

Consolidated Financial Results for the Three Months Ended June 30, 2021
(Prepared pursuant to Japanese GAAP)

August 12, 2021

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(Amounts rounded down to the nearest million yen)

1. Consolidated Results for the First Three Months of the Fiscal Year Ending March 31, 2022
(April 1, 2021 – June 30, 2021)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2021	142,820	—	6,523	29.8	7,242	32.3	4,800	51.1
Three months ended June 30, 2020	156,298	1.0	5,026	(0.8)	5,474	(7.1)	3,176	(16.9)

Note: Comprehensive income: Three months ended June 30, 2021 : 4,059 million yen (9.1%)
 Three months ended June 30, 2020 : 3,721 million yen (17.0%)

	Profit per share – basic	Profit per share – diluted
Three months ended June 30, 2021	71.08 yen	— yen
Three months ended June 30, 2020	46.93 yen	— yen

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, the Company has omitted year-on-year change in net sales for the first quarter of the previous fiscal year, as this was prior to application of the above accounting standard.

Assuming, however, that the above accounting standard, etc. had been applied effective from the first quarter of the fiscal year ended March 31, 2021, the year-on year change would be 2.1%.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
June 30, 2021	398,798	198,457	49.1	2,899.99
March 31, 2021	398,650	198,255	49.0	2,890.65

For reference:

Equity: June 30, 2021: 195,842 million yen
 March 31, 2021: 195,213 million yen

2. Dividends

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Year ended March 31, 2021	yen —	yen —	yen —	yen 40.00	yen 40.00
Year ending March 31, 2022	—	—	—	—	—
Year ending March 31, 2022 (forecast)	—	—	—	50.00	50.00

Note: Revisions from the latest release of dividend forecasts: None

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Second quarter-end (Cumulative)	288,000	1.8	10,800	(2.6)	11,400	(4.8)	6,800	(5.5)	100.69
Full Year	570,000	2.8	20,500	3.6	21,500	(0.8)	12,500	(16.2)	185.10

Note 1: Revisions from the latest release of dividend forecasts: None

Note 2: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, the said accounting standard, etc. have been applied to the figures in the abovementioned consolidated forecast. Note that year-on-year change is calculated assuming that the above accounting standard, etc. were applied effective from the fiscal year ended March 31, 2021.

Notes

(1) Material reclassifications of subsidiaries during the period: None

(2) Accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: Yes

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Note: For further details, please refer to “(4) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies)”, under “2. Quarterly Consolidated Financial Statements and Key Notes” on page 14 of the Attachments.

(4) Common stock issued

1) Issued shares as of period-end (including treasury stock)

June 30, 2021	70,751,855 shares
March 31, 2021	70,751,855 shares

2) Treasury stock as of period-end

June 30, 2021	3,219,600 shares
March 31, 2021	3,219,054 shares

3) Average number of shares (during the respective period)

Three months ended June 30, 2021	67,532,559 shares
Three months ended June 30, 2020	67,693,013 shares

***This summary of financial statements is not subject to audit by certified public accountant and auditing firm.**

***Appropriate Use of Earnings Forecasts and Other Important Information**

(Earnings Forecasts)

Business forecasts contained in this report are based on the assumptions of management in the light of information available as of the release of this report. MEGMILK SNOW BRAND makes no assurances as to the actual results, which may differ from forecasts due to various factors such as changes in the business environment.

(Supplementary materials and presentation handouts)

Supplementary materials are attached to this report.

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(Supplementary Information)

Supplementary Information for the Three Months Ended June 30, 2021

1. Operating Results

Forward-looking statements included in the following text are based on the judgments of the Group's management as of June 30, 2021.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the three months ended June 30, 2021.

With the application of this accounting standard, etc. net sales in the three months ended June 30, 2021 declined significantly compared to net sales in the three months ended June 30, 2020.

Therefore, in the explanations about operating results in the three months ended June 30, 2021, year-on-year comparisons of net sales usually presented as percentages (% YoY), have been replaced with "(-- YoY)".

For further details please refer to "(Changes in Accounting Policies)" under (4) Notes to the Quarterly Consolidated Financial Statements" in "2. Quarterly Consolidated Financial Statements and Key Notes".

(1) Overview of Operating Results

In the three months ended June 30, 2021, conditions in the Japanese economy remained challenging due to the impacts of the COVID-19 pandemic. Although there were signs of recovery in certain sectors, the future outlook remains uncertain.

In the food industry, the increased demand for home-cooked meals in the previous fiscal year caused by the COVID-19 pandemic is settling down in the current fiscal year, while dining out demand remains sluggish.

In this business environment, the MEGMILK SNOW BRAND Group pursued initiatives to "Establish earnings bases in four business sectors (Dairy Products; Beverage & Dessert; Nutrition; and Feedstuffs & Seed)" in accordance with the Group Medium-term Management Plan 2022. In the three months ended June 30, 2021, the Group undertook: (1) strategic expansion and further product mix improvement of yogurt, cheese, and other mainstay products, centered on functionality; (2) simultaneous pursuit of scale expansion and profit generation through continuation of marketing investment in the nutrition business field; (3) strategic expansion and development of an earnings base in the seed products business; and (4) bolstering of the Group's overall strengths by making full use of the Group's management resources and by improving the productivity of the value chain.

Amid the spread of COVID-19, the Group also took steps to prevent COVID-19 infections among Group employees and endeavored to provide a stable supply of safe and reliable products to customers.

As a result, in the three months ended June 30, 2021, consolidated net sales were ¥142,820 million (-- YoY), operating profit was ¥6,523 million (up 29.8% YoY), ordinary profit was ¥7,242 million (up 32.3%), and profit attributable to owners of parent was ¥4,800 million (up 51.1%).

Operating results by business segment for the three months ended June 30, 2021, were as follows. Net sales by segment are sales to outside customers. Comparisons of net sales with those of the three months ended June 30, 2020, are not shown, due to the fact that figures have been calculated assuming the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020).

1) Dairy Products

This segment comprises the manufacture and sale of dairy products (cheese, butter, powdered milk), margarine, nutrition business products (functional foods and infant formula), and other products.

Net sales were ¥58,201 million (-- YoY), and operating profit was ¥3,551 million (up 9.2%).

Sales of butter and margarine declined year on year due to the settling down of the increased demand for home-cooked meals seen last year caused by the COVID-19 pandemic.

Sales of cheese declined year on year overall as the rise in demand for home-cooked meals in the prior fiscal year settled down this fiscal year, despite a year-on-year increase in sales of natural cheeses due to factors including continued strong demand for cheese as an at-home snack item. Sales of functional food products continued to grow, owing to continued marketing investment in the e-commerce business which is performing well amid the COVID-19 pandemic, as well as increasing health-consciousness among consumers.

Operating profit increased due to factors including changes in product composition.

2) Beverage & Dessert

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, dessert, and other products.

Net sales were ¥63,416 million (-- YoY), and operating profit was ¥1,792 million (up 105.0%).

With regard to sales of beverages (both milk-based and other beverages), new products including MBP Drink, the first beverage type of its kind in Japan as a food with functional claims relating to increasing bone density, contributed to the increase in sales. Also, the year-on-year comparison in sales was impacted by the stretch of time in the same period of the previous year when school lunches were not supplied in conjunction with school closures accompanying efforts to prevent the spread of COVID-19 infections. increased due to strong sales of products that emphasize function and price, even after price

In yogurt sales, there were strong sales of products featuring lactobacillus gasseri SP, a “food with health claims” which reduces visceral fat that the Group is focusing on. Also, in plain yogurt, sales were strong for Nachure Megumi, for which a promotional campaign based on increased product volumes was implemented.

Dessert sales were strong, reflecting the launch of new products and other efforts to increase product appeal, as well as efforts to expand sales of existing products.

Operating profit increased, reflecting an increase in sales volumes and changes in product composition, despite increased promotional costs.

3) Feedstuffs and Seed

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, landscaping, and other products.

Net sales were ¥12,514 million (-- YoY), and operating profit was ¥843 million (up 18.0%).

Overall segment sales increased year on year, due to factors including the rise in compound feed sales prices.

4) Other

This segment comprises joint distribution center services, real estate rental, and other businesses.

Net sales were ¥8,687 million (-- YoY), and operating profit was ¥327 million (up 16.7%).

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Assets

Total assets as of June 30, 2021, increased by ¥147 million from the previous fiscal year-end. The change is mainly attributable to increases in “notes and accounts receivable-trade, and contract assets” (categorized as “notes and accounts receivable-trade” in the previous fiscal year) and merchandise and finished goods, despite a decline in receivables included in “other” under current assets.

Liabilities

Total liabilities as of June 30, 2021, decreased by ¥54 million from the previous fiscal year-end. The change is mainly attributable to a decrease in provision for bonuses, despite an increase in notes and accounts payable-trade.

Net assets

Total net assets as of March 31, 2021, increased by ¥201 million from the previous fiscal year-end. The change is mainly attributable to an increase in retained earnings, despite decreases in valuation difference on available-for-sale securities and capital surplus.

2) Cash flows

Cash and cash equivalents on a consolidated basis as of June 30, 2021, totaled ¥21,550 million. The following is a summary of consolidated cash flows and factors affecting cash flows for the three months ended June 30, 2021.

Cash flows from operating activities

Operating activities provided net cash of ¥8,487 million, compared to ¥2,090 million provided in the three months ended June 30, 2020.

The year-on-year increase in cash provided of ¥6,396 million is mainly attributable to a decline in decrease (increase) in accounts receivable-other and an increase in profit before income taxes.

Cash flows from investing activities

Investing activities used net cash of ¥5,116 million, compared to ¥6,257 million used in the three months ended June 30, 2020.

The year-on-year decrease in cash used of ¥1,141 million is mainly attributable to a decrease in purchase of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥3,777 million, compared to ¥6,855 million provided in the three months ended June 30, 2020.

The year-on-year increase in cash used of ¥10,632 million is mainly attributable to a decrease in proceeds from long-term loans payable.

(3) Explanation of Forward-Looking Statements, including the Forecast of Consolidated Results

There is no revision to the forecast of consolidated results disclosed in the Summary of Financial Results of May 13, 2021.

2. Quarterly Consolidated Financial Statements and Key Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	21,840	21,561
Notes and accounts receivable-trade	71,710	—
Notes and accounts receivable-trade, and contract assets	—	75,637
Merchandise and finished goods	43,881	45,998
Work in process	1,114	1,127
Raw materials and supplies	14,931	14,633
Other	8,614	4,522
Allowance for doubtful accounts	(377)	(366)
Total current assets	161,716	163,114
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,547	55,541
Machinery, equipment and vehicles, net	60,434	61,185
Land	47,774	48,913
Other, net	13,521	12,013
Total property, plant and equipment	177,277	177,654
Intangible assets		
Goodwill	645	665
Other	2,867	2,838
Total intangible assets	3,512	3,504
Investments and other assets		
Investment securities	44,517	43,131
Deferred tax assets	3,092	2,853
Other	8,768	8,774
Allowance for doubtful accounts	(234)	(234)
Total investments and other assets	56,143	54,525
Total non-current assets	236,933	235,683
Total assets	398,650	398,798

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	55,002	56,644
Electronically recorded obligations-operating	4,784	5,473
Short-term loans payable	32,032	32,366
Income taxes payable	3,521	1,283
Provision for bonuses	5,293	2,810
Other	27,924	30,165
Total current liabilities	128,558	128,745
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	32,046	31,866
Deferred tax liabilities	5,149	5,233
Deferred tax liabilities for land revaluation	3,815	3,815
Provision for director's retirement benefits	20	14
Provision for gift token exchange	68	—
Net defined benefit liabilities	9,570	9,671
Asset retirement obligations	1,331	1,318
Other	9,833	9,674
Total non-current liabilities	71,835	71,595
Total liabilities	200,394	200,340
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,607	17,027
Retained earnings	137,941	139,964
Treasury stock	(5,355)	(5,356)
Total shareholders' equity	170,192	171,635
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,952	15,746
Deferred gains or losses on hedges	(3)	(21)
Revaluation reserve for land	8,570	8,570
Foreign currency translation adjustment	(48)	266
Remeasurements of defined benefit plans	(449)	(354)
Total accumulated other comprehensive income	25,020	24,207
Non-controlling interests	3,042	2,614
Total net assets	198,255	198,457
Total liabilities and net assets	398,650	398,798

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	156,298	142,820
Cost of sales	120,112	118,072
Gross profit	36,185	24,747
Selling, general and administrative expenses	31,159	18,223
Operating profit	5,026	6,523
Non-operating income		
Interest income	2	1
Dividend income	302	313
Equity in earnings of affiliates	191	357
Other	197	247
Total non-operating income	694	919
Non-operating expenses		
Interest expenses	92	102
Foreign exchange losses	53	—
Other	101	99
Total non-operating expenses	246	201
Ordinary profit	5,474	7,242
Extraordinary income		
Gain on sales of non-current assets	2	0
Total extraordinary income	2	0
Extraordinary loss		
Loss on sales of non-current assets	7	23
Loss on retirement of non-current assets	330	246
Impairment loss	304	93
Other	89	—
Total extraordinary loss	731	362
Profit before income taxes	4,744	6,880
Income taxes	1,550	2,031
Profit	3,193	4,848
Profit attributable to non-controlling interests	16	48
Profit attributable to owners of parent	3,176	4,800

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	3,193	4,848
Other comprehensive income		
Valuation difference on available-for-sale securities	820	(1,168)
Deferred gains or losses on hedges	5	(17)
Foreign currency translation adjustment	(536)	329
Remeasurements of defined benefit plans	158	94
Share of other comprehensive income of entities accounted for using the equity method	79	(27)
Total other comprehensive income	527	(789)
Comprehensive income	3,721	4,059
Comprehensive income attributable to owners of parent	3,757	3,987
Comprehensive income attributable to non- controlling interests	(35)	72

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	4,744	6,880
Depreciation and amortization	3,955	4,265
Impairment loss	304	93
Equity in (earnings) losses of affiliates	(191)	(357)
Amortization of goodwill	21	24
Increase (decrease) in allowance for doubtful accounts	(14)	(12)
Increase (decrease) in provision for bonuses	(2,317)	(2,484)
Decrease (increase) in net defined benefit asset	(141)	(185)
Increase (decrease) in net defined benefit liability	308	202
Increase (decrease) in provision for gift token exchange	(2)	—
Loss (gain) on sales and retirement of non-current assets	335	268
Interest and dividend income received	(305)	(314)
Interest expenses	92	102
Decrease (increase) in accounts receivable-other	964	4,292
Decrease (increase) in notes and accounts receivable-trade	(4,241)	(3,846)
Decrease (increase) in inventories	(1,682)	(1,745)
Increase (decrease) in notes and accounts payable-trade	2,138	2,286
Other	1,332	1,905
Sub total	5,301	11,374
Interest and dividend income	404	387
Interest expenses paid	(86)	(111)
Income taxes paid	(3,528)	(3,163)
Net cash provided by (used in) operating activities	2,090	8,487

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from investing activities		
Payments into time deposits	7	—
Payments of loans receivable	(52)	—
Collection of loans receivable	1	22
Purchase of property, plant and equipment and intangible assets	(6,192)	(5,264)
Proceeds from sales of property, plant and equipment and intangible assets	4	1
Purchase of investment securities	(5)	(4)
Proceeds from sales of investment securities	—	0
Other	(20)	127
Net cash provided by (used in) investing activities	(6,257)	(5,116)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	171	358
Proceeds from long-term loans payable	10,000	20
Repayment of long-term loans payable	(417)	(224)
Purchase of treasury stock	(1)	(1)
Cash dividends paid	(2,658)	(2,658)
Cash dividends paid to non-controlling interests	(2)	(2)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,076)
Other	(236)	(192)
Net cash provided by (used in) financing activities	6,855	(3,777)
Effect of exchange rate on cash and cash equivalents	(102)	127
Net increase (decrease) in cash and cash equivalents	2,585	(279)
Cash and cash equivalents at beginning of period	15,524	21,829
Cash and cash equivalents at end of period	18,109	21,550

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

Not applicable.

(Notes Concerning Significant Changes in Shareholders' Equity (if any))

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. Accordingly, revenue is recognized when control of promised goods or services has been transferred to customers at the amount expected to be received in exchange for those goods or services.

The principal impacts of the application of the Accounting Standard for Revenue Recognition, etc. on the Group's quarterly consolidated financial statements for the first quarter of the fiscal year ending March 31, 2022, are as follows:

- Consideration to be paid to customers

For transactions that were previously recorded primarily as sales promotion expenses and shipping and storage expenses under selling, general and administrative expenses, where the Group makes payments to a customer and where the consideration paid to the customer is not payment made in exchange for distinct goods or services from the customer, revenue is now measured by deducting said consideration from the transaction price.

- Agent transactions

The Group previously recognized revenue based on the total amount of consideration received from customers. For those transactions where the Group's role in providing goods to the customer is that of an agent, however, the Group has changed its revenue recognition method to recognize revenue on a net basis, which is the amount received from customers less the amount paid to suppliers.

The Group's application of the Accounting Standard for Revenue Recognition, etc. is in accordance with the transitional treatment set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 has been reflected in the retained earnings as of the beginning of said first quarter, and the new accounting policy has thereby been applied to the balance of retained earnings as of the beginning of said first quarter.

As a result, net sales for the first quarter of the fiscal year ending March 31, 2022 decreased by 15,280 million yen, cost of sales declined by 1,871 million yen, and selling, general and administrative expenses fell by 13,409 million yen. The balance of retained earnings as of the beginning of said first quarter showed a decline of 69 million yen.

As a result of applying the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable – trade" presented under "current assets" in the consolidated balance sheet for the fiscal year ended March 31, 2021 is included in "notes and account receivable – trade, and contract assets", effective from the first quarter of the fiscal year ending March 31, 2022. Note that, in accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, statements for the fiscal year ended March 31, 2021 have not been reclassified to conform to the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers for the first quarter of the fiscal year ended March 31, 2021, is omitted.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has opted to apply the new accounting policies set forth in the Accounting Standard for Fair Value Measurement, etc. prospectively. This has no impact on the Group's quarterly consolidated financial statements.

(Segment and Other Information)

【Segment information】

I Three months ended June 30, 2020 (April 1 to June 30, 2020)

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy Products	Beverage and Dessert	Feedstuffs and Seed	Total				
Net sales								
Sales to outside customers	65,793	69,566	11,846	147,206	9,092	156,298	—	156,298
Inter-segment sales and transfers	2,985	28	203	3,218	3,737	6,955	(6,955)	—
Total	68,779	69,594	12,050	150,424	12,829	163,253	(6,955)	156,298
Segment profit	3,252	874	714	4,841	280	5,121	(94)	5,026

Notes: 1. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments.

2. The -94 million yen adjustment for segment profit is for elimination of intersegment transactions.

3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable

II Three months ended June 30, 2021 (April 1 to June 30, 2021)

1. Net sales and income/loss by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy Products	Beverage and Dessert	Feedstuffs and Seed	Total				
Net sales								
Revenue from contracts with customers	58,201	63,416	12,514	134,132	8,687	142,820	—	142,820
Sales to outside customers	58,201	63,416	12,514	134,132	8,687	142,820	—	142,820
Inter-segment sales and transfers	3,156	25	219	3,401	3,089	6,491	(6,491)	—
Total	61,357	63,442	12,734	137,534	11,777	149,311	(6,491)	142,820
Segment profit	3,551	1,792	843	6,187	327	6,514	9	6,523

Notes: 1. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments.

2. The 9 million yen adjustment for segment profit is for elimination of intersegment transactions.

3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable

(Revenue Recognition)

The breakdown of revenue from contracts with customers is as presented in "(4) Notes to the Quarterly Consolidated Financial Statements (Segment and Other Information)."