

Supplementary Information

Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)

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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)

	Six months ended September 30, 2019		Six months ended September 30, 2020		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	3,116	100.0	3,140	100.0	24	0.8
Cost of sales	2,375	76.2	2,413	76.8	37	1.6
Selling, general and administrative expenses	634	20.4	616	19.6	(18)	(2.9)
Operating profit	106	3.4	110	3.5	4	4.2
Non-operating income	15	0.5	14	0.5	(0)	(5.4)
Non-operating expenses	4	0.2	5	0.2	1	25.1
Ordinary profit	117	3.8	119	3.8	2	2.1
Extraordinary income	0	0.0	0	0.0	(0)	(0.7)
Extraordinary loss	8	0.3	14	0.5	6	76.8
Profit before income taxes	108	3.5	104	3.3	(4)	(3.7)
Income taxes	30	1.0	33	1.1	2	8.4
Profit (loss) attributable to non- controlling interests	1	0.0	(0)	(0.0)	(1)	(117.6)
Profit attributable to owners of parent	77	2.5	71	2.3	(5)	(6.6)

2. Quarterly Consolidated Statements of Comprehensive Income

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

	Six months ended September 30, 2019	Six months ended September 30, 2020	Net change	
	Result	Result	Amount	Year-on- year change (%)
Profit	78	71	(6)	(8.4)
Total other comprehensive income	3	23	19	524.1
Comprehensive income	82	95	13	16.3
(of which, comprehensive income attributable to non-controlling interests)	1	(0)	(1)	—

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)

	Result for the year ending March 31, 2020			Result for the year ending March 31, 2021			Net change	
	1st Quarter	2nd Quarter	Total	1st Quarter	2nd Quarter	Total	Amount	Year-on-year change (%)
[Net sales]								
Butter	53	51	104	57	49	106	1	1.1
Margarine	31	27	59	33	27	60	1	2.2
Cheese	191	177	369	193	183	376	7	1.9
Other	75	78	153	78	67	145	(7)	(4.9)
Subsidiaries and other	258	274	533	295	314	609	76	14.3
Dairy Products	610	609	1,220	657	640	1,298	78	6.4
Milk and milk-based beverages	219	221	441	205	219	425	(15)	(3.6)
Other beverages	105	115	220	97	104	201	(18)	(8.4)
Yogurt	155	150	306	150	146	296	(9)	(3.2)
Desserts and fresh cream	60	60	121	62	61	123	2	1.9
Other	9	8	18	6	8	15	(3)	(18.3)
Subsidiaries and other	172	192	365	174	198	372	7	2.0
Beverage and Dessert	723	749	1,472	695	738	1,434	(38)	(2.6)
Feedstuffs	89	87	176	83	81	165	(11)	(6.6)
Seed products	34	28	62	34	25	60	(1)	(2.4)
Feedstuffs and Seed	123	115	238	118	107	225	(13)	(5.5)
Other	89	95	184	90	91	181	(2)	(1.4)
Total	1,546	1,569	3,116	1,562	1,577	3,140	24	0.8
[Operating profit]								
Dairy Products	27	24	52	32	33	65	13	26.1
Beverage and Dessert	14	21	35	8	18	27	(7)	(22.3)
Feedstuffs and Seed	6	5	11	7	5	12	0	8.6
Other	2	4	7	2	3	6	(0)	(8.5)
Total	50	55	106	50	60	110	4	4.2

(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; landscaping, 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 intercompany elimination, etc.).

Nutrition Business of Dairy Products

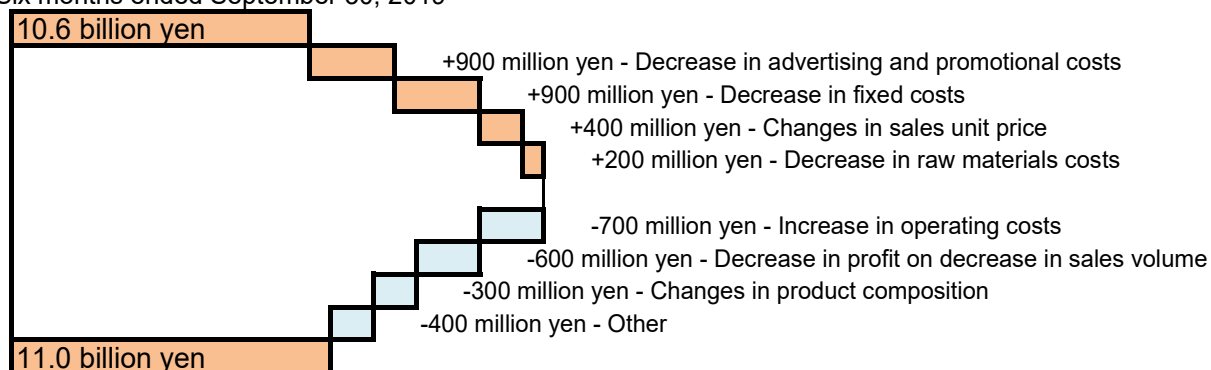
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Result for the year ending March 31, 2020			Result for the year ending March 31, 2021			Net change	
	1st Quarter	2nd Quarter	Total	1st Quarter	2nd Quarter	Total	Amount	Year-on-year change (%)
Functional food products	12	13	26	14	16	31	4	18.5
Powdered milk and other	34	35	69	31	32	64	(5)	(8.4)
Total on a consolidated basis	47	48	96	46	49	95	(0)	(1.0)

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

4. Causes of Net Changes in Consolidated Operating Profit

Six months ended September 30, 2019



Six months ended September 30, 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	4	(1)	5	0	0
	Decrease in profit on decrease in sales volume	(6)	11	(13)	(2)	(1)
	Changes in product composition	(3)	(2)	(1)	0	0
	Decrease in raw materials costs	2	1	1	0	0
	Increase in operating costs	(7)	1	(8)	0	0
	Other	(4)	(2)	(1)	0	0
		(14)	8	(17)	(2)	(1)
Fixed costs and others	Decrease in advertising and promotional costs	9	(1)	10	0	0
	Decrease in fixed costs	9	6	0	2	1
		18	5	10	2	1
Total		4	13	(7)	0	(0)

5. Quarterly Consolidated Balance Sheets

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

	Year ended March 31, 2020	Six months ended September 30, 2020	Amount of Net change		Year ended March 31, 2020	Six months ended September 30, 2020	Amount of Net change
	Result	Result			Result	Result	
(Current assets)	1,511	1,601	89	(Current liabilities)	1,203	1,208	4
Cash and deposits	155	172	17	Payables	607	604	(3)
Receivables	718	764	45	Short-term loans payable	181	172	(8)
Inventory assets	589	607	17	Other	413	430	16
Other	47	56	9	(Non-current liabilities)	720	853	132
(Non-current assets)	2,192	2,305	113	Bonds payable	100	100	—
Property, plant and equipment	1,710	1,784	74	Long-term loans payable	351	473	122
Intangible assets	37	35	(1)	Net defined benefit liabilities	100	102	2
Investment securities	348	383	35	Other	168	177	8
Deferred tax assets	30	30	0	Total liabilities	1,923	2,061	137
Other	66	71	4	Shareholders' equity	1,751	1,816	64
Total assets	3,704	3,906	202	Non-controlling interests	29	29	(0)
				Total net assets	1,780	1,845	64
				Total liabilities/net assets	3,704	3,906	202

6. Quarterly Consolidated Statements of Cash Flows

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

	Six months ended September 30, 2019	Six months ended September 30, 2020	Amount of net change
	Result	Result	
I Cash flows from operating activities	136	96	(39)
II Cash flows from investing activities	(99)	(157)	(58)
III Cash flows from financing activities	(52)	78	130
IV Effect of exchange rate on cash and cash equivalents	(0)	(0)	0
V Amount of net change in cash and cash equivalents	(15)	17	32
VI Cash and cash equivalents at beginning of period	143	155	12
VII Increase in cash and cash equivalents from newly consolidated subsidiaries	1	—	(1)
VIII Cash and cash equivalents at end of period	129	172	43
(Ref.) Free cash flow (I + II)	37	(61)	(98)

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

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

	Six months ended September 30, 2019	Six months ended September 30, 2020
Consolidated amount of capital investment	88	167
Depreciation and amortization*	80	79
Consolidated research & development costs	21	21

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

	Six months ended September 30, 2019	Six months ended September 30, 2020
Number of consolidated employees	5,424	5,776

8. Consolidated Management Indicators

	Six months ended September 30, 2019	Six months ended September 30, 2020
Equity ratio	47.2%	46.5%
Ratio of operating profit to net sales	3.4%	3.5%
Consolidate ROA (vs. operating profit)	2.9%	2.8%
EBITDA Margin	6.0%	6.1%

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

	Six months ended September 30, 2019	Six months ended September 30, 2020
Total assets	3,627	3,906
Equity	1,711	1,816
Interest-bearing debt*	706	804

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

9. Comparison with the Consolidated Earnings Forecast for the Six Months Ended September 30, 2020

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

	Six months ended September 30, 2020				Net change	
	Forecast	Vs. Sales	Result	Vs. Sales	Amount	Forecast vs. Actual (%)
Net sales	3,120	100.0%	3,140	100.0%	20	0.7
Operating profit	94	3.0%	110	3.5%	16	18.0
Ordinary profit	102	3.3%	119	3.8%	17	17.5
Profit attributable to owners of parent	64	2.1%	71	2.3%	7	12.4

〈Consolidated Financial Forecast〉

(The breakdown by segment and product has been revised since the previous forecast of consolidated results released on May 13, 2020)

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)

	Year ending March 31, 2021	
	Forecast	Year-on-year change (%)
Net sales	6,200	1.1
Operating profit	190	5.6
Ordinary profit	205	4.2
Profit attributable to owners of parent	130	6.9

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, 2021	
	Forecast	Year-on-year change (%)
[Net sales]		
Butter	230	0.8
Margarine	120	0.7
Cheese	759	1.7
Other	298	(2.4)
Subsidiaries and other	1,230	12.9
Dairy Products	2,640	6.0
Milk and milk-based beverages	839	(1.9)
Other beverages	376	(7.1)
Yogurt	585	(1.9)
Desserts and fresh cream	246	0.9
Other	32	(14.3)
Subsidiaries and other	700	0.0
Beverage and Dessert	2,780	(2.1)
Feedstuffs	335	(1.6)
Seed products	94	(1.6)
Feedstuffs and Seed	430	(1.6)
Other	350	(4.6)
Total	6,200	1.1
[Operating profit]		
Dairy Products	133	15.1
Beverage and Dessert	38	(27.3)
Feedstuffs and Seed	11	6.1
Other	8	369.4
Total	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 intercompany elimination, etc.).

Nutrition Business of Dairy Products

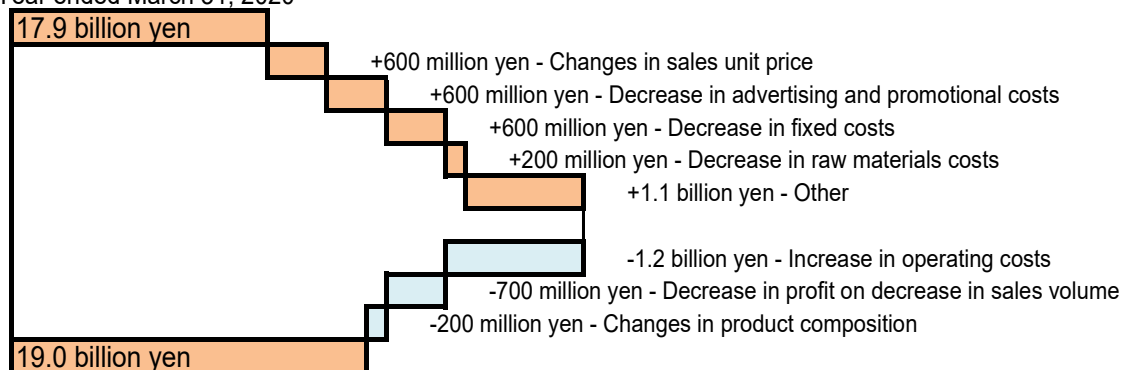
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year ending March 31, 2021	
	Forecast	Year-on-year change (%)
Functional food products	63	14.9
Powdered milk and other	127	(2.0)
Total on a consolidated basis	190	3.0

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

3. Causes of Net Changes in Consolidated Operating Income 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	6	(2)	9	0	(1)
	Decrease in profit on decreased sales volume	(7)	17	(18)	(3)	(4)
	Changes in product composition	(2)	(2)	0	0	0
	Decrease in raw materials costs	2	2	0	0	0
	Increase in operating costs	(12)	2	(14)	0	0
	Other	11	0	0	0	11
		(2)	17	(23)	(3)	6
Fixed costs and others	Decrease in advertising and promotional costs	6	(4)	10	0	0
	Decrease in fixed costs	6	4	(1)	3	0
		12	0	9	3	0
Total		10	17	(14)	0	6

<Other>

1. Non-consolidated Net Sales by Business Segment

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

	Six months ended September 30, 2019		Six months ended September 30, 2020		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy Products	687	(1.3)	689	0.3	2
Butter	104	2.4	106	1.1	1
Margarine	59	(2.8)	60	2.2	1
Cheese	369	(0.6)	376	1.9	7
Beverage and Dessert	1,107	(0.2)	1,061	(4.1)	(45)
Milk and milk-based beverages	441	2.1	425	(3.6)	(15)
Other beverages	220	(7.0)	201	(8.4)	(18)
Yogurt	306	0.6	296	(3.2)	(9)
Desserts and fresh cream	121	0.4	123	1.9	2
Other	10	6.0	10	2.0	0
Total	1,804	(0.6)	1,761	(2.4)	(43)

(For reference) Market share (of household consumption) for the first six months of fiscal year ending March 31, 2021

	Intage SCI (up to 79 years old) Consumer purchase data	Intage SRI (Total for supermarkets, convenience stores, and drugstores) Retail store POS data
Butter:	27.9%	42.8%
Margarine:	34.8%	53.2%
Cheese:	15.8%	26.5%
Milk (Milk & composition modified milk)	5.9%	4.6%
Milk beverage:	17.4%	14.9%
Yogurt:	10.9%	11.4%
Dessert (Chilled finished products)	12.7%	15.7%

Average purchase volume per 100 people (in value terms)

Estimated retail sales volume (in value terms)