

Supplementary Information

Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)

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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 beginning of the first quarter of the fiscal year ending 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. Quarterly Consolidated Statements of Income (Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

| | Nine months ended December 31, 2017 | | Nine months ended December 31, 2018 | | Net change | |
|---|--|------------------|--|------------------|------------|-----------------------------------|
| | Result | Vs. Sales (%) | Result | Vs. Sales (%) | Amount | Year-on- year change (%) |
| Net sales | 4,546 | 100.0 | 4,594 | 100.0 | 47 | 1.1 |
| Cost of sales | 3,434 | 75.5 | 3,494 | 76.1 | 60 | 1.8 |
| Selling, general and administrative expenses | 951 | 20.9 | 960 | 20.9 | 8 | 0.9 |
| Operating profit | 161 | 3.5 | 139 | 3.0 | (21) | (13.3) |
| Non-operating income | 21 | 0.5 | 20 | 0.5 | (1) | (5.5) |
| Non-operating expenses | 7 | 0.2 | 8 | 0.2 | 0 | 11.9 |
| Ordinary profit | 175 | 3.9 | 152 | 3.3 | (23) | (13.4) |
| Extraordinary income | 0 | 0.0 | 1 | 0.0 | 0 | 58.6 |
| Extraordinary loss | 10 | 0.2 | 19 | 0.4 | 8 | 83.8 |
| Profit before income taxes | 165 | 3.6 | 133 | 2.9 | (31) | (19.3) |
| Income taxes | 47 | 1.0 | 36 | 0.8 | (11) | (23.8) |
| Profit (loss) attributable to non-controlling interests | 0 | 0.0 | 2 | 0.0 | 1 | 254.0 |
| Profit attributable to owners of parent | 117 | 2.6 | 95 | 2.1 | (22) | (18.9) |

2. Quarterly Consolidated Statements of Comprehensive Income

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

| | Nine months ended December 31, 2017 | | Nine months ended December 31, 2018 | | Net change | |
|---|--|--|--|--|------------|-----------------------------------|
| | Result | | Result | | Amount | Year-on- year change (%) |
| Profit | 118 | | 97 | | (20) | (17.5) |
| Total other comprehensive income | 11 | | (13) | | (24) | — |
| Comprehensive income | 129 | | 84 | | (45) | (34.9) |
| (of which, comprehensive income attributable to non-controlling interests) | 0 | | 2 | | 1 | 234.4 |

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)

| | Nine months ended December 31, 2017 | Nine months ended December 31, 2018 | Net change | |
|------------------------|--|--|------------|-----------------------------------|
| | Result | Result | Amount | Year-on- year change (%) |
| [Net sales] | | | | |
| Butter | 168 | 170 | 1 | 1.0 |
| Oils & fats | 97 | 93 | (4) | (4.7) |
| Cheese | 593 | 585 | (7) | (1.3) |
| Other | 246 | 239 | (6) | (2.6) |
| Subsidiaries and other | 699 | 722 | 23 | 3.3 |
| Dairy products | 1,805 | 1,811 | 6 | 0.3 |
| White drinks | 639 | 640 | 0 | 0.1 |
| Colored drinks | 346 | 336 | (9) | (2.7) |
| Yogurt | 425 | 448 | 23 | 5.5 |
| Desserts & fresh cream | 184 | 184 | 0 | 0.0 |
| Other | 27 | 26 | (1) | (4.5) |
| Subsidiaries and other | 500 | 517 | 17 | 3.5 |
| Beverage and dessert | 2,123 | 2,154 | 30 | 1.4 |
| Feedstuffs | 259 | 270 | 11 | 4.4 |
| Seed products | 82 | 81 | (0) | (1.1) |
| Feed and seeds | 341 | 352 | 10 | 3.1 |
| Other | 276 | 276 | 0 | 0.3 |
| Total | 4,546 | 4,594 | 47 | 1.1 |
| [Operating profit] | | | | |
| Dairy products | 93 | 90 | (2) | (2.9) |
| Beverage and dessert | 41 | 28 | (12) | (30.5) |
| Feed and seeds | 14 | 10 | (3) | (25.1) |
| Other | 11 | 8 | (2) | (22.2) |
| Total | 161 | 139 | (21) | (13.3) |

(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

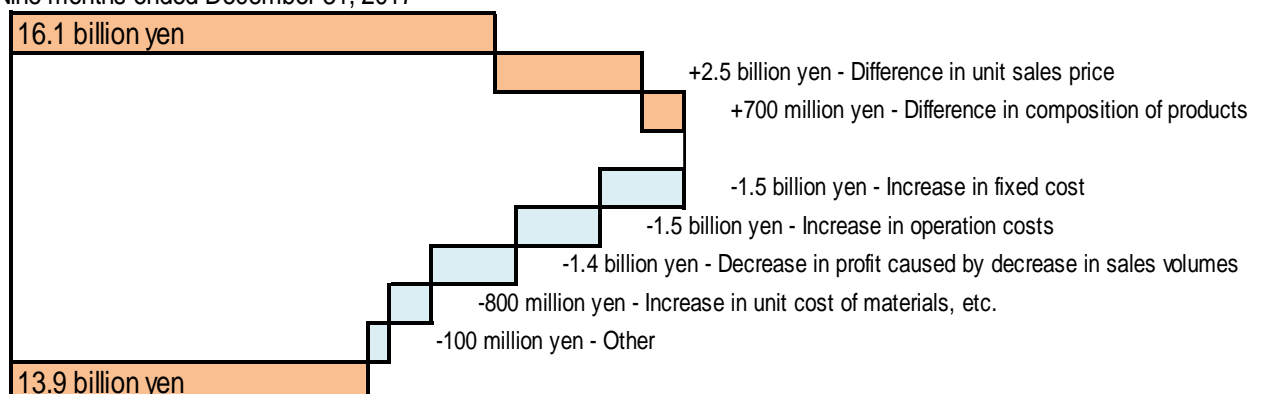
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

| | Nine months ended December 31, 2017 | Nine months ended December 31, 2018 | Net change | |
|-------------------------------|--|--|------------|-----------------------------------|
| | Result | Result | Amount | Year-on- year change (%) |
| Functional food products | 33 | 35 | 2 | 7.4 |
| Powdered milk and other | 115 | 111 | (3) | (2.9) |
| Total on a consolidated basis | 148 | 147 | (0) | (0.6) |

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

4. Causes of Net Changes in Consolidated Operating Profit

Nine months ended December 31, 2017



Nine months ended December 31, 2018

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 | 25 | 24 | 0 | 1 | 0 |
| | Difference in composition of products | 7 | 2 | 5 | 0 | 0 |
| | Decrease in advertising and promotional costs | 0 | 5 | (5) | 0 | 0 |
| Subtotal | | 32 | 31 | 0 | 1 | 0 |
| Factors behind decrease in profit | Increase in fixed cost | (15) | (4) | (8) | (1) | (2) |
| | Increase in operation costs | (15) | (6) | (9) | 0 | 0 |
| | Decrease in profit caused by decrease in sales volumes | (14) | (17) | 6 | (2) | 0 |
| | Increase in unit cost of materials, etc. | (8) | (6) | (1) | (1) | 0 |
| | Other | (1) | 0 | 0 | 0 | 0 |
| Subtotal | | (53) | (33) | (12) | (4) | (2) |
| Total | | (21) | (2) | (12) | (3) | (2) |

5. Quarterly Consolidated Balance Sheets

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

| | As of March 31, 2018 | As of December 31, 2018 | Amount of net change | | As of March 31, 2018 | As of December 31, 2018 | Amount of net change |
|-------------------------------|-------------------------|-------------------------------|----------------------------|---------------------------------|-------------------------|-------------------------------|----------------------------|
| (Current assets) | 1,421 | 1,481 | 59 | (Current liabilities) | 1,406 | 1,200 | (205) |
| Cash and deposits | 146 | 158 | 12 | Payables | 644 | 657 | 12 |
| Receivables | 693 | 755 | 62 | Short-term loans payable | 418 | 216 | (201) |
| Inventory assets | 539 | 523 | (15) | Other | 343 | 326 | (16) |
| Other | 42 | 42 | (0) | (Non-current liabilities) | 532 | 707 | 175 |
| (Non-current assets) | 2,091 | 2,060 | (31) | Bonds payable | — | 100 | 100 |
| Property, plant and equipment | 1,647 | 1,630 | (17) | Long-term loans payable | 270 | 349 | 78 |
| Intangible assets | 39 | 33 | (5) | Net defined benefit liabilities | 86 | 86 | (0) |
| Investment securities | 293 | 286 | (6) | Other | 174 | 171 | (2) |
| Deferred tax assets | 48 | 48 | (0) | Total liabilities | 1,939 | 1,908 | (30) |
| Other | 62 | 61 | (0) | Shareholders' equity | 1,550 | 1,607 | 57 |
| Total assets | 3,512 | 3,541 | 28 | Non-controlling interests | 23 | 25 | 2 |
| | | | | Total net assets | 1,573 | 1,632 | 59 |
| | | | | Total liabilities/net assets | 3,512 | 3,541 | 28 |

6. Quarterly Consolidated Statements of Cash Flows

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

| | Nine months ended December 31, 2017 | Nine months ended December 31, 2018 | Amount of net change |
|---|--|--|-------------------------|
| | Result | Result | |
| I Cash flows from operating activities | 160 | 197 | 37 |
| II Cash flows from investing activities | (90) | (123) | (32) |
| III Cash flows from financing activities | (118) | (56) | 61 |
| IV Effect of exchange rate on cash and cash equivalents | 0 | (0) | (0) |
| V Amount of net change in cash and cash equivalents | (47) | 17 | 65 |
| VI Cash and cash equivalents at beginning of period | 159 | 140 | (18) |
| VII Cash and cash equivalents at end of period | 111 | 158 | 46 |
| (Ref.) Free cash flow (I + II) | 70 | 74 | 4 |

<Consolidated Financial Forecast> (The earnings forecast announced on May 10, 2018, has been revised)

1. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019

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

| | Full year | | | | Amount of net change |
|---|-------------------------------|-------------------------|------------------|-------------------------|----------------------|
| | Previously announced forecast | Year-on-year change (%) | Revised forecast | Year-on-year change (%) | |
| Net sales | 6,050 | 1.5 | 6,010 | 0.8 | (40.0) |
| Operating profit | 190 | (1.9) | 175 | (9.6) | (15.0) |
| Ordinary profit | 200 | (4.7) | 190 | (9.5) | (10.0) |
| Profit attributable to owners of parent | 135 | 0.9 | 105 | (21.6) | (30.0) |

<Other>

1. Non-consolidated Net Sales by Business Segment

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

| | Nine months ended December 31, 2017 | | Nine months ended December 31, 2018 | | Amount of net change |
|------------------------|-------------------------------------|-------------------------|-------------------------------------|-------------------------|----------------------|
| | Result | Year-on-year change (%) | Result | Year-on-year change (%) | |
| Dairy products | 1,105 | 2.1 | 1,088 | (1.5) | (17) |
| Butter | 168 | (1.1) | 170 | 1.0 | 1 |
| Oils & fats | 97 | (2.1) | 93 | (4.7) | (4) |
| Cheese | 593 | 4.3 | 585 | (1.3) | (7) |
| Beverage and dessert | 1,622 | (0.3) | 1,636 | 0.8 | 13 |
| White drinks | 639 | 0.5 | 640 | 0.1 | 0 |
| Colored drinks | 346 | (2.0) | 336 | (2.7) | (9) |
| Yogurt | 425 | 0.9 | 448 | 5.5 | 23 |
| Desserts & fresh cream | 184 | (1.0) | 184 | 0.0 | 0 |
| Other | 15 | 4.1 | 14 | (4.7) | (0) |
| Total | 2,744 | 0.7 | 2,739 | (0.2) | (4) |

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

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

| | |
|------------------|-------|
| Butter: | 32.8% |
| Oils & fats: | 36.9% |
| Cheese: | 16.5% |
| Milk: | 7.2% |
| Milk beverage: | 20.6% |
| Yogurt: | 11.8% |
| Chilled dessert: | 12.3% |