



**The First Half of the Fiscal Year
Ending March 2022**

Financial Results

November 9, 2021

Financial statements number

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.

Consolidated Operating Result in the First Half 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 H1	FYE3/2022 H1	Change	% Change YoY
Net Sales	282.9	286.9	+ 3.9	1.4%
Operating profit	11.0	12.2	+ 1.1	10.1%
Non-operating profit and loss	0.8	1.0	+ 0.1	19.6%
Ordinary Profit	11.9	13.2	+ 1.2	10.8%
Extraordinary profit and loss	(1.4)	(0.9)	+ 0.5	—
Profit before income tax	10.4	12.3	+ 1.8	17.6%
Profit*	7.1	8.5	+ 1.3	19.2%

* Profit attributable to owners of parent

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

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Results by segment

(Billion yen)

	FYE3/2021 H1		FYE3/2022 H1		% Change YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Product	114.0	6.5	117.8	6.3	3.3%	△3.7%
Beverage and Dessert	129.8	2.7	126.3	3.4	△2.7%	26.3%
Feedstuffs and Seed	21.2	1.2	24.7	1.4	16.3%	17.8%
Other	17.7	0.6	18.0	0.8	1.4%	37.9%
Total	282.9	11.0	286.9	12.2	1.4%	10.1%

Breakdown of Factors Affecting Changes in Consolidated Operating Profit

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

FYE3/2021 H1	FYE3/2022 H1	change
11.0	12.2	1.1
Marginal profit Subtotal		1.6
Sales unit price		0.3
Sales volume		0.5
Product composition		1.1
Raw materials costs		(0.6)
Operating costs		(0.1)
Other		0.4
Fixed costs and others Subtotal		(0.5)
Advertising and promotional costs		(0.8)
Fixed costs		0.3

Changes in segments			
Dairy products	Beverages and desserts	Feedstuffs and seed products	Other
(0.2)	0.7	0.2	0.2
0	1.0	0.4	0.1
(0.1)	0	0.4	0
0.2	0.2	0	0.1
0.1	1.0	0	0
(0.3)	(0.3)	0	0
(0.1)	0	0	0
0.2	0.1	0	0
(0.2)	(0.3)	(0.2)	0.1
(0.1)	(0.7)	0	0
(0.1)	0.4	(0.2)	0.1

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

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Consolidated Balance Sheets

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

	FYE3/2021	FYE3/2022 H1	Change
Current assets	161.7	168.0	+6.3
Non-current assets	236.9	237.3	+0.4

Total assets 405.3 billion yen
(Change +6.7 billion yen)

	FYE3/2021	FYE3/2022 H1	Change
Current liabilities	128.5	131.6	+3.0
Non-Current liabilities	71.8	70.9	(0.8)
Net assets	198.2	202.7	+4.5

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

Change factors

Current assets

- Cash and deposits +3.6
- Receivables +5.8
- Other (3.2)

Non-current assets

- Property, plant and equipment +1.0
- Investment securities (0.5)

Current liabilities

- Payable +2.1
- Short-term loans payable +0.2
- Other +0.6

Non-current liabilities

- Long-term loans payable (0.2)

Net assets

- Shareholders' equity +4.8

Equity ratio 49.4%

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

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Consolidated Statements of Cash flows

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

		Major breakdown	FYE3/2021 H1
CF from operating activities	+18.6	<ul style="list-style-type: none"> Profit before income taxes 12.3 Depreciation and amortization 8.4 Decrease (increase) in accounts receivable-other 3.6 Decrease (increase) in notes and accounts receivable-trade (5.8) 	9.6
CF from investing activities	(10.9)	<ul style="list-style-type: none"> Purchase of property, plant and equipment and intangible assets (11.1) 	(15.7)
CF from financing activities	(4.1)	<ul style="list-style-type: none"> Repayment of long-term loans payable (0.3) Cash dividends paid (2.7) Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation (1.0) 	7.8
Change in cash and deposits	+3.6	Interest-bearing debt	79.0

Segment-specific YoY comparison (after revisions)

(億円)

	FYE3/2021 Full Year Result		FYE3/2022 Revised forecast		% Change YoY		Post-revision change	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Dairy Product	230.6	13.6	240.0	12.9	4.0%	△5.7%	0	0
Beverage and Dessert	248.6	4.1	249.0	5.2	0.1%	25.5%	△5.0	△0.3
Feedstuffs and Seed	41.0	1.1	46.0	1.0	12.1%	△11.0%	5.0	0
Other	34.1	1.0	35.0	1.4	2.5%	32.6%	0	0.3
Total	554.5	19.7	570.0	20.5	2.8%	3.6%	0	0

Forecast of Consolidated Financial Results FYE3/2022

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

FYE3/2021 Full Year	FYE3/2022 Full Year	change
19.7	20.5	0.7
Marginal profit Subtotal	3.1	
Sales unit price	0.8	
Sales volume	2.5	
Product composition	1.8	
Raw materials costs	(1.8)	
Operating costs	(0.6)	
Other	0.4	
Fixed costs and others Subtotal	(2.4)	
Advertising and promotional costs	(1.6)	
Fixed costs	(0.8)	

Changes in segments				
Dairy products	Beverages and desserts	Feedstuffs and seed products	Other	
(0.7)	1.0	(0.1)	0.3	
0.8	1.7	0.3	0.2	
0.4	0.1	0.3	0	
1.6	0.7	0	0.2	
0.1	1.7	0	0	
(1.1)	(0.7)	0	0	
(0.4)	(0.2)	0	0	
0.2	0.1	0	0	
(1.5)	(0.7)	(0.4)	0.1	
(0.7)	(0.9)	0	0	
(0.8)	0.2	(0.4)	0.1	

Full Year Results

(Billion yen)

	FYE3/2021	FYE3/2022	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.

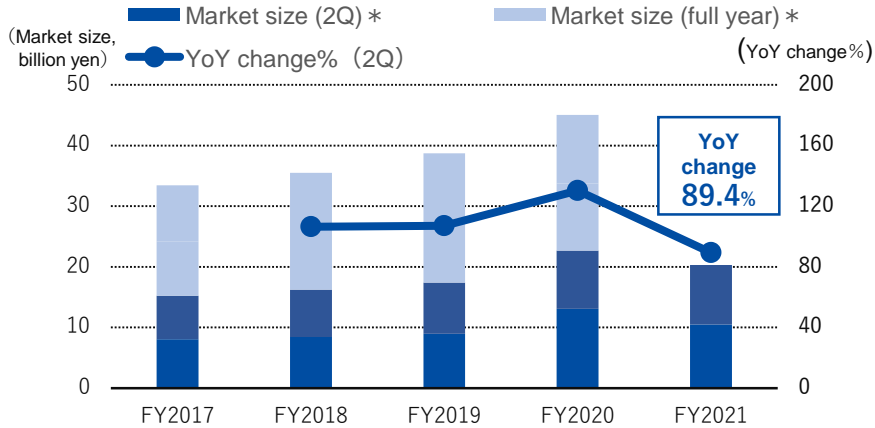


Forward-looking statements such as performance forecasts contained in this document are based on management's expectations and assumptions in light of information currently available and are not the commitment by the Company. Actual results may differ from the forecasts in this document due to change in the business environment and other factors.

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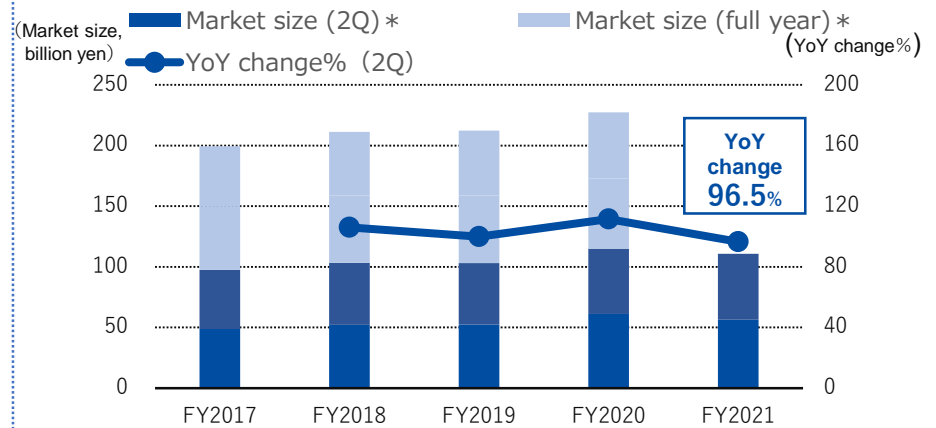
Source: Intage Inc.: SRI+ (Nationwide Retail Store Panel Survey) for cumulative total sales from April 2017 to September 2021

Butter



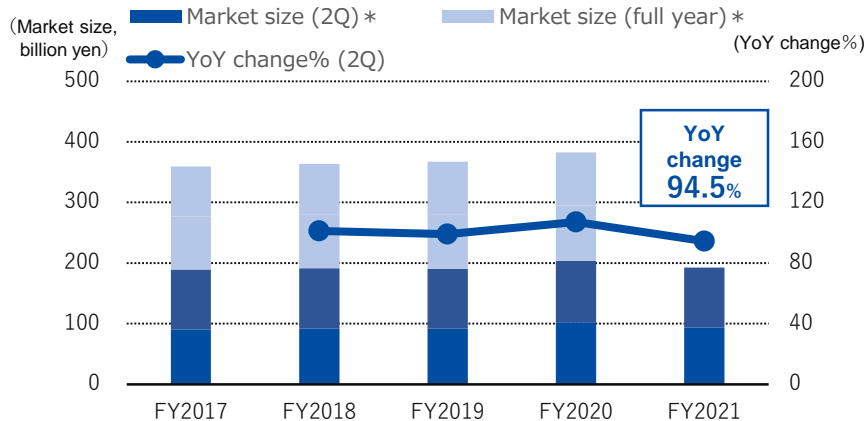
* weighted estimate sales

Cheese



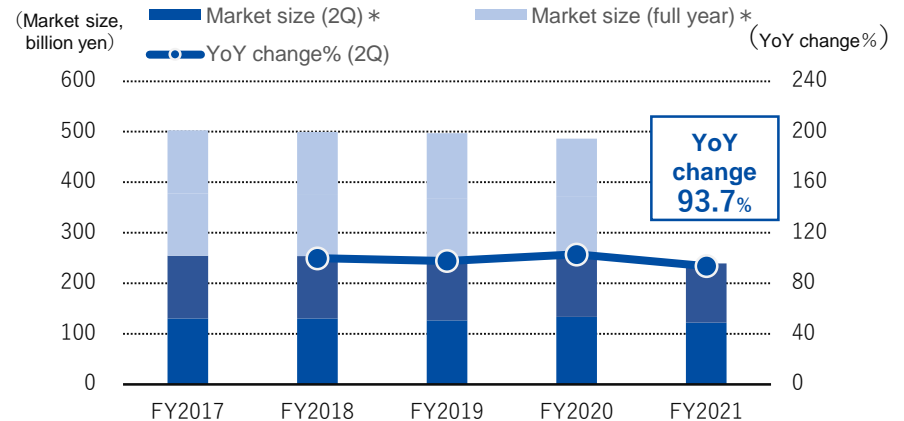
* weighted estimate sales

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)

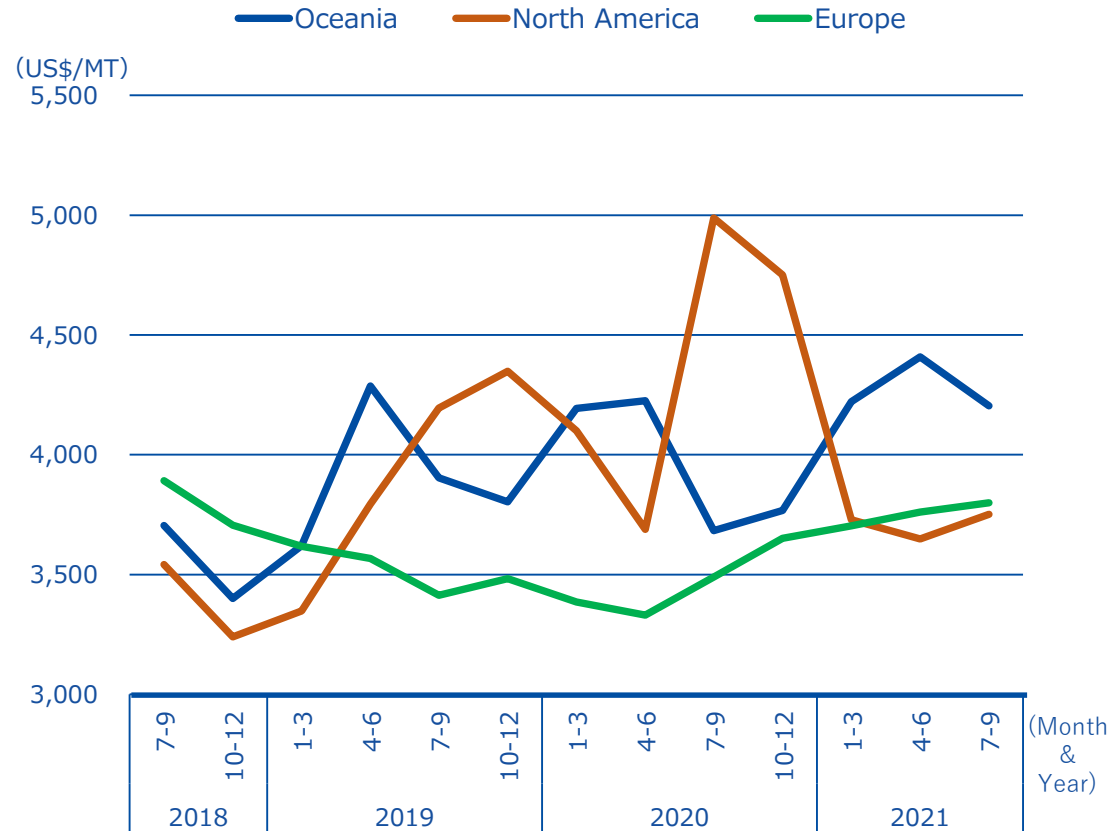
Megmilk Snow Brand's share of the nationwide consumer market on an estimated total sales basis for the first six months of the fiscal year ending March 31, 2022 (Apr. to Sept. 2021)

Retail store POS data

Butter	45.7%
Margarine	52.8%
Cheese	26.2%
Milk (Milk & composition modified milk)	5.0%
Milk beverage	14.3%
Yogurt	12.6%
Dessert (Chilled finished Products)	16.0%

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