

Supplementary Information

Nine months ended December 31, 2019 (April 1, 2019 to December 31, 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.

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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)

	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	4,594	100.0	4,691	100.0	96	2.1
Cost of sales	3,494	76.1	3,586	76.5	91	2.6
Selling, general and administrative expenses	960	20.9	956	20.4	(3)	(0.4)
Operating profit	139	3.0	147	3.2	8	5.8
Non-operating income	20	0.5	23	0.5	3	14.6
Non-operating expenses	8	0.2	7	0.2	(0)	(8.4)
Ordinary profit	152	3.3	164	3.5	11	7.8
Extraordinary income	1	0.0	0	0.0	(0)	(88.6)
Extraordinary loss	19	0.4	19	0.4	(0)	(1.3)
Profit before income taxes	133	2.9	144	3.1	11	8.4
Income taxes	36	0.8	40	0.9	4	13.2
Profit (loss) attributable to non- controlling interests	2	0.0	1	0.0	(0)	(25.8)
Profit attributable to owners of parent	95	2.1	102	2.2	6	7.3

2. Quarterly Consolidated Statements of Comprehensive Income

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

	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Net change	
	Result		Result		Amount	Year-on- year change (%)
Profit	97		103		6	6.6
Total other comprehensive income	(13)		22		35	—
Comprehensive income	84		125		41	49.5
(of which, comprehensive income attributable to non-controlling interests)	2		1		(0)	(31.9)

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)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
[Net sales]				
Butter	170	174	4	2.6
Margarine	93	91	(2)	(2.4)
Cheese	585	578	(6)	(1.1)
Other	239	224	(14)	(6.1)
Subsidiaries and other	722	814	91	12.7
Dairy Products	1,811	1,884	72	4.0
Milk and milk-based beverages	640	656	15	2.5
Other beverages	336	316	(19)	(5.9)
Yogurt	448	449	0	0.1
Desserts and fresh cream	184	184	(0)	(0.0)
Other	26	28	2	10.8
Subsidiaries and other	517	551	33	6.5
Beverage and Dessert	2,154	2,186	32	1.5
Feedstuffs	270	257	(13)	(4.8)
Seed products	81	79	(1)	(2.4)
Feedstuffs and Seed	352	337	(14)	(4.2)
Other	276	282	6	2.2
Total	4,594	4,691	96	2.1
[Operating profit]				
Dairy Products	90	87	(3)	(3.5)
Beverage and Dessert	28	43	14	50.4
Feedstuffs and Seed	10	10	0	3.2
Other	8	6	(2)	(28.5)
Total	139	147	8	5.8

(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 products: 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

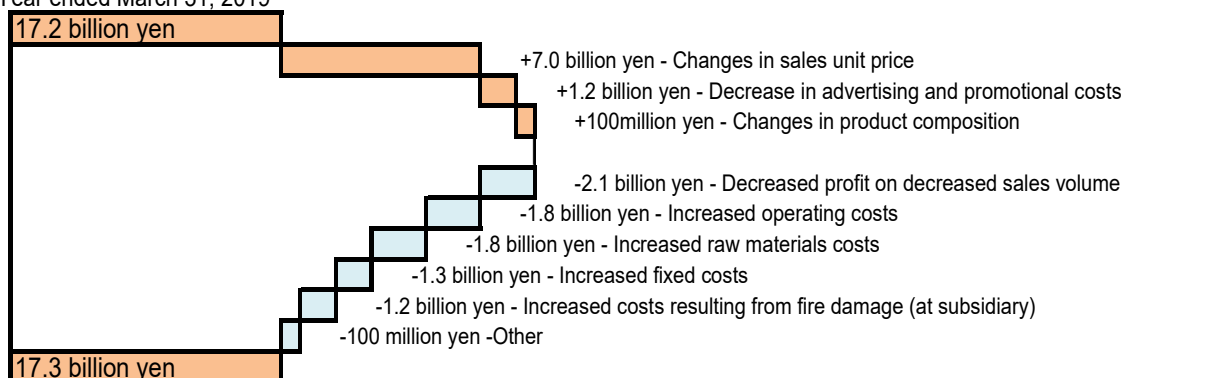
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
Functional food products	35	41	5	15.5
Powdered milk and other	111	101	(9)	(8.8)
Total on a consolidated basis	147	143	(4)	(2.9)

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

4. Causes of Net Changes in Consolidated Operating Profit

Year ended March 31, 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	56	3	53	0	0
	Decreased profit on decreased sales volume	(14)	(4)	(13)	(1)	4
	Changes in product composition	0	1	(1)	0	0
	Increased raw materials costs	(14)	(1)	(14)	1	0
	Increased operating costs	(15)	(3)	(12)	0	0
	Increased costs resulting from fire damage (at subsidiary)	(6)	0	0	0	(6)
		7	(4)	13	0	(2)
Fixed costs and others	Decrease in advertising and promotional costs	17	9	8	0	0
	Increased fixed costs	(16)	(8)	(7)	0	0
		1	1	1	0	0
Total		8	(3)	14	0	(2)

5. Quarterly Consolidated Balance Sheets

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

	Year ended March 31, 2019	Nine months ended December 31, 2019	Amount of Net change		Year ended March 31, 2019	Nine months ended December 31, 2019	Amount of Net change
(Current assets)	1,488	1,574	85	(Current liabilities)	1,179	1,236	57
Cash and deposits	143	113	(30)	Payables	640	679	39
Receivables	747	859	111	Short-term loans payable	199	191	(8)
Inventory assets	556	559	2	Other	339	365	26
Other	40	41	0	(Non-current liabilities)	727	723	(4)
(Non-current assets)	2,105	2,171	65	Bonds payable	100	100	—
Property, plant and equipment	1,623	1,663	40	Long-term loans payable	358	343	(14)
Intangible assets	32	35	3	Net defined benefit liabilities	93	93	0
Investment securities	354	376	21	Other	175	185	10
Deferred tax assets	29	28	(0)	Total liabilities	1,906	1,960	53
Other	66	67	1	Shareholders' equity	1,662	1,755	92
Total assets	3,594	3,745	151	Non-controlling interests	24	30	5
				Total net assets	1,687	1,785	97
				Total liabilities/net assets	3,594	3,745	151

6. Quarterly Consolidated Statements of Cash Flows

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

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Amount of net change
	Result	Result	
I Cash flows from operating activities	197	172	(25)
II Cash flows from investing activities	(123)	(141)	(17)
III Cash flows from financing activities	(56)	(62)	(6)
IV Effect of exchange rate on cash and cash equivalents	(0)	(0)	(0)
V Amount of net change in cash and cash equivalents	17	(31)	(49)
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	158	112	(45)
(Ref.) Free cash flow (I + II)	74	31	(42)

<Consolidated Financial Forecast>

(The earnings forecast released on May 13, 2019, has been revised)

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)

	Full year				Net change	
	Previous forecast (a)	Year-on-year change (%)	Current forecast (b)	Year-on-year change (%)	(b)-(a)	Current forecast vs. Actual
Net sales	6,150	1.9	6,120	1.4	(30)	86
Operating profit	180	4.5	173	0.4	(7)	0
Ordinary profit	195	2.6	190	(0.1)	(5)	(0)
Profit attributable to owners of parent	120	11.6	115	6.9	(5)	7

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)

	Full year				Net change	
	Previous forecast (a)	Year-on-year change (%)	Current forecast (b)	Year-on-year change (%)	(b)-(a)	Current forecast vs. Actual
[Net sales]						
Butter	227	1.4	229	2.3	1	5
Margarine	124	2.2	118	(2.7)	(5)	(3)
Cheese	791	4.3	746	(1.6)	(45)	(12)
Other	334	1.8	303	(7.5)	(30)	(24)
Subsidiaries and other	1,030	5.5	1,084	11.1	54	108
Dairy Products	2,509	4.1	2,484	3.1	(25)	73
Milk and milk-based beverages	818	(2.3)	854	2.0	36	17
Other beverages	412	(3.8)	402	(6.1)	(10)	(26)
Yogurt	615	4.4	594	0.8	(20)	4
Desserts and fresh cream	243	0.2	244	0.7	1	1
Other	32	(6.3)	36	6.8	4	2
Subsidiaries and other	686	3.5	700	5.6	14	37
Beverage and Dessert	2,809	0.4	2,834	1.3	25	36
Feedstuffs	357	(0.3)	335	(6.3)	(21)	(22)
Seed products	94	(7.4)	96	(5.6)	1	(5)
Feedstuffs and Seed	452	(1.8)	432	(6.2)	(20)	(28)
Other	380	3.8	370	1.0	(10)	3
Total	6,150	1.9	6,120	1.4	(30)	86
[Operating profit]						
Dairy Products	121	2.9	114	(3.1)	(7)	(3)
Beverage and Dessert	39	23.1	49	54.6	10	17
Feedstuffs and Seed	9	(22.7)	9	(22.7)	0	(2)
Other	11	3.9	0	(98.1)	(10)	(10)
Total	180	4.5	173	0.4	(7)	0

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

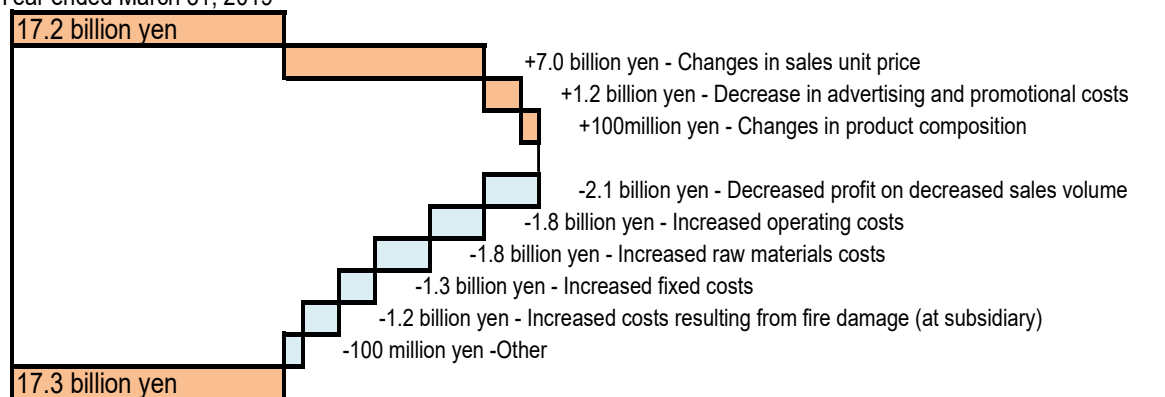
Note that figures for external customers are also used in the year-on-year comparisons.

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.).

3. Causes of Net Changes in Consolidated Operating Profit Forecast

Year ended March 31, 2019



Year ending March 31, 2020 (forecast)

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	70	3	67	0	0
	Decreased profit on decreased sales volume	(21)	(6)	(16)	(2)	4
	Changes in product composition	1	1	0	0	0
	Increased raw materials costs	(18)	(1)	(18)	1	0
	Increased operating costs	(18)	(3)	(15)	0	0
	Increased costs resulting from fire damage (at subsidiary)	(12)	0	0	0	(12)
		2	(6)	18	(1)	(8)
Fixed costs and others	Decrease in advertising and promotional costs	12	8	4	0	0
	Increased fixed costs	(13)	(5)	(4)	(1)	(2)
	Other	(1)	0	(1)	0	0
		(2)	3	(1)	(1)	(2)
Total		0	(3)	17	(2)	(10)

<Other>

1. Non-consolidated Net Sales by Business Segment

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

	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy Products	1,088	(1.5)	1,069	(1.8)	(19)
Butter	170	1.0	174	2.6	4
Margarine	93	(4.7)	91	(2.4)	(2)
Cheese	585	(1.3)	578	(1.1)	(6)
Beverage and Dessert	1,636	0.8	1,635	(0.0)	(0)
Milk and milk-based beverages	640	0.1	656	2.5	15
Other beverages	336	(2.7)	316	(5.9)	(19)
Yogurt	448	5.5	449	0.1	0
Desserts and fresh cream	184	0.0	184	(0.0)	(0)
Other	14	(4.7)	15	3.3	0
Total	2,739	(0.2)	2,720	(0.7)	(19)

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

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

Butter:	30.9%
Margarine:	36.5%
Cheese:	16.1%
Milk:	6.8%
Milk beverage:	19.0%
Yogurt:	11.6%
Chilled dessert:	12.2%