

Supplementary Information

Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)

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Earnings forecasts contained in this supplementary material are forward-looking statements and include uncertain factors. Please note that actual results may differ from forecasts due to various unknown or unpredictable factors.

This material has not been prepared to solicit investment.

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MEGMILK SNOW BRAND Co., Ltd.

<Consolidated Financial Results>

1. Quarterly Consolidated Statements of Income

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Three months ended June 30, 2018		Three months ended June 30, 2019		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	1,509	100.0	1,546	100.0	37	2.5
Cost of sales	1,139	75.5	1,172	75.8	32	2.9
Selling, general and administrative expenses	322	21.4	324	21.0	1	0.4
Operating profit	47	3.2	50	3.3	3	6.5
Non-operating income	5	0.4	10	0.7	4	87.3
Non-operating expenses	2	0.2	1	0.1	(0)	(23.9)
Ordinary profit	50	3.3	58	3.8	8	16.8
Extraordinary income	0	0.0	0	0.0	(0)	(60.0)
Extraordinary loss	1	0.1	5	0.3	3	171.6
Profit before income taxes	48	3.2	54	3.5	5	10.7
Income taxes	14	0.9	14	0.9	0	4.0
Profit (loss) attributable to non- controlling interests	0	0.1	1	0.1	0	19.4
Profit attributable to owners of parent	33	2.2	38	2.5	4	13.2

2. Quarterly Consolidated Statements of Comprehensive Income

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Three months ended June 30, 2018		Three months ended June 30, 2019		Net change	
	Result		Result		Amount	Year-on- year change (%)
Profit	34		39		4	13.4
Total other comprehensive income	(1)		(7)		(6)	—
Comprehensive income	33		31		(1)	(4.6)
(of which, comprehensive income attributable to non-controlling interests)	0		1		0	14.3

3. Quarterly Consolidated Sales and Operating Profit by Product of Each Segment

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
[Net sales]				
Butter	52	53	0	1.5
Margarine	32	31	(0)	(3.0)
Cheese	189	191	2	1.5
Other	77	75	(2)	(2.7)
Subsidiaries and other	229	258	29	12.7
Dairy Products	581	610	29	5.1
Milk and milk-based beverages	217	219	2	1.0
Other beverages	112	105	(7)	(6.3)
Yogurt	153	155	2	1.3
Desserts and fresh cream	61	60	(1)	(1.9)
Other	7	9	2	26.8
Subsidiaries and other	162	172	10	6.6
Beverage and Dessert	714	723	8	1.2
Feedstuffs	87	89	1	2.1
Seed products	35	34	(1)	(3.1)
Feedstuffs and Seed	122	123	0	0.6
Other	91	89	(1)	(2.2)
Total	1,509	1,546	37	2.5
[Operating profit]				
Dairy Products	28	27	(1)	(3.9)
Beverage and Dessert	9	14	5	57.8
Feedstuffs and Seed	6	6	(0)	(8.3)
Other	2	2	0	2.6
Total	47	50	3	6.5

(Notes) 1. Main types of goods traded by business segment

Dairy Products: Dairy products (cheese, butter, milk powder, etc.); margarine;

Nutrition business (functional food products, infant formula, etc.), etc.

Beverage and Dessert: Beverages (milk drinks, fruit juice beverages, etc.);

yogurts; desserts; fresh cream, etc.

Feedstuffs and Seed: Cattle feed; pasture forage and crop seed; vegetable seeds, etc.

Other: Joint distribution center services; real estate leasing, etc.

2. The net sales for each segment list the figures for external customers.

Note that figures for external customers are also used in the year-on-year comparisons.

3. Subsidiaries and other includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination, etc.).

Feedstuffs and Seed are on a consolidated basis
(after excluding intercompany elimination, etc.).

Nutrition Business of Dairy Products

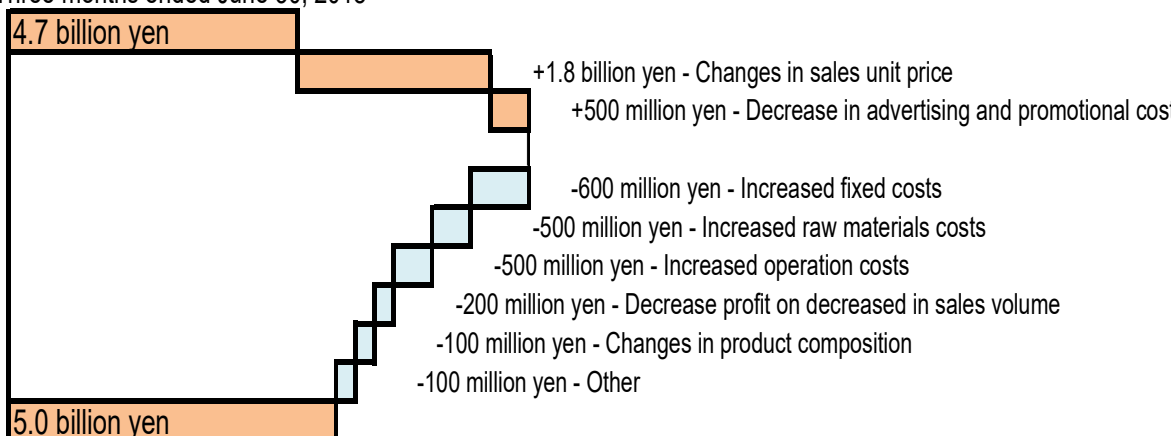
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
Functional food products	11	12	1	14.3
Powdered milk and other	38	34	(3)	(9.7)
Total on a consolidated basis	49	47	(2)	(4.3)

(Note) These figures are on a consolidated basis (after intercompany elimination, etc.)

4. Causes of Net Changes in Consolidated Operating Profit

Three months ended June 30, 2018



Three months ended June 30, 2019

Details of Consolidated Operating Profit by Segment

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Factors behind changes	Total	Dairy products	Beverage and dessert	Feedstuffs and seed	Other
Marginal profit	Changes in sales unit price	18	3	17	(2)	0
	Decreased profit on decreased sales volume	(2)	(1)	(4)	2	1
	Changes in product composition	(1)	(1)	0	0	0
	Increased raw materials costs	(5)	0	(5)	0	0
	Increased operation costs	(5)	(1)	(3)	0	0
	Subtotal	5	0	5	0	1
Fixed cost and others	Decrease in advertising and promotional costs	5	2	3	0	0
	Increased fixed costs	(6)	(3)	(2)	0	(1)
	Other	(1)	0	(1)	0	0
	Subtotal	(2)	(1)	0	0	(1)
Total		3	(1)	5	(0)	0

5. Quarterly Consolidated Balance Sheets (Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year ended March 31, 2019	Three months ended June 30, 2019	Amount of Net change		Year ended March 31, 2019	Three months ended June 30, 2019	Amount of Net change
(Current assets)	1,488	1,528	39	(Current liabilities)	1,179	1,207	28
Cash and deposits	143	163	19	Payables	640	668	28
Receivables	747	764	17	Short-term loans payable	199	202	2
Inventory assets	556	561	5	Other	339	336	(3)
Other	40	37	(2)	(Non-current liabilities)	727	719	(7)
(Non-current assets)	2,105	2,090	(15)	Bonds payable	100	100	—
Property, plant and equipment	1,623	1,629	6	Long-term loans payable	358	354	(4)
Intangible assets	32	40	8	Net defined benefit liabilities	93	92	(1)
Investment securities	354	327	(27)	Other	175	172	(2)
Deferred tax assets	29	28	(1)	Total liabilities	1,906	1,927	20
Other	66	64	(1)	Shareholders' equity	1,662	1,662	(0)
Total assets	3,594	3,618	24	Non-controlling interests	24	29	4
				Total net assets	1,687	1,691	3
				Total liabilities/net assets	3,594	3,618	24

6. Quarterly Consolidated Statements of Cash flows

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	Amount of net change
	Result	Result	
I Cash flows from operating activities	30	86	55
II Cash flows from investing activities	(22)	(35)	(12)
III Cash flows from financing activities	(27)	(32)	(5)
IV Effect of exchange rate on cash and cash equivalents	(0)	0	0
V Amount of net change in cash and cash equivalents	(20)	18	38
VI Cash and cash equivalents at beginning of period	140	143	2
VII Increase in cash and cash equivalents from newly consolidated subsidiaries	—	1	1
VIII Cash and cash equivalents at end of period	120	162	42
(Ref.) Free cash flow (I + II)	7	50	43

<Consolidated Financial Forecast> (There are no revisions from the latest earnings forecasts released on May 13, 2019.)

1. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year Ending March 31, 2020			
	April 1, 2019 -September 30, 2019		April 1, 2019 -March 31, 2020	
	Forecast	Year-on- year change (%)	Forecast	Year-on- year change (%)
Net sales	3,110	1.8	6,150	1.9
Operating profit	102	6.4	180	4.5
Ordinary profit	109	6.3	195	2.6
Profit attributable to owners of	67	4.3	120	11.6

2. Consolidated Sales by Product of Each Segment and Operating Profit by Segment

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year Ending March 31, 2020			
	April 1, 2019 -September 30, 2019		April 1, 2019 -March 31, 2020	
	Forecast	Year-on- year change (%)	Forecast	Year-on- year change (%)
[Net sales]				
Butter	103	1.4	227	1.4
Margarine	61	0.5	124	2.2
Cheese	387	4.3	791	4.3
Other	161	0.6	334	1.8
Subsidiaries and other	505	5.6	1,030	5.5
Dairy Products	1,220	3.9	2,509	4.1
Milk and milk-based beverages	424	(1.8)	818	(2.3)
Other beverages	225	(4.8)	412	(3.8)
Yogurt	315	3.6	615	4.4
Desserts and fresh cream	121	0.5	243	0.2
Other	15	(0.8)	32	(6.3)
Subsidiaries and other	361	5.3	686	3.5
Beverage and Dessert	1,463	0.7	2,809	0.4
Feedstuffs	176	0.2	357	(0.3)
Seed products	60	(3.8)	94	(7.4)
Feedstuffs and Seed	237	(0.9)	452	(1.8)
Other	190	1.5	380	3.8
Total	3,110	1.8	6,150	1.9
[Operating profit]				
Dairy Products	56	4.3	121	2.9
Beverage and Dessert	30	34.9	39	23.1
Feedstuffs and Seed	10	(17.7)	9	(22.7)
Other	6	(16.0)	11	3.9
Total	102	6.4	180	4.5

1. The net sales for each segment list the figures for external customers.

Note that figures for external customers are also used in the year-on-year comparisons.

2. Subsidiaries and other includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination, etc.).

Feedstuffs and Seed are on a consolidated basis (after excluding intercompany elimination, etc.).

Nutrition Business of Dairy Products

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year Ending March 31, 2020			
	April 1, 2019 -September 30, 2019		April 1, 2019 -March 31, 2020	
	Forecast	Year-on- year change (%)	Forecast	Year-on- year change (%)
Functional food products	26	11.5	53	11.0
Powdered milk and other	74	(0.2)	148	0.8
Total on a consolidated basis	100	2.6	201	3.3

(Note) These figures are on a consolidated basis (after excluding intercompany elimination, etc.)

<Other>

1. Non-consolidated Net Sales by Business Segment

(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Three months ended June 30, 2018		Three months ended June 30, 2019		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy Products	351	(2.3)	352	0.1	0
Butter	52	4.8	53	1.5	0
Margarine	32	(3.3)	31	(3.0)	(0)
Cheese	189	(1.5)	191	1.5	2
Beverage and Dessert	552	1.0	550	(0.4)	(2)
Milk and milk-based beverages	217	0.8	219	1.0	2
Other beverages	112	(5.8)	105	(6.3)	(7)
Yogurt	153	6.6	155	1.3	2
Desserts and fresh cream	61	1.4	60	(1.9)	(1)
Other	4	(12.5)	4	4.6	0
Total	908	(0.4)	907	(0.2)	(1)

(For reference) Market share (of household consumption) for the first three months of
fiscal year ending March 31, 2020

Source: SCI (up to 79 years old), in value terms

Butter:	31.4%
Margarine:	37.7%
Cheese:	16.0%
Milk:	7.0%
Milk beverage:	19.1%
Yogurt:	11.8%
Chilled desserts	12.2%