



**The First Three Months of the Fiscal
Year Ending March 2022**

Financial Results

August 12, 2021

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Managing Executive Officer

Summary of Results

Results in the First Three Months of the Fiscal Year Ending March 2022 :
Increased revenues and profit

Net Sales

142.8 billion yen

YoY change

+ 2.9 billion yen / **2.1%**

Operating Profits

6.5 billion yen

YoY change

+ 1.4 billion yen / **29.8%**

Full-year forecast

No change

* The Accounting Standard for Revenue Recognition began to be applied at the beginning of the first quarter of fiscal year ending March 31, 2022. The previous fiscal year's figures included in these materials have been calculated assuming the application of the new accounting standard.

Topics

Net Sales

- There was a reactionary fall in sales of consumer dairy products after the growth of demand generated by people refraining from going out in the previous fiscal year.
- Yogurt sales rallied mainly among items with functional claims.
- Sales of commercial products were higher than in the same period of the previous year but they fell below the level of the same period in FYE3/2020.
- E-commerce sales of foods with function claims were strong, aided by synergy with MBP Drink.

Operating Profits

- The percentage of sales from highly profitable items with functional claims increased and a rise in sales volume resulted in the increase of profit in the beverage and dessert segment.

Consolidated Operating Result in the First Three Months of the Fiscal Year Ending March 2022

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Consolidated Statement of Income

(Billion yen, rounded down to the nearest tenth of a billion yen)

	FYE3/2021 1Q	FYE3/2022 1Q	Change	% Change YoY
Net Sales	139.8	142.8	+ 2.9	2.1%
Operating profit	5.0	6.5	+ 1.4	29.8%
Non-operating profit and loss	0.4	0.7	+ 0.2	60.4%
Ordinary Profit	5.4	7.2	+ 1.7	32.3%
Extraordinary profit and loss	(0.7)	(0.3)	+ 0.3	—
Profit before income tax	4.7	6.8	+ 2.1	45.0%
Profit*	3.1	4.8	+ 1.6	51.1%

* Profit attributable to owners of parent

Consolidated Operating Result in the First Three Months of the Fiscal Year Ending March 2022

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Results by segment

(Billion yen)

	FYE3/2021 1Q		FYE3/2022 1Q		% Change YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Product	57.0	3.2	58.2	3.5	2.1%	9.2%
Beverage and Dessert	62.7	0.8	63.4	1.7	1.1%	105.0%
Feedstuffs and Seed	11.2	0.7	12.5	0.8	11.5%	18.0%
Other	8.8	0.2	8.6	0.3	(2.0)%	16.7%
Total	139.8	5.0	142.8	6.5	2.1%	29.8%

Consolidated Operating Result in the First Three Months of the Fiscal Year Ending March 2022

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Dairy Products Sales Results

(including the Nutrition segment)

(Billion yen)

	FYE3/2021 1Q	FYE3/2022 1Q	Change	% Change YoY
Butter	5.4	5.3	(0.1)	(2.5)%
Margarine	2.6	2.1	(0.4)	(18.3)%
Cheese	14.5	13.9	(0.5)	(3.8)%
Other	5.5	6.1	0.5	10.8%
Subsidiaries and other	28.8	30.6	1.7	6.1%
Total	57.0	58.2	1.1	2.1%



POINT

- **Butter:** Sales were roughly as in the same period of the previous fiscal year.
- **Margarine:** Revenue fell as the increase in demand in the previous fiscal year came to an end.
- **Cheese:** Natural cheese sales were bullish while processed cheese sales showed a reactionary fall after the demand increase in the previous fiscal year.

Consolidated Operating Result in the First Three Months of the Fiscal Year Ending March 2022

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Nutrition Sales Results

(as a part of the Dairy Products segment)

(Billion yen)

	FYE3/2021 1Q	FYE3/2022 1Q	Change	% Change YoY
Functional food products	1.3	1.6	0.3	22.3%
Powdered milk and other	2.8	2.6	(0.1)	(4.4)%
Total	4.1	4.3	0.1	4.3%



POINT

- **Food with functional claims:** Brisk sales centering on Mainichi Hone Care MBP®.
- **Powdered milk:** Domestic sales were strong while overseas sales underperformed.

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Beverage and Dessert Sales Results

(Billion yen)

	FYE3/2021 1Q	FYE3/2022 1Q	Change	% Change YoY
Milk and milk-based beverages	18.5	19.2	0.7	3.8%
Other beverages	8.1	7.7	(0.4)	(5.0)%
Yogurt	12.6	13.2	0.5	4.2%
Desserts and fresh cream	5.3	5.3	0.0	1.8%
Other	0.6	0.7	0.0	7.7%
Subsidiaries and other	17.3	17.0	(0.2)	(1.6)%
Total	62.7	63.4	0.6	1.1%



POINT

- **Milk and milk-based beverages:** School meals returning to normal and the launch of MBP Drink contributed to results.
- **Other beverages:** Medium-sized products struggled.
- **Yogurt:** Sales rebounded to surpass the level in the same period of the previous fiscal year.
- **Dessert:** Sales remained bullish as in the same period of the previous fiscal year.

Consolidated Operating Result in the First Three Months of the Fiscal Year Ending March 2022

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Feedstuffs and Seed Products Sales Results

(Billion yen)

	FYE3/2021 1Q	FYE3/2022 1Q	Change	% Change YoY
Feedstuffs	7.8	9.2	1.3	17.1%
Seed products	3.3	3.2	(0.0)	(2.0)%
Total	11.2	12.5	1.2	11.5%



POINT

- **Feedstuffs:** Sales grew after selling prices rose following soaring raw material prices.

Breakdown of Factors Affecting Changes in Consolidated Operating Profit

(Billion yen, rounded down to the nearest tenth of a billion yen)

FYE3/2021 1Q	FYE3/2022 1Q	change
5.0	6.5	1.4
Marginal profit Subtotal	2.0	
Sales unit price	0.4	
Sales volume	0.4	
Product composition	0.6	
Raw materials costs	(0.1)	
Operating costs	0.2	
Other	0.5	
Fixed costs and others Subtotal	(0.6)	
Advertising and promotional costs	(0.6)	
Fixed costs	0.0	

Changes in segments				
Dairy products	Beverages and desserts	Feedstuffs and seed products	Other	
0.2	0.9	0.1	0.0	
0.4	1.3	0.2	0.0	
0.0	0.1	0.2	0.0	
(0.1)	0.5	0.0	0.0	
0.1	0.5	0.0	0.0	
0.0	(0.1)	0.0	0.0	
0.0	0.2	0.0	0.0	
0.4	0.1	0.0	0.0	
(0.2)	(0.4)	(0.1)	0.0	
0.0	(0.6)	0.0	0.0	
(0.2)	0.2	(0.1)	0.0	

Full Year Results

(Billion yen)

	FYE3/2021 1Q	FYE3/2022 1Q	Change	% Change YoY
Net Sales	554.5	570.0	15.4	2.8%
Operating profit	19.7	20.5	0.7	3.6%
Ordinary Profit	21.6	21.5	(0.1)	(0.8)%
Profit*	14.9	12.5	(2.4)	(16.2)%

* Profit attributable to owners of parent

Dividends

Ordinary dividend	50 yen
Consolidated payout ratio	27.0%

Make the Future with Milk.

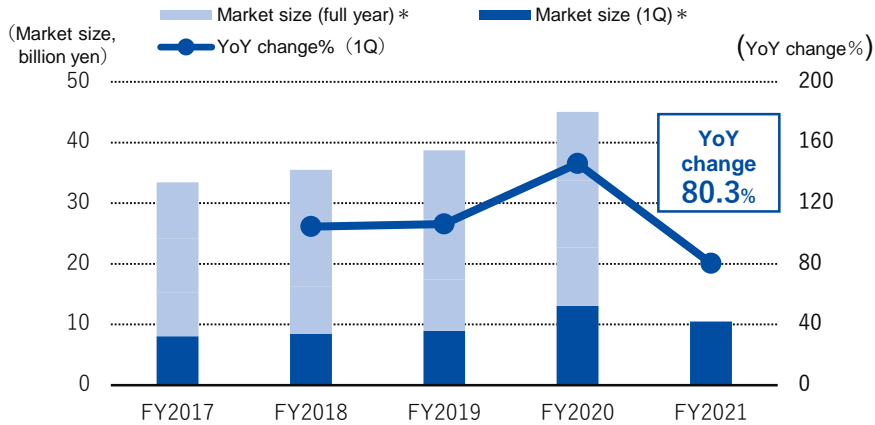


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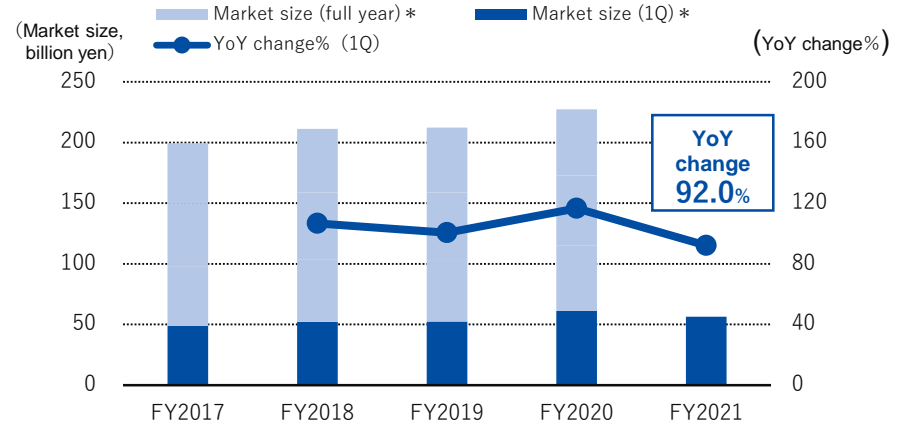
Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from April 2017 to June 2021

Butter



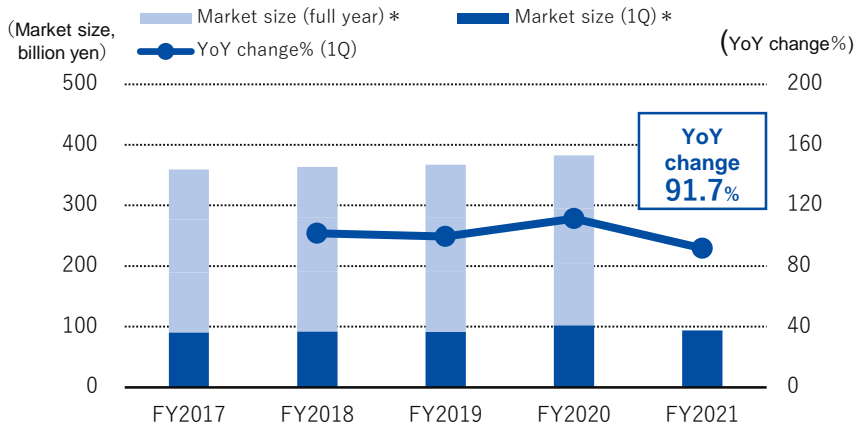
* weighted estimate sales

Cheese



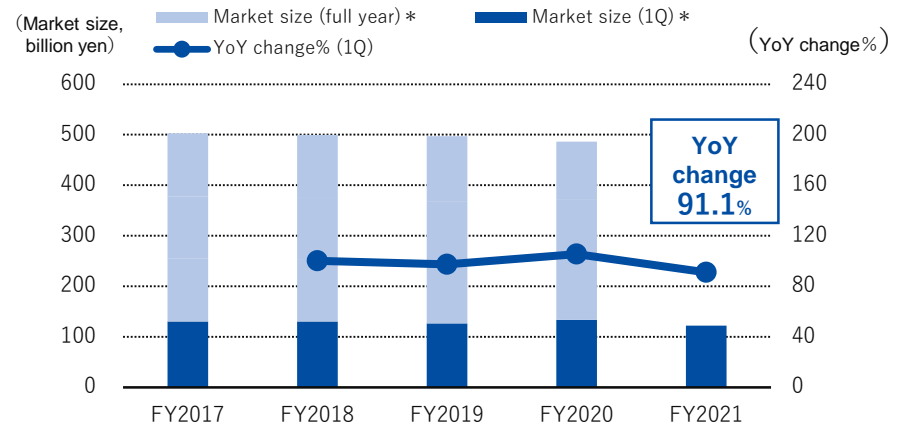
* weighted estimate sales

Milk (Milk & composition modified milk)



* weighted estimate sales

Yogurt



* weighted estimate sales

Data : Megmilk Snow Brand's Market Share / Overseas Cheese Price Trends

Market share (of household consumption)

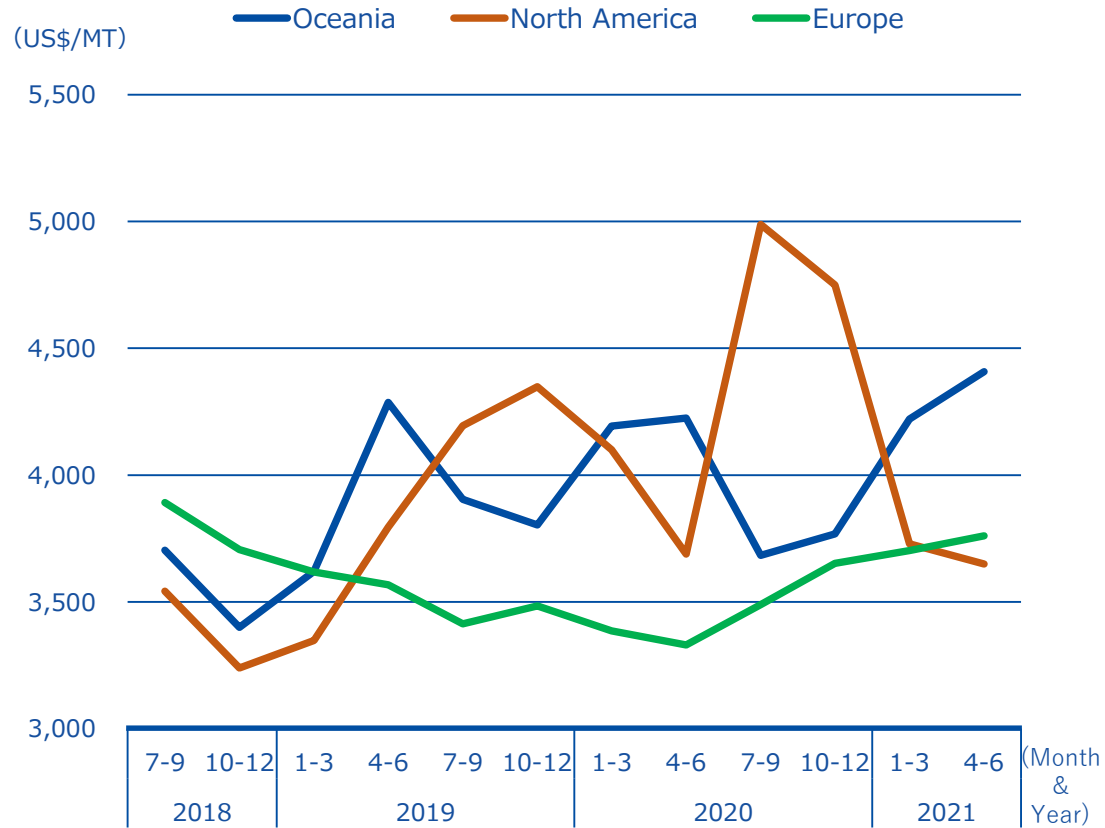
Megmilk Snow Brand's share of the nationwide consumer market on an estimated total sales basis for the first three months of the fiscal year ending March 31, 2022 (Apr. to Jun. 2021)

Retail store POS data

Butter	45.2%
Margarine	53.4%
Cheese	26.2%
Milk (Milk & composition modified milk)	5.1%
Milk beverage	14.3%
Yogurt	12.5%
Dessert (Chilled finished Products)	15.9%

Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales.

Transitions in overseas cheese prices



Moving average for each quarter, FOB, Cheddar
OCE-USDA, Cheddar USA-CME, Cheddar EU-MMO