

Supplementary Information

Year Ended March 31, 2019 (April 1, 2018 to March 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.

This material has not been prepared to solicit investment.

MEGMILK SNOW BRAND Co., Ltd.

〈Consolidated Financial Results〉

The Company has adopted Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No.28, February 16, 2018) and other related standards from the fiscal year ended March 31, 2019. The financial statements for the fiscal year ended March 31, 2018, have been recast to reflect the retrospective application of the amendments.

1. Consolidated Statements of Income

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

	Year ended March 31, 2018		Year ended March 31, 2019		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	5,961	100.0	6,033	100.0	72	1.2
Cost of sales	4,522	75.9	4,608	76.4	86	1.9
Selling, general and administrative expenses	1,245	20.9	1,252	20.8	7	0.6
Operating profit	193	3.2	172	2.9	(21)	(11.0)
Non-operating income	27	0.5	28	0.5	1	6.0
Non-operating expenses	10	0.2	11	0.2	0	1.3
Ordinary profit	209	3.5	190	3.2	(19)	(9.4)
Extraordinary income	1	0.0	5	0.1	3	172.1
Extraordinary loss	21	0.4	42	0.7	21	101.0
Profit before income taxes	190	3.2	152	2.5	(37)	(19.9)
Income taxes	56	1.0	43	0.7	(13)	(23.4)
Profit (loss) attributable to non-controlling interests	0	0.0	1	0.0	1	1,563.9
Profit attributable to owners of parent	133	2.2	107	1.8	(26)	(19.7)

2. Consolidated Statements of Comprehensive Income

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

	Year ended March 31, 2018		Year ended March 31, 2019		Net change	
	Result		Result		Amount	Year-on- year change (%)
Profit	133		109		(24)	(18.4)
Total other comprehensive income	11		34		22	205.0
Comprehensive income	145		143		(1)	(1.2)
(of which, comprehensive income attributable to non-controlling interests)	0		1		1	1,329.0

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, 2018	Year ended March 31, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
[Net sales]				
Butter	221	224	2	1.1
Oils & fats	129	122	(7)	(5.9)
Cheese	771	758	(12)	(1.7)
Other	332	328	(4)	(1.3)
Subsidiaries and other	941	976	35	3.7
Dairy products	2,397	2,410	12	0.5
White drinks	836	837	0	0.1
Colored drinks	440	429	(11)	(2.5)
Yogurt	561	589	28	5.0
Desserts & fresh cream	244	243	(1)	(0.6)
Other	35	34	(1)	(3.0)
Subsidiaries and other	636	663	26	4.2
Beverage and dessert	2,754	2,797	42	1.5
Feedstuffs	344	358	14	4.1
Seed products	102	101	(0)	(0.9)
Feed and seeds	447	460	13	3.0
Other	361	366	4	1.2
Total	5,961	6,033	72	1.2
[Operating profit]				
Dairy products	121	117	(3)	(3.1)
Beverage and dessert	47	31	(15)	(33.4)
Feed and seeds	13	11	(1)	(13.8)
Other	11	10	(0)	(7.1)
Total	193	172	(21)	(11.0)

(Notes) 1. Main types of goods traded by business segment

Dairy Products: Dairy products (cheese, butter, milk powder, etc.); oils & fats;

Nutrition business (functional food products, infant formula, etc.), etc.

Beverage & Dessert: Beverages (milk drinks, fruit juice beverages, etc.);
yogurts; desserts; fresh cream, etc.

Feed and Seeds: 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.).

Feed and seeds are on a consolidated basis (after excluding intercompany elimination, etc.).

Nutrition Business of Dairy Products

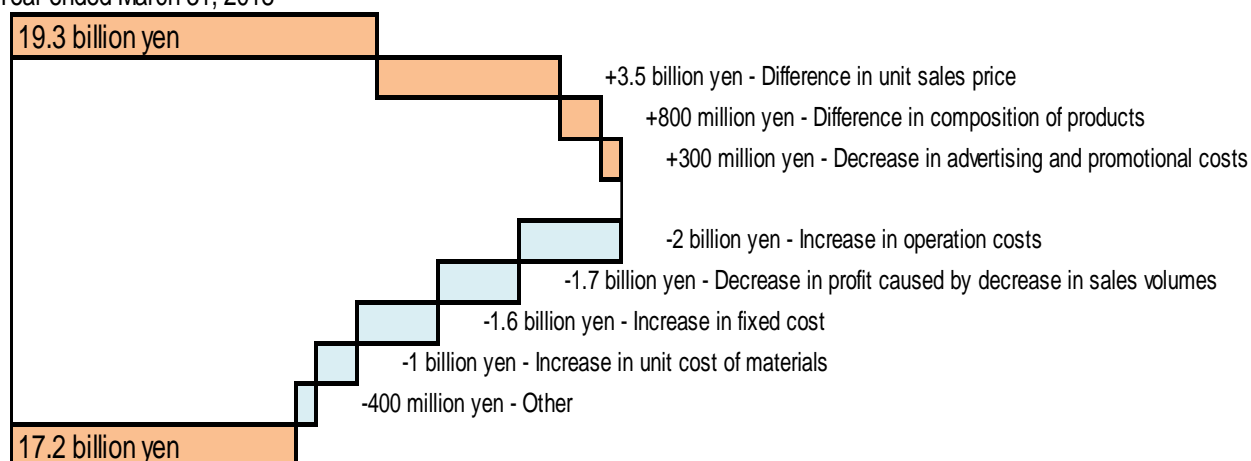
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
Functional food products	43	47	4	11.0
Powdered milk and other	151	146	(4)	(3.0)
Total on a consolidated basis	194	194	0	0.1

(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, 2018



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	Feed and seeds	Other
Factors behind increase in profit	Difference in unit sales price	35	32	0	3	0
	Difference in composition of products	8	3	5	0	0
	Decrease in advertising and promotional costs	3	8	(5)	0	0
Subtotal		46	43	0	3	0
Factors behind decrease in profit	Increase in operation costs	(20)	(7)	(13)	0	0
	Decrease in profit caused by decrease in sales volumes	(17)	(22)	7	(3)	1
	Increase in fixed cost	(16)	(7)	(8)	0	(1)
	Increase in unit cost of materials	(10)	(8)	0	(1)	0
	Other	(4)	(2)	(1)	0	0
Subtotal		(67)	(46)	(15)	(4)	0
Total		(21)	(3)	(15)	(1)	(0)

5. Consolidated Balance Sheets

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

	Year ended March 31, 2018	Year ended March 31, 2019	Amount of net change		Year ended March 31, 2018	Year ended March 31, 2019	Amount of net change
(Current assets)	1,421	1,488	67	(Current liabilities)	1,406	1,179	(227)
Cash and deposits	146	143	(2)	Payables	644	640	(4)
Receivables	693	747	54	Short-term loans payable	418	199	(218)
Inventory assets	539	556	17	Other	343	339	(4)
Other	42	40	(2)	(Non-current liabilities)	532	727	195
(Non-current assets)	2,091	2,105	14	Bonds payable	—	100	100
Property, plant and equipment	1,647	1,623	(24)	Long-term loans payable	270	358	87
Intangible assets	39	32	(7)	Net defined benefit liabilities	86	93	7
Investment securities	293	354	61	Other	174	175	0
Deferred tax assets	48	29	(19)	Total liabilities	1,939	1,906	(32)
Other	62	66	4	Shareholders' equity	1,550	1,662	112
Total assets	3,512	3,594	82	Non-controlling interests	23	24	1
				Total net assets	1,573	1,687	114
				Total liabilities/net assets	3,512	3,594	82

* 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, 2018	Year ended March 31, 2019	Amount of net change
	Result	Result	
I Cash flows from operating activities	228	219	(8)
II Cash flows from investing activities	(117)	(142)	(24)
III Cash flows from financing activities	(129)	(73)	55
IV Effect of exchange rate on cash and cash equivalents	0	(0)	(0)
V Amount of net change in cash and cash equivalents	(18)	2	20
VI Cash and cash equivalents at beginning of period	159	140	(18)
VII Cash and cash equivalents at end of period	140	143	2
(Ref.) Free cash flow (I + II)	110	76	(33)

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, 2018	Year ended March 31, 2019
	Result	Result
Amount of capital investment	159	144
Depreciation and amortization costs *	151	159
Consolidated research & development costs	43	43

* 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, 2018	Year ended March 31, 2019
	Result	Result
Number of consolidated employees	5,009	5,105

8. Consolidated Management Indicators

	Year ended March 31, 2018	Year ended March 31, 2019
	Result	Result
Equity ratio	44.1%	46.3%
Ratio of operating profit to net sales	3.2%	2.9%
Consolidate ROA (vs. operating profit)	5.5%	4.8%
EBITDA Margin	5.8%	5.5%

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

	Year ended March 31, 2018	Year ended March 31, 2019
	Result	Result
Total assets	3,512	3,594
Equity	1,550	1,662
Interest-bearing debt*	750	717

* 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, 2019 (forecast released together with the financial results announcement on February 7, 2019)

(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	6,010	100.0	6,033	100.0	23	0.4
Operating profit	175	2.9	172	2.9	(2)	(1.5)
Ordinary profit	190	3.2	190	3.2	0	0.1
Profit attributable to owners of parent	105	1.7	107	1.8	2	2.4

<Consolidated Financial Forecast>

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)

	Second quarter-end (Cumulative)		Full year	
	Forecast	Year-on-year change (%)	Result	Year-on-year change (%)
Net sales	3,110	1.8	6,150	1.9
Operating profit	102	6.4	180	4.5
Ordinary profit	109	6.3	195	2.6
Profit attributable to owners of parent	67	4.3	120	11.6

2. Consolidated Sales Forecast by Product Category and Operating Profit Forecast by Segment for the Fiscal Year Ending March 31, 2020

(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	103	1.4	227	1.4
Oils & fats	61	0.5	124	2.2
Cheese	387	4.3	791	4.3
Other	161	0.6	334	1.8
Subsidiaries and other	505	5.6	1,030	5.5
Dairy products	1,220	3.9	2,509	4.1
White drinks	424	(1.8)	818	(2.3)
Colored drinks	225	(4.8)	412	(3.8)
Yogurt	315	3.6	615	4.4
Desserts & fresh cream	121	0.5	243	0.2
Other	15	(0.8)	32	(6.3)
Subsidiaries and other	361	5.3	686	3.5
Beverage and dessert	1,463	0.7	2,809	0.4
Feedstuffs	176	0.2	357	(0.3)
Seed products	60	(3.8)	94	(7.4)
Feed and seeds	237	(0.9)	452	(1.8)
Other	190	1.5	380	3.8
Total	3,110	1.8	6,150	1.9
[Operating profit]				
Dairy products	56	4.3	121	2.9
Beverage and dessert	30	34.9	39	23.1
Feed and seeds	10	(17.7)	9	(22.7)
Other	6	(16.0)	11	3.9
Total	102	6.4	180	4.5

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.).

Feed and seeds are on a consolidated basis (after excluding intercompany elimination, etc.).

Nutrition Business of Dairy Products

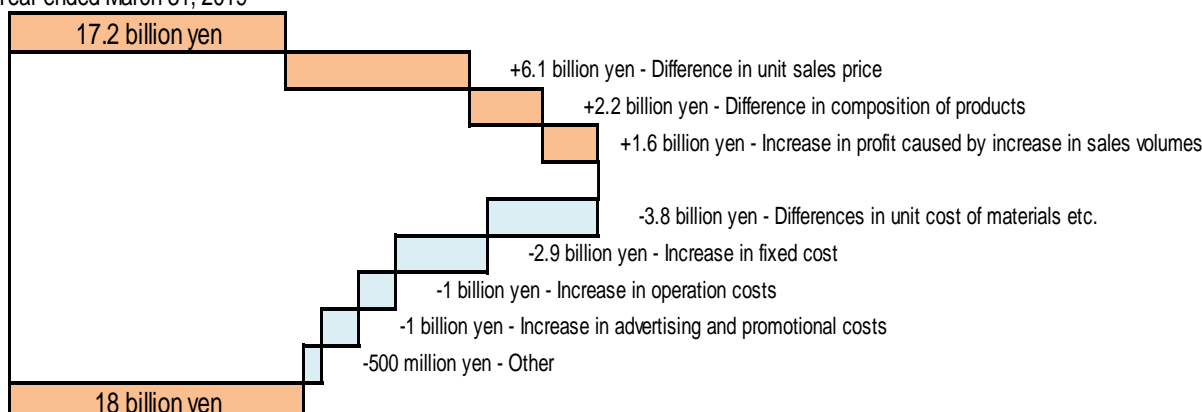
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Second quarter-end (Cumulative)		Full year	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Functional food products	26	11.5	53	11.0
Powdered milk and other	74	(0.2)	148	0.8
Total on a consolidated basis	100	2.6	201	3.3

(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, 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	Feed and seeds	Other
Factors behind increase in profit	Difference in unit sales price	61	4	57	0	0
	Difference in composition of products	22	9	13	0	0
	Increase in profit caused by increase in sales volumes	16	22	(12)	4	2
	Subtotal	99	35	58	4	2
Factors behind the decrease in profit	Differences in unit cost of materials etc.	(38)	(7)	(24)	(6)	0
	Increase in fixed cost	(29)	(14)	(13)	0	(2)
	Increase in operation costs	(10)	(1)	(9)	0	0
	Increase in advertising and promotional costs	(10)	(6)	(4)	0	0
	Other	(5)	(4)	(1)	0	0
Subtotal	(92)	(32)	(51)	(6)	(2)	
Total		7	3	7	(2)	0

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	215
Depreciation and amortization	163

* 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, 2018		Year ended March 31, 2019		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy products	1,456	2.2	1,433	(1.5)	(22)
Butter	221	(0.6)	224	1.1	2
Oils & fats	129	(1.8)	122	(5.9)	(7)
Cheese	771	4.0	758	(1.7)	(12)
Beverage and dessert	2,118	(0.6)	2,133	0.7	15
White drinks	836	0.1	837	0.1	0
Colored drinks	440	(1.7)	429	(2.5)	(11)
Yogurt	561	0.3	589	5.0	28
Desserts & fresh cream	244	(1.2)	243	(0.6)	(1)
Other	20	1.0	19	(3.3)	(0)
Total	3,594	0.5	3,587	(0.2)	(7)

(For reference) Market share (of household consumption) of
the Fiscal Year Ending March 31, 2019

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

Butter:	32.7%
Oils & fats:	37.0%
Cheese:	16.5%
Milk:	7.2%
Milk beverage:	20.7%
Yogurt:	11.7%
Chilled dessert:	12.0%