

# Supplementary Information

## Year Ended March 31, 2020

### (April 1, 2019 to March 31, 2020)

#### Table of Contents for Attachments

	Page
Front cover	1
<b>〈Consolidated Financial Results〉</b>	
1. Consolidated Statements of Income	2
2. Consolidated Statements of Comprehensive Income	2
3. Consolidated Sales and Operating Profit by Product of Each Segment	3
4. Causes of Net Changes in Consolidated Operating Profit	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Cash Flows	5
7. Capital Investment, Depreciation and Amortization Costs, Research & Development Costs, Number of Employees	6
8. Consolidated Management Indicators	6
9. Comparisons with Consolidated Earnings Forecast for the Fiscal Year Ended March 31, 2020	6
<b>〈Consolidated Financial Forecast〉</b>	
1. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021	7
2. Consolidated Sales Forecast by Product Category and Operating Profit Forecast by Segment for the Fiscal Year Ending March 31, 2021	7
3. Cause of Net Changes in Consolidated Operating Profit Forecast	8
4. Capital Investment Forecast & Depreciation and Amortization Forecast	9
<b>〈Other〉</b>	
1. Non-consolidated Net Sales by Business Segment	9
2. <b>【Financial Performance Data from FY2015 to FY2019】</b>	<b>10</b>

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. Consolidated Statements of Income

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

	Year ended March 31, 2019		Year ended March 31, 2020		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	6,033	100.0	6,134	100.0	100	1.7
Cost of sales	4,608	76.4	4,702	76.7	93	2.0
Selling, general and administrative expenses	1,252	20.8	1,251	20.4	(0)	(0.1)
Operating profit	172	2.9	179	2.9	7	4.5
Non-operating income	28	0.5	28	0.5	(0)	(2.3)
Non-operating expenses	11	0.2	11	0.2	0	3.1
Ordinary profit	190	3.2	196	3.2	6	3.5
Extraordinary income	5	0.1	1	0.0	(4)	(79.8)
Extraordinary loss	42	0.7	29	0.5	(13)	(32.1)
Profit before income taxes	152	2.5	168	2.8	16	10.5
Income taxes	43	0.7	45	0.7	2	5.7
Profit (loss) attributable to non- controlling interests	1	0.0	1	0.0	(0)	(28.3)
Profit attributable to owners of parent	107	1.8	121	2.0	14	13.1

### 2. Consolidated Statements of Comprehensive Income

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

	Year ended March 31, 2019	Year ended March 31, 2020	Net change	
	Result	Result	Amount	Year-on- year change (%)
Profit	109	122	13	12.5
Total other comprehensive income	34	(0)	(34)	—
Comprehensive income	143	122	(20)	(14.5)
(of which, comprehensive income attributable to non-controlling interests )	1	1	(0)	(28.0)

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

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

	Year ended March 31, 2019	Year ended March 31, 2020	Net change	
	Result	Result	Amount	Year-on- year change (%)
[Net sales]				
Butter	224	228	3	1.8
Margarine	122	120	(2)	(1.7)
Cheese	758	746	(12)	(1.6)
Other	328	305	(22)	(6.8)
Subsidiaries and other	976	1,089	113	11.6
Dairy Products	2,410	2,490	80	3.4
Milk and milk-based beverages	837	855	18	2.2
Other beverages	429	404	(24)	(5.7)
Yogurt	589	596	7	1.2
Desserts and fresh cream	243	244	1	0.5
Other	34	37	3	10.0
Subsidiaries and other	663	700	36	5.5
Beverage and Dessert	2,797	2,839	42	1.5
Feedstuffs	358	340	(17)	(5.0)
Seed products	101	96	(5)	(5.5)
Feedstuffs and Seed	460	437	(23)	(5.1)
Other	366	366	0	0.2
Total	6,033	6,134	100	1.7
[Operating profit]				
Dairy Products	117	115	(2)	(1.7)
Beverage and Dessert	31	52	20	65.0
Feedstuffs and Seed	11	10	(1)	(10.9)
Other	10	1	(8)	(83.9)
Total	172	179	7	4.5

(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 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

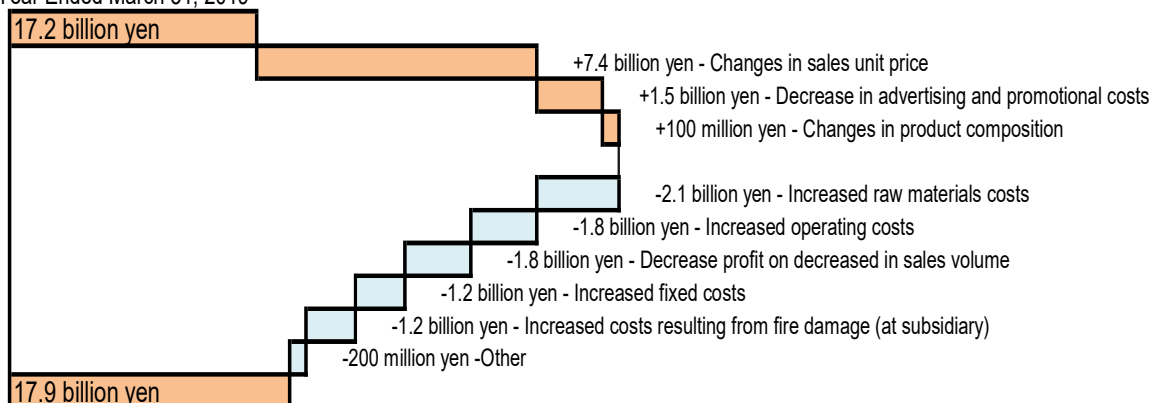
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Net change	
	Result	Result	Amount	Year-on- year change (%)
Functional food products	47	54	7	14.8
Powdered milk and other	146	129	(17)	(11.7)
Total on a consolidated basis	194	184	(10)	(5.2)

(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



Year Ended March 31, 2020

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	74	3	69	2	0
	Decrease profit on decreased in sales volume	(18)	(5)	(16)	(3)	6
	Changes in product composition	1	1	0	0	0
	Increased raw materials costs	(21)	(2)	(19)	2	(1)
	Increased operating costs	(18)	(2)	(16)	0	0
	Increased costs resulting from fire damage (at subsidiary)	(12)	0	0	0	(12)
	Subtotal	6	(5)	18	1	(7)
Fixed costs and others	Decrease in advertising and promotional costs	15	9	6	0	0
	Increased fixed costs	(12)	(4)	(4)	(2)	(1)
	Other	(2)	(2)	0	0	0
	Subtotal	1	3	2	(2)	(1)
Total		7	(2)	20	(1)	(8)

## 5. Consolidated Balance Sheets

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

	Year ended March 31, 2019	Year ended March 31, 2020	Amount of net change		Year ended March 31, 2019	Year ended March 31, 2020	Amount of net change
(Current assets)	1,488	1,511	23	(Current liabilities)	1,179	1,203	23
Cash and deposits	143	155	11	Payables	640	607	(32)
Receivables	747	718	(28)	Short-term loans payable	199	181	(18)
Inventory assets	556	589	33	Other	339	413	74
Other	40	47	6	(Non-current liabilities)	727	720	(7)
(Non-current assets)	2,105	2,192	86	Bonds payable	100	100	—
Property, plant and equipment	1,623	1,710	87	Long-term loans payable	358	351	(7)
Intangible assets	32	37	5	Net defined benefit liabilities	93	100	6
Investment securities	354	348	(6)	Other	175	168	(6)
Deferred tax assets	29	30	0	Total liabilities	1,906	1,923	16
Other	66	66	0	Shareholders' equity	1,662	1,751	88
Total assets	3,594	3,704	109	Non-controlling interests	24	29	4
				Total net assets	1,687	1,780	93
				Total liabilities/net assets	3,594	3,704	109

\* Short-term loans payable includes current portion of long-term loans payable.

## 6. Consolidated Statements of Cash Flows

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

	Year ended March 31, 2019	Year ended March 31, 2020	Amount of net change
	Result	Result	
I Cash flows from operating activities	219	243	23
II Cash flows from investing activities	(142)	(166)	(23)
III Cash flows from financing activities	(73)	(66)	7
IV Effect of exchange rate on cash and cash equivalents	(0)	0	0
V Amount of net change in cash and cash equivalents	2	10	8
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	143	155	12
(Ref.) Free cash flow (I + II)	76	76	0

7. Capital Investment, Depreciation and Amortization Costs, Research & Development Costs, Number of Employees

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

	Year ended March 31, 2019	Year ended March 31, 2020
Amount of capital investment	144	243
Depreciation and amortization costs *	159	161
Consolidated research & development costs	43	42

\* Depreciation and amortization costs are the sum of the depreciation of property, plant and equipment and the amortization of intangible assets (excluding "goodwill") and long-term prepaid expenses.

	Year ended March 31, 2019	Year ended March 31, 2020
Number of consolidated employees	5,105	5,367

8. Consolidated Management Indicators

	Year ended March 31, 2019	Year ended March 31, 2020
Equity ratio	46.3%	47.3%
Ratio of operating profit to net sales	2.9%	2.9%
Consolidate ROA (vs. operating profit)	4.8%	4.9%
EBITDA Margin	5.5%	5.6%

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

	Year ended March 31, 2019	Year ended March 31, 2020
Total assets	3,594	3,704
Equity	1,662	1,751
Interest-bearing debt*	717	693

\* The balance for interest-bearing debt is the sum of outstanding borrowings plus bonds payable and outstanding lease obligations.

9. Comparisons with Consolidated Earnings Forecast for the Fiscal Year ended March 31, 2020 (forecast released together with the financial results announcement on February 7, 2020)

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

	Full year				Net change	
	Forecast	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Actual vs. Forecast (%)
Net sales	6,120	100.0	6,134	100.0	14	0.2
Operating profit	173	2.8	179	2.9	6	4.0
Ordinary profit	190	3.1	196	3.2	6	3.6
Profit attributable to owners of parent	115	1.9	121	2.0	6	5.8

## <Consolidated Financial Forecast>

### 1. Consolidated Earnings Forecast for the Fiscal year Ending March 31, 2021

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

	Second quarter-end (Cumulative)		Full year	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Net sales	3,120	0.1	6,200	1.1
Operating profit	94	(11.6)	190	5.6
Ordinary profit	102	(13.1)	205	4.2
Profit attributable to owners of parent	64	(16.9)	130	6.9

### 2. Consolidated Sales Forecast by Product Category and Operating Profit Forecast by Segment for the Fiscal Year Ending March 31, 2021

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

	Second quarter-end (Cumulative)		Full year	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
[Net sales]				
Butter	108	3.1	234	2.8
Margarine	59	(0.4)	119	(0.4)
Cheese	378	2.4	777	4.1
Other	146	(4.6)	304	(0.4)
Subsidiaries and other	538	0.9	1,133	4.0
Dairy Products	1,230	0.8	2,570	3.2
Milk and milk-based beverages	435	(1.3)	840	(1.7)
Other beverages	214	(2.7)	397	(1.8)
Yogurt	314	2.8	617	3.5
Desserts and fresh cream	123	1.4	245	0.5
Other	18	(0.0)	38	0.7
Subsidiaries and other	363	(0.4)	690	(1.4)
Beverage and Dessert	1,470	(0.2)	2,830	(0.3)
Feedstuffs	168	(4.4)	335	(1.6)
Seed products	61	(1.6)	94	(1.6)
Feedstuffs and Seed	230	(3.7)	430	(1.6)
Other	190	2.9	370	0.9
Total	3,120	0.1	6,200	1.1
[Operating profit]				
Dairy Products	50	(4.0)	121	4.7
Beverage and Dessert	30	(15.7)	51	(2.5)
Feedstuffs and Seed	11	(3.6)	9	(13.2)
Other	3	(57.7)	9	428.1
Total	94	(11.6)	190	5.6

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

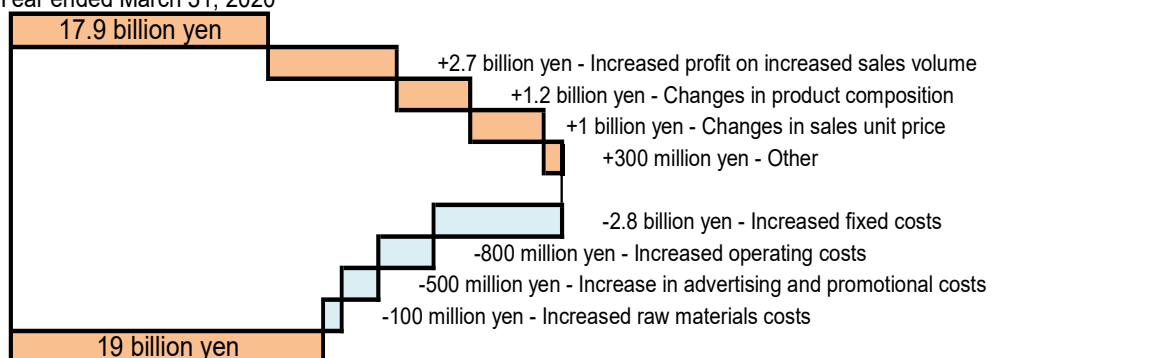
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Second quarter-end (Cumulative)		Full year	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Functional food products	29	10.6	60	9.5
Powdered milk and other	62	(11.4)	130	0.3
Total on a consolidated basis	91	(5.4)	190	3.0

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

3. Cause of Net Changes in Consolidated Operating Profit Forecast

Year ended March 31, 2020



Year ending March 31, 2021 (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	10	0	10	0	0
	Increased profit on increased sales volume	27	23	3	0	1
	Changes in product composition	12	5	7	0	0
	Increased raw material costs	(1)	1	(2)	0	0
	Increased operating costs	(8)	(2)	(6)	0	0
	Subtotal	40	27	12	0	1
Fixed costs and others	Increased fixed costs	(28)	(13)	(12)	(1)	(2)
	Increase in advertising and promotional costs	(5)	(5)	0	0	0
	Other	3	(4)	(1)	0	8
	Subtotal	(30)	(22)	(13)	(1)	6
	Total	10	5	(1)	(1)	7



#### 4. Capital Investment Forecast & Depreciation and Amortization Forecast

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

	Full year
Capital Investment	320
Depreciation and amortization*	168

\* Depreciation and amortization costs are the sum of the depreciation of property, plant and equipment and the amortization of intangible assets (excluding "goodwill") and long-term prepaid expenses.

#### <Other>

##### 1. Non-consolidated Net Sales by Business Segment

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

	Year ended March 31, 2019		Year ended March 31, 2020		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy Products	1,433	(1.5)	1,401	(2.3)	(32)
Butter	224	1.1	228	1.8	3
Margarine	122	(5.9)	120	(1.7)	(2)
Cheese	758	(1.7)	746	(1.6)	(12)
Beverage and Dessert	2,133	0.7	2,138	0.3	5
Milk and milk-based beverages	837	0.1	855	2.2	18
Other beverages	429	(2.5)	404	(5.7)	(24)
Yogurt	589	5.0	596	1.2	7
Desserts and fresh cream	243	(0.6)	244	0.5	1
Other	19	(3.3)	20	1.6	0
<b>Total</b>	<b>3,587</b>	<b>(0.2)</b>	<b>3,560</b>	<b>(0.8)</b>	<b>(26)</b>

(For reference) Market share (of household consumption) of  
the Fiscal Year Ending March 31, 2020

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

Butter:	30.9%
Margarine:	36.1%
Cheese:	16.3%
Milk:	6.7%
Milk beverage:	19.2%
Yogurt:	11.5%
Chilled dessert:	12.0%

【Financial Performance Data from FY2015 to FY2019】

Consolidated Balance Sheets

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

	2015		2016		2017		2018		2019	
	Result	Net change	Result	Net change	Result	Net change	Result	Net change	Result	Net change
(Current assets)	1,419	95	1,386	(32)	1,465	78	1,488	67	1,511	23
Cash and deposits	155	56	166	11	146	(20)	143	(2)	155	11
Receivables	653	4	650	(2)	693	42	747	54	718	(28)
Inventory assets	524	34	484	(39)	539	54	556	17	589	33
Deferred tax assets	44	9	45	0	43	(1)	—	—	—	—
Other	41	(9)	39	(2)	42	3	40	(2)	47	6
(Non-current assets)	2,022	(109)	2,028	5	2,063	35	2,105	14	2,192	86
Property, plant and equipment	1,660	(74)	1,645	(15)	1,647	1	1,623	(24)	1,710	87
Intangible assets	58	(6)	49	(9)	39	(10)	32	(7)	37	5
Investment securities	243	(4)	260	16	293	33	354	61	348	(6)
Deferred tax assets	22	(18)	21	(1)	21	0	29	(19)	30	0
Other	36	(6)	51	15	62	10	66	4	66	0
<b>Total assets</b>	<b>3,441</b>	<b>(14)</b>	<b>3,415</b>	<b>(26)</b>	<b>3,529</b>	<b>113</b>	<b>3,594</b>	<b>82</b>	<b>3,704</b>	<b>109</b>
(Current liabilities)	1,319	36	1,210	(108)	1,406	196	1,179	(227)	1,203	23
Payables	612	40	598	(13)	644	46	640	(4)	607	(32)
Short-term loans payable	346	(53)	294	(52)	418	124	199	(218)	181	(18)
Other	360	48	317	(43)	343	25	339	(4)	413	74
(Non-current liabilities)	798	(152)	749	(48)	548	(200)	727	195	720	(7)
Bonds payable	—	—	—	—	—	—	100	100	100	—
Long-term loans payable	533	(153)	473	(60)	270	(202)	358	87	351	(7)
Net defined benefit liabilities	90	5	82	(7)	86	4	93	7	100	6
Other	174	(3)	194	20	191	(2)	175	0	168	(6)
<b>Total liabilities</b>	<b>2,117</b>	<b>(115)</b>	<b>1,960</b>	<b>(157)</b>	<b>1,955</b>	<b>(4)</b>	<b>1,906</b>	<b>(32)</b>	<b>1,923</b>	<b>16</b>
Shareholders' equity	1,300	101	1,431	131	1,550	118	1,662	112	1,751	88
Non-controlling interests	23	0	23	(0)	23	0	24	1	29	4
<b>Total net assets</b>	<b>1,324</b>	<b>101</b>	<b>1,454</b>	<b>130</b>	<b>1,573</b>	<b>118</b>	<b>1,687</b>	<b>114</b>	<b>1,780</b>	<b>93</b>
<b>Total liabilities/net assets</b>	<b>3,441</b>	<b>(14)</b>	<b>3,415</b>	<b>(26)</b>	<b>3,529</b>	<b>113</b>	<b>3,594</b>	<b>82</b>	<b>3,704</b>	<b>109</b>

Consolidated Statements of Income

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

	2015		2016		2017		2018		2019	
	Result	YOY change (%)	Result	YOY change (%)	Result	YOY change (%)	Result	YOY change (%)	Result	YOY change (%)
Net sales	5,783	5.2	5,879	1.7	5,961	1.4	6,033	1.2	6,134	1.7
Dairy Products	2,269	6.5	2,323	2.4	2,397	3.2	2,410	0.5	2,490	3.4
Beverage and Dessert	2,694	5.4	2,774	3.0	2,754	(0.7)	2,797	1.5	2,839	1.5
Feedstuffs and Seed	459	(3.2)	430	(6.4)	447	4.0	460	3.0	437	(5.1)
Other	360	6.7	350	(2.7)	361	3.2	366	1.2	366	0.2
Cost of sales	4,444	4.5	4,461	0.4	4,522	1.4	4,608	1.9	4,702	2.0
Total selling, general and administrative expenses	1,198	4.2	1,230	2.6	1,245	1.3	1,252	0.6	1,251	(0.1)
Operating profit	140	49.3	187	33.9	193	3.3	172	(11.0)	179	4.5
Dairy Products	94	1.6	117	23.9	121	3.6	117	(3.1)	115	(1.7)
Beverage and Dessert	22	—	46	101.2	47	3.0	31	(33.4)	52	65.0
Feedstuffs and Seed	8	(21.7)	12	45.9	13	7.6	11	(13.8)	10	(10.9)
Other	13	118.6	11	(16.9)	11	3.4	10	(7.1)	1	(83.9)
Non-operating income	22	(20.4)	28	25.5	27	(3.8)	28	6.0	28	(2.3)
Non-operating expenses	20	15.0	13	(35.4)	10	(17.0)	11	1.3	11	3.1
Ordinary profit	142	36.2	202	42.5	209	3.6	190	(9.4)	196	3.5
Extraordinary income	119	3034.6	3	(96.8)	1	(48.6)	5	172.1	1	(79.8)
Extraordinary loss	39	13.8	27	(29.1)	21	(23.6)	42	101.1	29	(32.1)
Profit before income taxes	222	201.4	178	(19.6)	190	6.7	152	(19.9)	168	10.5
Income taxes	71	114.6	48	(31.6)	56	16.7	43	(23.4)	45	5.7
Profit attributable to non-controlling interests	0	(43.4)	0	(72.2)	0	(49.6)	1	1563.9	1	(28.3)
Profit attributable to owners of parent	150	282.7	129	(13.7)	133	3.1	107	(19.7)	121	13.1

## Consolidated Statements of Cash Flows

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

	2015		2016		2017		2018		2019	
	Result	Net change	Result	Net change	Result	Net change	Result	Net change	Result	Net change
Cash flows from operating activities (I)	264	151	299	35	228	(71)	219	(8)	243	23
Cash flows from investing activities (II)	45	321	(144)	(189)	(117)	26	(142)	(24)	(166)	(23)
Cash flows from financing activities	(253)	(401)	(143)	109	(129)	14	(73)	55	(66)	7
Effect of exchange rate on cash and cash equivalents	(0)	(1)	(0)	0	0	0	(0)	(0)	0	0
Amount of net change in cash and cash equivalents	56	69	11	(44)	(18)	(30)	2	20	10	8
Cash and cash equivalents at beginning of period	91	(13)	147	56	159	11	140	(18)	143	2
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	(0)	—	—	—	—	—	—	1	1
Cash and cash equivalents at end of period	147	56	159	11	140	(18)	143	2	155	12
(Ref.) Free cash flow (I + II)	310	473	155	(154)	110	(45)	76	(33)	76	0