



Taking on the Challenge of Food Sustainability

with Strong Aspiration and Unrelenting Effort

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Editorial Policy

This Megmilk Snow Brand Report (Integrated Report) is intended to serve as a communication tool to deepen understanding of the Megmilk Snow Brand Group's value creation story among a wide range of stakeholders, including shareholders and investors. In creating this report, we have referred to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), the GRI Standards, the ISO 26000 Guidance on Social Responsibility, and the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation. We have also incorporated external opinions and given due consideration to the validity of the content.

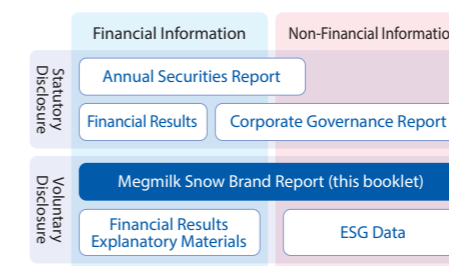
- Coverage Period: From April 1, 2023, to March 31, 2024 (the report also contains some information outside this period)
- Target Organizations: Megmilk Snow Brand Co., Ltd. and its Group companies (though the report does not cover all information)

Positioning and Key Points of the Megmilk Snow Brand Report 2024 (Integrated Report)

Positioning

This report presents financial and non-financial information that is of high importance to our stakeholders in describing how the Megmilk Snow Brand Group creates value. For details on management and business information and ESG information, please refer to our website.

- [WEB](https://www.meg-snow.com/english/investors) IR page ▶ <https://www.meg-snow.com/english/investors>
- [WEB](https://www.meg-snow.com/english/sustainability/) Sustainability page ▶ <https://www.meg-snow.com/english/sustainability/>



Key Points

We have revised the overall structure of the report to help readers understand the value creation story of the Megmilk Snow Brand Group. We have sought to answer the questions "Why do we aspire to food sustainability?", "How will we move forward to help achieve food sustainability?" and "Why can the Megmilk Snow Brand Group help with food sustainability?" in a clear and accessible way.

Note of Caution Regarding Forecasts

Business forecasts and other statements concerning the future in this report are projections made by Megmilk Snow Brand Group based on information available at the time of writing and are not intended as a guarantee that Megmilk Snow Brand Group will achieve these forecasts. Actual business results may differ from the forecasts in this report depending on changes in business conditions and other factors.

Spirit of *Kendo Kenmin* and Group Corporate Philosophy

Group Corporate Philosophy

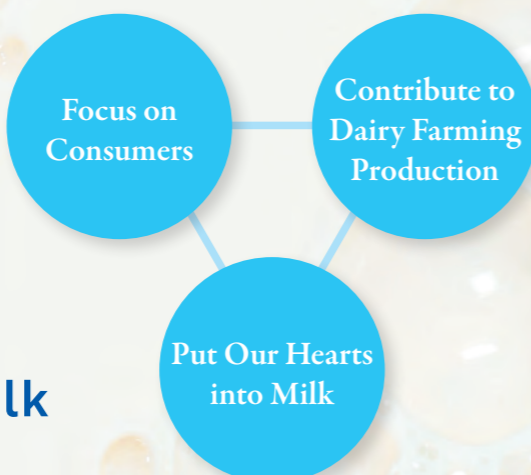
Our Corporate Philosophy consists of our missions and our corporate slogan, "Make the Future with Milk."

The Megmilk Snow Brand Group strives to fulfill our three missions and create new value for milk to exist as a company that contributes to society.

Corporate Slogan

Make the Future with Milk

Our Three Missions



Butter manufacturing equipment used at the company's founding

Calligraphy of *Kendo Kenmin* by founder Torizo Kurosawa



Holding to the Spirit of *Kendo Kenmin*

While Linking It to Food Sustainability

Purpose

To achieve food sustainability by leveraging our extensive expertise and functions (the milk value chain) developed through dairy, in line with our founding spirit of *Kendo Kenmin* ("a healthy earth ensures human health").



The Phrase *Kendo Kenmin* Is Infused with Our Founders' Ambitions.

The phrase *Kendo Kenmin* ("a healthy earth ensures human health") was proposed by Torizo Kurosawa, one of the founders of Snow Brand Milk Products Co., Ltd., which was one of the predecessors of Megmilk Snow Brand. The phrase means that dairy farming strengthens the soil, and the milk and dairy products produced from this rich earth are the ultimate nutritious food that can foster healthy spirits and resilient bodies for human beings.

About 100 years ago, it was still difficult for Japan to provide adequate nutrition to its citizens. Our founders, who established the Hokkaido Cooperative Creamery Association in 1925, chose the phrase *Kendo Kenmin* when they started this business to express their ambition to solve social problems by supporting stable, abundant dietary lifestyles through the dairy industry.

Now, 100 years later, Japan's food culture has blossomed and its citizens' healthy lifespan has lengthened significantly, but issues still remain. If we look at the rest of the world, we realize we are in an age when it is difficult to ensure the sustainability of goods, particularly food, due to an explosive increase in the

world's population, geopolitical problems, and the impact of climate change on agriculture. In these times, we want to connect our founders' spirit of *Kendo Kenmin* to the present and solve social issues that are deeply related to food. We believe that the knowledge and functions built up from our origins in the dairy industry over many years can be utilized to solve social issues on a global scale.

In May 2025, the Megmilk Snow Brand Group will celebrate the 100th anniversary of its founding. The Group's corporate philosophy, which is our founding principle, is firmly based on the *Kendo Kenmin* concept. We believe that we can help achieve food sustainability by fulfilling our three missions of "Focus on Consumers," "Contribute to Dairy Farming Production," and "Put Our Hearts into Milk."

Ever-Evolving *Kendo Kenmin* Spirit



History of Value Creation

Creating New Value as We Face

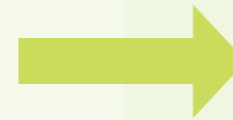
Changing Times and Social Issues

Changes in Awareness of Food in Japan

Solving Issues through Corporate Activities

First Half of the
1900s**A Time Characterized by Severe Lack of Nutrition and a Desire for a Plentiful Diet**

From ancient times, Japan has faced serious nutritional deficiencies due to food shortages caused by climate variability, such as damage from cold weather, and emergencies. The food shortages after World War II were particularly severe, and various measures were taken to obtain food and eliminate nutritional deficiencies.

Snow Brand
Hokkaido Butter

6 Portion Cheese

Snow Brand
Hokkaido Cheese**Helping to Improve the Nation's Nutrition through Dairy Products**

Based on the ideals of developing dairy farming in Hokkaido and improving the nutrition of the Japanese people through dairy products, the Hokkaido Cooperative Creamery Association, one of the predecessors of Megmilk Snow Brand, launched Snow Brand Hokkaido Butter and other products. After the launch, the company continued to improve the quality of its products by making innovations in areas such as ingredients, packaging, transport and storage. These products have become long-selling favorites.

Second Half of the
1900s**A Time When Food Culture Flourished and People Sought a Diverse Range of Foods**

As Japan entered a period of rapid economic growth and people became more conscious of nutrition, Japanese food culture developed rapidly. In 1957, instant ramen appeared in the market. The food service industry also flourished, and the so-called "era of gluttony" began.



6P Cheese

Snow Brand
Sliced CheeseNeo Margarine Soft
(now called "Neo Soft")

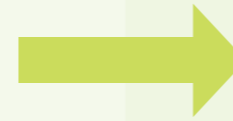
Snow Brand Coffee

Delivering a Wide Range of Dairy Products to Many People

After the war, food Westernized rapidly, and with the spread of food culture, the opportunities to eat cheese and other similar foods increased dramatically for the Japanese. The individually wrapped "6P Cheese" matched peoples' needs for simpler and more readily available foods, and its high nutritional value and convenience led to its adoption in school lunch menus. This led to a steady increase in sales of processed cheese.

Around
2000**A Time in Which the Public Demands Food Safety and Security**

In this time period, a series of problems shook the public's trust in food. In addition to the government's efforts to create systems to ensure food safety and security, such as setting standards and ensuring traceability, there was also a rise in consumer awareness of food safety.



Customer Relations Center

Milk production date search system
"Kensaku-kun"**Addressing Society's Needs**

The Snow Brand Milk Products food contamination incident in 2000 led to measures to improve quality and prevent a recurrence. Examples of these measures include strengthening product shipment inspections, establishing the Customer Relations Center (with a toll-free number that is available 365 days a year), and establishing the Institute of Food Hygiene. We are continuing to work on these measures while responding to the rapidly changing social environment.

Around
2010**Time of Food Diversity and Growing Interest in Extending Healthy Life Expectancy**

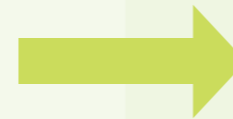
Extending healthy life expectancy, the period during which people can live without health problems limiting their daily lives, has become a health issue in many countries. As food becomes more diverse in Japan, the country boasts the world's longest healthy life expectancy.

Megumi Gasser SP Strain series
Foods with Function ClaimsMegumi Gasser SP Strain Yogurt
Food for Specified Health Uses (FOSHU)**Responding to Growing Health Needs**

Research has confirmed that the *Lactobacillus gasseri* SBT2055 has the ability to reduce visceral fat in people who are overweight. In 2015, we launched products containing it as foods with functional claims, and in 2018, we launched yogurt products as FOSHU. They have earned a secure position in the market as health needs heighten.

Present
and
Future**Time of a Growing Sense That Food Sustainability Is in Crisis**

In Japan, the birthrate is declining and the population is aging, making the extension of healthy life expectancy increasingly urgent. At the same time, the world's population has been growing rapidly since the 20th century, exceeding 8 billion in 2022. The population is expected to continue to grow, and there is increasing concern that we will face shortages of food and the other resources essential for life.

Nyu-San-kin Helve
(*Lactobacillus helveticus* SBT2171)
Yogurt

MBP Drink

Memory Care Drink
Beta LactrinNatulait Megumi Born
from Plants**Helping to Achieve Food Sustainability**

We have launched products containing ingredients that have been reported to have functions such as relieving discomfort in the eyes and nose caused by pollen and house dust, increasing bone density, and maintaining memory power, which often declines with age. We have also entered the plant-based food market with the aim of helping to achieve food sustainability.

Current Business and Presence

Delivering the Value of Milk in Different Forms

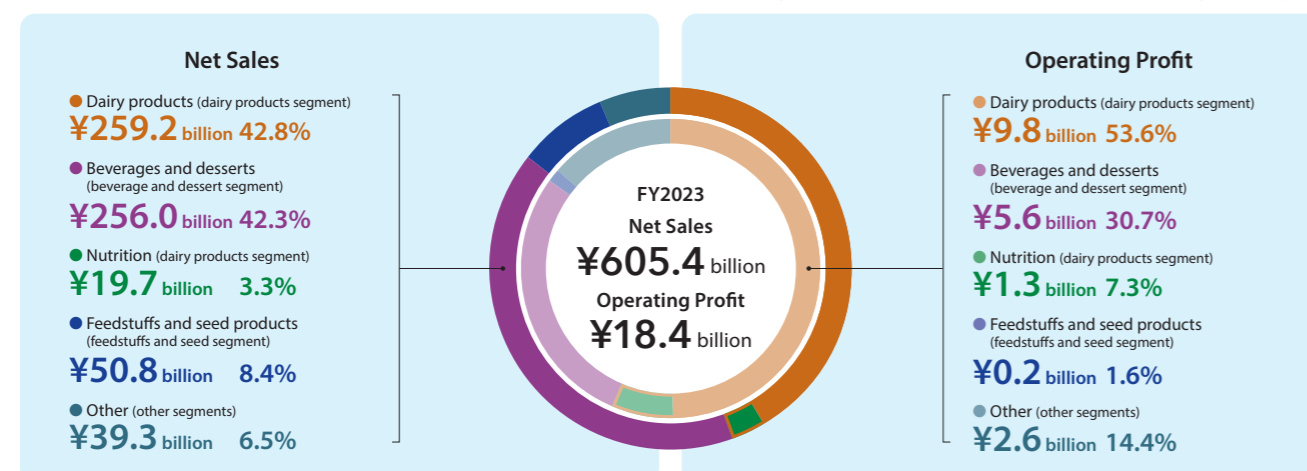
The Megmilk Snow Brand Group takes the extensive expertise and functions related to milk that it has developed over its long history and transforms it into value. Today, the Group is engaged in four businesses, and its diverse products add color to people's daily meals and support their health. The Group is not only active in Japan, but also expanding globally.

Four Businesses



Revenue Structure

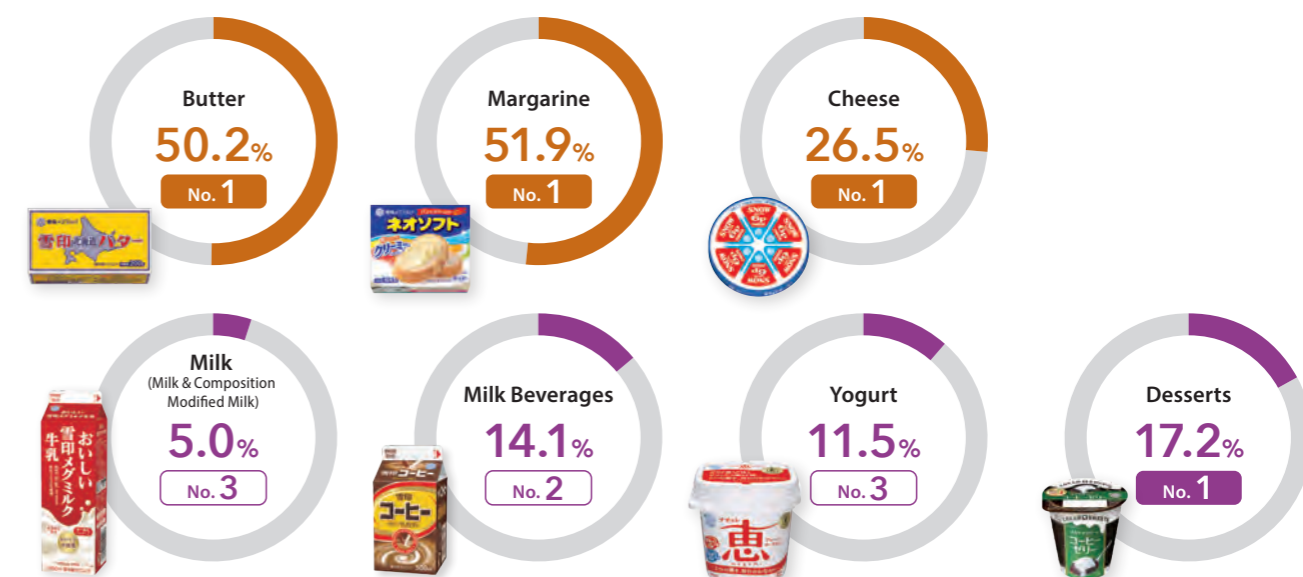
(Notes) 1. Amounts less than 0.1 billion yen are rounded down. 2. The nutrition business is included in the dairy products segment.



Unparalleled Brand Penetration in Japan

The Megmilk Snow Brand Group has created a number of top-selling products in Japan, proving the trust our customers have in the Group. In fiscal 2023, the Group held an overwhelming 50.2% share of the butter market in Japan and a 51.9% share of the margarine market in Japan. We also held a 26.5% share of the domestic cheese market, as the top cheese brand in Japan. In addition to these products in the Dairy Products Business, we also have a number of popular brands in the Beverages and Desserts Business, including coffee-flavored milk beverages, yogurt and desserts.

Share of Japanese Market (Fiscal 2023, based on nationwide monetary amount for household use)



(Source) Intage SRI+

Proactive Business Expansion

