “Meiji Mei Balance Mini Cup Yogurt Jikomi,” using our proprietary lactobacilli “LB81 lactobacilli” (“Meiji Mei Balance Refreshing Yogurt Flavor,” “White Peach Yogurt Flavor,” “Blueberry Yogurt Flavor” and “Strawberry Yogurt Flavor”). These products contain cultured milk fermented with “LB81 lactobacilli” in “Meiji Bulgaria Yogurt LB81 Plain” and facilitate digestion and absorption since the fermentation by the lactobacilli decomposes protein in part. Containing a well-balanced set of 6 major nutrients (protein, fat, sugar, fiber, 7 types of vitamins, and 9 types of minerals), these products are designed to easily and comprehensively take in the nutrients required for body. By applying the cultured milk using lactobacilli on which we have continued to conduct research over many years to nutritional foods, we will continue to provide new value.

We introduced a new brand “Meiji Mei Balance Michitas Cup” to accommodate people’s wishes to continue being active and live a healthy 100-year life, and launched “Meiji Mei Balance Michitas Cup Yogurt Drink Flavor,” “White Peach flavor,” and “Blueberry Flavor” in September 20, 2022. While maintaining the concept of our nutrition engineering technology to combine a well-balanced set of 6 major nutrients for “Meiji Mei Balance,” the “Meiji Mei Balance Michitas Cup” products come in refreshing taste and can be easily added to the daily meals which tend to become biased in terms of nutrition.

In the “Meiji Mei Balance Gyutto Mini” series (“Coffee Flavor,” “Banana Flavor,” “Strawberry Flavor,” and “Mixed Fruit Flavor”), which is a lineup of highly concentrated nutritional supplements providing 200 kcal of energy in a 100 ml serving for use in medical facilities launched in July 2022, we added the “Corn Soup Flavor.” Because these products provide an easy way to replenish nutrition and energy in a small package, they are being used as supplementary nutrition for people who for a variety of reasons are unable to obtain enough from regular meals and for people who have lost their appetite. At 100 ml, the containers are also quite small, so they save labor when storing and contribute to realizing a sustainable society.

In the “Meiji Mei Balance Brick Jelly” series of nutritional supplements for medical facilities, we replaced “Melon Flavor” and “Tangerine Flavor” with the new “Matcha” and “Mixed Fruit” flavors.

(Beauty supplements)

Under the new brand “Meiji Femni Care Food” that helps with health issues unique to females, in October 2022, we introduced products in three types – powder, drinks, gummy – in the “α-LunA” series that contains-α-LA (lactalbumin), a type of protein included in raw milk. In the drink type, which comes in a 125 ml paper package, making it easy to drink every day, we launched two flavors: “Café au Lait” and “Milk Tea.” In March 2023, we launched the powder type that can be added to various drinks without changing the taste.

3) Chocolate & gummy business (Chocolate, gummies)

(Chocolate)

Under the “Chocolate Kouka,” which is the No. 1 brand in sales in the high-cocoa chocolate market, we launched “Chocolate Kouka Cacao 72%” as foods with functional claims in March 2023. In an effort to further increase sales, we reinforced the health benefit feature by mixing cocoa extract powder, which is an in-house developed material, to include a greater amount of cocoa flavanols, offering the health function of increasing HDL cholesterol. In the “Oligo Smart” series, we launched in February five products as foods with functional claims: “Cacao Koku Deep Milk Chocolate,” “Thick Milk Chocolate,” “100 Milk Chocolate,” and “Cacao Koku Deep Milk Chocolate” pouch and large pack types. They offer the health function of fructo-oligosaccharide that increases bifidobacterium to balance the intestinal flora, reflecting our approach to more specifically emphasize health promotion. Under the “Meiji THE Chocolate” brand, we launched products after making significant revamps in terms of further enhanced taste quality, easy-to-eat shaping and individual wrapping, and new package design in September as a way to deliver world-class deliciousness and communicate our sustainability initiative Meiji Cacao Support to customers. We made company-wide efforts in *Femni Care Food* and launched “α-LunA Milk Chocolate” in March 2023 to support the body and health particularly of females.

With the public announcement of Meiji New Action “Open Cacao” in 2022, we held a new product presentation in February 2023 and began distributing via Makuake “Cacaful Tablet,” “Cacaful Sorbet,” and “Cacaful Drink” that use cocoa flavanol extract, which is a new cocoa material developed with our proprietary technology and “Cacawell” that uses cocoa granule, which is a new cocoa material developed with another proprietary technology. Through these products, we introduced the new possibilities of cocoa along with our sustainable initiatives. We delivered information on these new cocoa materials to the global market by participating in an international trade fair held in France in January 2023 as well as in domestic exhibits.

In an effort to spread the culture of “drinking” as a new way of enjoying chocolates, we developed a chocolate drink machine in collaboration with a housing appliance manufacturer and launched the product in a set with “Meiji THE Chocolate” via Makuake in February 2023.

We pursued development of ganache that has new quality features different from those of conventional chocolates and conducted test marketing as part of our preparations for full launch going forward. In addition, we are putting together a global spec in line with foreign laws and regulations for full overseas deployment in the future.

(Gummies)

Given the recognition for the quality of relatively harder texture, we launched another drink flavor “Ramune Up” in June, following the successful launch of “Cola Up.” Adding to our regular “Kaju Gummy” products, we enhanced our lineup with high quality seasonal products to enjoy by launching “Kaju Gummy Dark Cherry” in June, “Organic Blood Orange” in October, “Strawberry” in December, and “Golden Pineapple” in February.

To have customers select our gummy products of their preferred texture, we quantified the chewiness in an easy-to-understand manner using our proprietary device and indicated the chewiness level along with a sensible description on the gummy packaging from August. This initiative has been reported many times on the media and led customers to select gummy products based on chewiness, thereby contributing to sales.

To widen the variety of options in texture, under the “Kaju Gummy” brand, which is the top brand in the gummy market, we launched “Kaju Gummy Chewy Plus” with a relatively hard texture and “Kaju Gummy Soft & Small” with a soft texture in November, and boosted the brand. Meanwhile, in response to the popularity of energy drinks, we launched in March 2023 “Boost Bites” with relatively hard chewiness which is on a growing trend.

To strengthen the attractiveness of “Okuchi no Mikata Gummy” products tailored for dry mouth conditions in an aging society, we began placing the doctor recommended mark on packaging in October. We launched “α-LunA Gummy” as “Meiji Femni Care Food” in October in token of support for female body and health. We are also in the process of coming up with several other gummy products with health benefit features.

As a measure against food loss which has recently been a hot topic, we extended the best-before period from 9 months to 10 months in October as a way of contributing to realizing a sustainable society.

4) Drinking milk business (Drinking milk)

By extending the shelf life of “Meiji Oishii Gyunyu” (125 ml, 125 ml x 3, 200 ml) in April 2022, we have completed the extension of the shelf life of “Meiji Oishii Gyunyu” commercial products to “19 days including the manufacturing date.” In addition, we have been switching the plastics used for caps and pourers to biomass-plastics one by one since July 2022.

For home delivery specialized products, we launched “Meiji 5-Star Custom” and “Meiji Glucosamine 1500 & Collagen 3000” which adopted a newly developed PET bottle container wholly using recycled PET resin in July 2022. “Meiji 5-Star Custom” is the first food with functional claims among Meiji’s delivery specialized products. Digestion resistant dextrin and GABA are reported for “Meiji 5-Star Custom.” Going forward, we will continue to support the health of customers through delivery specialized products with easy continued consumption.

As a new flavor of “Meiji Soreike Anpanman Jelly” that supports the daily health of children, we added “Meiji Soreike Anpanman Yawaraka-mikan Jelly” in March 2023. We realize that children can take nutrition while enjoying it, to support their healthy development.

5) B to B business (Processed food products for professional use)

In April 2022, we launched “Meiji Ajiwai Milk” (1,000 ml), a product with a fresh milk aroma and richness, using Meiji’s unique dairy ingredients.

In the whipped cream business, we relaunched “Meiji Special Whip 2022,” a compound cream for Christmas cakes in September 2022. Moreover, we launched “Meiji Cacao Hitokuchi” with an authentic cocoa flavor in April 2023.

In the sauce business, we launched “Marron Sauce,” a product used in cafés with the image of Mont Blanc in February 2022. Similarly, we also launched “Vanilla Ice Flavor Sauce” with the flavor of vanilla ice cream of floats in March 2023.

We launched “Meiji Hakkou BASEd Cream Cheese Junka” (1 kg x 6/case) in April 2022. With the power of fermentation, this cream cheese deliciously spreads rich and gorgeous aroma and thick texture of cheese taste.

6) Frozen dessert & ready meal business (Ice cream, ready meal, butter and margarine)

(Ice cream)

In the frozen desserts business, we launched two products, “Meiji Essel Super Cup Otona Label Tokoton Chocolat” and “Meiji Essel Super Cup Tokoton Ichigo” as those with more of desserts making the best of materials in December 2022. To meet customer expectations, we will focus on the development of even more delicious and safe products. In addition, we launched “Meiji Bulgaria Frozen Yogurt Dessert Blueberry” in March 2023. It is a product with which you can enjoy smooth and rich ice cream mixed with yogurt and the refreshing taste of blueberry. We will aggressively develop products to expand our range of ice creams with health appeal.

As a new product of ice creams by type, we launched “Meiji Dear Milk” in March 2023. It is a product with the characteristics of concentrated richness and clear after-taste, made from only dairy products utilizing our own technologies, with the aim of developing a new premium ice cream.

(Ready meal)

In the fall of 2022, we launched “Meiji Soup Gohan Clam Chowder” (two pieces) “Meiji Soup Gohan Shoga Soup” (two pieces) with which nutrition can be taken quickly in busy mornings, and in the spring of 2023, we relaunched them as foods with functional claims for people wanting to improve their gut environment. As a new product of the spring of 2023, we launched “Marugoto Yasai Yogurt Plus Four Colorful Vegetable Curry” and “Marugoto Yasai Yogurt Plus Colorful Vegetables and Riped Tomato Penne” with “V1 lactobacilli” which skillfully supports the absorption of vegetables and nutrition of vegetables for one meal. Moreover, we launched “Meiji Zeitaku Yosyoku Chicken Gratin” with special attention to materials, abundantly using raw milk and fresh cream supervised by the chef of the Hotel New Otani.

In our chilled product range, we launched “Marugoto Yasai Yogurt Plus Tomato Cream Soup,” “Marugoto Yasai Yogurt Plus Corn Chowder,” “Marugoto Yasai Yogurt Plus Tomato and Eggplant Vegetable Curry,” and “Marugoto Yasai Yogurt Plus Gorotto Colorful Vegetable Curry” combing “V1 lactobacilli” as with frozen food in the spring of 2023.

In our dry product range, we relaunched popular Ginza Curry series in the fall of 2022, increasing the aroma of spice while reduced salt in consideration of health. Moreover, as new products, we launched “Mezameru Katsuryoku Garlic Black Curry” and “Jinwari Onkatsu Ginger Keema,” and relaunched formerly distributed as chilled products “Meiji TANPACT Corn Soup Made with Milk” and “Meiji TANPACT Pumpkin Soup Made with Milk” by improving them to be handled at room temperature.

(Butter and margarine)

In March 2023, we launched “Meiji Chocolate Kouka Cacao Paste” by one serving of which cocoa polyphenols equivalent to one tablet of “Meiji Chocolate Kouka Cacao 72%” can be taken.

7) Overseas business (Overseas subsidiaries, exports)

In addition to “Meiji SAVAS Whey Protein 100” expanded in China and Taiwan, we launched “SAVAS Soy Protein 100 Cocoa Flavor” in China and Taiwan, and “SAVAS Soy Protein 100 Milk Tea Flavor” in China in October 2022. These are easily dissolvable and delicious products, which employ Meiji’s unique nutrition engineering technology.

In May 2022, we started exporting and selling to Cambodia, “Meiji Hohoemi” (800 g), a powdered milk for babies, and “Meiji

Step," a powdered milk for infants to support the nutritionals that tend to be lacking in the diet of children aged 1 to 3 years old. The powdered milk market in Cambodia has been expanding against the background of its economic growth and the accompanying increase in income.

(2) Pharmaceuticals

The amount of research and development activities in this category for the current fiscal year was JPY 16,386 million.

Meiji Seika Pharma Group is aiming to become a pharma specialist in the area of ethical pharmaceuticals for infectious diseases and central nervous system disorders. At the same time, it is actively conducting research and development activities with a focus on blood cancer and other new fields, and generic drugs. We have invested JPY 10,958 million for research and development expenses related to this business.

Our progress of specific developments is as follows.

We have started Phase III international joint clinical trials for adults and Phase III trials for children in Japan for KD-414, a COVID-19 vaccine that we are jointly developing with KM Biologics. We have started Phase III clinical trials for ARCT-154, a COVID-19 vaccine that were introduced from Arcturus Therapeutics. Phase III clinical trials of ME3208 (KD025), used in the treatment of chronic graft-versus-host disease (cGVHD), are under way in Japan. Phase III international clinical trials of DMB-3115, a biosimilar of the ustekinumab genetic recombinant, have demonstrated its bioequivalence to the original biopharmaceutical. We are currently preparing an application for approval. Phase III international clinical trials of OP0595 (Nacubactam), a β-lactamase inhibitor, have started by the Japan Agency for Medical Research and Development (AMED) as part of its Cyclic Innovation for Clinical Empowerment (CiCLE) program. Phase II clinical trials of ME3183, an orally available PDE4 inhibitor, in the United States and Canada started. For antimalignant tumor agent Hiyasta Tablets, Phase II clinical trials are underway covering patients with relapsed or refractory B-cell non-Hodgkin's lymphoma.

KM Biologics Co., Ltd. has systems in place for everything from research and development through to manufacturing and sales of human vaccines, animal vaccines, and blood plasma products. It also operates the Newborn Screening Center where it conducts mass screening of babies and other work.

The progress of specific developments in the human vaccines field on which KM Biologics focuses, is as follows.

In the field of human vaccines, KM Biologics has been collaborating since May 2020 with the National Institute of Infectious Diseases, the Institute of Medical Science at the University of Tokyo, and the National Institutes of Biomedical Innovation, Health, and Nutrition to develop KD-414, an inactivated vaccine against COVID-19. With the help of grants from the Ministry of Health, Labour and Welfare and the Japan Agency for Medical Research and Development (AMED), they are conducting research and development and establishing production systems. As for the current state of development, clinical studies during Phase I and II clinical trials started in March 2021 have suggested a high level of safety. The results indicate expectations for a certain level of effectiveness, so Phase II and III clinical trials covering adults started in October 2021 confirmed that it has the same level of safety as with the conventional inactivated vaccines, and for the effectiveness, the neutralizing antibody value tends to be higher for younger group as with the Phase I and II clinical trials. Moreover, Phase III clinical rials covering adults (Japan and the Philippines) and Phase II and III clinical trials (Japan) are underway. Furthermore, Phase III clinical trials covering children (Japan) started in January 2023. In addition, Phase I clinical trials of KD-396, a 6-in-1 vaccine for children, started in November 2022. Phase I clinical trials of KD-382, a vaccine against dengue fever, which started in August 2018 in Australia, have now been completed and have confirmed a good level of safety and immunogenicity for healthy adults. In April 2022, we applied for manufacturing and sales approval of KD-370, a 5-in-1 vaccine for children.

In the field of blood plasma products, we applied for a partial change to approved items as an expansion of indication (for regular administration) for Byclot, a hemophilia bypass agent in September 2021, and obtained approval in August 2022.

The progress in specific development items at Meiji Animal Health Co., Ltd. is as follows.

In the field of vaccines, we applied to the Ministry of Agriculture, Forestry and Fisheries for manufacturing and sales approval of KD-412, a vaccine for cattle in December 2022. For the antibacterial agent, we are applying to the Ministry of Agriculture, Forestry and Fisheries for manufacturing and sales approval of ME4137, an antibacterial agent for cattle and swine. We have started necessary tests to apply for manufacturing and sales approval of ME4305, a vaccine for cattle, and MD-22-2001, a vaccine for swine.

Moreover, we are preparing for re-testing of outdoor application testing of ME4406, a livestock feedstuff additive, which corresponds to clinical trial for drug development, for chickens and swine.

(3) Other

The amount of research and development activities in this category for the current fiscal year was JPY 999 million.

While the Co-Creation Center of Meiji Holdings Co., Ltd. has now been in operation for four years, in April 2023, it was renamed to the “Wellness Science Labs” and renewed its research structure and themes as an organization aiming to realize “New challenges in the health value domain,” the business vision in the 2026 Vision, and “Contributions to addressing social issues” listed in the Sustainability Vision. Under the new structure, we are strongly conscious about further focusing on the anti-aging/immunity field which we have been tackling, as well as promoting research themes related to sustainability and digital transformation, and thereby developing a robust research and development infrastructure which supports businesses of the Meiji Group in the future.

The fiscal year 2022 left substantial research achievements, including 14 patent applications, five articles accepted for publication, and five society presentations. Moreover, in terms of the “Realization of open innovation” which is a significant mission of the organization, we have made a substantial progress in cooperation with academia, starting from the establishment of programs at the University of Tokyo, Kyoto University and others.

The Wellness Science Labs will continue to promote challenges in new value fields, using the driving force of innovations to be generated from research activities through the cooperation with academia, venture businesses, etc. in Japan and abroad, with members seconded from the Meiji Group business companies (Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., and KM Biologics Co., Ltd.) cooperating together.

3. Information about Facilities

1. Overview of capital expenditures

The Meiji Group’s total capital expenditures during the current fiscal year were JPY 60,591 million, mainly in the Food and Pharmaceutical Segments. Following is a breakdown by segment.

(1) Food

Capital expenditures of JPY 49,568 million were made during the current fiscal year. The main capital expenditures were by Meiji Co., Ltd. for construction of Eniwa Plant, for new production facilities at its Kyoto Plant, and for construction of Plant at Meiji Food (Guangzhou) Co., Ltd., new manufacturing buildings and production facilities at Meiji Seika Food Industry (Shanghai) Co., Ltd.

(2) Pharmaceutical

Capital expenditures of JPY 10,861 million were made during the current fiscal year. The main capital expenditures were by Meiji Seika Pharma Co., Ltd. for bulk pharmaceutical manufacturing facilities at its Gifu Plant, for manufacturing facilities at its Odawara Plant and for various research and development facilities at its Pharmaceutical Research Center, and by KM Biologics Co., Ltd. for refurbishment-related construction work on the existing buildings of the relocation destination due to the demolishment of main building at the Kumamoto Operating Site.

2. Major facilities

Following are the major facilities in the Meiji Group.

1) Company submitting the Annual Securities Report

As of March 31, 2023

Company name	Operating site (Location)	Segment	Facilities	Book value						Number of employees
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) (m^2)	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Meiji Holdings Co., Ltd.	Head Office (Chuo-ku, Tokyo)	Company-wide	-	3,448	24	8,414 (2,211)	2	58	11,949	80 (13)

2) Domestic subsidiaries

As of March 31, 2023

Company name	Operating site (Location)	Segment	Facilities	Book value						Number of employees
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) (m^2)	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Meiji Co., Ltd.	Tokachi Plant (Memuro, Kasai, Hokkaido)	Food	Production facilities	8,292	10,026	1,270 (138,027)	-	234	19,824	157 (127)
	Eniwa Plant (Eniwa City, Hokkaido)	Food	Production facilities	5,564	6,154	326 (45,746)	-	336	12,382	60 (13)
	Gunma Plant (Isesaki City, Gunma)	Food	Production facilities	1,095	2,168	829 (114,434)	-	80	4,173	205 (79)
	Gunma Nutritionals Plant (Isesaki City, Gunma)	Food	Production facilities	1,368	1,254		-	48	2,672	
	Gunma Pharmaceuticals Plant (Isesaki City, Gunma)	Food	Production facilities	1,303	2,015		-	32	3,351	
	Saitama Plant (Kasukabe City, Saitama)	Food	Production facilities	7,926	5,919	40 (33,059)	-	208	14,095	99 (45)
	Sakado Plant (Sakado City, Saitama)	Food	Production facilities	13,261	10,514	467 (101,318)	17	446	24,708	201 (557)
	Toda Plant (Toda City, Saitama)	Food	Production facilities	3,722	8,236	131 (50,575)	-	200	12,292	178 (100)
	Moriya Plant (Moriya City, Ibaraki)	Food	Production facilities	4,746	10,604	3,709 (109,481)	3	163	19,228	132 (65)
	Tokai Plant (Fujieda City, Shizuoka)	Food	Production facilities	2,494	6,790	1,403 (63,518)	-	196	10,884	173 (201)
	Aichi Plant (Inazawa City, Aichi)	Food	Production facilities	3,367	4,966	3,405 (88,351)	0	99	11,839	152 (74)
	Kyoto Plant (Kyotanabe City, Kyoto)	Food	Production facilities	7,987	15,042	471 (85,003)	-	380	23,881	207 (124)
	Kyoto Lactobacillus Plant (Kyotanabe City, Kyoto)	Food	Production facilities	111	191		-	13	317	

<table>
<tr><th rowspan="2">Company name</th><th rowspan="2">Operating site (Location)</th><th rowspan="2">Segment</th><th rowspan="2">Facilities</th><th colspan="6">Book value</th><th rowspan="2">Number of employees</th></tr>
<tr><th>Buildings and structures (Millions of yen)</th><th>Machinery, equipment and vehicles (Millions of yen)</th><th>Land (Millions of yen) (m²)</th><th>Leased assets (Millions of yen)</th><th>Other (Millions of yen)</th><th>Total (Millions of yen)</th></tr>
<tr><td rowspan="8">Meiji Co., Ltd.</td><td>Osaka Plant (Takatsuki City, Osaka)</td><td>Food</td><td>Production facilities</td><td>8,359</td><td>12,194</td><td>241
(135,525)</td><td>14</td><td>409</td><td>21,220</td><td>211
(515)</td></tr>
<tr><td>Kansai Plant (Kaizuka City, Osaka, etc.)</td><td>Food</td><td>Production facilities</td><td>2,621</td><td>2,111</td><td rowspan="3">-
(-)</td><td>-</td><td>67</td><td>4,800</td><td rowspan="3">216
(127)</td></tr>
<tr><td>Kansai Ice Cream Plant (Kaizuka City, Osaka)</td><td>Food</td><td>Production facilities</td><td>2,089</td><td>1,524</td><td>2</td><td>62</td><td>3,677</td></tr>
<tr><td>Kansai Nutritionals Plant (Kaizuka City, Osaka)</td><td>Food</td><td>Production facilities</td><td>2,274</td><td>1,236</td><td>-</td><td>37</td><td>3,549</td></tr>
<tr><td>Kurashiki Plant (Kurashiki City, Okayama)</td><td>Food</td><td>Production facilities</td><td>7,316</td><td>4,922</td><td>1,606
(104,881)</td><td>-</td><td>147</td><td>13,992</td><td>84
(45)</td></tr>
<tr><td>Branches, offices (Sendai City, Miyagi, etc.)</td><td>Food</td><td>Sales facilities</td><td>616</td><td>1</td><td>845
(12,375)</td><td>972</td><td>220</td><td>2,656</td><td>1,393
(505)</td></tr>
<tr><td>Research laboratory (Hachioji City, Tokyo)</td><td>Food</td><td>Research facilities</td><td>12,459</td><td>864</td><td>4,071
(40,452)</td><td>-</td><td>1,090</td><td>18,485</td><td>478
(39)</td></tr>
<tr><td>Head Office Other (Chuo-ku, Tokyo, etc.)</td><td>Food</td><td>Offices of Head Office Other</td><td>6,675</td><td>278</td><td>11,015
(336,502)</td><td>20</td><td>931</td><td>18,921</td><td>1,072
(185)</td></tr>
</table>

As of March 31, 2023

Company name	Operating site (Location)	Segment	Facilities	Book value						Number of employees
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) (m^2)	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Meiji Seika Pharma Co., Ltd.	Odawara Plant (Odawara City, Kanagawa)	Pharmaceutical	Production facilities	4,035	2,933	129 (43,055)	-	174	7,272	120 (125)
	Gifu Plant (Kitagata Town, Motosu, Gifu)	Pharmaceutical	Production facilities	2,355	2,577	756 (150,688)	-	122	5,811	75 (27)

As of March 31, 2023

Company name	Operating site (Location)	Segment	Facilities	Book value						Number of employees
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) (m^2)	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
KM Biologics Co., Ltd.	Head Office / Kumamoto Production Center (Kumamoto City, Kumamoto)	Pharmaceutical	Head Office / production facilities	7,483	3,499	1,778 (135,411)	-	984	13,745	724 (646)
	Kikuchi Production Center (Kikuchi City, Kumamoto)	Pharmaceutical	Production facilities	3,994	267	249 (190,009)	-	421	4,932	259 (152)
	Koshi Production Center (Koshi City, Kumamoto)	Pharmaceutical	Production facilities	5,977	765	572 (102,283)	-	184	7,499	80 (42)

As of March 31, 2023

Company name	Operating site (Location)	Segment	Facilities	Book value						Number of employees
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) (m^2)	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Shikoku Meiji Co., Ltd.	Kagawa Plant (Mitoyo City, Kagawa)	Food	Production facilities	873	1,982	379 (53,554)	2	64	3,302	66 (1)
Gunma Meiji Co., Ltd.	Head Office / Plant (Maebashi City, Gunma)	Food	Production facilities	866	1,412	1,230 (44,308)	2	80	3,591	103 (12)
Tochigi Meiji Milk Products Co., Ltd.	Head Office / Plant (Utsunomiya City, Tochigi)	Food	Production facilities	3,526	2,769	26 (30,303)	-	98	6,419	88 (20)
Meiji Oils and Fats Co., Ltd.	Osaka Plant (Hirakata City, Osaka)	Food	Production facilities	1,080	463	1,568 (15,716)	3	35	3,152	69 (12)
Meiji Chewing Gum Co., Ltd.	Head Office / Plant (Kiyosu City, Aichi)	Food	Production facilities	1,082	1,548	691 (10,242)	-	67	3,390	137 (36)

(3) Overseas subsidiaries

As of March 31, 2023

Company name	Operating site (Location)	Segment	Facilities	Book value						Number of employees
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) (m^2)	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Medreich Limited	Bengaluru, India	Pharmaceutical	Production facilities	2,971	5,472	526 (107,511)	9	361	9,341	1,533 (854)
Meiji Ice Cream (Guangzhou) Co., Ltd.	Guangzhou, Guangdong, China	Food	Production facilities	1,454	1,572	-	5	43	3,076	240 (-)
Meiji Dairies (Suzhou) Co., Ltd.	Jiangsu, China	Food	Production facilities	2,060	2,253	-	9	97	4,421	179 (-)

(Notes) 1 “Other” under book value refers to tools, furniture and fixtures, and does not include construction in progress.

2 Some land and buildings are leased from entities that are not consolidated companies, but none are material.

3 The figures in parentheses under “Number of employees” are the average numbers of temporary employees for the year, excluding dispatched employees.

4 The settlement date of Meiji Ice Cream (Guangzhou) Co., Ltd. and Meiji Dairies (Suzhou) Co., Ltd. is December 31. Consequently, their book values are listed as of December 31, 2022.

3. Planned addition, retirement, and other changes of facilities

(1) Addition of material facilities, etc.

Planned additions of facilities confirmed as of the end of the current fiscal year are as follows.

Company name Operating site	Location	Segment	Facilities	Planned investment amount		Method of financing	Planned start and completion dates	
				Total amount (Millions of yen)	Amount already paid (Millions of yen)		Start	Completion
Meiji Co., Ltd. Saitama Plant	Kasukabe City, Saitama	Food	Manufacturing building and infant formula production facilities	11,980	9,570	Funds on hand and borrowings	July 2018	September 2023
Meiji Co., Ltd. Eniwa Plant	Eniwa City, Hokkaido	Food	Drinking milk production facility	11,800	10,306	Funds on hand and borrowings	March 2021	June 2023
Meiji Dairies (Tianjin) Co., Ltd.	Tianjin, China	Food	Drinking milk production facility	13,402	10,249	Funds on hand and funds from capital increase	July 2020	January 2023
Meiji Food (Guangzhou) Co., Ltd.	Guangzhou, Guangdong, China	Food	Drinking milk and confectionery production facility	27,754	24,512	Funds on hand and funds from capital increase	July 2021	January 2024
Meiji Seika Food Industry (Shanghai) Co., Ltd.	Shanghai, China	Food	Construction of ice cream plant and production facilities	12,926	6,121	Funds on hand and funds from capital increase	January 2022	March 2024

(Notes) 1 The settlement date of Meiji Dairies (Tianjin) Co., Ltd., Meiji Food (Guangzhou) Co., Ltd. and Meiji Seika Food Industry (Shanghai) Co., Ltd. is December 31. Consequently, their planned investment amounts are listed as of December 31, 2022. Meiji Dairies (Tianjin) Co., Ltd. completed the addition in January 2023.

2 The planned investment amounts of Meiji Dairies (Tianjin) Co., Ltd., Meiji Food (Guangzhou) Co., Ltd. and Meiji Seika Food Industry (Shanghai) Co., Ltd. include the cost of acquiring land-use rights. In addition, Meiji Seika Food Industry (Shanghai) Co., Ltd. incurred sundry expenses for starting construction as an amount already paid in the current fiscal year.

(2) Retirement of material facilities, etc.

There are no planned sale, retirement or other changes of material facilities confirmed as of the end of the current fiscal year.

4. Information about reporting company

1. Company's shares, etc.

(1) Total number of shares

1) Authorized shares

Class	Number of shares authorized
Common share	560,000,000
Total	560,000,000

(Note) In accordance with the resolution of the Board of Directors meeting held on November 8, 2022, changes were made to the Articles of Incorporation due to the share split on April 1, 2023, with the number of shares authorized increased by 560,000,000 shares to 1,120,000,000 shares.

2) Issued shares

Class	Number of issued shares as of fiscal year end (March 31, 2023)	Number of issued shares as of filing date (June 29, 2023)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common share	148,369,500	293,459,000	Tokyo Stock Exchange Prime Market	Number of shares per unit: 100
Total	148,369,500	293,459,000	-	-

(Notes) 1 In accordance with the resolution of the Board of Directors meeting held on November 8, 2022, a two-for-one common stock split was issued on April 1, 2023. As a result, the total number of issued shares increased by 148,369,500 shares to 296,739,000 shares.

2 We canceled 3,280,000 shares of treasury shares (common shares) as of April 3, 2023 by resolution of the Board of Directors meeting held on March 2, 2023. As a result, the total number of issued shares decreased by 3,280,000 shares to 293,459,000 shares.

(2) Share acquisition rights

1) Employee share option plans

Not applicable.

2) Rights plans

Not applicable.

3) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in total number of issued shares, capital share and capital reserve

Date	Change in total number of issued shares	Balance of total number of issued shares	Change in capital share (Millions of yen)	Balance of capital share (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
March 31, 2022 (Note 1)	-4,313,900	148,369,500	-	30,000	-	7,500

(Notes) 1 Decrease due to cancellation of treasury shares.

2 In accordance with the resolution of the Board of Directors meeting held on November 8, 2022, a two-for-one common stock split was issued on April 1, 2023. As a result, the total number of issued shares increased by 148,369,500 shares to 296,739,000 shares.

3 We canceled 3,280,000 shares of treasury shares (common shares) as of April 3, 2023 by resolution of the Board of Directors meeting held on March 2, 2023. As a result, the total number of issued shares decreased by 3,280,000 shares to 293,459,000 shares.

(5) Shareholding by shareholder category

As of March 31, 2023

Categories	Status of shares (Number of shares constituting one unit = 100 shares)								Status of shares less than one unit
	National and local governments	Financial institution	Financial service providers	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	-	141	37	813	680	75	96,733	98,479	-
Number of shares held (number of units)	-	531,166	33,564	131,714	350,984	122	429,104	1,476,654	704,100
Percentage of shareholdings	-	35.97	2.27	8.92	23.77	0.01	29.06	100	-

(Notes) 1 Treasury share as of March 31, 2023 totaled 8,979,636 shares, comprised of 89,796 units included in “individuals and others” and 36 shares included in the “status of shares less than one unit.”

2 “Other corporations” above includes 24 units of shares held in the name of Japan Securities Depository Center, Inc. Similarly, “status of shares less than one unit” includes 38 shares.

(6) Major shareholders

As of March 31, 2023

Name	Address	Number of shares held (Thousand shares)	Percentage of shares held to total number of issued shares (excluding treasury share) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	21,469	15.40
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	7,575	5.43
Nippon Life Insurance Company (Standing agent: The Master Trust Bank of Japan, Ltd.)	1-6-6 Marunouchi, Chiyoda-ku, Tokyo (2-11-3 Hamamatsucho, Minato-ku, Tokyo)	3,348	2.40
The Norinchukin Bank	1-2-1 Otemachi, Chiyoda-ku, Tokyo	2,892	2.07
Meiji Holdings Employee Shareholding Association	2-4-16 Kyobashi, Chuo-ku, Tokyo	2,774	1.99
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing agent: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA, 02171, US (2-15-1 Konan, Minato-ku, Tokyo)	2,763	1.98
Meiji Holdings Trading-Partner Shareholding Association	2-4-16 Kyobashi, Chuo-ku, Tokyo	2,649	1.90
Mizuho Bank, Ltd. (Standing agent: Custody Bank of Japan, Ltd.)	1-5-5 Otemachi, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo)	2,417	1.73
Resona Bank, Limited	2-2-1 Bingomachi, Chuo-Ku, Osaka, Osaka	2,117	1.52
STATE STREET BANK AND TRUST COMPANY 505103 (Standing agent: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,739	1.25
Total	-	49,747	35.69

(Notes) 1 In addition to the above, Meiji Holdings holds 8,979,000 shares of treasury share.

2 On September 21, 2021, a large-volume holdings report (revised report) of Mitsubishi UFJ Financial Group, Inc. and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of September 13, 2021. However, we did not include the information, except that pertaining to Mitsubishi UFJ Financial Group, Inc., in the status of major shareholders above, because we had not confirmed the actual number of shares held as of March 31, 2023.

The content of the large-volume holdings report (the revised report) is as shown below.

Name	Address	Number of shares held	Percentage of shares held to total number of issued shares (%)
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	990,000	0.65
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	5,614,900	3.68
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	1,641,400	1.08

3 On November 18, 2022, a large-volume holdings report (revised report) of BlackRock Japan Co., Ltd. and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of November 15, 2022. However, we did not include the information in the status of major shareholders above, because we had not confirmed the actual number of shares held as of March 31, 2023.

The content of the large-volume holdings report (the revised report) is as shown below.

Name	Address	Number of shares held	Percentage of shares held to total number of issued shares (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	2,466,900	1.66
Aperio Group, LLC	Three Harbor Drive, Suite 204 Sausalito, California, US	176,750	0.12
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	407,299	0.27
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, UK	261,857	0.18
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge Dublin, Ireland	743,827	0.50
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, US	2,786,950	1.88
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, US	1,887,784	1.27
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	239,437	0.16

4 On February 21, 2023, a large-volume holdings report (revised report) of Sumitomo Mitsui Trust Bank, Limited and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of February 15, 2023. However, we did not include the information in the status of major shareholders above, because we had not confirmed the actual number of shares held as of March 31, 2023.

The content of the large-volume holdings report (the revised report) is as shown below.

Name	Address	Number of shares held	Percentage of shares held to total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	1,242,700	0.84
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-Ku, Tokyo	4,366,536	2.94
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	2,762,700	1.86

(7) Voting rights

1) Issued shares

As of March 31, 2023

Categories	Number of shares	Number of voting rights	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (Treasury shares, etc.)	-	-	-
Shares with restricted voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Common shares 8,979,600	-	-
Shares with full voting rights (Other)	Common shares 138,685,800	1,386,858	-
Shares less than one unit	Common shares 704,100	-	-
Total number of issued shares	148,369,500	-	-
Number of voting rights held by all shareholders	-	1,386,858	-

(Notes) 1 Common shares in the "Shares less than one unit" column include 36 shares of treasury shares held by the Company and 38 shares held in the name of Japan Securities Depository Center, Inc.

2 Common shares in the "Shares with full voting rights (Other)" column include 2,400 shares (24 voting rights) held in the name of Japan Securities Depository Center, Inc.

2) Treasury shares, etc.

As of March 31, 2023

Name of shareholder	Address of shareholder	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Percentage of shares held (%)
(Treasury shares) Meiji Holdings Co., Ltd.	2-4-16, Kyobashi, Chuo-ku, Tokyo	8,979,600	-	8,979,600	6.05
Total	-	8,979,600	-	8,979,600	6.05

2. Acquisition and disposal of treasury shares

[Class of shares, etc.] Acquisition of common shares that fall under Article 155, Items (3) and (7) of the Companies Act

(1) Acquisition by resolution of shareholders meeting

Not applicable.

(2) Acquisition by resolution of board of directors meeting

Acquisition under Article 156 of the Companies Act, which is applied pursuant to Article 165, Paragraph 3 of that Act.

Categories	Number of shares	Total amount (Yen)
Board of Directors Resolution (November 8, 2022) (Acquisition period: November 9, 2022 - January 31, 2023)	2,000,000	10,000,000,000
Treasury shares acquired prior to the current fiscal year	-	-
Treasury shares acquired during the current fiscal year	1,501,900	9,996,280,000
Total number and value of remaining shares subject to the resolution	498,100	3,720,000
Ratio of unexercised shares as of the end of the current fiscal year (%)	24.91	0.04
Treasury shares acquired during the current period	-	-
Ratio of unexercised shares as of the filing date (%)	24.91	0.04

(3) Acquisition not based on resolution of shareholders meeting or board of directors meeting

Acquisition pursuant to Article 155, Item (7) of the Companies Act (purchase of shares of less than one unit)

Categories	Number of shares	Total amount (Yen)
Treasury shares acquired during the current fiscal year	2,946	19,274,760
Treasury shares acquired during the current period	1,156	3,711,060

(Notes) 1 A two-for-one common stock split was issued on April 1, 2023. As a result, the number of shares before the share split is shown for treasury shares acquired during the current fiscal year, and the number of shares after the share split is shown for treasury shares acquired during the current period, respectively.

2 Treasury shares acquired during this period do not include the number of shares acquired through the purchase of shares of less than one unit from June 1, 2023 to the filing date of the Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Categories	Current fiscal year		Current period	
	Number of shares	Total amount of disposal (Yen)	Number of shares	Total amount of disposal (Yen)
Acquired treasury shares which were offered to subscribers	73,847	517,667,470	-	-
Acquired treasury shares which were canceled	-	-	3,280,000	8,842,178,080
Acquired treasury shares which were transferred in association with a merger, share exchange, share issuance or company split	-	-	-	-
Other (Sale due to demand for the sale of shares from shareholders holding shares less than one unit)	362	2,371,560	16	53,680
Total number of treasury shares held	8,979,636	-	14,680,412	-

(Notes) 1 A two-for-one common stock split was issued on April 1, 2023. As a result, the number of shares before the share split is shown for treasury shares acquired during the current fiscal year, and the number of shares after the share split is shown for treasury shares acquired during the current period, respectively.

2 “Other” for this period does not include shares of less than one unit sold from June 1, 2023 to the filing date of the Annual Securities Report.

3 The shares held as treasury shares during this period does not include the number of shares resulting from the purchase and sale of shares of less than one unit from June 1, 2023 to the filing date of the Annual Securities Report.

3. Dividend policy

As a company mainly involved in food, health, and pharmaceuticals, we are a familiar brand that strives for lifelong engagement with our customers. This means that ensuring a long-term, stable financial platform is critical to our success.

In our 2023 Medium-Term Business Plan, we will promote business management focused on ROIC. We will enhance and improve our business structure towards increasing capital productivity. We will build a firm financial platform by practicing the disciplined distribution of management resources.

We also recognize that appropriate profit returns to our shareholders is a critical management issue. We will increase our dividend payout ratio to around 40% by the end of FYE March 2024. We will also evaluate share repurchasing as necessary based on a careful analysis of numerous factors, including our optimal capital structure and capital surplus.

Furthermore, in the event of significant fluctuations in profit attributable to owners of parent due to extraordinary factors, dividend amounts may be determined after the elimination of those factors.

The Company’s basic policy is to pay dividends from surplus twice annually—an interim dividend and a year-end dividend—and the decision-making organization for each dividend payment is the Board of Directors.

The Company’s Articles of Incorporation stipulate that “The Company may pay interim dividends through a resolution of the Board of Director by setting the record date to September 30 each year.”

For the current fiscal year, the Company paid an interim dividend of JPY 85.00 per share and decided on June 7, 2023 to pay a year-end dividend of JPY 95.00 per share. As a result, the consolidated dividend payout ratio will be 36.4%.

For the annual dividend for the fiscal year ending March 31, 2024, we are planning a dividend of JPY 95.00 (JPY 47.50 at end of second quarter and JPY 47.50 at end of fiscal period) (equivalent to JPY 190.00 before the stock split), and forecasting a dividend payout ratio of 52.3%.

Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
November 8, 2022 Board of Directors resolution	11,975	85.00
May 11, 2023 Board of Directors resolution	13,242	95.00

4. Corporate governance

(1) Overview of corporate governance

1) Fundamental ideas of corporate governance

As a corporate group in the Food and Health fields, the Meiji Group's goal is to continue finding innovative ways to meet our customers' needs, today and tomorrow. In this way, we aim to achieve sustainable growth and increase corporate value over the medium- to long-term. The Group's governance system including the Board of Directors is developed and operated to achieve the medium- to long-term management strategies formulated based on the Group's Philosophy.

2) Corporate governance system

(i) Overview of corporate governance system and the reason for adopting this system

The Company has adopted the system of a company with an Audit & Supervisory Board to further enhance the objectivity and transparency of management through the supervisory function of the Board of Directors and the auditing function of Audit & Supervisory Board Members.

The Board of Directors comprises directors with diverse backgrounds, formulates and implements overall group strategies, supervises of the management of operating companies, and executes highly effective supervision of directors and executive officers from an independent and objective standpoint. To enhance the effectiveness and transparency of the Board of Directors, we established a system to utilize the opinions of independent outside directors in management by appointing four independent outside directors out of nine directors. In accordance with the Rules of the Board of Directors, the Board of Directors meets monthly, in principle, to deliberate and decide on the most important matters. The names of the directors who are members of the Board of Directors and those who are independent outside directors are as stated in "4. Corporate Governance, (2) Directors and other officers, 1) List of directors and other officers." The meeting is chaired by CEO, President and Representative Director Kazuo Kawamura.

Together with the Board of Directors, the Audit & Supervisory Board plays a role in the governance of the Company and is strengthening the management monitoring function from an independent and objective standpoint in accordance with its fiduciary responsibility to shareholders for the sound and sustainable growth of the Group and the enhancement of corporate value over the medium to long term. Two of the four auditors are unaffiliated auditors to organically leverage the information-gathering capabilities of full-time auditors and the independence of unaffiliated auditors to enhance the effectiveness of audits. The names of the auditors who are members of the Audit & Supervisory Board and those who are outside Audit & Supervisory Board Members are as stated in "4. Corporate Governance, (2) Directors and other officers, 1) List of directors and other officers." The meeting is chaired by Mr. Hiroaki Senda, a member of the Audit & Supervisory Board.

The Audit & Supervisory Board deliberates on proposals for the nomination or removal of directors and Audit & Supervisory Board Members and nomination or removal of executive officers, including the president. The Committee also deliberates and gives advice on matters such as succession plans, and, together with the Nomination Committee, which reports to the Board of Directors, deliberates on the policy, amount, and level of remuneration and so on for directors and executive officers. A Compensation Committee, which reports to the Board of Directors, has been established a comprises four independent outside directors (Ms. Mariko Matsumura, Mr. Masaya Kawada, Ms. Michiko Kuboyama, and Mr. Peter D. Pedersen) and one internal director (Mr. Kazuo Kawamura). The Nomination Committee is chaired by Ms. Mariko Matsumura and the Compensation Committee is chaired by Mr. Masaya Kawada.

The Company has also introduced an executive officer system to accelerate decision-making and clarify responsibility for business execution so that we can fully perform both the supervision and execution functions of management.

A chief officer system has also been introduced to strengthen group management. Serving in the highest positions of responsibility within the Group, chief officers supervise and oversee Group business or functions in accordance with the basic management policies determined by the Board of Directors. Mr. Kazuo Kawamura serves as Chief Executive Officer (CEO), Mr. Koichiro Shiozaki as Chief Financial Officer (CFO), Mr. Jun Furuta as Chief Sustainability Officer (CSO), Mr. Katsunari Matsuda as Chief Operating Officer (COO) in charge of the Food Segment, Mr. Daikichiro Kobayashi as Chief Operating Officer (COO) in charge of the Pharmaceutical Segment, and Mr. Yuhei Matsumoto as Chief Human Resource Officer (CHRO).

In addition to the chief officer system, the Group Strategy Meeting, consisting of members appointed by Mr. Kazuo Kawamura, the CEO and President, is held monthly, in principle, to determine the direction of critical matters such as the Group's general vision, business plans, business policies, and the distribution of management resources.

In addition, the Management Committee, chaired by the CEO and President Kazuo Kawamura, meets twice each month, in principle, to discuss and decide matters of material importance relating to execution, thereby achieving prompt and appropriate business execution.

(ii) Progress of the development of internal control systems and risk management systems

The Company and the Group companies provide products and services to a large number of customers through our food and pharmaceuticals business operations. The Meiji Group strives to establish an internal control system befitting the Group and the Group companies that is based on mutual collaboration and multifaceted checking functions to ensure directors, executive officers, and other employees comply with the Food Sanitation Act, the Law for Ensuring Quality, Efficacy, and Safety of Drugs and Medical Devices, and other statutory laws and regulations and the Articles of Incorporation, thereby ensuring fair and sound business activities firmly rooted in compliance.

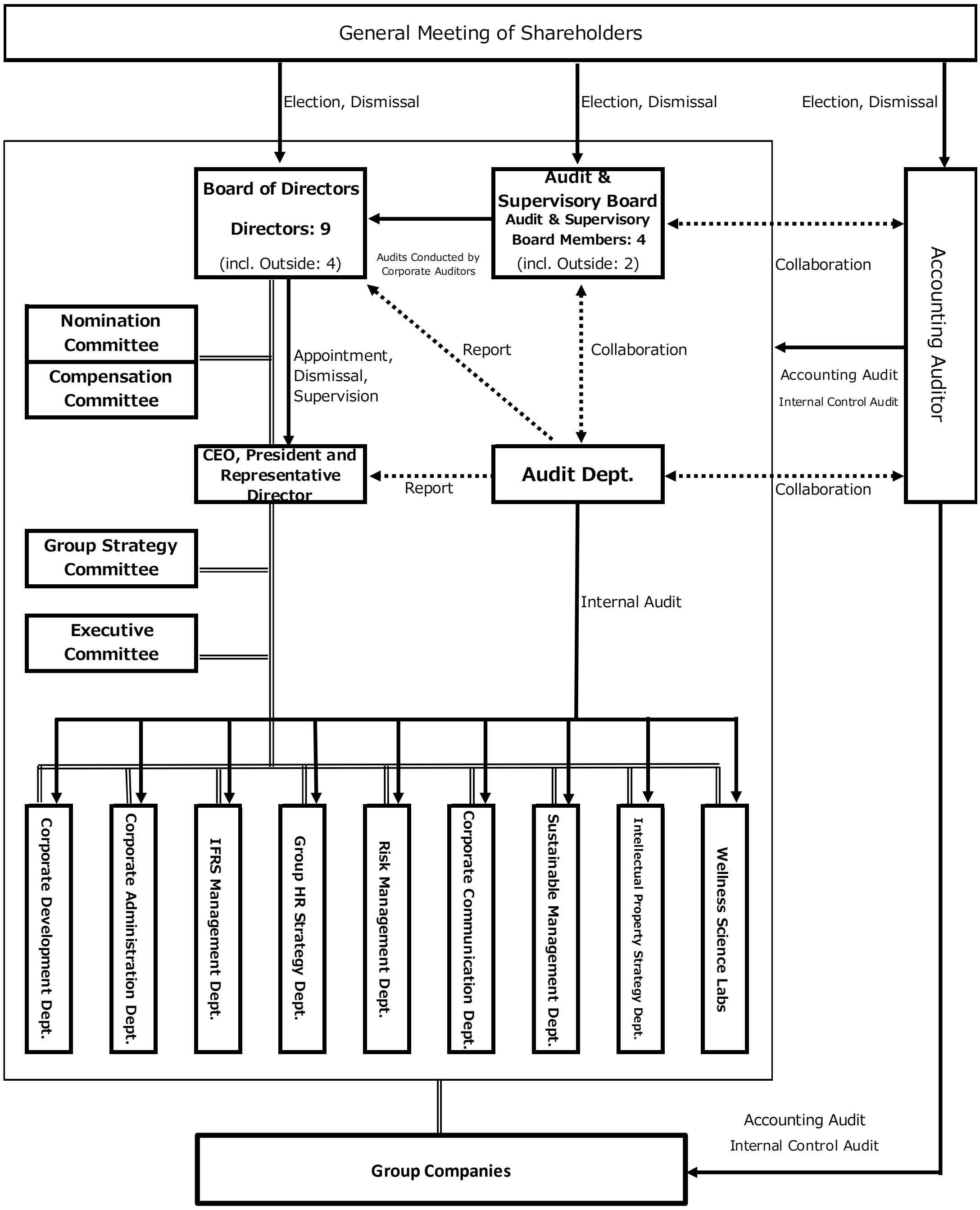
A basic policy of the Company and the Group companies is to preempt damage to shareholders and other stakeholders and endeavor to improve sustainable corporate value by earning the trust of our customers and maximizing shareholder value.

Progress of System Development

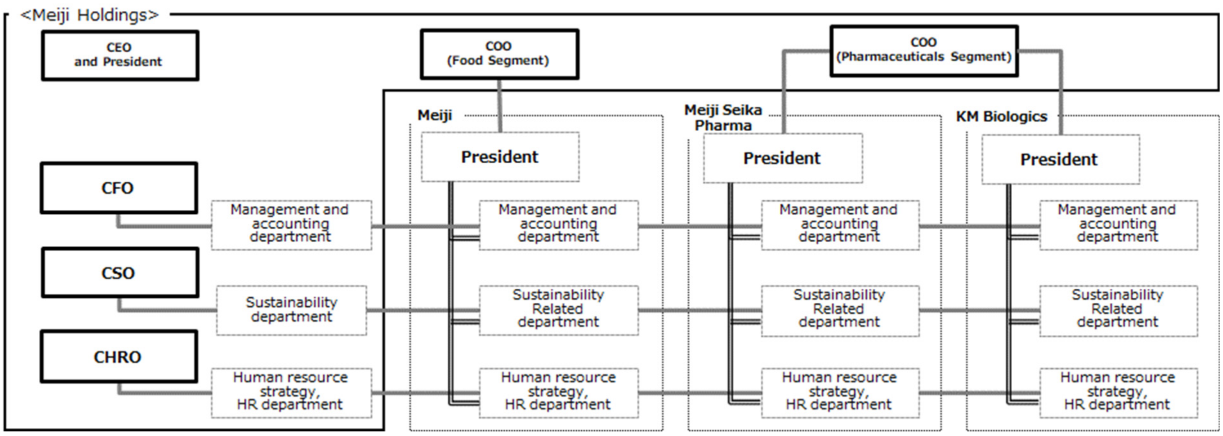
1. Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of duties by directors, executive officers, and employees
   To ensure thorough corporate governance, the Group has adopted business management structures and clearly define the responsibilities for the Company as the holding company overseeing business management among the Group, and the responsibilities for the Group companies as the organizations executing the business of the Group. The organizational structure that the Company has adopted for this purpose is that of a "company with audit & supervisory board members" (kansayaku-kai secchi kaisha), while the structure adopted by the Group companies is that of a "company with audit & supervisory members" (kansayaku secchi kaisha). The Company and the Group companies have constructed and operate effective compliance systems. In the case of the Company, these systems include the Compliance Regulations and related regulations, which incorporate the Group's corporate philosophy. In the case of the Group companies, they include related regulations and the related committees.
2. Systems for storing and managing information related to the execution of duties by director
   The Company has developed the Regulations for Handling Documents and Regulations for Managing Confidential Information, and constructed systems for storing and managing important documents related to the business management or business execution by the Company or the Group companies.
3. Procedures and other systems related to managing the risk of loss
   To address risks to the smooth operation of business at an organizational and systematic level, the Company and the Group companies have developed rules for managing each risk, and constructed risk management systems in accordance with these rules.
   The Company and the Group companies ensure unerring risk management by establishing risk-related committees that manage risk at an organizational and systematic level, and they have also developed systems for minimizing the risk of damages during emergency situations.
4. Systems for ensuring that directors and executive officers conduct their duties efficiently
   The Company and the Group companies' boards of directors determine the duties of directors and executive officers. Directors and executive officers discharge these duties appropriately in accordance with the Duties Regulations, which defines the segregation of duties and authorities, and other relevant regulations.
   The Company integrates and coordinates the business operations of the Company and the Group companies by having its Executive Committee review important matters pertaining to the Group as a whole. The Group companies help accelerate decision-making and streamline the execution of duties by making it a principle to have their executive committees conduct a full preliminary review of important matters pertaining to business management.
5. Systems for ensuring the appropriate execution of duties in the corporate group consisting of the Company and Group companies
   The Company and the Group companies share the same ethos concerning internal control systems and have developed systems for ensuring appropriate execution of duties and reliable financial reporting.
   The Group Company Administration Regulations and related regulations define the roles, authorities, and responsibilities among the Group. Duties are executed appropriately so as to contribute to the rationalization and optimization of business processes across the Group.
   Specifically, each Group company has constructed their own systems under 1, 3, and 4 above, and the Company receives reports as appropriate on matters pertaining to duties in Group companies in accordance with the Group Company Administration Regulations.

6. Systems for ensuring reliability in financial reporting
   To ensure reliability in financial reporting, the Company and the Group companies have constructed internal control systems for financial reporting; this includes developing and operating systems of evaluation and reporting as appropriate.
7. Matters concerning employees who are assigned to assist in the duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members requests such assistance; matters concerning the independence of said employees from directors; matters concerning the effectiveness of orders issued by Audit & Supervisory Board Members to said employees
   After consulting with Audit & Supervisory Board Members, the representative director assigns employees to assist in the duties of the Audit & Supervisory Board Members. Authority to issue orders to said employees is delegated to the Audit & Supervisory Board Members, and any decisions regarding the appointments, reshuffles, and appraisals of said employees require the consent of the Audit & Supervisory Board Members. These measures ensure the effectiveness of orders issued by Audit & Supervisory Board Members to said employees.
8. Systems under which directors, executive officers, and employees report to Audit & Supervisory Board Members; systems under which directors, Audit & Supervisory Board Members, executive officers, employees, or persons who receive reports from said persons report to the Company's Audit & Supervisory Board Members; other systems concerning reporting to Audit & Supervisory Board Members
   In the case of the Company, directors, executive officers, and employees report business management decisions and the status of the execution of business to the Audit & Supervisory Board Members via the Board of Directors, the Executive Committee, and major internal meetings, and also by issuing regular reports and forwarding important documents. In the case of the Group companies, directors, Audit & Supervisory Board Members (or the equivalent thereof), executive officers, employees, or persons who receive reports from said persons report the above matters via meetings with the Company's Audit & Supervisory Board Members and by issuing reports and disclosing important documents as necessary.
   When the Audit & Supervisory Board Member requests reports of projects of the Company and Group companies or when investigating the performance of the Company and Group companies or the status of assets, a prompt and appropriate responses are made.
9. Systems for ensuring that persons who make reports mentioned in 8 above do not suffer any disadvantage by reason of such reporting
   The Company and the Group companies have established rules and regulations on whistleblowing prohibiting the disadvantageous treatment of whistleblowers by reason of their whistleblowing. In accordance with these rules and regulations, the Company has developed systems for ensuring that persons who make reports mentioned in 8 above do not suffer any disadvantage by reason of such reporting.
10. Matters concerning the procedure for paying or reimbursing costs arising from the performance of Audit & Supervisory Board Members' duties, or any other policy regarding the processing of costs or liabilities arising from the performance of such duties
   The Company appropriates a certain amount of funds each fiscal year to cover the costs and liabilities incurred in connection with Audit & Supervisory Board Members' execution of duties. If an Audit & Supervisory Board Member, pursuant to the provisions of Article 388 of the Companies Act, requests payment in advance for expenses associated with their duties, the Board of Directors will review the matter and the Company will then promptly pay the expenses, except in cases where it deems that the expenses or liabilities related to such request is not necessary for the execution of the duties of the member concerned.
11. Systems for ensuring that the Company's Audit & Supervisory Board Members conduct audits effectively
   The representative director holds regularly meetings to exchange opinions with Audit & Supervisory Board Members. The representative directors and directors of the Company and the Group companies understand the importance and usefulness of Audit & Supervisory Board audits, and they actively cooperate with Audit & Supervisory Board Members during their audits.
12. Basic Views on Eliminating Anti-Social Forces
   In accordance with the Corporate Behavior Charter and Compliance Regulations, the Company and Group companies sever all relationships with antisocial forces and groups that threaten the order and safety of civil society. In the case where a crime syndicate employs intimidation or otherwise poses a threat, the Company has developed a system for responding swiftly in close collaboration with public bodies such as the police and with attorneys.

The schematic diagram of the Company's corporate governance is as follows.



In addition, the Group's chief officer management system is as follows.



3) Overview of the limited liability contracts executed with outside directors and Audit & Supervisory Board Members

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company enters into contracts with its outside directors and Audit & Supervisory Board Members limiting their liabilities under Article 423, Paragraph 1 of the said Act. The maximum amount of liabilities under such contracts is as prescribed in applicable laws and regulations.

4) Number of directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 15 directors.

5) Requirements for resolutions for the election of directors

The Company's Articles of Incorporation stipulate that a resolution for the election of directors shall be adopted by a majority of the voting rights of the shareholders present where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present and that cumulative voting shall not be used.

6) Dividends of surplus

To ensure efficient management of funds for future business expansion and capital expenditures as well as to enable flexible payment of dividends, the Company's Articles of Incorporation stipulate that matters related to dividends from surplus as stipulated in each item of Article 459, Paragraph 1 of the Companies Act shall be determined by a resolution of the Board of Directors instead of the General Meeting of Shareholders, unless otherwise provided by laws and regulations.

7) Interim dividends

The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends (which refers to the distribution of surplus as provided for in Article 454, paragraph 5 of the Companies Act).

8) Acquiring Treasury Shares

The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act, acquire its own shares to enable the execution of a flexible capital policy in response to changes in the business environment.

9) Exemption from liability of directors and Audit & Supervisory Board Members

The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors pursuant to Article 426, Paragraph 1 of the Companies Act, exempt directors (including those who were directors) and Audit & Supervisory Board Members (including those who were Audit & Supervisory Board Members) from liability for damages to the extent provided by laws and regulations for the directors and Audit & Supervisory Board Members to fulfill the roles expected of them when carrying out their duties.

10) Requirements for special resolutions

To avoid a situation in which it becomes impossible to carry out actions necessary for company management that are important for shareholders' interests including reorganization and amendment of the Articles of Incorporation, the Company's Articles of Incorporation stipulate that a resolution of the General Meeting of Shareholders pursuant to Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the voting rights of the shareholders present and holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights.

11) Overview of the limited liability contract entered into with Accounting Auditor

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and Ernst & Young ShinNihon LLC, the Company's accounting auditor, have entered into a contract limiting liability under Article 423, Paragraph 1 of the Act. The maximum amount of liability under the contract is as prescribed in applicable laws and regulations.

12) Activities of the Board of Directors

In order to promote the realization of the Group Philosophy, sustainable growth of the Group and improvement of corporate value in the medium- to long-term, and improve profitability and capital efficiency, the Board of Directors formulates and implements overall group strategies, supervises of the management of operating companies, and executes highly effective supervision of directors and executive officers from an independent and objective standpoint.

In the current fiscal year, 19 meetings of the Board of Directors were held. At these meetings, in addition to holding discussions on important business plans and business budgets, matters related to general management policies, the conclusion of important agreements, and the appointment of Director candidates and executive officers, the Board of Directors also confirmed initiatives for sustainability, important themes related to human resources, assessment and supervision of management risks, and results of internal audits.

The attendance of individual Directors and Audit & Supervisory Board Members is as follows.

Number of the Board of Directors meetings held during the current fiscal year		Total 19 times
Members of the Board of Director	*Kazuo Kawamura	19/19
Members of the Board of Director	Daikichiro Kobayashi	19/19
Members of the Board of Director	Katsunari Matsuda	19/19
Members of the Board of Director	Koichiro Shiozaki	19/19
Members of the Board of Director	Jun Furuta	19/19
Members of the Board of Director	Mariko Matsumura (Independent)	17/19
Members of the Board of Director	Masaya Kawata (Independent)	19/19
Members of the Board of Director	Michiko Kuboyama (Independent)	19/19
Members of the Board of Director	Peter D. Pedersen (Independent)	14/14
Audit & Supervisory Board Member	Hiroaki Chida:	19/19
Audit & Supervisory Board Member	Takayoshi Ohno	19/19
Audit & Supervisory Board Member	Hajime Watanabe (Independent)	19/19
Audit & Supervisory Board Member	Makoto Ando (Independent)	19/19

(Note) For Director Pedersen, the number of Board of Directors meetings after assuming office is stated.

* indicates chairperson.

13) Activities of the Nomination Committee

The Company held four meetings of the Nomination Committee in the current fiscal year, and the Committee deliberated and reported to the Board of Directors on proposals for the nomination or removal of Directors and Audit & Supervisory Board Members, and nomination or removal of executive officers, including the President, and matters such as succession.

The attendance of individual Committee members is as follows.

Number of the Nomination Committee held during the current fiscal year		Total 4 times
Members of the Board of Director	Kazuo Kawamura	4/4
Members of the Board of Director	*Mariko Matsumura (Independent)	4/4
Members of the Board of Director	Masaya Kawata (Independent)	4/4
Members of the Board of Director	Michiko Kuboyama (Independent)	4/4
Members of the Board of Director	Peter D. Pedersen (Independent)	3/3

(Note) For Director Pedersen, the number of Board of Directors meetings after assuming office is stated.

* indicates chairperson.

14) Activities of the Compensation Committee

The Company held three meetings of the Compensation Committee in the current fiscal year, and the Committee deliberated and reported to the Board of Directors' policies regarding the determination of compensation for Directors and executive officers, the amount of compensation, the level of compensation, etc.

The attendance of individual Committee members is as follows.

Number of the Compensation Committee held during the current fiscal year		Total 3 times
Members of the Board of Director	Kazuo Kawamura	3/3
Members of the Board of Director	Mariko Matsumura (Independent)	3/3
Members of the Board of Director	*Masaya Kawata (Independent)	3/3
Members of the Board of Director	Michiko Kuboyama (Independent)	3/3
Members of the Board of Director	Peter D. Pedersen (Independent)	1/1

(Note) For Director Pedersen, the number of Board of Directors meetings after assuming office is stated.

* indicates chairperson.

(2) Directors and other officers

1) List of Directors and other officers

Men: 10 Female: 3 (the ratio of female directors (and other officers) 23.1%)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held
CEO, President and Representative Director	Kazuo Kawamura	August 25, 1953	April 1976 Joined Meiji Dairies (Note 4) June 2007 Director, Meiji Dairies June 2009 Executive Officer, Meiji Dairies June 2010 Director, Meiji Dairies June 2010 Managing Executive Officer, Meiji Dairies April 2011 Member of the Board, Meiji (incumbent) April 2011 Senior Managing Executive Officer, Meiji June 2012 Representative Director, Meiji June 2012 President, Meiji June 2012 Member of the Board, the Company (incumbent) June 2018 Member of the Board, Meiji Seika Pharma (incumbent) June 2018 Representative Director, the Company (incumbent) June 2018 President, the Company (incumbent) April 2019 President (Co-Creation Center), the Company June 2020 CEO, the Company (incumbent) June 2020 President (Corporate Development Dept.), the Company (incumbent) April 2021 President (Group HR Strategy Dept.), the Company (incumbent) April 2023 President (Intellectual Property Strategy Dept.), the Company (incumbent) April 2023 President (Wellness Science Labs), the Company (incumbent)	(Note 5)	101,265 (Note 7)
COO (Pharmaceutical Segment), Member of the Board and Executive Officer	Daikichiro Kobayashi	August 21, 1954	April 1979 Joined Meiji Seika (Note 3) June 2010 Executive Officer, Meiji Seika April 2011 Executive Officer, Meiji Seika Pharma June 2013 Member of the Board, Meiji Seika Pharma (incumbent) June 2013 Managing Executive Officer, Meiji Seika Pharma June 2014 Representative Director, Meiji Seika Pharma (incumbent) June 2014 President, Meiji Seika Pharma (incumbent) June 2014 Member of the Board, the Company (incumbent) June 2020 Executive Officer, the Company (incumbent) June 2020 COO (Pharmaceutical Segment), the Company (incumbent) June 2021 Chairman and Representative Director, KM Biologics (incumbent)	(Note 5)	36,589 (Note 7)
COO (Food Segment), Member of the Board and Executive Officer	Katsunari Matsuda	August 25, 1957	April 1980 Joined Meiji Dairies (Note 4) June 2012 Executive Officer, Meiji June 2015 Managing Executive Officer, Meiji June 2017 Member of the Board, Meiji (incumbent) June 2017 Senior Managing Executive Officer, Meiji June 2018 Representative Director, Meiji (incumbent) June 2018 President, Meiji (incumbent) June 2018 Member of the Board, the Company (incumbent) June 2020 COO (Food Segment), the Company (incumbent)	(Note 5)	35,482 (Note 7)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held
CFO, Member of the Board and Senior Managing Executive Officer, Corporate Administration Department / IFRS Management Department / Risk Management Department	Koichiro Shiozaki	August 22, 1954	April 1978 Joined Meiji Dairies (Note 4) April 2011 Executive Officer, Meiji June 2015 Member of the Board, the Company (incumbent) June 2015 Executive Officer, the Company June 2015 General Manager, Financial & Accounting Dept., the Company June 2017 Managing Executive Officer, the Company April 2020 Managing Executive Officer (Financial & Accounting Dept.), the Company June 2020 Senior Managing Executive Officer, the Company (incumbent) June 2020 CFO, the Company (incumbent) June 2020 Senior Managing Executive Officer (HR & General Affairs Dept.), the Company June 2020 Member of the Board, Meiji Seika Pharma (incumbent) June 2020 Member of the Board, KM Biologics (incumbent) April 2021 Senior Managing Executive Officer (Corporate Administration Dept.), the Company (incumbent) April 2021 Senior Managing Executive Officer (Risk Management Dept.), the Company (incumbent) April 2023 Senior Managing Executive Officer (IFRS Management Dept.), the Company (incumbent)	(Note 5)	36,339 (Note 7)
CSO, Member of the Board and Senior Managing Executive Officer, Corporate Communication Department / Sustainable Management Department	Jun Furuta	August 17, 1957	April 1981 Joined Meiji Seika (Note 3) June 2013 Executive Officer, Meiji June 2014 Member of the Board, the Company (incumbent) June 2014 Executive Officer, the Company June 2014 General Manager, PR & IR Dept., the Company June 2018 Managing Executive Officer, the Company October 2019 Managing Executive Officer (Sustainable Management Dept.), the Company (incumbent) April 2020 Managing Executive Officer (PR & IR Dept.), the Company June 2020 Senior Managing Executive Officer, the Company (incumbent) June 2020 CSO, the Company (incumbent) June 2020 Member of the Board, Meiji (incumbent) April 2022 Senior Managing Executive Officer (Corporate Communication Dept.), the Company (incumbent)	(Note 5)	21,947 (Note 7)
Member of the Board Note 1	Mariko Matsumura	September 24, 1959	April 1988 Admitted to the bar in Japan as Attorney at Law April 1988 Joined Braun Moriya Hoashi & Kubota February 1994 Joined Ryudo Sogo Law Offices January 2006 Joined Shinwa Sogo Law Offices (incumbent) June 2018 Outside Member of the Board, the Company (incumbent) April 2022 President, Dai-Ichi Tokyo Bar Association April 2022 Vice President, Japan Federation of Bar Associations	(Note 5)	1,507 (Note 7)
Member of the Board Note 1	Masaya Kawata	April 20, 1952	April 1975 Joined Nisshinbo Industries, Inc. (currently Nisshinbo Holdings Inc.) June 2006 Managing Officer, Nisshinbo Industries, Inc. June 2007 Director, Nisshinbo Industries, Inc. (incumbent) April 2009 President and Representative Director of Nisshinbo Brake Inc. June 2010 Executive Managing Officer, Nisshinbo Holdings Inc. June 2011 President and Representative Director, Nisshinbo Chemical Inc.	(Note 5)	1,377 (Note 7)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held
			June 2012 Senior Executive Managing Officer, Nisshinbo Holdings Inc. June 2012 President and Representative Director, Nisshinbo Mechatronics Inc. June 2013 President and Representative Director, Nisshinbo Holdings Inc. March 2019 Chairman and Representative Director, Nisshinbo Holdings Inc. June 2021 Outside Member of the Board, the Company (incumbent) March 2022 Chairman and Director, Nisshinbo Holdings Inc.		
Member of the Board Note 1	Michiko Kuboyama	April 16, 1956	April 1980 Joined Kao Soap Co., Ltd. (currently Kao Corporation) April 2006 General Manager, Products Public Relations Department, Kao Corporation April 2011 General Manager, Products Public Relations Center, Kao Corporation May 2016 Communication Fellow, Lifestyle Research Department, Kao Corporation June 2021 Outside Member of the Board, the Company (incumbent)	(Note 5)	688 (Note 7)
Member of the Board Note 1	Peter D. Pedersen	November 29, 1967	September 2000 President, E-Square Inc. January 2015 Representative Director, Next Leaders' Initiative for Sustainability (NELIS) August 2020 Representative Director, NPO NELIS (incumbent) June 2022 Outside Member of the Board, the Company (incumbent)	(Note 5)	266 (Note 7)
Audit & Supervisory Board Member (Full-time)	Hiroaki Chida	October 22, 1959	April 1982 Joined Meiji Dairies (Note 4) April 2011 General Manager, Operation Management Dept., Chubu Sales Headquarters, Meiji April 2013 General Manager, Audit Dept., Meiji April 2017 General Manager, Administration Dept., Administration Div., Meiji June 2018 Executive Officer, Meiji April 2021 Associate General Manager of Corporate Business Div., Meiji June 2021 Company Audit & Supervisory Board Member (incumbent) June 2022 Audit & Supervisory of KM Biologics Co. Ltd. (incumbent)	(Note 6)	7,888 (Note 7)
Audit & Supervisory Board Member (Full-time)	Takayoshi Ohno	October 29, 1960	April 1983 Joined Meiji Seika (Note 3) October 2011 General Manager, Marketing Planning Strategy Dept., Meiji Seika Pharma June 2012 General Manager, Chiba & Saitama Branch, Meiji Seika Pharma October 2014 General Manager, Fukuoka Branch, Meiji Seika Pharma October 2015 General Manager, Marketing Planning Strategy Dept., Meiji Seika Pharma July 2017 General Manager, Marketing Planning Strategy Dept., Meiji Seika Pharma June 2020 Executive Officer, Meiji Seika Pharma October 2020 General Manager, CNS Product Marketing Dept., Meiji Seika Pharma June 2021 Company Audit & Supervisory Board Member (incumbent)	(Note 6)	7,135 (Note 7)
Audit & Supervisory Board Member Note 2	Hajime Watanabe	July 28, 1959	April 1987 Admitted to the bar in Japan as Attorney at Law (Daini Tokyo Bar Association) April 1987 Joined Mori Sogo Law Offices (currently Mori Hamada & Matsumoto) September 1994 Admitted to the bar in the state of Illinois, the United States, as Foreign Legal Consultant May 1995 Admitted to the bar in the state of New York, the United States, as Attorney at Law April 2007 Opened STW & Partners (currently SHIOMIZAKA) June 2010 Substitute Audit & Supervisory Board Member, Meiji June 2013 Outside Audit & Supervisory Board Member, the Company (incumbent)	(Note 6)	-

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held
			January 2022 Established Watanabe & Shimizu (incumbent)		
Audit & Supervisory Board Member Note 2	Makoto Ando	October 8, 1959	October 1984 Joined Sanwa Tokyo Marunouchi Office Audit Corporation (currently Deloitte Touche Tohmatsu LLC) December 1988 Joined KPMG Peat Marwick New York Office April 1991 Joined Sakurai Accounting Office April 1994 Joined Tokyo Metropolitan Police Department April 2002 Joined Ando Tax & Accounting Office (currently Hibiki Tax Corporation) April 2002 Joined Ando Certified Public Accountant Joint Office (incumbent) June 2017 Outside Audit & Supervisory Board Member, the Company (incumbent)	(Note 6)	7,216 (Note 7)
Total					257,699

(Notes) 1 Among the directors, Mariko Matsumura, Masaya Kawata, Michiko Kuboyama, and Peter D. Pedersen are outside directors.

2 Among the auditors, Hajime Watanabe and Makoto Ando are outside auditors.

3 Meiji Seika Kaisha, Ltd. changed its trade name to Meiji Seika Pharma Co., Ltd. as of April 1, 2011.

4 Meiji Dairies Corporation changed its trade name to Meiji Co., Ltd. as of April 1, 2011.

5 The term of office of the directors is from the close of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2023 to the close of the ordinary general meeting of shareholders for the fiscal year ending March 31, 2024.

6 The term of office of the auditors is from the close of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2021 to the close of the ordinary general meeting of shareholders for the fiscal year ending March 31, 2025.

7 A two-for-one common stock split was issued on April 1, 2023. The number of shares held by each officer is the number of shares after the share split.

8 The Company introduced an executive officer system. There are eight executive officers, five of whom also serve as directors. The table below shows the executive officers.

Name	Positions & Responsibilities
Kazuo Kawamura	CEO, President Corporate Development Dept., Group HR Strategy Dept., Intellectual Property Strategy Dept., and Wellness Science Labs
Daikichiro Kobayashi	COO (Pharmaceutical Segment), Executive Officer
Katsunari Matsuda	COO (Food Segment), Executive Officer
Koichiro Shiozaki	CFO, Senior Managing Executive Officer Corporate Administration Dept., IFRS Management Dept., and Risk Management Dept.
Jun Furuta	CSO, Senior Managing Executive Officer Corporate Communication Dept., Sustainable Management Dept.
Shigeru Taniguchi	Executive Officer Intellectual Property Strategy Dept., and Wellness Science Labs
Shinji Matsuoka	Executive Officer, Head of Sustainable Management Dept.
Yuhei Matsumoto	CHRO, Executive Officer, Head of Group HR Strategy Dept.

2) Outside Directors and Outside Auditors

The Company has four Outside Members of the Board and two Outside Audit & Supervisory Board Members.

Members of the Board Mariko Muramatsu, Masaya Kawata, Michiko Kuboyama, Peter D. Pedersen, and Audit & Supervisory Board Member Makoto Ando hold shares of the Company. Peter D. Pedersen has been receiving remuneration as an outside expert for the Company’s ESG Advisory Board since fiscal year 2021. In addition, he is the representative director of NELIS, a nonprofit organization, and the Company takes part in the activities organized by NELIS. The Company paid less than JPY 2 million for such remuneration and participation fees in the previous fiscal year, which meets our Criteria for Independence.

Other than the above, the Company does not have any personal, capital, business, or other interest relationship with Outside Members of the Board and Outside Audit & Supervisory Board Members.

Member of the Board Mariko Muramatsu is an outside director of SODA NIKKA CO., LTD. and an outside auditor of Komatsu Ltd., and an outside auditor of Fund Creation Group Co., Ltd. In addition, she was an outside auditor of Adastria Co., Ltd. until May 2022. We do not have any special relationship with SODA NIKKA CO., LTD., Komatsu Ltd., Fund Creation Group Co., Ltd. and Adastria Co., Ltd.

Member of the Board Masaya Kawata is an outside director of Central Glass Co., Ltd. In addition, he was the director and chairman of Nisshinbo Holdings Inc. until March 2023. We do not have any special relationship with Nisshinbo Holdings Inc. and Central Glass Co., Ltd.

Member of the Board Michiko Kuboyama is an outside director of Kids Smile Holdings Inc., Sumitomo Mitsui Banking Corporation and Kura Sushi, Inc. In addition, she was an outside auditor of Isetan Mitsukoshi Holdings Ltd. until June 2022. Sumitomo Mitsui Banking Corporation is our lender of funds and holds shares of the Company. We do not have any special relationship with Kids Smile Holdings Inc., Isetan Mitsukoshi Holdings Ltd. and Kura Sushi, Inc.

Member of the Board Peter D. Pedersen is an outside director of Marui Group Co., Ltd. We do not have any special relationship with Marui Group Co., Ltd.

The Company provides notification to the Tokyo Stock Exchange regarding Members of the Board Mariko Muramatsu, Masaya Kawata, Michiko Kuboyama, and Peter D. Pedersen as independent directors in accordance with the rules of the exchange.

Audit & Supervisory Board Member Hajime Watanabe is an auditor of LOGISTEED, Ltd. (former Hitachi Transport System, Ltd.). In addition, he was an outside auditor of Seiko PMC Corporation until March 2019 and an outside auditor of Furyu Corporation until June 2019. We do not have any special relationship with LOGISTEED, Ltd., Seiko PMC Corporation, and Furyu Corporation.

Audit & Supervisory Board Member Makoto Ando is an outside auditor of Nippon Concrete Industries Co., Ltd. and an outside director of INV Inc. We do not have any special relationship with Nippon Concrete Industries Co., Ltd. and INV Inc.

The roles of outside directors are to provide precise advice and decision-making using their broad knowledge and experience from an objective and neutral standpoint. In addition, outside auditors are expected to accurately identify and audit the legality and appropriateness of the Company’s business execution based on their expertise and experience from an objective and neutral standpoint.

The criteria for independence for the appointment of Outside Members of the Board and Outside Audit & Supervisory Board Members stipulate that none of the following shall apply.

(i) A person who executes business of the Company or its subsidiary
(ii) A person who executes business of the Company’s parent company or a fellow subsidiary
(iii) A party which has material business transactions with the Company or a person who executes business transactions of that party, or a major business partner of the Company, or a person who executes business transactions of that business partner
(iv) A consultant, an accounting expert, or a legal expert who receives a considerable amount of cash or other assets other than remuneration as a Member of the Board or an Audit & Supervisory Board Member from the Company (when a party who receives such assets is an organization, such as a corporation or an association, this shall refer to a person who is associated with such organization)
(v) A person who fell under category (i) above during the ten-year period prior to assuming the position
(vi) A person who fell under category (ii), (iii), or (iv) above during the one-year period prior to assuming the position
(vii) A relative within the second degree of kinship of a person (excluding a person who does not have an important management position) who currently falls or fell under category (i), (ii), (iii), or (iv) above during the one-year period prior to assuming the position

(Notes) 1. "A party which has material business transactions with the Company" is one that received payment from the Company during the latest fiscal year equivalent to 2% or more of the party's annual consolidated net sales or 100 million yen, whichever is greater.
2. "A major business partner of the Company" is one that made payment to the Company during the latest fiscal year equivalent to 2% or more of the Company's annual consolidated net sales.
3. "A consultant, an accounting expert, or a legal expert who receives a considerable amount of cash or other assets other than remuneration as a Member of the Board or an Audit & Supervisory Board Member from the Company" is the one who received cash or assets from the Company during the latest fiscal year other than remuneration as a Member of the Board or an Audit & Supervisory Board Member, equivalent to 2% or more of his/her consolidated net sales or 10 million yen, whichever is greater.

3) Mutual collaboration between supervision or auditing by Outside Directors or Outside Audit & Supervisory Board Members and internal auditing and auditing by Audit & Supervisory Board Members and Accounting Auditor, as well as relationship with internal control departments

Please refer to 4. Corporate governance (1) Overview of corporate governance, 2) Corporate governance system, and (3) Audits, 1) Audit by Audit & Supervisory Board Members, 2) Internal Audit, and 3) Audit by Independent Auditor.

(3) Audit

1) Audit by Audit & Supervisory Board Members

a. Organization, Personnel, and procedures

Audit & Supervisory Board audits are conducted by four Audit & Supervisory Board Members, including two outside Audit & Supervisory Board Members. The Audit & Supervisory Board, which is comprised of four Audit & Supervisory Board Members, meets once a month, in principle, pursuant to the Audit & Supervisory Board Guidelines. To better enable the Audit & Supervisory Board Members to fulfill their function of overseeing business execution, the Company has put in place a system that facilitates effective audits. For example, dedicated staff are on hand to assist the process of Audit & Supervisory Board audits and the Audit & Supervisory Board Members attend important meetings such as those of the Board of Directors and Executive Committee. In addition, Audit & Supervisory Board Members are given regular reports and forwarded important documents.

Name	Background, etc.
Full-time Audit & Supervisory Board Member Hiroaki Chida	Hiroaki Chida held important positions in fields such as accounting, finance, and auditing at the Meiji Group, and has considerable expertise in finance and accounting.
Full-time Audit & Supervisory Board Member Takayoshi Ohno	Takayoshi Ohno assumed key managerial positions for a long time at Meiji Seika Pharma Co., Ltd., a Meiji Group company, and is well versed in the Pharmaceutical business.
Outside Audit & Supervisory Board Member Hajime Watanabe	Hajime Watanabe has a prolific career as an attorney at law and has deep expertise in international business transactional law areas.
Outside Audit & Supervisory Board Member Makoto Ando	Makoto Ando has built a prolific career and gained deep expertise in both the private sector, working in major audit firms and accounting firms in Japan and overseas as a certified public accountant, and the public sector.

b. Activities of the Audit & Supervisory Board and its Members, and Attendance of the Audit & Supervisory Board in the Fiscal Year

Name	Background, etc.	Attendance of the Audit & Supervisory Board in the fiscal year
Full-time Audit & Supervisory Board Member Hiroaki Chida	Hiroaki Chida held important positions in fields such as accounting, finance, and auditing at the Meiji Group, and has considerable expertise in finance and accounting.	15/15
Full-time Audit & Supervisory Board Member Takayoshi Ohno	Takayoshi Ohno assumed key managerial positions for an extended period at Meiji Seika Pharma Co., Ltd., a Meiji Group company, and is well versed in the Pharmaceutical business.	15/15
Outside Audit & Supervisory Board Member Hajime Watanabe	Hajime Watanabe has a prolific career as an attorney at law and has deep expertise in international business transactional law areas.	15/15
Outside Audit & Supervisory Board Member Makoto Ando	Makoto Ando has built a prolific career and gained deep expertise in both the private sector, working in major audit firms and accounting firms in Japan and overseas as a certified public accountant, and the public sector.	15/15

The Audit & Supervisory Board meets once a month before the Board of Directors meeting is held and also meets as needed. In the fiscal year, a total of 15 meetings were held, with each meeting lasting approximately 1.5 hours. The main subjects discussed by the Audit & Supervisory Board are as follows:

Matters resolved	7 matters: resolution on the reappointment of the accounting auditor, resolution on audit reports by the Audit & Supervisory Board, resolution on audit policies and plans, resolution on audit fees for the accounting auditor, etc.
Matters discussed	8 matters: discussion on audit reports by each Audit & Supervisory Board Members, discussion on reporting at the General Meeting of Shareholders, discussion on remuneration for Audit & Supervisory Board Members, etc.

Matters confirmed	18 matters: confirmation of proposals to be submitted to the Board of Directors, confirmation by the Audit & Supervisory Board regarding internal controls pertaining to financial reporting, etc.
Matters reported	125 matters: reports on the status of the execution of duties, etc.

The four Audit & Supervisory Board Members attend Board of Directors meetings, audit the proceedings and matters resolved, and express their opinions as needed. As for the attendance of the Audit & Supervisory Board Members at Board of Directors meetings, Hiroaki Chida, Takayoshi Ohno, Hajime Watanabe and Makoto Ando attended 19 out of 19 meetings. In addition, the Audit & Supervisory Board holds regular meetings twice a year with the CEO, President and Representative Director, as well as the presidents of business companies who concurrently serve as COOs and Members of the Board of the Company, sharing opinions on matters such as issues to be addressed by the Company, the status of the environment put in place for Audit & Supervisory Board audits, key issues in auditing, and explaining audit policies and plans and the implementation status and results of audits as appropriate.

The full-time Audit & Supervisory Board Members attend important meetings at the Company, including those held by the Executive Committee and the Group Sustainability Committee. They also report the details of Audit Department Liaison Meetings and the Internal Control Committee meetings during Audit & Supervisory Board meetings, thereby sharing information with the outside Audit & Supervisory Board Members.

2) Internal audit

a. Organization, Personnel, and procedures

As an internal audit department independent of the business execution department, the Audit Department (comprised of seven internal audit staff members) was established under the direct control of the CEO, President and Representative Director. The Audit Department examines and evaluates management and operation systems for overall business activities and the status of business execution from the perspectives of legitimacy and rationality and provides information, as well as advice and proposals for improvement, based on the results of such examinations and evaluations. For the purpose of checking whether the Group has achieved internal control, the Department also conducts internal audits in collaboration with internal audit departments within the Group.

As audit work, the Audit Department conducts business audits from the perspective of reducing risks for overall businesses based on audit plans, as well as internal control monitoring for internal control pertaining to financial reporting. Upon the completion of business audits, the Department summarizes matters to be addressed and provides notice to the audited departments. At the same time, it also prepares audit reports and reports to the CEO, President and Representative Director and other officers, as well as reports to the Board of Directors and the Audit & Supervisory Board on a regular basis based on the revised Supplementary Principle 4.13.3 of the Corporate Governance Code. If there is a matter requiring improvement, the Audit Department requests that the audited department to submit a response report, confirms the subsequent implementation status of improvement measures, and conducts a follow-up audit to ensure that improvement measures are firmly in place. With regard to internal control monitoring, the Audit Department reports the monitoring results to the Internal Control Committee Secretariat, and if there is a deficiency, requests the monitored department to implement corrective measures.

The Audit Department also conducts audits centered on governance and compliance utilizing external exports to reduce the management risks of overseas subsidiaries, which are generally said to have higher risks than domestic companies due in part to differences in the management environment. By doing so, it strives to strengthen systems and prevent and check fraud. The issues and other problems found in overseas subsidiaries are shared with the management organization of the business subsidiary of the Company responsible for the overseas subsidiaries, and corrective action is taken.

b. Coordination between Internal Audits, Audit & Supervisory Board Audits, and Audits by the Accounting Auditor, and Relationship between these Audits and Internal Control Department

The full-time Audit & Supervisory Board Members and the Audit Department regularly share information through the Audit Department Liaison Meeting, a liaison meeting on audits. The four Audit & Supervisory Board Members hold quarterly liaison meetings with the accounting auditor to receive reports on the status and results of the accounting audit and to exchange opinions. The accounting auditor and the Audit Department collaborate as needed and strive to improve the efficiency of audits.

As an internal control system pertaining to financial reporting, the Internal Control Committee has been established in accordance with the policy for development of such a system. The Internal Control Committee shares information and collaborates with the Audit & Supervisory Board, the accounting auditor, and the Audit Department with regard to the implementation and evaluation of internal control of the Company and its business subsidiaries.

3) Audit by Accounting Auditor

Since 2010, the Company has concluded an audit agreement for audits under the Companies Act and audits under the Financial Instruments and Exchange Act with Ernst & Young ShinNihon LLC, and paid fees pursuant to the agreement.

Work for accounting audits of the Company has been executed by three certified public accountants: Shinji Takada, Kiyotaka Kinugawa, and Ai Hiraoka, who all belong to Ernst & Young ShinNihon LLC.

The assistants involved in the accounting audit work are comprised of 17 certified public accountants and 38 others.

The accounting auditor also checks annual audit plants with Audit & Supervisory Board Members and reports audit results.

There are no interests required to be disclosed pursuant to the Certified Public Accountants Act between the Company, Ernst & Young ShinNihon LLC, and employees executing business.

a. Policy and Reason for Selecting the Accounting Auditor

The Company has set a policy of selecting as its accounting auditor an auditing firm which owns, along with independency and expertise, a global network that enables the provision of a variety of information and performs high-quality audits.

The Audit & Supervisory Board prepares criteria for selecting the accounting auditor, and based on the criteria, it checks whether the accounting auditor possesses independence and necessary expertise, has an appropriate scale and overseas network that enable efficient audit work for the Company's wide range of businesses, and has a well-developed audit system, as well as whether the specific audit plans, including the scope of audits and the audit schedule, and the audit costs are reasonable and appropriate. After checking these points, the Board comprehensively evaluates the accounting auditor and makes a decision on the selection, taking into account the accounting auditor's audit record and other factors.

As the policy for the dismissal or non-reappointment of the accounting auditor, the Audit & Supervisory Board will dismiss the accounting auditor based on unanimous agreement of all the Audit & Supervisory Board Members if it is determined that the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the dismissal of the accounting auditor and the reason at the first General Meeting of Shareholders held after the dismissal.

In addition to the case above, when it is deemed to be difficult for the accounting auditor to execute its duties appropriately, the Company determines, by resolution of the Audit & Supervisory Board, the details of a proposal on the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders.

b. Evaluation of the Auditing Firm by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board Members and Audit & Supervisory Board conduct the evaluation of the auditing firm. In evaluating the firm, they prepare evaluation criteria for the accounting auditor and evaluate the auditing firm's quality control, audit team, audit fees, communication with the Audit & Supervisory Board Members, relationship with the management, group audits, fraud risk, and other matters.

4) Details of Audit Fees, Etc.

a. Fees for Auditing Certified Public Accountants, etc.

Categories	As of March 31, 2022		As of March 31, 2023	
	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)
Reporting company	86	16	121	49
Consolidated subsidiaries	155	5	168	5
Total	242	21	289	55

Details of non-auditing services provided by auditing certified public accountants, etc.

(Previous fiscal year)

Fees were paid for advisory services in relation to the preparation of the English version of the Company's Integrated Report and accounting work.

Fees were also paid for advisory services in relation to accounting work at consolidated subsidiaries.

(Current fiscal year)

Fees were also paid for advisory services in relation to accounting work at the Company and consolidated subsidiaries.

b. Fees (excluding a) Paid to Organizations Affiliated with the Same Network as that of Auditing Certified Public Accountants (Ernst & Young Member Firms)

Categories	As of March 31, 2022		As of March 31, 2023	
	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)	Fees based on audit and attestation services (Millions of yen)	Fees based on non-audit services (Millions of yen)
Reporting company	-	-	-	-
Consolidated subsidiaries	20	130	79	292
Total	20	130	79	292

Details of non-auditing services provided by organizations affiliated with the same network as that of auditing certified public accountants (Ernst & Young member firms)

(Previous fiscal year)

Fees were paid for advisory services, etc. in relation to M&A and taxation work at consolidated subsidiaries.

(Current fiscal year)

Fees were paid for advisory services and other services in relation to human resources and the establishment of Group companies at consolidated subsidiaries.

c. Fees paid for other important audit and attestation services

Not applicable.

d. Policy on determining audit fees

In examining audit fees, the Company takes into account audit items, the number of audit days, and other matters, compares the level of fees in general, and makes a decision after obtaining agreement from the Audit & Supervisory Board.

e. Reason for the Audit & Supervisory Board’s Agreement to Fees Paid to the Accounting Auditor

The Audit & Supervisory Board checked and examined the accounting auditor’s audit records and fees, etc. paid in the previous fiscal year, while looking into matters such as the details of audit plans for the current fiscal year and the grounds for calculation of estimated fees and so on. As a result, the Board determined that the estimate was reasonable as the amount of fees to be paid to the accounting auditor and agreed to the amount pursuant to Article 399, Paragraph 1 of the Companies Act.

(4) Remuneration for directors (and other officers)

Outline and Results of Executive Remuneration System

a. Policy on Determination of the Amount and Calculation Method of Executive Remuneration and Method of Determination

● Objectives of the Remuneration System

The Company has set the objectives of its executive remuneration system as shown below, taking into account business administration as a united Group toward achievement of the Group’s long-term vision and enhancement and reinforcement of corporate governance.

Objectives of the executive remuneration system (established in 2011)
1. Provide remuneration levels that make it possible to internally and externally recruit, motivate, and retain outstanding human resources 2. Provide motivation for short-term and medium- to long-term management goals 3. Enable appropriate rewards for produced results 4. Satisfy a sense of mission through the sharing of responsibility for results with shareholders 5. Guarantee fairness and rationality that can ensure the fulfilment of accountability to shareholders and other stakeholders

● Composition of remuneration

Remuneration paid to directors excluding outside directors comprises basic remuneration, which is fixed remuneration according to the position and duties, performance-linked remuneration as a short-term incentive based on corporate and individual performance for the previous fiscal year, and share remuneration as a medium- to long-term incentive linked to the result of the Meiji ROESG® and the Company’s share price trend. Basic remuneration and performance-linked remuneration are paid in cash, while share remuneration is provided by allotting shares with transfer restrictions.

Type		Outline
Fixed remuneration	Basic remuneration	・Determined according to the position ・A director allowance is paid as remuneration for work overseeing business execution. ・Paid as monthly remuneration
Variable remuneration	Performance-linked remuneration	・The amount of payment fluctuates every year according to corporate and individual performance. ・Consolidated operating profit and ROIC are used as indicators for corporate performance. ・The achievement rate of a single fiscal year budget and the achievement rate of medium- and long-term targets are assessed for corporate performance to encourage the achievement of not just single fiscal year budget but medium- and long-term targets. ・The calculated amount is divided by the number of months of the term of office and paid as monthly remuneration.
	Share remuneration	・ Shares with transfer restrictions of three years are allotted. The amount of monetary remuneration claims to be granted by the Company in order to allot transfer restricted shares fluctuates each year in accordance with the Meiji ROESG® results. ・Granted each year during a certain period after the completion of the General Meeting of Shareholders

Only basic remuneration is paid to outside directors and Audit & Supervisory Board Members from the perspective of their roles and independency.

● Remuneration levels

The remuneration levels of directors are determined by referring to the benchmarks below in an effort to provide remuneration levels that make it possible to internally and externally recruit, motivate, and retain outstanding human resources

<Benchmarks for remuneration>

・The levels of major Japanese companies based on data provided by external research companies

・The levels of major manufacturers that are similar to the Company in terms of scale and business type and conditions

● Remuneration composition ratio

To provide incentives for improved corporate performance and promote the sharing of interests with shareholders and other stakeholders, the Company has set the ratio of fixed remuneration (basic remuneration) to variable remuneration (performance-linked remuneration and share remuneration) in the amount of remuneration at the time of achievement of medium- and long-term targets (“Target Base Amount”) at approximately 5:5. Specifically, the Company applies a higher rate of variable remuneration as the rank and position of the executive increases, setting ratios of 43% to 51% for fixed remuneration and 57% to 49% for variable remuneration.

● Remuneration Governance

<Method of determining remuneration>

The Board of Directors determines the details of the director remuneration system, corporate and individual performance evaluation results, and the amounts of calculated remuneration, after securing the opinion of the Compensation Committee, the majority of whose members are independent outside directors. However, parts exluding individual performance are determined by the Board of Directors.

With regard to remuneration paid to executive officers in the current fiscal year, discussions were held at the Compensation Committee meeting held on June 2, 2022 concerning the amount of remuneration for each individual based on the corporate and individual performance evaluation results in accordance with the remuneration system. As it is most appropriate for the CEO, President and Representative Director, who oversees all business execution, to conduct individual performance evaluations for directors (excluding outside directors), a resolution was adopted at the Board of Directors meeting held on June 29, 2022 specifying that CEO, President and Representative Director Kazuo Kawamura shall decide the amount of remuneration for each individual, as well as the results of individual performance, based on the results of deliberations by the Compensation Committee.

The amount of remuneration for each individual, as well as the results of individual performance, is determined by the CEO, President and Representative Director based on the opinion of the Compensation Committee so that the authority delegated by the Board of Directors to the CEO, President and Representative Director is exercised appropriately.

The amount of remuneration for Audit & Supervisory Board Members is determined through consultation with the members concerned, and the amount will be within the limit resolved by the General Meeting of Shareholders.

<Members of the Compensation Committee and their attendance>

Name	Title	Attendance
Kazuo Kawamura	CEO, President and Representative Director	3 of 3 meetings
Mariko Matsumura	Outside director	3 of 3 meetings
Masaya Kawata	Outside director	3 of 3 meetings
Michiko Kuboyama	Outside director	3 of 3 meetings
Peter D. Pedersen	Outside director	1 of 1 meeting *Attending since appointment on June 29, 2022

<Activities of the Compensation Committee>

Meeting date	Details of deliberations
January 21, 2022	Appointment of Chairperson of the Executive Remuneration Committee
April 8, 2022	Verification of executive remuneration levels and consideration of reviewing the amount of executive remuneration
June 2, 2022	The Revision of remuneration levels for outside directors, the partial revision of calculation coefficients for performance-linked remuneration, and the amount of remuneration of each individual in FY2022 based on corporate and individual performance evaluation results in accordance with the executive remuneration system

<Reason for the Board of Directors’ determination that remuneration for the current fiscal year is in line with policy on determination of remuneration>

The amount of remuneration for the Company’s directors was discussed by the Compensation Committee, the majority of whose members are independent outside directors, from an objective point of view, and the details of such deliberations were reported to the Board of Directors. The amount of remuneration for each individual, as well as the results of individual performance, was determined by the CEO, President and Representative Director based on the opinion of the Compensation Committee, and the Company thus determined that the amounts are in line with the policy on the determination of remuneration.

<Method of remuneration adjustment after determination of performance or evaluation>

Due to corporate performance or other reasons, the amount of performance-linked remuneration for each director may be adjusted as needed based on a resolution of the Board of Directors after consulting the Compensation Committee and receiving its opinion.

b. Matters Related to Performance-Linked Remuneration, Etc.

● Objective

Performance-linked remuneration has been established to encourage commitment to the Meiji Group 2026 Vision and key indicators under the Medium-Term Business Plan and provide motivation for improved performance.

● Performance indicators

The Company uses consolidated operating profit and ROIC as indicators for corporate performance to encourage commitment to the expansion of operating profit in light of capital productivity that is set out in the 2023 Medium-Term Business Plan. Individual performance is also added to the evaluation items for executive officers excluding the CEO, President and Representative Director, and COO, Member of the Board.

● Evaluation method

Corporate performance is evaluated through fiscal year target evaluation, which measures the level of achievement of single fiscal year budgets for consolidated operating profit and ROIC, and medium- and long-term target evaluation, which measures the level of achievement of medium- and long-term targets for consolidated operating profit.

● Calculation method of payment amounts

The payment amount is calculated by multiplying the base amount by a coefficient calculated as detailed below.

<table>
<tr><th>Performance indicator</th><th>Evaluation method</th><th>Indicator</th><th>Coefficient calculation method</th></tr>
<tr><td rowspan="3">Corporate performance</td><td rowspan="2">Fiscal year target evaluation</td><td>Consolidated operating profit</td><td>・ Achievement of fiscal year target represents 100%. The coefficient varies between 0% and 200% based on the rate of achievement (50% to 150%) for the fiscal year target.</td></tr>
<tr><td>ROIC</td><td>・ Achievement of fiscal year target represents 100%.
The coefficient varies between 0% and 200% based on the rate of achievement, with the lower and upper limits set at the values equivalent to 50% and 150%, respectively, of the fiscal year target.
・ Regardless of the level of achievement for the fiscal year target, the coefficient is reduced by half if earnings are less than capital costs.</td></tr>
<tr><td>Medium- and long-term target evaluation</td><td>Consolidated operating profit</td><td>・ Achievement of medium- and long-term targets represents 100%. The coefficient varies between 0% and 100% based on the rate of achievement in medium- and long-term performance targets.
・ The coefficient is increased further when performance exceeding medium- and long-term targets is achieved.</td></tr>
<tr><td colspan="3">Individual performance</td><td>・ The coefficient varies between 0% and 200% based on a seven-tier evaluation of individual performance, which is determined through comprehensive assessment by the CEO, President and Representative Director.
・ Individual performance is not evaluated for the CEO, President and Representative Director, and COO, Member of the Board.</td></tr>
</table>

● Results for the current fiscal year

The actual and target amounts used for the calculation of performance-linked remuneration paid for the current fiscal year are as indicated below.

		Actual amount (FY2021)	Target amount
Fiscal year target evaluation	Consolidated operating profit (100 millions of yen)	929	1,065
	ROIC (%)	8.4	9.4
Medium- and long-term target evaluation	Consolidated operating profit (100 millions of yen)	929	1,300

c. Matters Related to Non-Monetary Remuneration, etc.

● Objective

Non-monetary remuneration has been introduced to provide incentives to improve the corporate value of the Meiji Group and promote the sharing of interests with shareholders and other stakeholders.

●Scheme

Transfer restricted shares with transfer restrictions of three years are provided. The amount of monetary remuneration claims to be granted by the Company in order to allot transfer restricted shares fluctuates every year according to the results of the Meiji ROESG® in the previous fiscal year.

● Performance indicator

The Company sets Meiji ROESG®, which is calculated based on ROE figures and the results of ESG initiatives, as a performance indictor.

● Payment amount calculation method

Payment amounts are calculated by multiplying the base amount by a coefficient calculated as detailed below.

- Meiji ROESG® is calculated by multiplying ROE by ESG benchmarks, with the coefficient being 100% at the time of achieving 13 pt, the target set for the period of the 2023 Medium-Term Business Plan. Only for the fiscal year ending March 2024, the final fiscal year of the Plan, 1 pt will be added to Meiji ROESG® for the achievement of each item of the ESG targets (unique to Meiji).
- The minimum is set as 9 pt, which is the actual figure for the Meiji ROESG®, and the maximum is 17 pt. The coefficient fluctuates between 50% and 150% depending on the actual ROESG® figure.
- No share remuneration will be allocated if the Meiji ROESG® is lower than 5 pt for two consecutive years.

* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

● Outline of Share Remuneration System

The share remuneration system seeks to provide incentives to improve the corporate performance of the Meiji Group and promote the sharing of interests with shareholders and other stakeholders.

Under the share remuneration system, eligible directors contribute, as investment in kind, all of the monetary remuneration claims granted by the Company in order to allot transfer restricted shares, and purchase common shares in the Company newly issued or disposed of by the Company (“Allotted Shares”). The total number of Allotted Shares to be newly issued or disposed of by the Company under the share remuneration system is be 20,000 shares or less per year, and the paid-in amount per Allotted Share is an amount not advantageous to the eligible directors that is set by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the trading day prior to the date of a board resolution in relation to this matter (if the transaction is not completed on the same day, the closing price on the most recent trading day prior to that day).

Moreover, when issuing or disposing of Allotted Shares under the share remuneration system, a transfer restricted share allotment agreement (“Allotment Agreement”) is concluded between the Company and the eligible directors. Such agreements include the following provisions: (1) the eligible directors shall not transfer, establish security interests in, or otherwise dispose of Allotted Shares allotted to them under the Allotment Agreement for a certain period (“transfer restrictions”); (2) the Company shall duly acquire, without consideration, all of the Allotted Shares upon the occurrence of certain events; and (3) certain events shall be the conditions for lifting transfer restrictions on Allotted Shares.

A transfer restricted share remuneration system similar to the share remuneration system has also been introduced for the executive officers of the Company and the directors and executive officers of the Company’s subsidiaries, Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd.

● Outline of the Allotment Agreement

<Period of transfer restriction>

The period of transfer restriction is at least three years from the day Allotted Shares are granted and is designated by the Board of Directors in advance. During this period, the eligible directors may not transfer the Allotted Shares granted to them.

<Handling at time of loss of position>

When an eligible director loses any of his/her positions as director or executive officer of the Company or a subsidiary of the Company before the expiration of the transfer restriction period, the Company shall duly acquire, without consideration, all of the Allotted Shares granted to the director upon the loss of position, except in the case of the expiration of his/her term of office, death, or when there is any other reason deemed justifiable by the Company’s Board of Directors.

<Lifting of transfer restriction, etc.>

The Company shall lift transfer restriction on all of the Allotted Shares granted to an eligible director upon the expiration of the transfer restriction period, provided that the director continuously held the position of director or executive officer of the Company or a subsidiary of the Company during the period of transfer restriction. When an eligible director loses any of his/her positions as director or executive officer of the Company or a subsidiary of the Company before the expiration of the period of transfer restriction due to the expiration of his/her term of office, death, or any other reason deemed justifiable by the Company’s Board of Directors, immediately after the time of such loss of position, transfer restrictions on Allotted Shares shall be lifted for the number of shares calculated by dividing the number of months from the month which includes the date upon which the eligible director was appointed to the month when any of the position was lost by 12 (provided, however, that the number shall be one when the calculated number exceeds one), multiplied by the number of Allotted Shares (provided, however, that fractions of less than one share arising from the calculation shall be rounded up). In the cases specified above, the Company shall also duly acquire, without consideration, all of the Allotted Shares on which transfer restrictions have not been lifted as of the time immediately after the lifting of transfer restriction.

<Provision on management of Allotted Shares>

The eligible directors shall open a dedicated account with Daiwa Securities Co. Ltd. in the manner designated by the Company for the statement and recording of Allotted Shares, and store and maintain all of the Allotted Shares in the dedicated account until transfer restrictions are lifted.

<Handling in organizational realignment, etc.>

In the event that a merger agreement where the Company becomes the dissolved company, a share exchange agreement or share transfer plan where the Company becomes a wholly-owned subsidiary, or any other matter related to organizational realignment, etc. is approved by the Company’s General Meeting of Shareholders (provided, however, that if the organizational realignment, etc. does not require approval at the Company’s General Meeting of Shareholders, the Company’s Board of Directors meeting) during the transfer restriction period, the Company shall make reasonable adjustments as prescribed to the number of Allotted Shares on which transfer restrictions are lifted and the timing of the lifting of transfer restrictions. In the cases specified above, the Company shall also duly acquire, without consideration, all of the Allotted Shares on which transfer restrictions have not been lifted as of the time immediately after the lifting of transfer restrictions.

● Results for the current fiscal year

The actual and target amounts used for the calculation of share remuneration paid in the current fiscal year are as indicated below.

	Actual amount (FY2021)	Target amount
Meiji ROESG® (pt)	12	13

d. Total amount of remuneration by officer category and by remuneration type, and number of eligible officers

Categories of directors (and other officers)	Total amount of remuneration (Millions of yen)	Total amount by remuneration type (Millions of yen) and number of eligible officers					
		Monetary remuneration				Non-monetary remuneration	
		Basic remuneration		Performance-linked remuneration		Share remuneration	
		Total amount	Number of eligible officers	Total amount	Number of eligible officers	Total amount	Number of eligible officers
Directors excluding outside directors	265	132	5	78	3	54	3
Audit & Supervisory Board Members excluding outside Audit & Supervisory Board Members	60	60	2	-	-	-	-
Outside directors	62	62	4	-	-	-	-
Outside Audit & Supervisory Board Members	29	29	2	-	-	-	-
Total	418	285	13	78	3	54	3

(Notes) 1 As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for directors is capped at JPY 1 billion per year (not including the employee portion of remuneration for directors who concurrently serve as employees). The number of directors as of the conclusion of the Ordinary General Meeting of Shareholders is 10.

2 As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for Audit & Supervisory Board Members is capped at JPY 300 million per year. The number of Audit & Supervisory Board Members as of the conclusion of the Ordinary General Meeting of Shareholders is four.

3 The Company introduced a transfer restricted share remuneration system for directors other than outside directors. As per the resolution of the 8th Ordinary General Meeting of Shareholders held on June 29, 2017, the amount of remuneration under this plan is capped at JPY 200 million per year, aside from the amount of remuneration stated above, with the number of shares capped at 20,000 shares per year. The number of directors (excluding outside directors) as of the conclusion of the Ordinary General Meeting of Shareholders is seven.

4 The amount for share remuneration indicates the amount appropriated during the current fiscal year (recorded in expenses).

e. Total amount of consolidated remuneration of those with total consolidated remuneration of JPY 100 million or higher

Name	Officer category	Company	Remuneration type (Millions of yen)			Total consolidated remuneration (Millions of yen)
			Monetary remuneration		Non-monetary remuneration	
			Basic remuneration	Performance-linked remuneration	Share remuneration	
Kazuo Kawamura	Directors	Meiji Holdings Co., Ltd	49	39	30	149
	Directors	Meiji Co., Ltd.	14	-	-	
	Directors	Meiji Seika Pharma Co., Ltd.	14	-	-	
Katsunari Matsuda	Directors	Reporting company	11	-	-	119
	Directors	Meiji Co., Ltd.	55	28	23	

(5) Shareholdings

1) Criteria and concepts for categories of investment shares

The Company classifies investment shares held exclusively for the purpose of receiving benefits from changes in the value of shares or dividends on the shares as investment shares for pure investment purposes and other investment shares as investment shares held for purposes other than pure investment.

2) Shareholdings in the reporting company

Among the Company and its consolidated subsidiaries, shareholdings in the Company, which is the company with the largest amount of investment shares on its balance sheet (investment shares book value) (largest holding company), are as follows.

a. Investment shares held for purposes other than pure investment

(i) Methods of verifying holding policies and the rationality of holding as well as details of verification by the Board of Directors regarding the appropriateness of holding individual issues

The Company holds shares when we believe such holdings will (i) facilitate the Group's financial operations, (ii) strengthen relationships with Group companies, (iii) strengthen the Group's transactional relationships, or (iv) be reasonable in light of our responsibility to shareholders. The Board of Directors conducts a detailed annual review of all the issues held, including the purpose for holding, the trading status in the past year, mid- to-long term perspective, and dividend amounts, and determines whether the Company should continue the holdings or reduce them by selling.

Following its September 2022 review, the Board of Directors concluded that the Company should continue holding 30 issues. Subsequently, the Company sold two issues in its entirety and partially sold ten issues in the current fiscal year with the objective of reducing cross-shareholdings under the Corporate Governance Code.

In addition, the Group is planning to reduce cross-shareholdings by 30% from the end of fiscal year 2020 on a book value basis during the 2023 Medium-Term Business Plan period (from fiscal year ended March 31, 2022 to fiscal year ending March 31, 2024). In fiscal year 2022, which is the second year of the 2023 Medium-Term Business Plan, cross-shareholdings were reduced by about 11.4% on a book value basis, amounting to a cumulative reduction of about 21.4% on a book value in two years. The total amount of cross-shareholdings recorded on the balance sheet at the end of March 2023 became about 7.8% of the consolidated net assets.

(ii) Number of issues and the amount recorded on the balance sheet

	Number of issues	Total amount recorded in balance sheets (Millions of yen)
Shares not listed	2	99
Shares other than those not listed	27	33,756

(Issues whose holdings increased during the current fiscal year)

	Number of issues	Total acquisition cost for increased shares (Millions of yen)	Reason for increase in number of shares
Shares not listed	1	49	To pursue synergies in product development and quality control using odor visualization technology
Shares other than those not listed	-	-	-

(Issues whose holdings decreased in the current fiscal year)

	Number of issues	Total amount sold due to decrease in number of shares held (Millions of yen)
Shares not listed	-	-
Shares other than those not listed	12	6,333

(iii) Information on the issues, the number of shares, and the amount of specified investment securities and deemed shareholdings recorded in the balance sheets

Specified investment securities

Issue	Current fiscal year Number of shares Book value (Millions of yen)	Previous fiscal year Number of shares Book value (Millions of yen)	Purpose of shareholding, summary of business partnership, etc., quantitative effects of shareholding and reason for increase in number of shares	Ownership of Meiji's shares
Kikkoman Corporation	1,238,400 8,346	1,548,000 12,585	Shares are held to strengthen the relationship with Group companies, as there are transactions such as sales in the Food Segment.	Yes
Yakult Honsha Co., Ltd.	531,200 5,115	531,200 3,463	Shares are held to strengthen the relationship with Group companies, as there are transactions such as sales of products in the Food Segment.	Yes
Ono Pharmaceutical Co., Ltd.	1,209,900 3,344	1,393,200 4,271	Shares are held to strengthen the relationship with Group companies, as there are contracts such as development and sales in the Pharmaceutical Segment.	Yes
ROHTO Pharmaceutical Co., Ltd.	656,200 1,817	328,100 1,212	Shares are held to strengthen the relationship with Group companies due to sales collaboration agreements and other arrangements in the Pharmaceutical Segment. The increase in the number of shares is due to the company's share split.	Yes
Nippon Beet Sugar Manufacturing Co., Ltd.	993,845 1,659	1,133,845 1,826	Shares are held to strengthen the relationship with Group companies due to transactions, including the procurement of raw materials in the Food Segment.	Yes
Nisshin Seifun Group Inc.	1,045,220 1,621	1,493,220 2,547	Shares are held to strengthen the relationship with Group companies due to transactions, including the procurement of raw materials in the Food Segment.	Yes
Nippon Kayaku Co., Ltd.	1,221,200 1,461	1,628,200 1,890	Shares are held to strengthen the relationship with Group companies due to the track record, including the sales, procurement, and joint development of products in the Pharmaceutical Segment.	Yes
Toyo Suisan Kaisha, Ltd.	232,000 1,287	232,000 1,013	Shares are held to strengthen the relationship with Group companies, as there are transactions such as sales of products in the Food Segment.	Yes
Mizuho Financial Group, Inc.	655,522 1,231	988,522 1,549	Shares are held to facilitate the Group's financial operations, as it is a financial institution for deposits, loan transactions, etc. of the Group.	Yes
Kameda Seika Co., Ltd.	246,400 1,082	246,400 979	Shares are held to strengthen the relationship with Group companies, as there are transactions such as sales of products in the Food Segment.	Yes

Issue	Current fiscal year Number of shares Book value (Millions of yen)	Previous fiscal year Number of shares Book value (Millions of yen)	Purpose of shareholding, summary of business partnership, etc., quantitative effects of shareholding and reason for increase in number of shares	Ownership of Meiji's shares
NIPPN Corporation	631,888	631,888	Shares are held to strengthen the relationship with Group companies, as there are transactions such as sales of products in the Food Segment.	Yes
	1,048	1,050		
Sumitomo Mitsui Financial Group, Inc.	192,781	210,781	Shares are held to facilitate the Group's financial operations, as it is a financial institution for deposits, loan transactions, etc. of the Group.	Yes
	1,021	823		
Mitsubishi UFJ Financial Group, Inc.	1,151,890	1,451,890	Shares are held to facilitate the Group's financial operations, as it is a financial institution for deposits, loan transactions, etc. of the Group.	Yes
	976	1,103		
Sumitomo Mitsui Trust Holdings, Inc.	214,779	246,779	Shares are held to facilitate the Group's financial operations, as it is a financial institution for deposits, loan transactions, etc. of the Group.	Yes
	975	987		

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, summary of business partnership, etc., quantitative effects of shareholding and reason for increase in number of shares	Ownership of Meiji's shares
	Number of shares	Number of shares		
	Book value (Millions of yen)	Book value (Millions of yen)		
Rengo Co., Ltd.	786,000	786,000	Shares are held to strengthen the relationship with Group companies, as there are transactions such as procurement of packaging materials.	Yes
	675	614		
Sompo Holdings, Inc.	78,035	78,035	Shares are held to strengthen the Group's transactional relationships, as it is an insurance underwriter of the Group.	Yes
	409	419		
Daiwa Securities Group Inc.	654,000	654,000	Shares are held to facilitate the Group's financial operations, as it is a financial institution for securities transactions of the Group.	Yes
	406	453		
Resona Holdings, Inc.	413,615	413,615	Shares are held to facilitate the Group's financial operations, as it is a financial institution for deposits, loan transactions, etc. of the Group.	Yes
	264	216		
Shizuoka Financial Group, Inc.	222,625	317,625	Shares are held to facilitate the Group's financial operations, as it is a financial institution for deposits, loan transactions, etc. of the Group.	Yes
	211	274		
Tokio Marine Holdings, Inc.	73,290	24,430	Shares are held to strengthen the Group's transactional relationships, as it has underwritten insurance of the Group. The increase in the number of shares is due to the company's share split.	Yes
	186	174		
TBS Holdings, Inc.	95,500	95,500	Shares are held to strengthen the relationship with Group companies, as it is broadcasting advertisement of the Group.	Yes
	181	170		
Kajima Corporation	73,537	73,537	Shares are held to strengthen the relationship with Group companies, as there are transactions such as construction of buildings of the Group.	Yes
	117	109		
Nippi, Incorporated	26,400	26,400	Shares are held to strengthen the relationship with Group companies, as there are transactions such as sourcing of raw materials in the Food Segment.	Yes
	100	93		
Taisei Corporation	24,200	24,200	Shares are held to strengthen the relationship with Group companies, as there are transactions such as construction of buildings of the Group.	Yes
	99	85		
MS&AD Insurance Group Holdings, Inc.	15,750	15,750	Shares are held to strengthen the Group's transactional relationships, as it has underwritten insurance of the Group.	Yes
	64	62		
Central Security Ptrols Co., Ltd.	11,069	11,069	Shares are held to strengthen the relationship with Group companies, as there are security services outsourcing transactions.	Yes
	30	27		

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, summary of business partnership, etc., quantitative effects of shareholding and reason for increase in number of shares	Ownership of Meiji's shares
	Number of shares	Number of shares		
	Book value (Millions of yen)	Book value (Millions of yen)		
ADEKA Corporation	8,000	8,000	Shares are held to strengthen the relationship with Group companies, as there are transactions such as sourcing of raw materials in the Food Segment.	Yes
	18	21		
Toyota Tsusho Corporation	-	138,000	This company's shares are not held as of March 31, 2023.	None
	-	698		
Sapporo Holdings Limited	-	85,400	This company's shares are not held as of March 31, 2023.	None
	-	197		

(Notes) 1 "-" indicates that the relevant issue is not held.

2 While the quantitative effects of shareholding are not disclosed due to confidentiality with our business partners, we consider that there are sufficient quantitative effects based on (i) above.

3 With regard to ownership of the Company's shares, in the case where the issue is the holding company, the number of shares held by its main subsidiaries (the number of shares actually held) is taken into account.

Deemed Shareholdings

Not applicable.

3) Shareholdings in Meiji Co., Ltd.

Among the Company and its consolidated subsidiaries, shareholdings in Meiji Co, Ltd., which is the second largest company following the Company with the largest amount of investment shares on its balance sheet (investment share book value) (largest holding company), is as follows.

a. Investment shares held for purposes other than pure investment

(i) Methods for verifying holding policies and the rationality of holding and details of verification by the Board of Directors regarding the appropriateness of holding individual issues.

Meiji Co., Ltd. also holds shares in accordance with the Company's holding policies. Meanwhile, the Executive Committee of Meiji Co., Ltd. conducts annual reviews of all the issues held in detail, including the purpose for holding, the trading status in the past one year, mid-to-long term perspective, and dividend amounts, and determines whether the company should continue holding them or reduce them by selling.

Following its September 2022 review, the Executive Committee of Meiji Co., Ltd. concluded that the company should continue holding 93 issues.

(ii) Number of issues and the total amount recorded on the balance sheet

	Number of issues	Total amount recorded in balance sheets (Millions of yen)
Shares not listed	32	1,762
Shares other than those not listed	65	23,068

(Issues whose holdings increased during the current fiscal year)

	Number of issues	Total acquisition cost for increased shares (Millions of yen)	Reason for increase in number of shares
Shares not listed	1	30	To develop and strengthen cooperative relationship in the disaster-prevention and reserve stock business
Shares other than those not listed	1	3	Acquisition of shares through shareholding program.

(Issues whose holdings decreased in the current fiscal year)

	Number of issues	Total amount sold due to decrease in number of shares held (Millions of yen)
Shares not listed	4	625
Shares other than those not listed	12	3,653

(iii) Information on the issues, the number of shares, and the amount of specified investment securities and deemed shareholdings recorded in the balance sheets

Specified investment securities

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, summary of business partnership, etc., quantitative effects of shareholding and reason for increase in number of shares	Ownership of Meiji Co., Ltd.'s shares
	Number of shares	Number of shares		
	Book value (Millions of yen)	Book value (Millions of yen)		
Oriental Land Co., Ltd.	575,000	712,400	Shares are held to strengthen the Company's transactional relationships, as it is a customer in the Food Segment and the Company has concluded a contract as a sponsor.	None
	13,018	16,748		
Shoei Foods Corporation	428,789	428,789	Shares are held to strengthen the Company's transactional relationships, as it is a customer and a supplier in the Food Segment.	None
	1,730	1,751		
Seven & i Holdings Co., Ltd.	264,363	264,363	Shares are held to strengthen the Company's transactional relationships, as it is a customer in the Food Segment.	None
	1,579	1,536		
AEON Co., Ltd.	382,062	380,925	Shares are held to strengthen the Company's transactional relationships, as it is a customer in the Food Segment. The number of shares has increased due to the shareholding program (while contributions by premiums have been suspended, shares are increasing due to reinvestment of dividends).	None
	980	994		
Inageya Co., Ltd.	382,720	382,720	Shares are held to strengthen the Company's transactional relationships, as it is a customer in the Food Segment.	None
	491	516		
Lacto Japan Co., Ltd.	180,000	200,000	Shares are held to strengthen the Company's transactional relationships, as it is a supplier in the Food Segment.	None
	367	417		
Toppan Inc.	135,654	135,654	Shares are held to strengthen the Company's transactional relationships, as it is a supplier in the Food Segment.	None
	361	293		

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, summary of business partnership, etc., quantitative effects of shareholding and reason for increase in number of shares	Ownership of Meiji Co., Ltd.'s shares
	Number of shares	Number of shares		
	Book value (Millions of yen)	Book value (Millions of yen)		
Dai Nippon Printing Co., Ltd.	90,248	*	Shares are held to strengthen the Company's transactional relationships, as it is a supplier in the Food Segment.	None
	334	*		
ZENSHO HOLDINGS CO., LTD.	80,000	*	Shares are held to strengthen the Company's transactional relationships, as it is a customer in the Food Segment.	None
	314	*		
NOF Corporation	50,000	*	Shares are held to strengthen in the Food Segment's transactional relationships.	None
	308	*		
Taiyo Kagaku Co., Ltd.	*	160,600	Shares are held to strengthen the Company's transactional relationships, as it is a supplier in the Food Segment.	None
	*	273		
Fuji Oil Holdings Inc.	-	134,185	This company's shares are not held as of March 31, 2023.	None
	-	265		
Fuji Co., Ltd.	*	112,900	Shares are held to strengthen the Company's transactional relationships, as it is a customer in the Food Segment.	None
	*	260		

(Notes) 1 While the quantitative effects of shareholding are not disclosed due to confidentiality with our business partners, we consider that there are sufficient quantitative effects based on (i) above.

2 "-" indicates that the relevant issue is not held. "*" indicates that the amount recorded on the balance sheet for the relevant issue is less than one-hundredth of the capital of the Company and that the description is omitted because they do not fall under the 10 largest issues in descending order of balance sheet amount.

Deemed Shareholdings

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, summary of business partnership, etc., quantitative effects of shareholding and reason for increase in number of shares	Ownership of Meiji Co., Ltd.'s shares
	Number of shares	Number of shares		
	Book value (Millions of yen)	Book value (Millions of yen)		
Mizuho Financial Group, Inc.	1,613,610	1,613,610	Has the right to give instructions regarding the exercise of voting rights.	None
	3,030	2,528		
Mitsubishi UFJ Financial Group, Inc.	3,475,400	3,475,400	Has the right to give instructions regarding the exercise of voting rights.	None
	2,946	2,642		
Sumitomo Mitsui Trust Holdings, Inc.	76,500	76,500	Has the right to give instructions regarding the exercise of voting rights.	None
	347	306		

(Note) While the quantitative effects of shareholding are not disclosed due to confidentiality with our business partners, we consider that there are sufficient quantitative effects based on (i) above.

5. Financial Information

1. Basis of preparation of consolidated and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59; referred to as the "Rules Concerning Financial Statements").

In addition, the Company is a special company submitting financial statements, and its financial statements are prepared in accordance with Article 127 of the Rules Concerning Financial Statements.

2. Note on independent audit

The Company's consolidated and non-consolidated financial statements for the most recent fiscal year (from April 1, 2022 to March 31, 2023) were audited by Ernst & Young ShinNihon LLC pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company is making efforts to ensure fair presentation of consolidated financial statements. More specifically, for example, the Company is a member of the Financial Accounting Standards Foundation and takes part in the trainings provided by the foundation in order to properly understand the details of accounting standard and establish systems to respond to the changes in accounting standard in a timely and appropriate manner.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

1) Consolidated balance sheet

(Millions of yen)

		As of March 31, 2022		As of March 31, 2023
ASSETS				
Current assets				
Cash and deposits	*3	67,409	*3	63,519
Notes and accounts receivable - trade	*1	173,949	*1	173,001
Merchandise and finished goods		119,316		120,779
Work in process		3,993		5,371
Raw materials and supplies		61,720		73,405
Other		29,307		34,917
Allowance for doubtful accounts		-85		-73
Total current assets		455,611		470,919
Non-current assets				
Property, plant and equipment				
Buildings and structures		354,611		357,771
Accumulated depreciation		-177,532		-175,987
Buildings and structures, net	*3, *4	177,078	*3, *4	181,783
Machinery, equipment and vehicles		568,092		579,612
Accumulated depreciation		-400,557		-414,059
Machinery, equipment and vehicles, net	*3, *4	167,534	*3, *4	165,552
Tools, furniture and fixtures		59,013		59,450
Accumulated depreciation		-45,426		-46,731
Tools, furniture and fixtures, net	*4	13,587	*4	12,718
Land	*3	72,594	*3	69,486
Leased assets		2,553		2,522
Accumulated depreciation		-1,844		-1,932
Leased assets, net		709		590
Construction in progress		51,986		57,623
Total property, plant and equipment		483,491		487,755
Intangible assets				
Goodwill		26		11
Other		18,123		21,485
Total intangible assets		18,150		21,496
Investments and other assets				
Investment securities	*2	124,127	*2	112,649
Retirement benefit asset		22,356		21,733
Deferred tax assets		7,166		14,412
Other		6,613		7,313
Allowance for doubtful accounts		-58		-63
Total investments and other assets		160,206		156,046
Total non-current assets		661,848		665,298
Total assets		1,117,459		1,136,217

(Millions of yen)

		As of March 31, 2022		As of March 31, 2023
LIABILITIES				
Current liabilities				
Notes and accounts payable - trade		107,634		112,312
Short-term borrowings	*3	18,227	*3	4,874
Current portion of bonds payable		10,000		10,000
Accrued expenses		31,474		34,994
Income taxes payable		20,141		11,299
Contract liabilities		5,907		870
Refund liabilities		15,929		18,052
Provision for bonuses		11,737		11,375
Other		65,759		62,478
Total current liabilities		286,811		266,258
Non-current liabilities				
Bonds payable		20,000		10,000
Long-term borrowings	*3	33,039	*3	39,496
Deferred tax liabilities		5,381		5,497
Retirement benefit liability		54,662		56,255
Provision for retirement benefits for directors (and other officers)		73		76
Other		4,469		7,322
Total non-current liabilities		117,626		118,647
Total liabilities		404,438		384,905
Net assets				
Shareholders' equity				
Share capital		30,000		30,000
Capital surplus		80,503		80,609
Retained earnings		560,238		602,042
Treasury shares		-37,868		-47,502
Total shareholders' equity		632,873		665,149
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		36,347		31,598
Deferred gains or losses on hedges		73		11
Foreign currency translation adjustment		7,673		17,870
Remeasurements of defined benefit plans		-3,631		-2,713
Total accumulated other comprehensive income		40,462		46,767
Non-controlling interests		39,684		39,394
Total net assets		713,021		751,311
Total liabilities and net assets		1,117,459		1,136,217

2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

		For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023
Net sales	*1	1,013,092	*1	1,062,157
Cost of sales	*3	689,843	*3	755,354
Gross profit		323,249		306,802
Selling, general and administrative expenses	*2, *3	230,327	*2, *3	231,368
Operating profit		92,922		75,433
Non-operating income				
Interest income		261		390
Dividend income		1,353		1,472
Foreign exchange gains		391		785
Share of profit of entities accounted for using equity method		1,550		-
Subsidy income		493		536
Other		1,337		1,416
Total non-operating income		5,387		4,601
Non-operating expenses				
Interest expenses		500		462
Share of loss of entities accounted for using equity method		-		2,186
Business commencement expenses		422		1,312
Other		3,401		1,913
Total non-operating expenses		4,323		5,875
Ordinary profit		93,985		74,160
Extraordinary income				
Gain on sale of non-current assets	*4	1,981	*4	18,267
Gain on sale of investment securities		3,676		8,052
Gain on sale of shares of subsidiaries and associates		34,680		1,068
Gain on sale of capital of subsidiaries and associates		-		1,751
Subsidy income		8,913		454
Other		1,528		16
Total extraordinary income		50,780		29,611
Extraordinary losses				
Loss on abandonment of non-current assets	*5	3,239	*5	4,096
Loss on tax purpose reduction entry of non-current assets		8,913		445
Business restructuring expenses		-	*7	3,034
Other	*6	4,157	*6	783
Total extraordinary losses		16,310		8,360
Profit before income taxes		128,455		95,410
Income taxes - current		37,311		29,729
Income taxes - deferred		-1,242		-5,817
Total income taxes		36,068		23,912
Profit		92,387		71,498
Profit attributable to non-controlling interests		4,890		2,073
Profit attributable to owners of parent		87,497		69,424

Consolidated statement of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	92,387	71,498
Other comprehensive income		
Valuation difference on available-for-sale securities	2,408	-4,726
Deferred gains or losses on hedges	37	-64
Foreign currency translation adjustment	9,844	5,854
Remeasurements of defined benefit plans, net of tax	2,330	798
Share of other comprehensive income of entities accounted for using equity method	2,000	4,309
Total other comprehensive income	* 16,620	* 6,171
Comprehensive income	109,008	77,669
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	103,814	75,729
Comprehensive income attributable to non-controlling interests	5,194	1,940

3) Consolidated Statement of changes net assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,000	100,693	496,766	-30,177	597,282
Cumulative effects of changes in accounting policies			-342		-342
Restated balance	30,000	100,693	496,423	-30,177	596,940
Changes during period					
Dividends of surplus			-23,944		-23,944
Profit attributable to owners of parent			87,497		87,497
Purchase of treasury shares				-30,014	-30,014
Disposal of treasury shares		107		161	269
Cancellation of treasury shares		-22,161		22,161	-
Change in scope of consolidation			262		262
Change in ownership interest of parent due to transactions with non-controlling interests		1,863			1,863
Net changes in items other than shareholders' equity					
Total changes during period	-	-20,190	63,814	-7,691	35,933
Balance at end of period	30,000	80,503	560,238	-37,868	632,873

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	33,962	37	-4,026	-5,828	24,145	37,930	659,358
Cumulative effects of changes in accounting policies							-342
Restated balance	33,962	37	-4,026	-5,828	24,145	37,930	659,016
Changes during period							
Dividends of surplus							-23,944
Profit attributable to owners of parent							87,497
Purchase of treasury shares							-30,014
Disposal of treasury shares							269
Cancellation of treasury shares							-
Change in scope of consolidation							262
Change in ownership interest of parent due to transactions with non-controlling interests							1,863
Net changes in items other than shareholders' equity	2,385	35	11,699	2,196	16,316	1,754	18,071
Total changes during period	2,385	35	11,699	2,196	16,316	1,754	54,004
Balance at end of period	36,347	73	7,673	-3,631	40,462	39,684	713,021

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,000	80,503	560,238	-37,868	632,873
Changes during period					
Dividends of surplus			-24,649		-24,649
Profit attributable to owners of parent			69,424		69,424
Purchase of treasury shares				-10,015	-10,015
Disposal of treasury shares		138		381	520
Change in share of other comprehensive income of entities accounted for using equity method			−2,970		−2,970
Change in ownership interest of parent due to transactions with non-controlling interests		-32			-32
Net changes in items other than shareholders' equity					
Total changes during period	-	105	41,804	-9,634	32,275
Balance at end of period	30,000	80,609	602,042	-47,502	665,149

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	36,347	73	7,673	-3,631	40,462	39,684	713,021
Changes during period							
Dividends of surplus							-24,649
Profit attributable to owners of parent							69,424
Purchase of treasury shares							-10,015
Disposal of treasury shares							520
Change in share of other comprehensive income of entities accounted for using equity method							-2,970
Change in ownership interest of parent due to transactions with non-controlling interests							-32
Net changes in items other than shareholders' equity	-4,749	-61	10,197	918	6,305	−290	6,014
Total changes during period	-4,749	-61	10,197	918	6,305	−290	38,290
Balance at end of period	31,598	11	17,870	-2,713	46,767	39,394	751,311

4) Consolidated statement of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	128,455	95,410
Depreciation	50,103	53,575
Impairment losses	2,005	257
Amortization of goodwill	15	15
Loss on retirement of property, plant and equipment	3,222	4,086
Loss (gain) on valuation of investment securities	29	-
Increase (decrease) in allowance for doubtful accounts	-98	-16
Increase (decrease) in provision for bonuses	-108	-314
Increase (decrease) in retirement benefit liability	4,407	3,489
Interest and dividend income	-1,614	-1,863
Interest expenses	500	462
Business restructuring expenses	-	3,034
Share of loss (profit) of entities accounted for using equity method	-1,550	2,186
Loss (gain) on sale of property, plant and equipment	-793	-18,143
Loss on tax purpose reduction entry of non-current assets	8,913	445
Loss (gain) on sale of shares of subsidiaries and associates	-34,662	-1,067
Loss (gain) on sale of investment securities	-3,650	-8,038
Loss (gain) on sale of capital of subsidiaries and associates	-	-1,751
Decrease (increase) in trade receivables	2,902	-5,100
Decrease (increase) in inventories	-5,573	-13,721
Increase (decrease) in contract liabilities	5,567	-5,062
Increase (decrease) in trade payables	3,679	9,611
Other, net	5,684	5,223
Subtotal	167,435	122,721
Interest and dividends received	2,339	2,944
Interest paid	-517	-439
Business restructuring expenses	-	-2,902
Income taxes paid	-41,730	-37,311
Net cash provided by (used in) operating activities	127,526	85,013
Cash flows from investing activities		
Purchase of property, plant and equipment	-88,320	-68,811
Purchase of intangible assets	-4,845	-3,359
Proceeds from sale of property, plant and equipment and intangible assets	2,346	24,068
Subsidies received	7,770	454
Purchase of investment securities	-279	-562
Proceeds from sale of investment securities	55,389	11,183
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	2,300	1,944
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	-	919
Other, net	-1,974	-2,625
Net cash provided by (used in) investing activities	-27,614	-36,788

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-9,231	-3,450
Proceeds from long-term borrowings	765	10,500
Repayments of long-term borrowings	-12,380	-14,355
Proceeds from issuance of bonds	9,952	-
Redemption of bonds	-10,054	-10,000
Decrease (increase) in treasury shares	-29,754	-9,502
Dividends paid	-23,898	-24,606
Dividends paid to non-controlling interests	-949	-2,230
Other, net	-1,447	-1,090
Net cash provided by (used in) financing activities	-76,997	-54,734
Effect of exchange rate change on cash and cash equivalents	2,931	2,576
Net increase (decrease) in cash and cash equivalents	25,844	-3,933
Cash and cash equivalents at beginning of period	39,011	64,872
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	16	-
Cash and cash equivalents at end of period	* 64,872	* 60,939

Notes

(Significant accounting policies for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 57 companies

The names of the consolidated subsidiaries are omitted as they are listed in "1 Overview of the company, 4. Subsidiaries and other affiliated entities."

(New)

In the current fiscal year, Meiji Animal Health Co., Ltd. and Meiji Seika Pharmatech Co., Ltd. were added to the scope of consolidation after each establishment as new companies.

(Excluded)

KCS Co., Ltd. was removed from the scope of consolidation following the sale of all stock in the company. Meiji Pharma (Shandong) Co., Ltd. was also removed from the scope of consolidation due to the transfer of all of its equity.

(2) Names of major unconsolidated affiliates

Thai Meiji Food Co., Ltd.

(Reasons for exclusion from the scope of consolidation)

The total amounts of assets, net sales, current net income and loss (the amounts corresponding to the Company's equity interest), and retained earnings (the amounts corresponding to the Company's equity interest) of the unconsolidated subsidiaries are small and do not have a significant impact on the consolidated financial statements.

2. Application of equity method

(1) Companies which are accounted for by the equity method: 5 companies

Chiba Meiji Milk Products Co., Ltd, Okinawa Meiji Milk Products Co., Ltd., Thai Meiji Food Co., Ltd., CP-MEIJI Co., Ltd., AUSTASIA GROUP LTD.

(2) Names of major companies not accounted for by the equity method

Unconsolidated subsidiaries: MIYAKO YUSO TRANSPORTATION CO., LTD.

Affiliated companies: Kushiroshiryo Co., Ltd.

(Reasons for not applying the equity method)

The total amounts of current net income and loss (the amounts corresponding to the Company's equity interest) and retained earnings (the amounts corresponding to the Company's equity interest) of the companies not accounted for by the equity method are small and do not have a significant impact on the consolidated financial statements.

(3) Matters which are found particularly necessary to be stated with respect to the procedures for application of the equity method

Among the companies that are accounted for by the equity method, the settlement date of Thai Meiji Food Co. Ltd., CP-MEIJI Co., Ltd., and AUSTASIA GROUP LTD. is December 31. The financial statements as of December 31 were used in preparing the consolidated financial statements.

3. Fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the settlement date of the following companies is December 31.

Meiji America Inc.,
D.F. Stauffer Biscuit Co., Inc.,
Laguna Cookie Co., Inc.,
Meiji Seika (Singapore) Pte. Ltd.,
Meiji (China) Investment Co., Ltd.,
Meiji Dairies (Tianjin) Co., Ltd.,
Meiji Seika Food Industry (Shanghai) Co., Ltd.,
Meiji Dairies (Suzhou) Co., Ltd.,
Meiji Ice Cream (Guangzhou) Co., Ltd.,
Meiji Food (Guangzhou) Co., Ltd.,
Guangzhou Meiji Confectionery Co., Ltd.,
Taiwan Meiji Food Co., Ltd.,
MEIJI FOOD VIETNAM CO., LTD.,
Meiji Pharma Spain, S.A.,
P.T. Meiji Indonesian Pharmaceutical Industries,
Thai Meiji Pharmaceutical Co., Ltd.,
Meiji Seika Europe B.V.,
Shantou SEZ Meiji Pharmaceuticals Co., Ltd.,
Guangdong Meiji Pharmaceutical Co., Ltd.

The financial statements as of the settlement date of each company are used in preparing the consolidated financial statements, and adjustments necessary for consolidation are made to reflect significant transactions that occurred between the relevant settlement date and the current consolidation date.

4. Accounting policies

(1) Basis and method of valuation of significant assets

1) Securities

Other Securities

Securities other than shares with no market price

Stated at fair value method (valuation differences are reported as a component of shareholders’ equity, and costs of securities sold are calculated by the moving-average method).

Shares with no market price

Stated at cost method primarily using the moving-average method.

2) Derivatives

Stated at fair value method.

3) Inventories

Stated at actual cost method primarily using the periodic average method (the amount stated in the balance sheet is calculated by the book value write-down method based on reduction in profitability).

(2) Depreciation methods for significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

Stated primarily at straight-line method.

Note that the main useful lives are as follows.

Buildings and structures:	2-60 years
Machinery, equipment and vehicles:	2-18 years
Tools, furniture and fixtures:	2-20 years

2) Intangible fixed assets (excluding leased assets)

Stated primarily at straight-line method.

Note that software for internal use is stated at straight-line method based on the useful life (five years).

3) Leased assets

Leased assets related to the finance lease transactions other than those involving a transfer of ownership

The lease period is treated as the expected lifetime and stated at straight-line method assuming with no residual value.

4) Investment property

Stated primarily at straight-line method.

(3) Reporting basis for significant allowances

1) Allowance for doubtful accounts

In order to prepare for losses from defaults of trade receivables, the estimated uncollectable amounts regarding general accounts receivable are recorded using historical bad debt ratio, and the estimated uncollectable amounts regarding certain accounts receivable, such as doubtful accounts receivable, are recorded separately by examining their collectability.

2) Provision for bonuses

To cover bonus payments to employees, the expected bonus payments for employees enrolled at the end of the fiscal year is recorded based on the applicable payment period.

3) Provision for retirement benefits for directors (and other officers)

In order to prepare for retirement benefits for directors (and other officers), an amount as required to be paid at the end of the current fiscal year is recorded primarily based on internal regulations.

(4) Accounting method for retirement benefits

1) Method of attributing estimated retirement benefits to periods of service

When calculating retirement benefit obligations, the methods of attributing estimated retirement benefits to the period through the end of the current fiscal year is primarily based on the benefit calculation method.

2) Actuarial differences and treatment of past service cost

Actuarial differences are amortized by the straight-line method over a fixed number of years (7 to 14 years) within the average remaining service years of employees at the time of occurrence in each fiscal year and allocated proportionately from the fiscal year following the respective fiscal year of occurrence.

Past service cost is amortized by the straight-line method (4 to 15 years) within the average remaining service of employees at the time of occurrence.

3) Unrecognized actuarial differences and accounting treatment of unrecognized past service cost

Unrecognized actuarial differences and unrecognized past service cost are posted to remeasurements of defined benefit plans on accumulated other comprehensive income in net assets, after adjusting for tax effects.

(5) Accounting methods for significant revenues and expenses

With regard to the revenues of the Company and its consolidated subsidiaries arising from contracts with customers, the description of main performance obligations in the main business segments and the typical timing at which these performance obligations are satisfied (the typical timing of revenue recognition) are as follows.

- Food

In the Food Segment, revenues are recorded mainly from the sale of yogurt, cheese, drinking milk, beverages, butter and margarine, cream, ice cream, ready meals, chocolate, gummy products, chewing gum, sports nutrition product, infant formula, liquid diet, beauty supplement, OTC medicines, feed stuffs, sugar and corn sweeteners, etc.

Revenue from the sale of these products is recognized upon acceptance inspection of these products by customers, as it is considered that control is transferred to customers and the Group's performance obligation is satisfied upon performance of the acceptance inspection of these products by customers. Certain consolidated subsidiaries recognize revenue at the time of shipment as an alternative method. Revenue from the sale of these products is measured as the amount of consideration promised in the contract with customers, less discounts, rebates, etc., and consumption and other taxes.

Variable consideration is the consideration under a contract with customers or a transaction that cannot be separated from a sales transaction. When the Company has a performance obligation to arrange for goods to be provided by another party, the Company is deemed as an agent and recognizes the net amount of commission or consideration as revenue. The consideration for the transactions is received primarily within one year of satisfaction of the performance obligation and does not include significant financial elements.

- Pharmaceutical

In the Pharmaceutical segment, revenue from the sale of domestic ethical pharmaceuticals, overseas ethical pharmaceuticals, human vaccines, and veterinary drugs, royalties related to intellectual property, upfront and milestone payments, and contracted services are recorded.

Revenue from the sale of domestic ethical pharmaceuticals, overseas ethical pharmaceuticals, human vaccines, and veterinary drugs is recognized upon performance of the acceptance inspection of the products by customers, as it is considered that control is transferred to customers and the Group's performance obligation is satisfied upon the acceptance inspection of the products by customers. For product sales in Japan, revenue is recognized upon shipment, applying the alternative treatment, if the period from the shipment to the transfer of control of the products to customers is within a normal period. Revenue from the sale of these products is measured at the amount of consideration promised in the contract with customers, less discounts, rebates, consumption taxes and other taxes.

Royalty income related to intellectual property is recognized, in principle, when the underlying sales occur.

As for revenue related to upfront and milestone payments, its performance obligation is the provision of intellectual property under the contract, and the revenue is recognized over a certain period when the performance obligation is fulfilled or as the performance obligation is being fulfilled. Regarding the performance obligation that can be fulfilled at a certain point of time, revenue is recognized when the customer obtains the right promised to be transferred by the Group based on the contract. Regarding the performance obligation that is fulfilled over a certain period of time, revenue shall be recognized over a certain period of time such as the expected contract period, in accordance with the method to measure the progress for the fulfillment of performance obligation determined for each contract.

Revenue related to contracted services is primarily from contracted distribution management services, and the Company has performance obligations to provide contracted services based on contracts with customers. Since the performance obligation is satisfied when the services are rendered to customers, revenue is recognized when the performance obligation is satisfied.

The consideration for the transactions is received primarily within one year of satisfaction of the performance obligation and does not include significant financial elements.

(6) Standards for translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the prevailing spot exchange rates on the consolidated balance sheet date, and translation differences are recognized as gains or losses.

Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the prevailing spot exchange rates on the balance sheet date of the overseas subsidiaries, while revenues and expenses are translated into Japanese yen at the average exchange rate during the fiscal year and translation differences are included in foreign currency translation adjustments and non-controlling interests are included in net assets.

(7) Derivative financial instrument

1) Method of hedge accounting

Deferred hedge accounting is used.

For forward exchange contracts and other transactions, the apportionment method is applied when the specific requirements for the method are satisfied. For interest rate and currency swap transactions, the integrated method is applied when the requirements for the integrated method (exceptional method, apportionment method) are satisfied.

2) Hedging instruments and hedged items

Hedging instrument	Hedged item
Forward exchange contracts, etc.	Receivables and payables denominated in foreign currencies and forecast transactions denominated in foreign currencies
Interest rate and currency swap transactions	Interest on loans and borrowings

3) Hedging policy

Certain consolidated subsidiaries enter into forward exchange contracts, etc. to reduce foreign exchange risks associated with export and import transactions in the ordinary course of business. In addition, the Company conducts interest rate and currency swap transactions to reduce the risk of interest rate and foreign exchange fluctuations for funds procured. The Company does not conduct derivatives transactions for speculative purposes.

4) Methods for evaluating the effectiveness of hedging

Since forward exchange contracts, etc. are applied to foreign currency receivables and payables transactions to fix future cash flows in yen, the apportionment method is applied and the requirements for subsequent testing are met. For forecast transactions denominated in foreign currencies, the Company examines eligibility for hedging considering whether the feasibility of the transaction is extremely high.

For interest rate and currency swap transactions, evaluation of the effectiveness is omitted, since the requirements for integrated method (exceptional method, apportionment method) are satisfied.

(8) Amortization method and period of goodwill

Goodwill is amortized on a straight-line basis over five years.

(9) Scope of funds in consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments that are readily convertible to cash, have only a slight risk of value fluctuation, and are redeemable within three months from the date of acquisition.

(10) Other important matters for preparation of consolidated financial statements

Treatment of deferred assets

Bond issuance costs are fully expensed at the time the disbursement is made.

(Significant accounting estimates)

Disclosure is omitted due to immateriality.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Market Value Measurement)

As of the beginning of the current fiscal year, we applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021, hereinafter, the “Guidance”). In accordance with transitional treatment as prescribed in paragraph 27-2 of the Guidance, we have decided to apply the new accounting practices stipulated by the Guidance prospectively. As such, there is no impact on financial statements for the current fiscal year.

(Accounting standard not yet adopted)

- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In February 2018, ASBJ issued ASBJ Statement No. 28, Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (“ASBJ Statement No. 28, etc.”), completing the transfer of the JICPA’s practical guidelines on tax effect accounting to ASBJ. In the course of the deliberations, the following two issues, which were to be considered again after the publication of ASBJ Statement No. 28, etc., were discussed and published.

- Classification of tax expenses (taxation on other comprehensive income)
- Tax effect on the sale of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) when the corporate group tax system is applied

(2) Effective date

The accounting standards and related implementation guidance will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact from applying accounting standards and related implementation guidance

The impact of application of the accounting standards and related implementation guidance on the consolidated financial statements is under evaluation.

(Changes in presentation)

(Consolidated statement of income)

Subsidy income was included in “Other” under non-operating income for the previous fiscal year. However, as the monetary significance of this amount increased, we decided to report subsidy income as a separate item from the current fiscal year. Also, we reported loss on events and compensation expenses under non-operating expenses as separated items. However, as the monetary significance of this amount decreased, we decided to include those items in “Other” under non-operating expenses. Business commencement expenses was included in “Other” under non-operating expenses for the previous fiscal year. However, as the monetary significance of this amount increased, we decided to report business commencement expenses under non-operating expenses as a separate item from the current fiscal year. We reported impairment losses under extraordinary losses as a separated item. However, as the monetary significance of this amount decreased, we included impairment losses in “Other” under extraordinary losses from the current fiscal year.

In order to reflect these changes, the consolidated financial statements for the previous fiscal year have been reorganized.

As a result, “Other” under non-operating income of JPY 1,830 million is reported as JPY 493 million of subsidy income and JPY 1,337 million of “Other.” JPY 509 million of loss on events, JPY 426 million of compensation expenses and JPY 2,886 million of “Other” under non-operating expenses, are reported as JPY 422 million of business commencement expenses and JPY 3,401 million of “Other.” JPY 2,005 million of impairment losses under extraordinary losses and JPY 2,151 million of “Other” are reported as JPY 4,157 million of “Other.”

(Consolidated balance sheet)

*1 Notes and accounts receivable - trade arising from contracts with customers are as follows.

	As of March 31, 2022	As of March 31, 2023
Notes receivable - trade	JPY 374 million	JPY 331 million
Accounts receivable - trade	173,574	172,669

*2 Amounts related to non-consolidated subsidiaries and affiliates are as follows.

	As of March 31, 2022	As of March 31, 2023
Investment securities (shares)	JPY 47,408 million	JPY 45,716 million

*3 Pledged assets and secured liabilities

Assets pledged as collateral are as follows.

	As of March 31, 2022	As of March 31, 2023
Cash and deposits	JPY 146 million	JPY 146 million
Buildings and structures	1,276	1,203
Machinery, equipment and vehicles	680	417
Land	49	49
Total	2,153	1,816

Cash and deposits are pledged as collateral to guarantee business transactions.

Secured liabilities are as follows.

	As of March 31, 2022	As of March 31, 2023
Long-term borrowings (including current portion of long-term borrowings)	JPY 6,105 million	JPY 4,558 million

*4 Tax purpose reduction entry

The amounts of tax purpose reduction entries deducted from the acquisition cost of property, plant and equipment acquired through national subsidies, etc. are as follows.

	As of March 31, 2022	As of March 31, 2023
Buildings and structures	JPY 3,577 million	JPY 3,732 million
Machinery, equipment and vehicles	5,298	5,503
Tools, furniture and fixtures	227	307
Total	9,102	9,544

5 Guarantee liabilities

The Company has guaranteed the following borrowings from financial institutions by companies other than consolidated companies and by employees.

Debt guaranty

	As of March 31, 2022	As of March 31, 2023
Sendai Feed Co., Ltd.	JPY 39 million	JPY 26 million
Makiba Feed Co., Ltd.	919	799
Employees	16	11
Total	974	838

6 Contingent liabilities related to debt assumption contracts for bonds payable

For the following bonds payable, the Company has assigned its debt under a trust-type debt assumption agreement (debt assumption agreement) with a bank. Accordingly, the assigned debt related to the bonds payable and the amount payable under the agreement are set off and extinguished, but the Company’s obligation to redeem the bonds to the bondholders will continue to exist until the bonds are redeemed.

	As of March 31, 2022	As of March 31, 2023
The Company’s 7th unsecured bond	JPY 10,000 million	JPY 10,000 million

7 Discounted notes receivable and Trade notes receivable transferred by endorsement

	As of March 31, 2022	As of March 31, 2023
Discounted notes receivable	JPY - million	JPY 2 million
Trade notes receivable transferred by endorsement	37	-

8 Commitment line contract

The Company has concluded commitment line contracts with six financial institutions (six banks in the previous fiscal year) for the purpose of flexible financing and improvement of fund efficiency.

The unused commitment lines under these contacts at the end of the consolidated current fiscal year are as follows.

	As of March 31, 2022	As of March 31, 2023
Total amount of commitment line	JPY 20,000 million	JPY 20,000 million
Amount of borrowings	-	-
Balance	20,000	20,000

(Consolidated statement of income)

*1 Revenue from contracts with customers

In net sales, revenues arising from contracts with customers and other revenues are not separately presented. The amount of revenue from contracts with customers is presented in “Notes (Revenue Recognition) (1) Information on disaggregated revenue from contracts with customers” in the Notes to Consolidated Financial Statements.

*2 Major items and amounts of selling, general and administrative expenses are as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Freight and storage charges	JPY 21,891 million	JPY 18,915 million
Sales promotion expenses	17,234	20,117
Labor cost	71,568	70,165
Provision for bonuses	6,868	7,611
Retirement benefit expenses	6,804	6,533
Research and development expenses	22,767	20,341

*3 Total research and development expenses included in manufacturing costs and selling, general and administrative expenses for the current fiscal year

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
	JPY 33,441 million	JPY 30,989 million

*4 Details of gain on sales of non-current assets are as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Buildings and structures	JPY 3 million	JPY 11,030 million
Land	1,890	6,366
Other non-current assets	87	870
Total	1,981	18,267

*5 Details of loss on abandonment of non-current assets are as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Buildings and structures	JPY 474 million	JPY 382 million
Machinery, equipment and vehicles	1,169	1,298
Other	1,596	2,416
Total	3,239	4,096

*6 Impairment losses

The Meiji Group recorded impairment losses on the following asset groups.

For the fiscal year ended March 31, 2022

Location or Company	Use	Category
Shandong Province, China	Business assets	Machinery, equipment and construction in progress, etc.
Inazawa City, Aichi	Idle assets	Machinery and equipment, etc.
Isesaki City, Gunma	Idle assets	Buildings
Utsunomiya City, Tochigi	Business assets	Building etc.
Hyderabad, India	Business assets	Building etc.
Madrid, Spain	Business assets	Intangible fixed assets
Guangdong Province, China	Business assets	Machinery and equipment, etc.
Odawara City, Kanagawa	Business assets	Machinery and equipment, etc.

Assets of the Meiji Group are, in principle, grouped based on business type, while lease assets and idle assets are grouped by individual asset.

In the current fiscal year, due mainly to a decline in profitability of some assets, the book value of such assets was reduced to the recoverable amount, and an impairment loss (JPY 2,005 million) was recorded as an extraordinary loss.

For business assets, the loss is broken down as follows: JPY 387 million for buildings and structures, JPY 574 million for machinery, equipment and vehicles, JPY 20 million for tools, furniture and fixtures, JPY 3 million for land, JPY 13 million for intangible fixed assets, JPY 311 million for construction in process, and JPY 54 million for long-term prepaid expenses.

For idle assets, the loss is broken into JPY 121 million for buildings and structures, and JPY 517 million for machinery, equipment and vehicles.

The recoverable amount of these assets is measured by value in use for business assets with declined profitability, and presentation of the discount rate is omitted since their future cash flows are generally negative.

Other business and idle assets of which recoverable amount is measurable are measured at their net realizable value, which is reduced to the memorandum value or estimated sales price, etc.

For the fiscal year ended March 31, 2023

Disclosure is omitted because it is insignificant.

*7 Business restructuring expenses

Business restructuring expenses include special retirement benefits resulting from the implementation of second-career special support, business restructuring, etc. at certain consolidated subsidiaries in our Pharmaceutical segment as part of business structure reforms.

(Consolidated statement of comprehensive income)

* Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities:		
Increase in the current fiscal year	JPY 7,080 million	JPY 667 million
Reclassification adjustment	-3,592	-7,409
Before tax effect adjustment	3,488	-6,742
Tax effect amount	-1,080	2,015
Valuation difference on available-for-sale securities	2,408	-4,726
Deferred gains or losses on hedges:		
Increase in the current fiscal year	53	-93
Reclassification adjustment	-	-
Adjustment to acquisition cost of assets	-	-
Before tax effect adjustment	53	-93
Tax effect amount	-16	28
Deferred gains or losses on hedges:	37	-64
Foreign currency translation adjustment:		
Increase in the current fiscal year	9,844	6,750
Reclassification adjustment	-	-895
Foreign currency translation adjustment	9,844	5,854
Remeasurements of defined benefit plans, net of tax		
Increase in the current fiscal year	-711	-2,253
Reclassification adjustment	4,026	3,567
Before tax effect adjustment	3,314	1,314
Tax effect amount	984	515
Remeasurements of defined benefit plans, net of tax	2,330	798
Share of other comprehensive income of entities accounted for using equity method:		
Increase in the current fiscal year	1,563	4,309
Reclassification adjustment	436	-
Share of other comprehensive income of entities accounted for using equity method:	2,000	4,309
Total of other comprehensive income	16,620	6,171

(Consolidated Statement of Changes in Net Assets)

For the fiscal year ended March 31, 2022

1. Matters concerning the classes and total number of issued shares and the classes and number of treasury shares

	Number of shares at the beginning of the current fiscal year (Thousand shares)	Increases in the number of shares in the current fiscal year (Thousand shares)	Decreases in the number of shares in the current fiscal year (Thousand shares)	Number of shares outstanding at the end of the current fiscal year (Thousand shares)
Issued shares				
Ordinary shares (Note 1)	152,683	-	4,313	148,369
Total	152,683	-	4,313	148,369
Treasury shares				
Ordinary shares (Notes 2, 3)	7,584	4,317	4,353	7,548
Total	7,584	4,317	4,353	7,548

(Notes) 1 The decrease of 4,313 thousand shares in the total number of issued ordinary shares is due to the cancellation of treasury shares.

2 The increase of 4,317 thousand shares in treasury shares of common share is due to the acquisition of 4,313 thousand treasury shares and the purchase of 3 thousand shares of shares less than one unit.

3 The decrease of 4,353 thousand shares in the number of treasury shares of common share is due to the cancellation of 4,313 thousand treasury shares, disposal of 39 thousand treasury shares as restricted share remuneration and decrease of 0 thousand shares from the sale of shares less than one unit.

2. Matters concerning dividends

(1) Dividends paid

(Resolution)	Class	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 18, 2021 Board of Directors	Ordinary shares	12,333	85.00	March 31, 2021	June 7, 2021
November 9, 2021 Board of Directors	Ordinary shares	11,610	80.00	September 30, 2021	December 7, 2021

(2) Dividends for which the record date is in the current fiscal year but for which the effective date is in the following fiscal year

(Resolution)	Class	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
May 12, 2022 Board of Directors	Ordinary shares	12,673	Retained earnings	90.00	March 31, 2022	June 7, 2022

For the fiscal year ended March 31, 2023

1. Matters concerning the classes and total number of issued shares and the classes and number of treasury shares

	Number of shares at the beginning of the current fiscal year (Thousand shares)	Increases in the number of shares in the current fiscal year (Thousand shares)	Decreases in the number of shares in the current fiscal year (Thousand shares)	Number of shares outstanding at the end of the current fiscal year (Thousand shares)
Issued shares				
Ordinary shares	148,369	-	-	148,369
Total	148,369	-	-	148,369
Treasury shares				
Ordinary shares (Notes 1, 2)	7,548	1,504	74	8,979
Total	7,548	1,504	74	8,979

(Notes) 1 The increase of 1,504 thousand shares in treasury shares of common share is due to the acquisition of 1,501 thousand treasury shares and the purchase of 2 thousand shares of shares less than one unit.

2 The decrease of 74 thousand shares in the number of treasury shares of common share is due to the disposal of 73 thousand treasury shares as restricted share remuneration and decrease of 0 thousand shares from the sale of shares less than one unit.

3 A two-for-one share split was issued on April 1, 2023, and the above information is based on the number of shares prior to the share split.

2. Matters concerning dividends

(1) Dividends paid

(Resolution)	Class	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 12, 2022 Board of Directors	Ordinary shares	12,673	90.00	March 31, 2022	June 7, 2022
November 8, 2022 Board of Directors	Ordinary shares	11,975	85.00	September 30, 2022	December 6, 2022

(2) Dividends for which the record date is in the current fiscal year but for which the effective date is in the following fiscal year

(Resolution)	Class	Total amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
May 11, 2023 Board of Directors	Ordinary shares	13,242	Retained earnings	95.00	March 31, 2023	June 7, 2023

(Note) A two-for-one share split was issued on April 1, 2023, and the dividends with a record date of March 31, 2023 are stated based on the amount of the number of shares prior to the share split.

(Consolidated statement of cash flows)

*1 Relationship between the year-end balance of cash and cash equivalents and the amount of account reported in the consolidated balance sheet.

	For the fiscal year ended March 31, 2022 (Millions of yen)	For the fiscal year ended March 31, 2023 (Millions of yen)
Cash and deposits account	67,409	63,519
Time deposits with maturities longer than three months	-2,536	-2,580
Cash and cash equivalents	64,872	60,939

(Leases)

(Lessees)

1. Finance lease transactions

Non-ownership-transfer finance lease transactions

1) Details of leased assets

Property, plant and equipment

Mainly sales equipment (tools, furniture and fixtures), production facilities (machinery, equipment and vehicles) at manufacturing plants, and test and research equipment (machinery, equipment, tools, furniture and fixtures).

2) Depreciation method for leased assets

As stated in Notes - Significant accounting policies for preparation of consolidated financial statements, “4. Disclosure of accounting policies”, (2) Depreciation method for significant depreciable assets.”

2. Operating lease transactions

Future lease payments under non-cancelable operating lease transactions

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Within 1 year	2,257	2,273
Over 1 year	3,867	2,116
Total	6,125	4,390

(Financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy on dealing in financial instruments

The Meiji Group procures necessary funds (mainly through bank loans and bond issuance) in light of its capital expenditure plan and working capital plan, etc. to conduct the business of manufacturing and selling mainly dairy products, confectioneries, food, and pharmaceuticals. Temporary surplus funds are invested in highly secure financial assets, and short-term working capital is procured through commercial paper and other means. The Company uses derivatives to avoid the risks described below with a policy of not engaging in speculative transactions.

(2) Description of financial instruments and their risks

Notes and accounts receivable-trade are exposed to the risk of customer credit. In addition, foreign currency-denominated trade receivables arising from global business operations are exposed to the risk of exchange rate fluctuations, and some consolidated subsidiaries hedge this risk by using forward exchange contracts and other means. Investment securities mainly consist of shares related to business or capital tie-ups with business partners and are exposed to the risk of market price fluctuation.

Trade notes and accounts payable are mostly due within one year. Some of them are denominated in foreign currencies in connection with the import of raw materials, etc. and are exposed to the risk of exchange rate fluctuations, and some consolidated subsidiaries hedge such risk by using forward exchange contracts and other means. Borrowings, commercial papers and bonds payable are mainly for the purpose of procuring funds necessary for capital expenditures and working capital, and their redemption dates are at longest six years after the consolidated balance sheet date. Some of these are denominated in foreign currencies and have floating interest rates and are exposed to the risk of interest rate and foreign exchange fluctuations, and are hedged using derivative transactions (interest rate and currency swap transactions).

Derivative transactions include forward exchange contracts, etc., to hedge the risk of exchange rate fluctuations related to trade receivables and payables denominated in foreign currencies, and interest rate and currency swaps to hedge the risk of fluctuations in interest rates payable related to borrowings and exchange rates. For information on hedging instruments and hedged items related to hedge accounting, hedging policy, evaluation method of the effectiveness of hedging, etc., please refer to “4. Disclosure of accounting policies (7) Significant hedge accounting method” in the aforementioned Notes - Significant accounting policies for preparation of consolidated financial statements.

(3) Risk management system for financial instruments

1) Management of credit risk (risk related to nonperformance of contracts, etc. by business partners)

In the Meiji Group, in accordance with the receivable management rules, etc., each management department in each business division periodically monitors the status of major business partners with respect to trade receivables, and manages due dates and outstanding balances by business partner, in order to early identify and mitigate concerns about collection due to deterioration of financial conditions, etc.

In using derivatives, the Company enters into transactions only with highly rated financial institutions in order to mitigate counterparty risk.

The maximum amount of credit risk as of the consolidated balance sheet date of the current fiscal year is presented by the balance sheet amount of financial assets exposed to credit risk.

2) Management of market risk (risk of fluctuations in foreign exchange rates, interest rates, etc.)

Certain consolidated subsidiaries use forward exchange contracts, etc. to hedge foreign currency-denominated trade receivables and payables against the risk of exchange rate fluctuations identified monthly by currency. In addition, the Company uses interest rate and currency swap transactions to reduce the risk of fluctuations in interest rates and foreign exchange rates related to borrowings.

With regard to investment securities, the Company periodically determines the fair value and financial conditions of the issuers (business partners) and continually reviews the status of holding considering the relationship with them.

In certain consolidated subsidiaries, each relevant department conducts derivative transactions in accordance with the derivative transaction management rules, which stipulate transaction authority and limits.

3) Management of liquidity risk related to fund procurement (risk of failure to pay on due dates)

The Meiji Group manages liquidity risk by having each company’s accounting department prepare and update fund management plans in a timely manner based on reports from each business department.

(4) Supplementary explanation on matters concerning fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, such value may change due to the adoption of different assumptions, etc.

In addition, the contract amount, etc. of derivative transactions in the Note “Derivatives” does not in itself indicate the market risk associated with derivative transactions.

2. Matters regarding fair values, etc. of financial instruments

The amounts recorded on the consolidated balance sheet, fair values, and their differences are as follows:

As of March 31, 2022

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair Value (Millions of yen)	Difference (Millions of yen)
(1) Investment securities			
Available-for-sale securities	74,611	74,609	−1
Total assets	74,611	74,609	−1
(1) Bonds payable	30,000	29,924	−76
(2) Long-term borrowings	47,365	47,339	−25
Total liabilities	77,365	77,263	−101
Derivative transactions			
(1) To which hedge accounting is not applied	-	-	-
(2) To which hedge accounting is applied	110	110	-
Total derivative transactions	110	110	-

(Notes) 1. Notes on cash are omitted. Notes on deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term borrowings, and accounts payable - other are omitted because these accounts are settled in a short period of time and fair values are approximate to book values.

2. Shares, etc. without a market price are not included in the investment securities. The amounts of the financial instruments reported on the consolidated balance sheet are as follows:

Categories	As of March 31, 2022 (Millions of yen)
Shares, etc. without a market price (*1)	49,362
Investments in partnerships, etc. (*2)	153

*1 Shares, etc. without a market price include shares not listed, and they are not subject to disclosure of fair values pursuant to paragraph 5 of Application Guidelines for Disclosure of Fair Values, etc. of Financial Instruments (Application Guidelines for Business Accounting Standard No. 19, March 31, 2020).

*2 Investments in partnerships, etc. are mainly investments in investment partnerships, etc. These are not subject to disclosure of fair values pursuant to paragraph 27 of Application Guidelines for Accounting Standard for the Calculation of Fair Values (Application Guidelines for Business Accounting Standard No. 31, July 4, 2019).

3. Bonds payable and long-term borrowings include their current portions.

4. Receivables and payables arising from derivative transactions are presented on a net basis, and the total is payable at the end of the current fiscal year.

As of March 31, 2023

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair Value (Millions of yen)	Difference (Millions of yen)
(1) Investment securities			
Available-for-sale securities	64,748	64,776	27
Shares of affiliates	30,933	17,082	-13,851
Total assets	95,682	81,859	-13,823
(1) Bonds payable	20,000	19,933	-67
(2) Long-term borrowings	43,623	43,542	-80
Total liabilities	63,623	63,475	-147
Derivative transactions			
(1) To which hedge accounting is not applied	-	-	-
(2) To which hedge accounting is applied	17	17	-
Total derivative transactions	17	17	-

(Notes)
1. Notes on cash are omitted. Notes on deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term borrowings, and accounts payable - other are omitted because these accounts are settled in a short period of time and fair values are approximate to book values.
2. Shares of affiliates include those of listed entities accounted for using equity method, and the difference is due to the fair market valuation of such shares.
3. Shares, etc. without a market price are not included in the investment securities. The amounts of the financial instruments reported on the consolidated balance sheet are as follows:

Categories	As of March 31, 2023 (Millions of yen)
Shares, etc. without a market price (*1)	16,794
Investments in partnerships, etc. (*2)	173

*1 Shares, etc. without a market price include shares not listed, and they are not subject to disclosure of fair values pursuant to paragraph 5 of Application Guidelines for Disclosure of Fair Values, etc. of Financial Instruments (Application Guidelines for Business Accounting Standard No. 19, March 31, 2020).

*2 Investments in partnerships, etc. are mainly investments in investment partnerships, etc. These are not subject to disclosure of fair values pursuant to paragraph 24-16 of Application Guidelines for Accounting Standard for the Calculation of Fair Values (Application Guidelines for Business Accounting Standard No. 31, June 17, 2021).

4. Bonds payable and long-term borrowings include their current portions.
5. Receivables and payables arising from derivative transactions are presented on a net basis, and the total is payable at the end of the current fiscal year.

(Notes) 1. Scheduled redemption amounts after the consolidated closing date for monetary claims and securities that have maturities.

As of March 31, 2022

	Within 1 year (Millions of yen)	1 to 5 years (Millions of yen)	5 to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	67,409	-	-	-
Notes and accounts receivable - trade	173,949	-	-	-
Total	241,358	-	-	-

As of March 31, 2023

	Within 1 year (Millions of yen)	1 to 5 years (Millions of yen)	5 to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	63,519	-	-	-
Notes and accounts receivable - trade	173,001	-	-	-
Total	236,520	-	-	-

2. Scheduled redemption amounts after the consolidated closing date for bonds payable, long-term borrowings and other interest-bearing liabilities

As of March 31, 2022

	Within 1 year (Millions of yen)	1 to 2 years (Millions of yen)	2 to 3 years (Millions of yen)	3 to 4 years (Millions of yen)	4 to 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term borrowings	3,901	-	-	-	-	-
Bonds payable	10,000	10,000	-	-	10,000	-
Long-term borrowings	14,325	4,112	21,973	5,114	1,154	685
Total	28,227	14,112	21,973	5,114	11,154	685

As of March 31, 2023

	Within 1 year (Millions of yen)	1 to 2 years (Millions of yen)	2 to 3 years (Millions of yen)	3 to 4 years (Millions of yen)	4 to 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term borrowings	747	-	-	-	-	-
Bonds payable	10,000	-	-	10,000	-	-
Long-term borrowings	4,127	21,987	5,132	1,168	11,120	87
Total	14,874	21,987	5,132	11,168	11,120	87

3. Breakdown of fair values of financial instruments by level

Fair values of financial instruments are categorized into the following three levels on the basis of the observability and materiality of inputs used in the fair value measurement.

Level 1: Fair values measured using quoted prices of identical assets or liabilities in active markets among observable valuation inputs

Level 2: Fair values measured using inputs other than inputs included within Level 1 among observable valuation inputs

Level 3: Fair values measured using unobservable valuation inputs

When several inputs that have a significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest hierarchy level for fair value measurement among those in which each of the inputs belongs.

(1) Financial instruments measured at fair value on the consolidated balance sheet

As of March 31, 2022

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	74,480	-	-	74,480
Total assets	74,480	-	-	74,480

As of March 31, 2023

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	64,615	-	-	64,615
Total assets	64,615	-	-	64,615

(2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

As of March 31, 2022

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	-	129	-	129
Total assets	-	129	-	129
Bonds payable	-	29,924	-	29,924
Long-term borrowings	-	47,339	-	47,339
Derivative transactions				
Currency-related	-	110	-	110
Total liabilities	-	77,373	-	77,373

As of March 31, 2023

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	-	161		161
Shares of affiliates	17,082	-	-	17,082
Total assets	17,082	161	-	17,243
Bonds payable	-	19,933	-	19,933
Long-term borrowings	-	43,542	-	43,542
Derivative transactions				
Currency-related	-	17	-	17
Total liabilities	-	63,493	-	63,493

(Note) Explanation of the valuation method used to measure fair values and the inputs related to fair value measurement

Investment securities

Shares listed are measured using quoted prices. Since shares listed are traded in active markets, their fair values are categorized as level 1. On the other hand, the fair value of the golf club membership owned by the Company is categorized as level 2 because the transaction frequency in the market is low and such fair value is not considered quoted prices in active markets.

Bonds payable

Fair values of bonds payable issued by the Company are measured using quoted prices and are categorized as level 2.

Long-term borrowings

Fair values of long-term borrowings are measured using the discounted present value method based on the total amount of principal and interest, as well as the interest rate considering the remaining period and credit risk of the debts, and are categorized as level 2.

Derivative transactions

Fair values of interest rate swaps and forward exchange contracts are measured using the discounted present value method using observable inputs such as interest rates and exchange rates, and are categorized as level 2.

(Securities)

1. Held-to-maturity bonds

As of March 31, 2022

Not applicable.

As of March 31, 2023

Not applicable.

2. Available-for-sale securities

As of March 31, 2022

	Category	Amount recorded on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
The amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	73,673	21,318	52,355
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	73,673	21,318	52,355
The amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	937	1,098	-160
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	937	1,098	-160
Total		74,611	22,417	52,194

(Note) With regard to available-for-sale securities, shares, etc. without a market price (the amount recorded on the consolidated balance sheet is JPY 1,953 million) and investments in partnerships, etc. (the amount recorded on the consolidated balance sheet is JPY 153 million) are not included in the above table.

As of March 31, 2023

	Category	Amount recorded on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
The amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	63,672	18,100	45,572
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	63,672	18,100	45,572
The amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	1,076	1,188	-111
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	1,076	1,188	-111
Total		64,748	19,288	45,460

(Note) With regard to available-for-sale securities, shares, etc. without a market price (the amount recorded on the consolidated balance sheet is JPY 2,011 million) and investments in partnerships, etc. (the amount recorded on the consolidated balance sheet is JPY 173 million) are not included in the above table.

3. Available-for-sale securities sold

As of March 31, 2022

Category	Sales amount (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
(1) Shares	6,799	3,676	25
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	6,799	3,676	25

As of March 31, 2023

Category	Sales amount (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
(1) Shares	11,170	8,052	14
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	11,170	8,052	14

4. Securities for which impairment losses are recorded

In the previous fiscal year, impairment losses on securities of JPY 29 million are recorded (JPY 29 million on the securities included in available-for-sale securities).

In the current fiscal year, impairment losses on securities of JPY 32 million are recorded (JPY 32 million in Shares of affiliates).

When recording impairment losses, if the fair value at the end of the fiscal year falls below the acquisition cost by 50% or more, the entire difference is recorded as an impairment loss, and if the fair value falls below the acquisition cost by approximately 30% to 50%, the amount considered necessary taking into account the recoverability, etc. is recorded as an impairment loss.

(Derivatives)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related derivatives

As of March 31, 2022

Not applicable.

As of March 31, 2023

Not applicable.

(2) Interest rate-related derivatives

As of March 31, 2022

Not applicable.

As of March 31, 2023

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related derivatives

As of March 31, 2022

Hedge accounting method	Type of transaction	Hedged item	Contract amount, etc. (Millions of yen)	Contract amount, etc. (Over one year) (Millions of yen)	Fair value (Millions of yen)
General treatment	Forward exchange contract transactions				
	Bought:	Accounts payable - trade			
	U.S. dollar		1,784	-	110
	Euro		-	-	-
	Sold:	Accounts receivable - trade			
	U.S. dollar		-	-	-
Appropriation treatment for forward exchange contracts, etc.	Forward exchange contract transactions				(Note)
	Bought:	Accounts payable - trade			
	U.S. dollar		414	-	
	Euro		-	-	
	British pound		172	-	
	Australian dollar		-	-	
	Sold:	Accounts receivable - trade			
	U.S. dollar		-	-	
	Euro		-	-	
Total			2,370	-	110

(Note) If appropriation treatment for forward exchange contracts, etc. is applied, such contracts are accounted for together with accounts receivable - trade and accounts payable - trade, which are designated as hedged items, on an integrated basis. Therefore, their fair values are included in the fair values of the accounts receivable - trade and accounts payable - trade.

As of March 31, 2023

Hedge accounting method	Type of transaction	Hedged item	Contract amount, etc. (Millions of yen)	Contract amount, etc. (Over one year) (Millions of yen)	Fair value (Millions of yen)
General treatment	Forward exchange contract transactions				
	Bought:	Accounts payable - trade			
	U.S. dollar		7,242	-	17
	Euro		-	-	-
	Sold:	Accounts receivable - trade			
	U.S. dollar		-	-	-
Appropriation treatment for forward exchange contracts, etc.	Forward exchange contract transactions				(Note)
	Bought:	Accounts payable - trade			
	U.S. dollar		313	-	
	Euro		30	-	
	British pound		54	-	
	Australian dollar		-	-	
	Sold:	Accounts receivable - trade			
	U.S. dollar		-	-	
	Euro		-	-	
Total			7,640	-	17

(Note) If appropriation treatment for forward exchange contracts, etc. is applied, such contracts are accounted for together with accounts receivable - trade and accounts payable - trade, which are designated as hedged items, on an integrated basis. Therefore, their fair values are included in the fair values of the accounts receivable - trade and accounts payable - trade.

(2) Interest rate-related derivatives

As of March 31, 2022

Hedge accounting method	Type of transaction	Hedged item	Contract amount, etc. (Millions of yen)	Contract amount, etc. (Over one year) (Millions of yen)	Fair value (Millions of yen)
Integrated treatment for interest rate and currency swaps (Exceptional treatment and appropriation treatment)	Interest rate and currency swap transactions Floating receipts, fixed payments	Long-term borrowings	13,609	12,562	(Note)

(Note) Swap contracts are accounted for together with long-term borrowings, which are designated as hedged items, and therefore their fair values are included in the fair value of the long-term borrowings.

As of March 31, 2023

Hedge accounting method	Type of transaction	Hedged item	Contract amount, etc. (Millions of yen)	Contract amount, etc. (Over one year) (Millions of yen)	Fair value (Millions of yen)
Integrated treatment for interest rate and currency swaps (Exceptional treatment and appropriation treatment)	Interest rate and currency swap transactions Floating receipts, fixed payments	Long-term borrowings	12,562	11,515	(Note)

(Note) Swap contracts are accounted for together with long-term borrowings, which are designated as hedged items, and therefore their fair values are included in the fair value of the long-term borrowings.

(Retirement benefits)

1. Outline of the retirement benefit plans adopted

The retirement benefit plans adopted by the Group include the defined benefit pension plan, defined contribution pension plan and employees' pension fund plan, in addition to the retirement lump-sum payment plan based on the retirement benefit rules. Moreover, an additional retirement payment may be made when an employee takes early retirement.

Some consolidated subsidiaries establish a retirement benefit trust, and some consolidated subsidiaries participate in the Smaller Enterprise Retirement Allowance Mutual Aid Scheme.

Also, matters regarding the multiemployer plan where the required contributions are accounted for as retirement benefit expenses are as follows:

The required contribution to the employees' pension fund plan of the multiemployer plan was JPY 12 million in the current fiscal year.

(1) Matters regarding the funded status of the entire plan

		(As of March 31, 2021) (Millions of yen)	(As of March 2022) (Millions of yen)
a.	Amount of plan assets	11,425	12,887
b.	Total amount of the actuarial liability calculated under the pension funding program and the minimum actuarial liability	12,512	12,695
c.	Difference (a – b)	-1,087	191

(2) Premium contribution ratio of the Group to the entire plan

For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
2.64%	2.86%

(3) Supplementary explanation

The main reason for the difference is the balance of prior service obligations under the pension funding calculation (JPY 1,641 million as of March 31, 2021 and JPY 1,224 million as of March 31, 2022).

The amortization method for prior service obligations is primarily even amortization of principal and interest over three years. The ratio in (2) above is calculated using a weighted average and therefore does not correspond to the actual burden ratio of the Group.

2. Defined benefit plan

(1) Reconciliation of retirement benefit obligations as of the beginning and end of the fiscal year

	For the fiscal year ended March 31, 2022 (Millions of yen)	For the fiscal year ended March 31, 2023 (Millions of yen)
Beginning balance of retirement benefit obligations	137,971	137,083
Service cost	6,269	6,101
Interest cost	749	770
Actuarial gains or losses	-172	−651
Retirement benefits paid	-7,150	−7,331
Prior service cost	48	-
Decrease due to exclusion of consolidated subsidiaries	-162	−58
Decrease due to business divestiture	-1,103	-
Others	632	602
Ending balance of retirement benefit obligations	137,083	136,517

(Note) With regard to the funds of the comprehensive employees' pension fund plan, the amount of plan assets corresponding to the Company's contributions cannot be reasonably calculated and, accordingly, it is not included in the retirement benefit obligations.

(2) Reconciliation of plan assets as of the beginning and end of the fiscal year

	For the fiscal year ended March 31, 2022 (Millions of yen)	For the fiscal year ended March 31, 2023 (Millions of yen)
Beginning balance of plan assets	106,030	104,777
Expected return on plan assets	2,472	2,455
Actuarial gains or losses	-757	−2,826
Contributions by the employer	1,668	1,574
Retirement benefits paid	-4,638	−4,387
Decrease due to business divestiture	-242	-
Others	244	402
Ending balance of plan assets	104,777	101,995

(Note) Funds of the comprehensive employees' pension fund plan are not included in the plan assets.

(3) Reconciliation between the balance of retirement benefit obligations and plan assets at the end of the fiscal year and the liabilities and assets related to retirement benefits recorded on the consolidated balance sheet.

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
Retirement benefit obligations of funded plans	131,421	131,200
Plan assets	-104,777	−101,995
	26,643	29,204
Retirement benefit obligations of unfunded plans	5,661	5,317
Net assets or liabilities recorded on the consolidated balance sheet	32,305	34,521
Liabilities related to retirement benefits	54,662	56,255
Assets related to retirement benefits	-22,356	−21,733
Net assets or liabilities recorded on the consolidated balance sheet	32,305	34,521

(4) Breakdown of retirement benefit expenses

	For the fiscal year ended March 31, 2022 (Millions of yen)	For the fiscal year ended March 31, 2023 (Millions of yen)
Service cost	6,269	6,101
Interest cost	749	770
Expected return on plan assets	-2,472	−2,455
Amortization of actuarial gains or losses	4,089	3,621
Amortization of prior service cost	-62	−53
Others	-8	−8
Retirement benefit expenses related to defined benefit plans	8,565	7,976

(Note) 1. Retirement benefit expenses calculated using the simplified method are included. Employees' contributions to the corporate pension fund, etc. are deducted.

2. In addition to the above retirement benefit expenses, we recorded JPY 2,679 million as special retirement benefits in the current fiscal year, which is included in business restructuring expenses under extraordinary losses.

(5) Remeasurements of defined benefit plans

Breakdown of remeasurements of defined benefit plans (before tax effect adjustment) are as follows:

	For the fiscal year ended March 31, 2022 (Millions of yen)	For the fiscal year ended March 31, 2023 (Millions of yen)
Actuarial gains or losses	3,425	1,367
Prior service cost	-111	-53
Total	3,314	1,314

(6) Accumulated remeasurements of defined benefit plans

Breakdown of accumulated remeasurements of defined benefit plans (before tax effect adjustment) is as follows:

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
Unrecognized actuarial gains or losses	5,439	4,071
Unrecognized prior service cost	-595	-541
Total	4,843	3,529

(7) Notes on the plan assets

1) Breakdown of the plan assets

The ratio of each main category to the total plan assets is as follows:

	As of March 31, 2022	As of March 31, 2023
Bonds	34%	30%
Shares	15	16
Alternatives (Note 1)	36	36
Cash and deposits	6	10
Others	9	8
Total	100	100

(Note) 1. Alternatives include multi-asset investments, and investments in hedge funds, real estate funds, insurance-related funds, etc.

2. Total plan assets include retirement benefit trusts (9% in the previous fiscal year and 9% in the current fiscal year) that were established for the corporate pension plan and the retirement lump-sum payment plan.

2) Method of setting an expected long-term rate of return

In determining the expected long-term rate of return for the plan assets, the Company takes into consideration the current and projected plan asset allocation, as well as the current and future expected long-term returns from various assets that constitute the plan assets.

(8) Matters regarding the basis for actuarial calculations

Major basis for actuarial calculations

	As of March 31, 2022	As of March 31, 2023
Discount rate	Mainly 0.2 to 0.9%	Mainly 0.2 to 0.9%
Expected rate of increase in salary	Mainly 1.4%	Mainly 1.4%
Expected long-term rate of return	Mainly 2.5%	Mainly 2.5%

3. Defined contribution plans

The required contributions to the defined contribution plans of consolidated subsidiaries are JPY 1,192 million for the previous fiscal year and JPY 1,233 million for the current fiscal year, respectively.

(Share options, etc.)

Not applicable.

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by main causes

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
Deferred tax assets		
Retirement benefit liability	19,523	19,922
Accrued enterprise tax	1,389	871
Accrued expenses	1,326	1,455
Investment securities	1,725	1,700
Provision for bonuses	3,597	3,480
Depreciation	3,993	3,425
Impairment losses	2,399	1,507
Unrealized income	775	1,694
Losses carried forward *	3,754	2,964
Others	9,531	12,147
Subtotal deferred tax assets	48,015	49,170
Valuation allowance related to tax loss carried forward *	-3,548	-2,917
Valuation allowance related to future deductible temporary differences	-5,192	-3,288
Subtotal valuation allowance	-8,741	-6,206
Total deferred tax assets	39,274	42,963
Deferred tax liabilities		
Reserve for tax purpose reduction entry of non-current assets	-6,964	-6,536
Valuation difference on available-for-sale securities	-15,740	-13,729
Retirement benefit asset	-7,612	-7,569
Valuation difference associated with purchase of shares of subsidiaries	-3,191	-3,233
Tax liability adjustment account	-1,316	-357
Others	-2,663	-2,621
Total deferred tax liabilities	-37,489	-34,047
Net deferred tax assets	1,784	8,915

* Breakdown of losses carried forward and related deferred tax assets by carryforward periods:

(Previous fiscal year) (Millions of yen)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Loss carried forward (a)	161	199	85	1,237	675	1,395	3,754
Valuation allowance	101	182	85	1,227	568	1,383	3,548
Deferred tax assets	59	16	-	10	106	12	205

(a) Loss carried forward is calculated using the effective statutory tax rate.

(Current fiscal year) (Millions of yen)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Loss carried forward (b)	29	20	770	594	524	1,024	2,964
Valuation allowance	17	20	760	583	524	1,009	2,917
Deferred tax assets	11	-	10	10	-	14	46

(b) Loss carried forward is calculated using the effective statutory tax rate.

2. Breakdown of major items that constituted the material difference between the effective statutory tax rate and the corporation tax burden rate, etc. after application of tax effect accounting.

	As of March 31, 2022	As of March 31, 2023
Effective statutory tax rate	30.6%	30.6%
(Adjustments)		
Items not permanently included in deductible expenses such as entertainment expenses	0.4	0.7
Items not permanently included in taxable revenues such as dividend income	-0.1	-0.7
Inhabitant tax on per capita basis	0.2	0.3
Tax credit for experimentation and research expenses, etc.	-2.4	-2.7
Change in valuation allowance	-0.3	-2.9
Others	-0.3	-0.2
Corporation tax burden rate, etc. after application of tax effect accounting	28.1	25.1

(Changes in presentation)

"Amendment for consolidation of loss (gain) on sale of shares of subsidiaries and associates," which was independently presented in the previous fiscal year, is included in "Other" in the current fiscal year because it became insignificant in terms of amount. To reflect this change in presentation, the notes for the previous fiscal year were reclassified.

As a result, some items for the previous fiscal year were reclassified as follows: "Amendment for consolidation of loss (gain) on sale of shares of subsidiaries and associates" of -0.9% and "Other" of 0.6% are now included in "Other" of -0.3%.

3. Accounting treatment for corporation tax and local corporation tax, as well as accounting treatment for tax effect accounting related to these taxes

The Company and some of the consolidated subsidiaries have adopted the Japanese Group Relief System, and the accounting and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the Treatment of Accounting and Disclosure in Applying the Japanese Group Relief System (Practical Issues Task Force No. 42 of August 12, 2021).

(Business combinations)

Disclosure is omitted due to immateriality.

(Asset retirement obligations)

As of March 31, 2022

Disclosure is omitted due to immateriality.

As of March 31, 2023

Disclosure is omitted due to immateriality.

(Real estate for lease, etc.)

For the fiscal year ended March 31, 2022

Disclosure is omitted due to immateriality.

For the fiscal year ended March 31, 2023

Disclosure is omitted due to immateriality.

(Revenue recognition)

(1) Disaggregated information of revenue from contracts with customers

For the fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment		
	Food	Pharmaceutical	Total
Yogurt & cheese	209,776	-	209,776
Nutrition	109,566	-	109,566
Chocolate & gummy	98,029	-	98,029
Drinking milk	76,157	-	76,157
B to B	65,804	-	65,804
Frozen dessert & ready meal	58,292	-	58,292
Overseas	52,583	-	52,583
Other / domestic subsidiaries	155,241	-	155,241
Domestic ethical pharmaceuticals	-	90,279	90,279
Overseas ethical pharmaceuticals	-	40,342	40,342
Human vaccines	-	42,901	42,901
Agricultural chemicals & veterinary drugs	-	14,118	14,118
Revenue from contracts with customers	825,451	187,641	1,013,092
Other revenue	-	-	-
Sales to third parties	825,451	187,641	1,013,092

Note: The Pharmaceutical segment includes JPY 13,214 million of revenue from royalties, upfront and milestone payments, and contracted services.

For the fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment		
	Food	Pharmaceutical	Total
Yogurt & cheese	202,531	-	202,531
Nutrition	116,856	-	116,856
Chocolate & gummy	102,830	-	102,830
Drinking milk	71,512	-	71,512
B to B	71,179	-	71,179
Frozen dessert & ready meal	57,993	-	57,993
Overseas	68,518	-	68,518
Other / domestic subsidiaries	173,472	-	173,472
Domestic ethical pharmaceuticals	-	100,161	100,161
Overseas ethical pharmaceuticals	-	51,444	51,444
Human vaccines	-	34,791	34,791
Veterinary drugs	-	10,865	10,865
Revenue from contracts with customers	864,894	197,262	1,062,157
Other revenue	-	-	-
Sales to third parties	864,894	197,262	1,062,157

Note: The Pharmaceutical segment includes JPY 8,986 million of revenue from royalties, upfront and milestone payments, and contracted services.

(2) Fundamental information for understanding revenue from contracts with customers

Details of the main performance obligations in the main business segments and the typical timing of revenue recognition are described in “4. Accounting policies, (5) Accounting methods for significant revenues and expenses” in the aforementioned Notes - Significant accounting policies for preparation of consolidated financial statements.

(3) Relationship between satisfaction of performance obligations based on contracts with customers and cash flows arising from those contracts, and information on the amount and timing of revenues from contracts with existing customers at the end of the current fiscal year that are expected to be recognized in the following fiscal years

1) Balance of contract liabilities

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Contract liabilities (beginning balance)	320	5,907
Contract liabilities (ending balance)	5,907	870

Contract liabilities relate to primarily advance payments received from customers for insourcing contracts in the Pharmaceutical Segment. Contract liabilities are reversed when revenue is recognized. The amount of revenue recognized in the current fiscal year that was included in the balance of contract liabilities at the beginning of the fiscal year is JPY 4,871 million. The decrease in contract liabilities of JPY 5,036 million during the current fiscal year was mainly due to insourcing contracts in the Pharmaceutical Segment.

2) Transaction price allocation to remaining performance obligations

Since the Company and its consolidated subsidiaries have no material transactions with an initially expected contract term of more than one year, information on remaining performance obligations is omitted on grounds of practical experience. Furthermore, there are no material amounts of consideration arising from contracts with customers that have been excluded from transaction price.

(Segment information)

Segment information

1. Description of reportable segments

The reportable segments of the Meiji Group are the Group's constituent units for which separate financial information is available and for which the Board of Directors regularly conducts examinations to determine the allocation of management resources and evaluate business performance.

The Group has operational subsidiaries organized based on products/services. Operational subsidiaries develop their business activities by formulating comprehensive strategies for domestic and overseas business with respect to their products and services.

Accordingly, the Group comprises segments based on operational subsidiaries and has two reportable segments: the Food Segment and the Pharmaceutical Segment.

The Food business is handled by Meiji Co., Ltd., and the Pharmaceutical business is handled by Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd.

Each company's main products are as follows.

Segment	Main Products
Food	Yogurt, drinking milk, beverages, cheese, butter, margarine, cream, ice cream, ready meal, chocolate, gummy, chewing gum, sports nutrition, infant formula, enteral formula, beauty supplement, OTC medicines, feedstuffs, sugar and corn sweeteners, etc.
Pharmaceutical	Ethical pharmaceuticals, veterinary drugs

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting treatments for reportable segments are the same as those indicated in "Significant accounting policies for preparation of consolidated financial statements".

The profit of a reportable segment is the figure for operating profit.

Inter-segment sales and transfers are mainly based on the price of third-party transactions, or on manufacturing costs.

3. Sales, profit (loss), assets, liabilities, and other items for each reportable segment

For the fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Amount presented in consolidated financial statements (Note 2)
	Food	Pharmaceutical			
Net sales					
(1) Sales to third parties	825,451	187,641	1,013,092	-	1,013,092
(2) Intersegment sales and transfers	629	340	969	-969	-
Total	826,080	187,981	1,014,062	-969	1,013,092
Segment profit (loss)	75,973	18,658	94,632	-1,710	92,922
Segment assets	796,724	327,899	1,124,624	-7,164	1,117,459
Other items					
Depreciation	40,579	9,300	49,880	223	50,103
Investments in entities accounted for using equity method	40,471	-	40,471	-	40,471
Increase in property, plant and equipment and intangible assets	79,881	15,409	95,291	191	95,482

(Notes) 1. Details of adjustments are as follows:

The segment profit adjustment of JPY -1,710 million includes an intersegment elimination of JPY 11 million and corporate expenses that are not allocated to any reportable segment of JPY -1,721 million. Corporate expenses consist mainly of expenses related to the operation of the Company (the holding company).

The segment assets adjustment of JPY -7,164 million includes an intersegment elimination of JPY -128,707 million and corporate assets that are not allocated to any reportable segment of JPY 121,542 million. Corporate assets consist mainly of surplus working capital (cash and deposits) of the Company (the holding company), long-term investment capital (investment securities) and assets held by the Company (the holding company).

2. Segment profit (loss) is adjusted to the operating profit recorded in the consolidated statement of income.

For the fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Amount presented in consolidated financial statements (Note 2)
	Food	Pharmaceutical			
Net sales					
(1) Sales to third parties	864,894	197,262	1,062,157	-	1,062,157
(2) Intersegment sales and transfers	714	17	732	-732	-
Total	865,609	197,280	1,062,889	-732	1,062,157
Segment profit (loss)	55,874	21,721	77,596	-2,162	75,433
Segment assets	823,044	326,110	1,149,155	-12,937	1,136,217
Other items					
Depreciation	43,597	9,745	53,342	233	53,575
Investments in entities accounted for using equity method	38,826	-	38,826	-	38,826
Increase in property, plant and equipment and intangible assets	41,033	11,283	52,316	214	52,531

(Notes) 1. Details of adjustments are as follows:

The segment profit adjustment of JPY -2,162 million includes an intersegment elimination of JPY 21 million and corporate expenses that are not allocated to any reportable segment of JPY -2,184 million. Corporate expenses consist mainly of expenses related to the operation of the Company (the holding company).

The segment assets adjustment of JPY -12,937 million includes an intersegment elimination of JPY -112,239 million and corporate assets that are not allocated to any reportable segment of JPY 99,302 million. Corporate assets consist mainly of surplus working capital (cash and deposits) of the Company (the holding company), long-term investment capital (investment securities) and assets held by the Company (the holding company).

2. Segment profit (loss) is adjusted to the operating profit recorded in the consolidated statement of income.

Information associated with reportable segments

For the fiscal year ended March 31, 2022

1. Information for each product or service

(Millions of yen)

	Yogurt & cheese	Nutrition	Chocolate & gummy	Drinking milk	B to B	Frozen dessert & ready meal	Overseas	Other / domestic subsidiaries
Sales to third parties	209,776	109,566	98,029	76,157	65,804	58,292	52,583	155,241

Domestic ethical pharmaceuticals	Overseas ethical pharmaceuticals	Human vaccines	Agricultural chemicals & veterinary drugs	Total
90,279	40,342	42,901	14,118	1,013,092

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	China	Asia (except China)	North America	Europe	Other	Total
918,447	19,887	29,516	22,225	12,898	10,117	1,013,092

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia (except China)	North America	Europe	Other	Total
420,326	32,449	25,601	3,476	1,631	4	483,491

3. Information for each of main customers

Omitted since there are no sales to specific external customers that account for 10% or more of net sales in the consolidated statement of income.

For the fiscal year ended March 31, 2023

1. Information for each product or service

(Millions of yen)

	Yogurt & cheese	Nutrition	Chocolate & gummy	Drinking milk	B to B	Frozen dessert & ready meal	Overseas	Other / domestic subsidiaries
Sales to third parties	202,531	116,856	102,830	71,512	71,179	57,993	68,518	173,472

Domestic ethical pharmaceuticals	Overseas ethical pharmaceuticals	Human vaccines	Veterinary drugs	Total
100,161	51,444	34,791	10,865	1,062,157

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	China	Asia (except China)	North America	Europe	Other	Total
939,725	24,104	35,848	32,000	15,250	15,228	1,062,157

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia (except China)	North America	Europe	Other	Total
405,730	48,225	27,496	4,727	1,567	6	487,755

3. Information for each of main customers

Omitted since there are no sales to specific external customers that account for 10% or more of net sales in the consolidated statement of income.

Impairment losses on non-current assets for each reportable segment

For the fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments		Total	Adjustments	Amount presented in consolidated financial statements
	Food	Pharmaceutical			
Impairment losses	758	1,246	2,005	-	2,005

For the fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments		Total	Adjustments	Amount presented in consolidated financial statements
	Food	Pharmaceutical			
Impairment losses	7	250	257	-	257

Amortization and unamortized balance of goodwill for each reportable segment

For the fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments		Total	Adjustments	Amount presented in consolidated financial statements
	Food	Pharmaceutical			
Amortization of goodwill	15	-	15	-	15
Balance at end of period	26	-	26	-	26

For the fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments		Total	Adjustments	Amount presented in consolidated financial statements
	Food	Pharmaceutical			
Amortization of goodwill	15	-	15	-	15
Balance at end of period	11	-	11	-	11

Information about gain on bargain purchase for each reportable segment

For the fiscal year ended March 31, 2022

Not applicable.

For the fiscal year ended March 31, 2023

Not applicable.

Related parties

For the fiscal year ended March 31, 2022

Transactions between the company submitting the consolidated financial statements and related parties

Officers and major shareholders (individual shareholders only) of the company submitting the consolidated financial statements

(Millions of yen)

Category	Name of person, company, etc.	Share capital	Description of business or occupation	Percentage of voting rights held	Relationship with related party	Description of transactions (Note)	Transaction amount	Account	Balance at end of period
Directors (and other officers)	Kazuo Kawamura	—	President and Representative Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	18	—	—
Officer of significant subsidiary	Katsunari Matsuda	—	President and Representative Director of Meiji Co., Ltd. Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	14	—	—
Officer of significant subsidiary	Daikichiro Kobayashi	—	President and Representative Director of Meiji Seika Pharma Co., Ltd. Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	11	—	—

(Note) Conditions of the transactions and the policy for deciding the conditions of the transactions, etc.
The transactions are contributions in kind for monetary remuneration claims based on the Restricted Share Remuneration Plan.

For the fiscal year ended March 31, 2023

Transactions between the company submitting the consolidated financial statements and related parties

Officers and major shareholders (individual shareholders only) of the company submitting the consolidated financial statements

(Millions of yen)

Category	Name of person, company, etc.	Share capital	Description of business or occupation	Percentage of voting rights held	Relationship with related party	Description of transactions (Note)	Transaction amount	Account	Balance at end of period
Directors (and other officers)	Kazuo Kawamura	—	President and Representative Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	33	—	—
Officer of significant subsidiary	Katsunari Matsuda	—	President and Representative Director of Meiji Co., Ltd. Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	26	—	—
Officer of significant subsidiary	Daikichiro Kobayashi	—	President and Representative Director of Meiji Seika Pharma Co., Ltd. Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	20	—	—
Directors (and other officers)	Koichiro Shiozaki	—	Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	13	—	—
Directors (and other officers)	Jun Furuta	—	Director of Meiji Holdings Co., Ltd.	0.0%	—	Contributions in kind for monetary remuneration claims	13	—	—

(Note) Conditions of the transactions and the policy for deciding the conditions of the transactions, etc.
The transactions are contributions in kind for monetary remuneration claims based on the Restricted Share Remuneration Plan.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	JPY 2,390.76	JPY 2,553.69
Earnings per share	JPY 303.62	JPY 247.39

(Notes) 1. Diluted profit per share is not given because there are no dilutive shares.

2. A two-for-one common stock split was issued on April 1, 2023. Net assets per share and earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

3. The basis for calculation of earnings per share is as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	87,497	69,424
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent related to common share (Millions of yen)	87,497	69,424
Average number of common shares during the fiscal year (Thousand shares)	288,177	280,633

(Significant events after the reporting period)

(Notice concerning Stock Split and Subsequent Partial Revision to the Articles of Incorporation)

The Company conducted a stock split on April 1, 2023, based on a resolution of the Board of Directors Meeting held on November 8, 2022.

1. Purpose of stock split

The purpose of the stock split is to improve its stock liquidity and expand its investor base by lowering the per-share investment price of the Company's stock.

2. Overview of stock split

(1) Stock split method

The Company conducted a two-for-one stock split of common stock owned by shareholders listed or recorded in the final shareholder register as of March 31, 2023.

(2) Increase in shares due to stock split

Total shares issued prior to stock split: 148,369,500 shares
Increase in shares due to this stock split: 148,369,500 shares
Total shares issued following the stock split: 296,739,000 shares
Total number of authorized shares following the stock split: 1,120,000,000 shares

(3) Schedule for stock split

Publication of record date: March 15, 2023
Record date: March 31, 2023
Effective date: April 1, 2023

(4) Effect on per share information

The effect of the stock split is reflected in the notes to per share information.

3. Subsequent partial revision to the Articles of Incorporation due to the stock split

(1) Reason for the revision to the Articles of Incorporation

Due to this stock split, the total number of authorized shares defined under Article 6 of the Company's Articles of Incorporation was revised on April 1, 2023, in accordance with Article 184, Paragraph 2 of the Companies Act.

(2) Detail of the revision to the Articles of Incorporation

The detail of the revision is as follow.

(Underlined portion indicates change)

Current Articles of Incorporation	Revised Articles of the Incorporation
(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Company shall be <u>560</u> million shares.	(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Company shall be <u>1,120</u> million shares.

(3) Schedule of the revision to the Articles of Incorporation

Effective date: April 1, 2023

5) Consolidated supplemental schedules

Consolidated supplemental schedule of corporate bonds

Company name	Issue	Date of issue	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (% per annum)	Security	Date of redemption
Meiji Holdings Co., Ltd.	7th Series of Unsecured Straight Bonds	September 13, 2017	-	-	0.22	Nil	September 13, 2024
Meiji Holdings Co., Ltd.	8th Series of Unsecured Straight Bonds	January 30, 2018	10,000 (10,000)	-	0.12	Nil	January 30, 2023
Meiji Holdings Co., Ltd.	9th Series of Unsecured Straight Bonds	November 25, 2020	10,000	10,000 (10,000)	0.001	Nil	November 27, 2023
Meiji Holdings Co., Ltd.	10th Series of Unsecured Straight Bonds	April 23, 2021	10,000	10,000	0.050	Nil	April 23, 2026
Total	-	-	30,000 (10,000)	20,000 (10,000)	-	-	-

(Notes) 1. Debt for the 7th Series of Unsecured Straight Bonds was transferred in accordance with a bond trust-type debt assumption agreement. Since the Company's bond redemption obligation to bond holders will remain until the bonds have been redeemed, they are noted on the consolidated balance sheet as a contingent liability.

2. Figures shown in parentheses are the amounts scheduled for redemption within one year.

3. The annual amounts scheduled for redemption during the five-year period from the consolidated balance sheet date are as follows:

Within one year (Millions of yen)	More than one year up to two years (Millions of yen)	More than two years up to three years (Millions of yen)	More than three years up to four years (Millions of yen)	More than four years up to five years (Millions of yen)
10,000	-	-	10,000	-

Consolidated supplemental schedule of borrowings

Categories	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	3,901	747	1.40	-
Current portion of long-term borrowings	14,325	4,127	0.58	-
Current portion of lease liabilities	493	843	-	-
Long-term borrowings (excluding current portion)	33,039	39,496	0.48	2024–2028
Lease liabilities (excluding current portion)	700	3,965	-	2024–2040
Total	52,461	49,180	-	-

(Notes) 1. The "average interest rate" column shows the weighted average interest rate for the balance of borrowings, etc. at the end of the fiscal period.

2. The average interest rate of lease liabilities is not stated because lease liabilities are recorded on the consolidated balance sheet before deducting the amount equivalent to interest which is included in the total lease payments.

3. The aggregate annual amounts of long-term borrowings and lease liabilities (excluding current portions) scheduled for repayment during the five-year period from the consolidated balance sheet date are as follows:

Categories	More than one year up to two years (Millions of yen)	More than two years up to three years (Millions of yen)	More than three years up to four years (Millions of yen)	More than four years up to five years (Millions of yen)
Long-term borrowings	21,987	5,132	1,168	11,120
Lease liabilities	944	592	570	546

Consolidated supplemental schedule of asset retirement obligations

Omitted pursuant to Article 92-2 of the Regulation on Consolidated Financial Statements since the amounts of asset retirement obligations at the beginning and end of the current fiscal year are not more than one hundredth of the total amount of liabilities and net assets at the beginning and end of the current fiscal year.

(2) Other

Quarterly information for the current fiscal year

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year
Net sales (Millions of yen)	247,131	517,520	798,083	1,062,157
Profit before income taxes (Millions of yen)	23,158	48,303	69,001	95,410
Profit attributable to owners of parent (Millions of yen)	16,015	33,386	47,283	69,424
Earnings per share (Yen)	56.87	118.52	168.12	247.39

(Fiscal year)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (Yen)	56.87	61.66	49.57	79.42

(Note) The Company implemented a two-for-one common share split on April 1, 2023, and (quarterly) earnings per share are calculated by assuming that the relevant share split was implemented at the beginning of the current fiscal year.

2. Financial statements, etc.

(1) Financial statements

1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
ASSETS		
Current assets		
Cash and deposits	11,530	7,949
Income taxes refund receivable	6,582	4,650
Short-term loans receivable from subsidiaries and associates	11,676	20,676
Other	*1 696	*1 1,150
Total current assets	30,486	34,426
Non-current assets		
Property, plant and equipment		
Buildings	3,544	3,440
Structures	29	10
Machinery and equipment	29	24
Tools, furniture and fixtures	79	68
Land	8,735	8,414
Other	3	19
Total property, plant and equipment	12,421	11,978
Intangible assets		
Trademark right	114	116
Other	1	32
Total intangible assets	115	148
Investments and other assets		
Investment securities	39,126	34,029
Shares of subsidiaries and associates	270,111	270,111
Long-term loans receivable from subsidiaries and associates	39,115	18,438
Other	37	40
Total investments and other assets	348,390	322,620
Total non-current assets	360,927	334,746
Total assets	391,413	369,173

(Millions of yen)

		As of March 31, 2022		As of March 31, 2023
LIABILITIES				
Current liabilities				
Current portion of bonds payable		10,000		10,000
Current portion of long-term borrowings		11,776		1,676
Accrued expenses	*1	431	*1	608
Deposits received from subsidiaries and associates		70,243		66,902
Other	*1	1,025	*1	1,520
Total current liabilities		93,477		80,707
Non-current liabilities				
Bonds payable		20,000		10,000
Long-term borrowings		24,415		33,238
Deferred tax liabilities		7,427		6,788
Other		51		50
Total non-current liabilities		51,894		50,078
Total liabilities		145,371		130,785
Net assets				
Shareholders’ equity				
Share capital		30,000		30,000
Capital surplus				
Legal capital surplus		7,500		7,500
Other capital surplus		198,471		198,609
Total capital surplus		205,971		206,109
Retained earnings				
Other retained earnings				
Retained earnings brought forward		32,432		36,118
Total retained earnings		32,432		36,118
Treasury shares		-38,780		-48,414
Total shareholders’ equity		229,623		223,814
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		16,419		14,572
Total valuation and translation adjustments		16,419		14,572
Total net assets		246,042		238,387
Total liabilities and net assets		391,413		369,173

2) Non-consolidated statement of income

(Millions of yen)

		For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023
Operating revenue				
Management fee income from subsidiaries and associates		2,360		2,692
Dividends from subsidiaries and associates		32,187		25,371
Total operating revenue	*1	34,547	*1	28,063
Operating expenses				
General and administrative expenses	*1, *2	4,100	*1, *2	4,886
Operating profit		30,447		23,176
Non-operating income				
Interest and dividend income	*1	939	*1	962
Miscellaneous income	*1	74	*1	74
Total non-operating income		1,013		1,036
Non-operating expenses				
Interest expenses	*1	270	*1	254
Bond issuance costs		43		-
Miscellaneous losses		91		33
Total non-operating expenses		405		288
Ordinary profit		31,055		23,924
Extraordinary income				
Gain on sale of non-current assets		-		1,227
Gain on sale of investment securities		668		3,778
Total extraordinary income		668		5,006
Extraordinary losses				
Loss on abandonment of non-current assets		17		3
Loss on sale of non-current assets		-		3
Contributions to financial support		50		10
Total extraordinary losses		67		16
Profit before income taxes		31,656		28,914
Income taxes - current		3		470
Income taxes - deferred		-82		107
Total income taxes		-79		577
Profit		31,735		28,336

3) Non-consolidated statement of changes in net assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	30,000	7,500	220,524	228,024	24,640	24,640	-31,088	251,576
Changes during period								
Dividends of surplus					-23,944	-23,944		-23,944
Profit					31,735	31,735		31,735
Purchase of treasury shares							-30,014	-30,014
Cancellation of treasury shares			-22,161	-22,161			22,161	-
Disposal of treasury shares			107	107			161	269
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-22,053	-22,053	7,791	7,791	-7,691	-21,953
Balance at end of period	30,000	7,500	198,471	205,971	32,432	32,432	-38,780	229,623

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	14,544	14,544	266,121
Changes during period			
Dividends of surplus			-23,944
Profit			31,735
Purchase of treasury shares			-30,014
Cancellation of treasury shares			-
Disposal of treasury shares			269
Net changes in items other than shareholders' equity	1,874	1,874	1,874
Total changes during period	1,874	1,874	-20,079
Balance at end of period	16,419	16,419	246,042

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	30,000	7,500	198,471	205,971	32,432	32,432	-38,780	229,623
Changes during period								
Dividends of surplus					-24,649	-24,649		-24,649
Profit					28,336	28,336		28,336
Purchase of treasury shares							-10,015	-10,015
Disposal of treasury shares			138	138			381	520
Net changes in items other than shareholders' equity								
Total changes during period	-	-	138	138	3,686	3,686	-9,634	-5,808
Balance at end of period	30,000	7,500	198,609	206,109	36,118	36,118	-48,414	223,814

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	16,419	16,419	246,042
Changes during period			
Dividends of surplus			-24,649
Profit			28,336
Purchase of treasury shares			-10,015
Disposal of treasury shares			520
Net changes in items other than shareholders' equity	-1,846	-1,846	-1,846
Total changes during period	-1,846	-1,846	-7,655
Balance at end of period	14,572	14,572	238,387

Notes

(Significant accounting policies)

1. Basis and method for valuation of securities

Shares of subsidiaries	Valued using the moving average cost method.
Available-for-sale securities	
Securities other than shares that do not have a fair value	
	Valued using the fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method).
Shares that do not have a fair value	Valued using the moving average cost method. However, available-for-sale securities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the balance sheet date, and translation differences are recognized as valuation differences (with the entire amount of valuation differences inserted directly into net assets).

2. Depreciation method for non-current assets

Property, plant and equipment	Depreciated using the straight-line method.
Intangible assets	Depreciated using the straight-line method. Software for internal use is depreciated using the straight-line method over the estimated useful life (five years).
Leased assets	Leased assets related to finance lease transactions with the right of ownership not transferred Depreciated using the straight-line method, with the lease term as the useful life and a residual value of zero.
Investment property	Depreciated using the straight-line method.

3. Accounting methods for revenues and expenses

Revenue is recognized when control of promised goods or services is transferred to customers in the amount expected to be received in exchange for those goods or services. As a holding company, the Company's revenue from contracts with customers is mainly management fee income from its subsidiaries. Regarding management fee income, the Company has a performance obligation to provide contracted services to subsidiaries in accordance with the terms of the contracts. Since the performance obligation is satisfied when the services are actually performed, revenue is recognized at that time.

4. Other basic policies and important matters for preparation of the financial statements

Treatment of deferred assets

Bond issuance costs are fully expensed at the time the disbursement is made.

(Significant accounting estimates)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Market Value Measurement)

As of the beginning of the current fiscal year, we applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021, hereinafter, "Implementation Guidance on Fair Value Measurement Accounting Standard"). In accordance with transitional treatment as prescribed in paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard, we have decided to apply the new accounting practices stipulated by the Implementation Guidance on Fair Value Measurement Accounting Standard prospectively. As such, there is no impact on financial statements for the current fiscal year.

(Balance sheet)

*1 Monetary claims and obligations to subsidiaries and associates (excluding items presented separately)

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
Short-term monetary claims	31	543
Short-term monetary obligations	40	554

2 Guarantee obligations

The Company guarantees loans from financial institutions to employees of consolidated subsidiaries.

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
Employees (including of consolidated subsidiaries)	16	11

3 Contingent liabilities related to debt assumption agreements for corporate bonds

Debt for the following bonds has been transferred in accordance with a bond trust-type debt assumption agreement concluded with a bank. As a result, the transferred debt for the bonds is offset against the amount payable under the agreement. However, the Company’s obligation to bond holders to redeem the bonds will remain until the bonds are redeemed.

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
7th Series of Unsecured Straight Bonds, Meiji Holdings Co., Ltd.	10,000	10,000

4 Commitment line agreements

The Company has entered into commitment line agreements with six financial institutions (six in the previous fiscal year) for the purpose of securing a flexible measure for raising funds and improving capital efficiency.

The unused portion of the commitment line based on these agreements as of March 31, 2023 is as follows:

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
Maximum loan amount	20,000	20,000
Used portion of the commitment line	-	-
Balance	20,000	20,000

(Statement of income)

*1 Amount of transactions with subsidiaries and associates

	For the fiscal year ended March 31, 2022 (Millions of yen)	For the fiscal year ended March 31, 2023 (Millions of yen)
Operating revenue	34,547	28,063
Operating expenses	107	34
Amount of transactions that are not from operating transactions	135	139

*2 Major expense items and amounts included in operating expenses are as follows:

	For the fiscal year ended March 31, 2022 (Millions of yen)	For the fiscal year ended March 31, 2023 (Millions of yen)
Remuneration for directors (and other officers)	394	418
Salaries	869	1,057
Office expenses	1,522	1,705
Taxes and dues	559	612
Depreciation	223	233
Deduction	-984	-981

Rental income associated with leasing part of head office and other premises is deducted from operating expenses.

(Securities)

Fiscal year ended March 31, 2022

Shares of subsidiaries (book value: JPY 270,111 million) are not stated because they do not have a fair value.

Fiscal year ended March 31, 2023

Shares of subsidiaries (book value: JPY 270,111 million) are not stated because they do not have a fair value.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)
Deferred tax assets		
Accrued enterprise tax	34	69
Accrued expenses, etc.	49	60
Loss on valuation of investment securities not deductible	236	189
Losses carried forward	594	6
Others	41	51
Subtotal deferred tax assets	955	377
Valuation allowance for losses carried forward	-594	-6
Valuation allowance for deductible temporary differences	-252	-202
Subtotal valuation allowance	-846	-208
Total deferred tax assets	108	168
Deferred tax liabilities		
Reserve for tax purpose reduction entry	-317	-304
Assets adjusted for loss (gain) on transfer	-319	-498
Valuation difference on available-for-sale securities	-6,898	-6,152
Total deferred tax liabilities	-7,535	-6,956
Net deferred tax assets (liabilities)	-7,427	-6,788

2. Significant difference between the statutory tax rate and the effective tax rate after application of tax effect accounting, by main items causing the difference

	As of March 31, 2022	As of March 31, 2023
Statutory tax rate	30.6%	30.6%
(Adjustment)		
Items that are not permanently deducted, such as entertainment expenses	0.2	0.9
Dividend income, etc. amount that is not permanently included in profits	-31.3	-27.0
Increase / decrease in valuation allowance	0.2	-2.2
Others	0.1	-0.3
Income tax burden rate after tax effect accounting is applied	-0.2	2.0

3. Accounting treatment for corporation tax and local corporation tax and accounting treatment for tax effect accounting related to these taxes

The Company has adopted the Japanese Group Relief System, and the accounting and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the Treatment of Accounting and Disclosure in Applying the Japanese Group Relief System (Practical Issues Task Force No. 42 of August 12, 2021).

(Revenue recognition)

Information on the basis for recognizing revenue from contracts with customers is described in (1) Financial statements, Notes (Significant accounting policies), 3. Accounting methods for revenues and expenses.

(Significant events after reporting period)

Since we described in “5. Financial Information, 1 Consolidated financial statements, etc., (1) Consolidated financial statements, Notes (Significant accounting policies for preparation of consolidated financial statements).”

4) Supplemental schedules

Supplemental schedule of property, plant and equipment, etc.

(Millions of yen)

Categories	Asset type	Balance at beginning of period	Increase during the period	Decrease during the period	Depreciation for the period	Balance at end of period	Accumulated depreciation
Property, Plant and Equipment	Buildings	3,544	138	51	191	3,440	3,985
	Structures	29	0	17	2	10	43
	Machinery and equipment	29	-	0	4	24	196
	Tools, furniture and fixtures	79	5	2	13	68	212
	Land	8,735	-	320	-	8,414	-
	Other	3	17	-	0	19	2
	Total	12,421	161	391	213	11,978	4,440
Intangible assets	Trademark right	114	21	-	19	116	203
	Other	1	31	0	-	32	3
	Total	115	53	0	19	148	207
Investments and other assets	Investment property	0	-	-	-	0	2

Supplemental schedule of provisions

Not applicable.

(2) Components of major assets and liabilities

Since we prepare the consolidated financial statements, the description is omitted.

(3) Others

Not applicable.

6. Outline of share-related administration of reporting company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	During June
Record date	March 31
Record date for distribution of surplus	March 31 and September 30
Number of shares constituting one unit	100 shares
Purchase of odd lots of shares and sale of additional shares	
Listing exchanges	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation Securities Agent Division
Shareholder registry administrator	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Agent	―
Purchase and sale commissions	Free of charge
Method of public notice	Public notices are posted electronically. However, if electronic notice is not possible due to accident or other unavoidable circumstances, notice is provided by publication in The Nikkei. URL for public notice: https://www.meiji.com/global/
Privileges for shareholders	We send the following assortment of Meiji Group products to shareholders as of March 31 around the end of October. Shareholders holding less than 100 shares: None Shareholders holding 100 shares or more but less than 500 shares: Assortment equivalent to JPY 2,000 in retail price Shareholders holding 500 shares or more but less than 1,000 shares: Assortment equivalent to JPY 3,500 in retail price Shareholders holding 1,000 or more shares: Assortment equivalent to JPY 5,000 in retail price * In lieu of receiving the above product assortment, shareholders may choose to donate to welfare organizations.

(Note) Pursuant to the Company’s Articles of Incorporation, shareholders of the Company may not exercise any rights with respect to shares constituting less than one unit held by them, other than the rights specified in each item of Paragraph 2 of Article 189 of the Companies Act, the right to make a request pursuant to Paragraph 1 of Article 166 of the Companies Act, the right to receive allocations of subscriber shares or subscriber share options in proportion to the number of shares held by such shareholder; and the right to demand that the Company sell to the shareholder a number of shares that, together with the shares constituting less than one unit held by the shareholder, will constitute one unit.

7. Reference information of reporting company

1. Information about parent of reporting company

The Company does not have a parent company, etc. specified in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2023 to the filing date of Annual Securities Report.

(1) Annual Securities Report and Attached Documents	Filed with Director-General of the Kanto Local Finance Bureau on July 11, 2022
(2) Shelf Registration Statement (for issuance of shares and bonds, etc.) and Attached Documents	Filed with Director-General of the Kanto Local Finance Bureau on August 24, 2022
(3) Revision to Shelf Registration Statement A revision to the shelf registration statement (for issuance of shares and bonds, etc.) submitted on August 24, 2022.	Filed with Director-General of the Kanto Local Finance Bureau on December 22, 2022
(4) Annual Securities Report, Attached Documents, and Confirmation Letter 13th business term: From April 1, 2021 to March 31, 2022	Filed with Director-General of the Kanto Local Finance Bureau on June 29, 2022
(5) Revision Report for Annual Securities Report and Confirmation Letter A revision of the annual securities report for the 13th business term (from April 1, 2021 to March 31, 2022) and the confirmation letter thereof A revision of the annual securities report for the 12th business term (from April 1, 2020 to March 31, 2021) and the confirmation letter thereof A revision of the annual securities report for the 10th business term (from April 1, 2018 to March 31, 2019) and the confirmation letter thereof A revision of the annual securities report for the 9th business term (from April 1, 2017 to March 31, 2018) and the confirmation letter thereof	Filed with Director-General of the Kanto Local Finance Bureau on December 22, 2022, December 22, 2022, December 22, 2022, and December 22, 2022, respectively
(6) Internal Control Report and Attached Documents	Filed with Director-General of the Kanto Local Finance Bureau on June 29, 2022
(7) Quarterly Report and Confirmation Letter First quarter of the 14th business term (from April 1, 2022 to June 30, 2022) Second quarter of the 14th business term (from July 1, 2022 to September 30, 2022) Third quarter of the 14th business term (from October 1, 2022 to December 31, 2022)	Filed with Director-General of the Kanto Local Finance Bureau on August 10, 2022, November 9, 2022, and February 10, 2023, respectively
(8) Current reports An extraordinary report pursuant to Article 19, Paragraph 2, Item (ix)-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (result of the resolution made at the General Meeting of Shareholders)	Filed with Director-General of the Kanto Local Finance Bureau on July 1, 2022
(9) Share Buyback Report	Filed with Director-General of the Kanto Local Finance Bureau on December 8, 2022, January 10, 2023, and February 7, 2023, respectively.

Part II Information about reporting company's guarantor, etc.

Not applicable.

(Translation)
This document has been translated from the Annual Securities Report for the twelve-month period ended March 31, 2023, pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(For Translation Purposes Only)
Independent Auditor's Report and Internal Control Audit Report

June 29, 2023

To the Board of Directors of
Meiji Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Designated Engagement Partner Certified Public Accountant	Shinji Takada
Designated Engagement Partner Certified Public Accountant	Kiyotaka Kinugawa
Designated Engagement Partner Certified Public Accountant	Ai Hiraoka

< Financial Statements Audit>

Opinion

Pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements in the "Financial Information" section of the Annual Securities Report of Meiji Holdings Co., Ltd. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2023, the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, notes to the consolidated financial statements, and the consolidated supplemental schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Revenue recognition related to royalties, upfront and milestone payments, and contracted services at Meiji Seika Pharma Co., Ltd.</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>As described in "5. Financial Information, 1 Consolidated financial statements, (1) Consolidated financial statements, Notes, (Revenue recognition)", of consolidated net sales of ¥1,062,157 million, the Company recorded net sales of ¥197,262 million for the pharmaceutical segment, which includes revenue of ¥8,986 million related to royalties, upfront and milestone payments, and contracted services.

Revenue related to royalties, and upfront and milestone payments is from the provision of intellectual property under contracts with third parties, and is recognized as and when products are manufactured and sold or technology is used in accordance with the contracts. Revenue related to contracted services is primarily from distribution management services, and is recognized when contracted services are provided in accordance with contracts with customers.

Revenue related to royalties, upfront and milestone payments, and contracted services is recognized either when a performance obligation is satisfied at a point in time or as a performance obligation is satisfied over time.

The terms of contracts related to royalties, upfront and milestone payments, and contracted services differ between contracts due to the individual nature of the contracts,</td><td>We mainly performed the following audit procedures to consider whether revenue related to royalties, upfront and milestone payments, and contracted services is appropriately recognized by Meiji Seika Pharma Co., Ltd.

・We obtained an understanding and evaluated the design and operating effectiveness of the internal controls relevant to the process for recognizing revenue related to royalties, upfront and milestone payments, and contracted services.

・For material transactions involving revenue related to royalties, we inspected contracts to obtain an understanding of the contract terms and actual transaction details. In addition, we reconciled the amount of revenue recorded to amounts on royalty statements and to cash receipt records.

・For revenue related to upfront and milestone payments and contracted services, we inspected contracts and considered the consistency between the details of the contracts and the performance obligations as understood by the Company as well as the amount of revenue recorded. Further, with regard to the timing of revenue recognition, we considered whether revenue was recorded</td></tr>
</table>

and certain contracts have complex stipulations as part of their terms and conditions. In addition, of revenue related to royalties, upfront and milestone payments, and contracted services recorded by Meiji Seika Pharma Co., Ltd., revenue for which performance obligations are satisfied at a point in time is non-recurring and has a significant impact on profit or loss. Accordingly, we determined that this is a key audit matter.	at the point in time at which performance obligations were satisfied. We reconciled the amount of revenue recorded to cash receipt records. In addition, we performed transaction confirmation procedures with counterparties for revenue related to contracted services, and confirmed whether the transactions occurred and the amount of revenue recorded.

Other Information

The other information comprises the information included in the Annual Securities Report ("Yukashoken Hokokusho") but does not include the consolidated financial statements, financial statements and our auditor's reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board Member and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board Member and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Board Member and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Internal Control Audit>

Opinion

Pursuant to the provisions of Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the financial statements as at March 31, 2023 of the Group ("Management's Report").
In our opinion, Management's Report referred to above, which represents that the internal control over financial reporting as at March 31, 2023 of the Group is effective, presents fairly, in all material respects, the result of management's assessment of internal control over financial reporting in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards on internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.
The Audit and Supervisory Board Member and the Audit and Supervisory Board is responsible for monitoring and verifying the design and operation of internal control over financial reporting.
Internal control over financial reporting may not prevent or detect misstatements completely.

Auditor's Responsibilities for the Audit of Internal Control

Our objectives are to obtain reasonable assurance about whether Management's Report is free from material misstatement, and to issue an auditor's report that includes our opinion from an independent standpoint.
As part of an audit in accordance with auditing standards on internal control generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence relating to the result of management's assessment of internal control over financial reporting in Management's Report. The design and performance of audit procedures for internal control audit is based on our judgement in consideration of the materiality of the effect on the reliability of financial reporting.
- Consider the overall presentation of Management's Report with regards to the scope, procedures, and result of the assessment of internal control over financial reporting including descriptions by management.

・ Obtain sufficient appropriate audit evidence regarding the result of management's assessment of internal control over financial reporting in Management's Report. We are responsible for the direction, supervision, and performance of the audit of Management's Report. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board Member and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, the results of the internal control audit, any significant deficiencies in internal control that we identify, and the results of corrective measures for such significant deficiencies.

We also provide the Audit and Supervisory Board Member and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of internal control in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Translation)
This document has been translated from the Annual Securities Report for the twelve-month period ended March 31, 2023, pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

(For Translation Purposes Only)
Independent Auditor's Report

June 29, 2023

To the Board of Directors of
Meiji Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Designated Engagement Partner Certified Public Accountant	Shinji Takada
Designated Engagement Partner Certified Public Accountant	Kiyotaka Kinugawa
Designated Engagement Partner Certified Public Accountant	Ai Hiraoka

Opinion

Pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying financial statements of Meiji Holdings Co., Ltd. (the Company), which comprise the balance sheet as at March 31, 2023, the statements of income and changes in net assets for the year then ended, notes to the financial statements, and the supplemental schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our audit report.

Other Information

The other information comprises the information included in the Annual Securities Report ("Yukashoken Hokokusho") but does not include the consolidated financial statements, financial statements and our auditor's reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit and Supervisory Board Member and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board Member and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Board Member and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Translation)
This document has been translated from the Annual Securities Report for the twelve-month period ended March 31, 2023, pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Cover page

Document title	Naibutousei Houkokusho
Clause of stipulation	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 29, 2023
Company name	Meiji Holdings Kabushiki Kaisha
Company name in English	Meiji Holdings Co., Ltd.
Title and name of representative	Kazuo Kawamura, CEO, President and Representative Director
Title and name of chief financial officer	Koichiro Shiozaki, CFO, Member of the Board and Senior Managing Executive Officer
Address of registered headquarter	4-16, Kyobashi 2-chome, Chuo-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1 Matters related to Basic framework of internal control over financial reporting

Kazuo Kawamura, CEO, President and Representative Director and Koichiro Shiozaki, CFO, Member of the Board and Senior Managing Executive Officer, are responsible for designing and operating internal control over financial reporting of Meiji Holdings Co., Ltd. (the "Company") and have designed and operated internal control over financial reporting in accordance with the basic framework of internal control set forth in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual basic components of internal control are organically integrated and functioned as a whole. Therefore, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2 Matters related to Scope, record date and procedures for assessment

The assessment of internal control over financial reporting was conducted with a record date of March 31, 2023, the end of the current fiscal year, and the assessment was made in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, the business processes to be assessed are selected after an assessment of internal control that has a significant impact on overall financial reporting on a consolidated basis ("company-level controls") is carried out, and in consideration of the results of the assessment. In assessing the business processes, an assessment of the effectiveness of internal control is conducted by identifying key controls that would have a material impact on the reliability of financial reporting after analyzing the selected business processes and by assessing the status of design and operation of the key controls.

The scope of assessment of internal control over financial reporting is determined to be the scope that is necessary from the viewpoint of significance of the impact on the reliability of financial reporting regarding the Company, its consolidated subsidiaries and companies which are accounted for by equity-method. The significance of the impact on the reliability of financial reporting was determined by taking into account the significance of quantitative and qualitative impacts. The scope of the assessment of internal control over business processes was rationally determined based on the results of the company-level controls assessment of our 28 group companies, comprising the Company and its consolidated subsidiaries.

To determine the scope of assessment of internal control over business processes, consolidated net sales was chosen as the index, and we accumulated business locations in descending order of net sales and those business locations whose combined amount of approximately two-thirds of consolidated net sales was made the "significant business locations". In the selected significant business locations, business processes that lead to net sales, accounts receivable - trade, and inventories, as accounts that are closely related to the business objectives of the Company, are included in the scope of assessment. In addition, the scope of assessment includes other business locations as well as selected significant business locations with respect to certain business processes. Specifically, business processes that have (1) a greater likelihood of material misstatements, (2) relating to significant accounting estimates and management judgements, and (3) relating to a business or operation dealing with high-risk transactions, are added to the scope of assessment as business processes with substantial significance in terms of impact on financial reporting, regardless of whether they occur at selected significant business locations.

3 Matters related to Results of assessment

As a result of the above assessment, it was determined that internal control over financial reporting of the Company was effective as at the end of the current fiscal year.

4 Additional notes

None.

5 Special notes

None.