

**Consolidated Financial Results for the Six Months Ended September 30, 2021**  
(Prepared pursuant to Japanese GAAP)

November 9, 2021

Company name: MEGMILK SNOW BRAND Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange (First Section), Sapporo Securities Exchange  
 Stock code: 2270  
 URL: <https://www.meg-snow.com/english>  
 Representative: Keiji Nishio, Representative Director and President  
 Contact: Fumi Hatamoto, General Manager, Public Relations & Investor Relations Department  
 Phone: +81 3-3226-2124

(Amounts rounded down to the nearest million yen)

**1. Consolidated Results for the First Six Months of the Fiscal Year Ending March 31, 2022**  
(April 1, 2021 – September 30, 2021)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended September 30, 2021	286,904	—	12,210	10.1	13,277	10.8	8,575	19.2
Six months ended September 30, 2020	314,035	0.8	11,088	4.2	11,980	2.1	7,193	(6.6)

Note: Comprehensive income: Six months ended September 30, 2021 : 8,355 million yen (-12.5%)  
 Six months ended September 30, 2020 : 9,545 million yen (16.3%)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Six months ended September 30, 2021	126.99	—
Six months ended September 30, 2020	106.34	—

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, the Company has omitted year-on-year change in net sales for the first half of the previous fiscal year, as this was prior to application of the above accounting standard.

Assuming, however, that the above accounting standard, etc. had been applied effective from the first quarter of the fiscal year ended March 31, 2021, the year-on year change would be 1.4%.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
September 30, 2021	405,389	202,759	49.4	2,962.87
March 31, 2021	398,650	198,255	49.0	2,890.65

For reference:

Equity: September 30, 2021: 200,096 million yen  
 March 31, 2021: 195,213 million yen

## 2. Dividends

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2021	—	—	—	40.00	40.00
Year ending March 31, 2022	—	—	—	—	—
Year ending March 31, 2022 (forecast)	—	—	—	50.00	50.00

Note: Revisions from the latest release of dividend forecasts: None

## 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full Year	570,000	2.8	20,500	3.6	21,500	(0.8)	12,500	(16.2)	185.09

Note 1: Revisions from the latest release of dividend forecasts: None

Note 2: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, the said accounting standard, etc. have been applied to the figures in the abovementioned consolidated forecasts. Note that year-on-year change is calculated assuming that the above accounting standard, etc. were applied effective from the fiscal year ended March 31, 2021.

### Notes

(1) Material reclassifications of subsidiaries during the period: None

(2) Accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: Yes

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Note: For further details, please refer to “(4) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies)”, under “2. Quarterly Consolidated Financial Statements and Key Notes” on page 14 of the Attachments.

(4) Common stock issued

1) Issued shares as of period-end (including treasury stock)

September 30, 2021	70,751,855 shares
March 31, 2021	70,751,855 shares

2) Treasury stock as of period-end

September 30, 2021	3,217,100 shares
March 31, 2021	3,219,054 shares

3) Average number of shares (during the respective period)

Six months ended September 30, 2021	67,533,293 shares
Six months ended September 30, 2020	67,647,671 shares

**\*This summary of financial statements is not subject to audit by certified public accountant and auditing firm.**

**\*Appropriate Use of Earnings Forecasts and Other Important Information**

(Earnings Forecasts)

Business forecasts contained in this report are based on the assumptions of management in the light of information available as of the release of this report. MEGMILK SNOW BRAND makes no assurances as to the actual results, which may differ from forecasts due to various factors such as changes in the business environment.

(Supplementary materials and presentation handouts)

Supplementary materials are attached to this report.

The Company is scheduled to hold an earnings presentation for analysts and institutional investors on Tuesday, November 9, 2021. Presentation materials to be used at the teleconference will be made available on the Company's website on the same day.

Table of Contents for Attachments

1. Operating Results .....	5
(1) Overview of Operating Results.....	5
(2) Analysis of Financial Condition .....	7
(3) Explanation of Forward-Looking Statements, including the Forecast of Consolidated Results.....	7
2. Quarterly Consolidated Financial Statements and Key Notes .....	8
(1) Quarterly Consolidated Balance Sheets .....	8
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	10
Quarterly Consolidated Statements of Income.....	10
Quarterly Consolidated Statements of Comprehensive Income.....	11
(3) Quarterly Consolidated Statements of Cash Flows .....	12
(4) Notes to the Quarterly Consolidated Financial Statements .....	14
(Notes on the Assumption of a Going Concern) .....	14
(Notes Concerning Significant Changes in Shareholders' Equity (if any)).....	14
(Changes in Accounting Policies).....	14
(Segment and Other Information) .....	15
(Revenue Recognition).....	15

(Supplementary Information)

Supplementary Information for the Six Months Ended September 30, 2021

## 1. Operating Results

Forward-looking statements included in the following text are based on the judgments of the Group's management as of September 30, 2021.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the three months ended June 30, 2021.

With the application of this accounting standard, etc. net sales in the six months ended September 30, 2021 declined significantly compared to net sales in the six months ended June 30, 2020.

Therefore, in the explanations about operating results in the six months ended September 30, 2021, year-on-year comparisons of net sales usually presented as percentages (% YoY), have been replaced with "(-- YoY)".

For further details please refer to "(Changes in Accounting Policies)" under (4) Notes to the Quarterly Consolidated Financial Statements" in "2. Quarterly Consolidated Financial Statements and Key Notes".

### (1) Overview of Operating Results

In the six months ended September 30, 2021, while conditions in the Japanese economy remained challenging due to the impacts of the COVID-19 pandemic, there have been expectations for an economic pickup as a result of the promotion of countermeasures including the administration of COVID-19 vaccines. However, the future outlook remains uncertain due to the impacts of domestic and overseas developments with the COVID-19 pandemic as well as the impact on supply chains.

In the food industry, the increased demand for home-cooked meals in the previous fiscal year caused by the COVID-19 pandemic is settling down in the current fiscal year. While the situation with dining out demand remains adverse, some positive signs, including the lifting of the state of emergency, have emerged.

In this business environment, the MEGMILK SNOW BRAND Group pursued initiatives to "Establish earnings bases in four business sectors (Dairy Products; Beverage & Dessert; Nutrition; and Feedstuffs & Seed)" in accordance with the Group Medium-term Management Plan 2022. In the six months ended September 30, 2021, the Group undertook: (1) strategic expansion and further product mix improvement of yogurt, cheese, and other mainstay products, centered on functionality; (2) simultaneous pursuit of scale expansion and profit generation through continuation of marketing investment in the nutrition business field; (3) strategic expansion and development of an earnings base in the foodstuffs and seed business area; and (4) bolstering of the Group's overall strengths by making full use of the Group's management resources and by improving the productivity of the value chain.

Amid the spread of COVID-19, the Group also took steps to prevent COVID-19 infections among Group employees and endeavored to provide a stable supply of safe and reliable products to customers.

As a result, in the six months ended September 30, 2021, consolidated net sales were ¥286,904 million (-- YoY), operating profit was ¥12,210 million (up 10.1% YoY), ordinary profit was ¥13,277 million (up 10.8%), and profit attributable to owners of parent was ¥8,575 million (up 19.2%).

Operating results by business segment for the six months ended September 30, 2021, were as follows. Net sales by segment are sales to outside customers. Comparisons of net sales with those of the six months ended September 30, 2020, are not shown, due to the fact that figures have been calculated assuming the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020).

#### 1) Dairy Products

This segment comprises the manufacture and sale of dairy products (cheese, butter, powdered milk), margarine, nutrition business products (functional foods and infant formula), and other products.

Net sales were ¥117,806 million (-- YoY), and operating profit was ¥6,326 million (down 3.7%).

Sales of butter increased year on year due to ongoing efforts to ensure a stable supply. Sales of margarine declined year on year due to the settling down of the increased demand for home-cooked meals seen last year caused by the COVID-19 pandemic.

Sales of cheese declined year on year overall as the rise in demand for home-cooked meals in the prior fiscal year settled down this fiscal year, despite continued strong sales of Sakeru Cheese, a mainstay product.

Sales of functional food products continued to grow, owing to continued strong sales in the subscription-based e-commerce business, proactive marketing investment, and increasing health-consciousness among consumers.

Operating profit decreased due to factors including the recoil decline in sales of household products and increased raw materials costs.

## 2) Beverage & Dessert

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, dessert, and other products.

Net sales were ¥126,344 million (-- YoY), and operating profit was ¥3,489 million (up 26.3%).

With regard to sales of beverages (both milk-based and other beverages), although new products including MBP Drink, the first beverage type of its kind in Japan as a food with functional claims relating to increasing bone density, contributed to the increase in sales, sales declined year on year due to a decline in sales volumes during the peak demand season resulting from cooler temperatures and prolonged rains from August onward, and due to the settling down of the increased demand for home-cooked meals seen in the previous year.

In yogurt sales, there were strong sales of products featuring *Lactobacillus gasseri* SP, a “food with health claims” which reduces visceral fat that the Group is focusing on. Also, in plain yogurt, sales were strong for Nachure Megumi, for which a promotional campaign based on increased product volumes was implemented.

Dessert sales were strong, reflecting the launch of new products and other efforts to increase product appeal, as well as efforts to expand sales of existing products.

Operating profit increased, reflecting an increase in sales volumes and changes in product composition, despite increased promotional costs.

## 3) Feedstuffs and Seed

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, landscaping, and other products.

Net sales were ¥24,741 million (-- YoY), and operating profit was ¥1,460 million (up 17.8%).

Overall segment sales increased year on year, due to factors including the rise in compound feed sales prices.

## 4) Other

This segment comprises joint distribution center services, real estate rental, and other businesses.

Net sales were ¥18,011 million (-- YoY), and operating profit was ¥895 million (up 37.9%).

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Assets

Total assets as of September 30, 2021, increased by ¥6,739 million from the previous fiscal year-end. The change is mainly attributable to increases in “notes and accounts receivable-trade, and contract assets” (categorized as “notes and accounts receivable-trade” in the previous fiscal year) and cash and deposits, despite a decline in receivables included in “other” under current assets.

Liabilities

Total liabilities as of September 30, 2021, increased by ¥2,234 million from the previous fiscal year-end. The change is mainly attributable to an increase in notes and accounts payable-trade and electronically recorded obligations-operating.

Net assets

Total net assets as of September 30, 2021, increased by ¥4,504 million from the previous fiscal year-end. The change is mainly attributable to an increase in retained earnings.

2) Cash flows

Cash and cash equivalents on a consolidated basis as of September 30, 2021, totaled ¥25,479 million. The following is a summary of consolidated cash flows and factors affecting cash flows for the six months ended September 30, 2021.

Cash flows from operating activities

Operating activities provided net cash of ¥18,642 million, compared to ¥9,694 million provided in the six months ended September 30, 2020.

The year-on-year increase in cash provided of ¥8,948 million is mainly attributable to declines in decrease (increase) in accounts receivable-other and inventories, and an increase in profit before income taxes.

Cash flows from investing activities

Investing activities used net cash of ¥10,982 million, compared to ¥15,795 million used in the six months ended September 30, 2020.

The year-on-year decrease in cash used of ¥4,812 million is mainly attributable to a decrease in purchase of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥4,139 million, compared to ¥7,852 million provided in the six months ended September 30, 2020.

The year-on-year increase in cash used of ¥11,992 million is mainly attributable to a decrease in proceeds from long-term loans payable.

(3) Explanation of Forward-Looking Statements, including the Forecast of Consolidated Results

There is no revision to the forecast of consolidated results disclosed in the Summary of Financial Results of May 13, 2021.

**2. Quarterly Consolidated Financial Statements and Key Notes**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	21,840	25,490
Notes and accounts receivable-trade	71,710	—
Notes and accounts receivable-trade, and contract assets	—	77,582
Merchandise and finished goods	43,881	45,160
Work in process	1,114	880
Raw materials and supplies	14,931	13,924
Other	8,614	5,368
Allowance for doubtful accounts	(377)	(368)
<b>Total current assets</b>	<b>161,716</b>	<b>168,038</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	55,547	55,306
Machinery, equipment and vehicles, net	60,434	60,764
Land	47,774	48,948
Other, net	13,521	13,288
<b>Total property, plant and equipment</b>	<b>177,277</b>	<b>178,307</b>
<b>Intangible assets</b>		
Goodwill	645	630
Other	2,867	2,729
<b>Total intangible assets</b>	<b>3,512</b>	<b>3,360</b>
<b>Investments and other assets</b>		
Investment securities	44,517	43,920
Deferred tax assets	3,092	2,975
Other	8,768	9,020
Allowance for doubtful accounts	(234)	(232)
<b>Total investments and other assets</b>	<b>56,143</b>	<b>55,682</b>
<b>Total non-current assets</b>	<b>236,933</b>	<b>237,350</b>
<b>Total assets</b>	<b>398,650</b>	<b>405,389</b>



(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	55,002	56,756
Electronically recorded obligations-operating	4,784	5,166
Short-term loans payable	32,032	32,305
Income taxes payable	3,521	3,727
Provision for bonuses	5,293	5,202
Other	27,924	28,483
Total current liabilities	<u>128,558</u>	<u>131,641</u>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	32,046	31,816
Deferred tax liabilities	5,149	4,948
Deferred tax liabilities for land revaluation	3,815	3,815
Provision for director's retirement benefits	20	14
Provision for gift token exchange	68	—
Net defined benefit liabilities	9,570	9,667
Asset retirement obligations	1,331	1,247
Other	9,833	9,479
Total non-current liabilities	<u>71,835</u>	<u>70,988</u>
Total liabilities	<u>200,394</u>	<u>202,629</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	20,000	20,000
Capital surplus	17,607	17,027
Retained earnings	137,941	143,739
Treasury stock	(5,355)	(5,350)
Total shareholders' equity	<u>170,192</u>	<u>175,417</u>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	16,952	16,118
Deferred gains or losses on hedges	(3)	13
Revaluation reserve for land	8,570	8,570
Foreign currency translation adjustment	(48)	238
Remeasurements of defined benefit plans	(449)	(260)
Total accumulated other comprehensive income	<u>25,020</u>	<u>24,679</u>
<b>Non-controlling interests</b>	<u>3,042</u>	<u>2,663</u>
<b>Total net assets</b>	<u>198,255</u>	<u>202,759</u>
<b>Total liabilities and net assets</b>	<u>398,650</u>	<u>405,389</u>

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Net sales</b>	314,035	286,904
Cost of sales	241,314	239,172
<b>Gross profit</b>	72,721	47,731
Selling, general and administrative expenses	61,633	35,521
<b>Operating profit</b>	11,088	12,210
Non-operating income		
Interest income	3	2
Dividend income	392	401
Equity in earnings of affiliates	587	646
Other	499	487
<b>Total non-operating income</b>	1,483	1,538
Non-operating expenses		
Interest expenses	200	206
Other	391	264
<b>Total non-operating expenses</b>	591	471
<b>Ordinary profit</b>	11,980	13,277
Extraordinary income		
Gain on sales of non-current assets	8	2
<b>Total extraordinary income</b>	8	2
Extraordinary loss		
Loss on sales of non-current assets	7	24
Loss on retirement of non-current assets	602	734
Impairment loss	651	170
Other	230	8
<b>Total extraordinary loss</b>	1,492	937
<b>Profit before income taxes</b>	10,496	12,342
Income taxes	3,325	3,668
Profit	7,171	8,674
Profit (loss) attributable to non-controlling interests	(22)	98
<b>Profit attributable to owners of parent</b>	7,193	8,575

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Profit</b>	7,171	8,674
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,057	(820)
Deferred gains or losses on hedges	(2)	16
Foreign currency translation adjustment	(131)	301
Remeasurements of defined benefit plans	316	188
Share of other comprehensive income of entities accounted for using the equity method	133	(6)
Total other comprehensive income	2,373	(319)
<b>Comprehensive income</b>	9,545	8,355
Comprehensive income attributable to owners of parent	9,585	8,234
Comprehensive income attributable to non- controlling interests	(40)	120

**(3) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,496	12,342
Depreciation and amortization	7,975	8,493
Impairment loss	651	170
Equity in (earnings) losses of affiliates	(587)	(646)
Amortization of goodwill	43	50
Increase (decrease) in allowance for doubtful accounts	(31)	(11)
Increase (decrease) in provision for bonuses	(145)	(92)
Decrease (increase) in net defined benefit asset	(291)	(377)
Increase (decrease) in net defined benefit liability	550	302
Increase (decrease) in provision for gift token exchange	(6)	—
Loss (gain) on sales and retirement of non-current assets	601	755
Interest and dividend income received	(396)	(404)
Interest expenses	200	206
Decrease (increase) in accounts receivable-other	(397)	3,657
Decrease (increase) in notes and accounts receivable-trade	(4,876)	(5,802)
Decrease (increase) in inventories	(1,775)	45
Increase (decrease) in notes and accounts payable-trade	476	2,099
Other	360	869
<b>Sub total</b>	<b>12,847</b>	<b>21,659</b>
Interest and dividend income	496	478
Interest expenses paid	(182)	(205)
Income taxes paid	(3,466)	(3,289)
Net cash provided by (used in) operating activities	9,694	18,642

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2)	—
Payments of loans receivable	(142)	(2)
Collection of loans receivable	92	34
Purchase of property, plant and equipment and intangible assets	(15,665)	(11,141)
Proceeds from sales of property, plant and equipment and intangible assets	30	10
Purchase of investment securities	(10)	(7)
Proceeds from sales of investment securities	—	0
Other	(97)	123
Net cash provided by (used in) investing activities	(15,795)	(10,982)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	10	334
Proceeds from long-term loans payable	12,500	20
Repayment of long-term loans payable	(1,120)	(311)
Purchase of treasury stock	(390)	(3)
Cash dividends paid	(2,702)	(2,703)
Cash dividends paid to non-controlling interests	(2)	(2)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,076)
Other	(440)	(396)
Net cash provided by (used in) financing activities	7,852	(4,139)
Effect of exchange rate on cash and cash equivalents	(3)	129
Net increase (decrease) in cash and cash equivalents	1,748	3,649
Cash and cash equivalents at beginning of period	15,524	21,829
Cash and cash equivalents at end of period	17,272	25,479

#### **(4) Notes to the Quarterly Consolidated Financial Statements**

(Notes on the Assumption of a Going Concern)

Not applicable.

(Notes Concerning Significant Changes in Shareholders' Equity (if any))

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. Accordingly, revenue is recognized when control of promised goods or services has been transferred to customers at the amount expected to be received in exchange for those goods or services.

The principal impacts of the application of the Accounting Standard for Revenue Recognition, etc. on the Group's quarterly consolidated financial statements for the first six months of the fiscal year ending March 31, 2022, are as follows:

- Consideration to be paid to customers

For transactions that were previously recorded primarily as sales promotion expenses and shipping and storage expenses under selling, general and administrative expenses, where the Group makes payments to a customer and where the consideration paid to the customer is not payment made in exchange for distinct goods or services from the customer, revenue is now measured by deducting said consideration from the transaction price.

- Agent transactions

The Group previously recognized revenue based on the total amount of consideration received from customers. For those transactions where the Group's role in providing goods to the customer is that of an agent, however, the Group has changed its revenue recognition method to recognize revenue on a net basis, which is the amount received from customers less the amount paid to suppliers.

The Group's application of the Accounting Standard for Revenue Recognition, etc. is in accordance with the transitional treatment set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 has been reflected in the retained earnings as of the beginning of said first quarter, and the new accounting policy has thereby been applied to the balance of retained earnings as of the beginning of said first quarter.

As a result, net sales for the first six months of the fiscal year ending March 31, 2022 decreased by 30,853 million yen, cost of sales declined by 4,005 million yen, and selling, general and administrative expenses fell by 26,848 million yen. The balance of retained earnings as of the beginning of the first quarter showed a decline of 69 million yen.

As a result of applying the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable – trade" presented under "current assets" in the consolidated balance sheet for the fiscal year ended March 31, 2021 is included in "notes and account receivable – trade, and contract assets", effective from the first quarter of the fiscal year ending March 31, 2022. Note that, in accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, statements for the fiscal year ended March 31, 2021 have not been reclassified to conform to the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers for the first six months of the fiscal year ended March 31, 2021, is omitted.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has opted to apply the new accounting policies set forth in the Accounting Standard for Fair Value Measurement, etc. prospectively. This has no impact on the Group's quarterly consolidated financial statements.

(Segment and Other Information)  
**【Segment information】**

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

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy Products	Beverage and Dessert	Feedstuff s and Seed	Total				
Net sales								
Sales to outside customers	129,848	143,427	22,562	295,838	18,197	314,035	—	314,035
Inter-segment sales and transfers	6,196	55	395	6,647	7,253	13,900	(13,900)	—
Total	136,044	143,482	22,957	302,485	25,451	327,936	(13,900)	314,035
Segment profit	6,567	2,763	1,239	10,570	649	11,220	(132)	11,088

Notes: 1. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments.

2. The -132 million yen adjustment for segment profit is for elimination of intersegment transactions.

3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable

II Six months ended September 30, 2021 (April 1 to September 30, 2021)

1. Net sales and income/loss by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy Products	Beverage and Dessert	Feedstuff s and Seed	Total				
Net sales								
Revenue from contracts with customers	117,806	126,344	24,741	268,892	18,011	286,904	—	286,904
Sales to outside customers	117,806	126,344	24,741	268,892	18,011	286,904	—	286,904
Inter-segment sales and transfers	6,382	62	475	6,919	6,216	13,136	(13,136)	—
Total	124,189	126,406	25,216	275,812	24,227	300,040	(13,136)	286,904
Segment profit	6,326	3,489	1,460	11,276	895	12,172	38	12,210

Notes: 1. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments.

2. The 38 million yen adjustment for segment profit is for elimination of intersegment transactions.

3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable

(Revenue Recognition)

The breakdown of revenue from contracts with customers is as presented in "(4) Notes to the Quarterly Consolidated Financial Statements (Segment and Other Information)."