

Supplementary Information

Three months ended June 30, 2020 (April 1, 2020 to June 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.

This material has not been prepared to solicit investment.

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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)

	Three months ended June 30, 2019		Three months ended June 30, 2020		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	1,546	100.0	1,562	100.0	16	1.0
Cost of sales	1,172	75.8	1,201	76.8	29	2.5
Selling, general and administrative expenses	324	21.0	311	19.9	(12)	(3.9)
Operating profit	50	3.3	50	3.2	(0)	(0.8)
Non-operating income	10	0.7	6	0.4	(3)	(31.9)
Non-operating expenses	1	0.1	2	0.2	0	26.6
Ordinary profit	58	3.8	54	3.5	(4)	(7.1)
Extraordinary income	0	0.0	0	0.0	(0)	(71.1)
Extraordinary loss	5	0.3	7	0.5	2	45.9
Profit before income taxes	54	3.5	47	3.0	(6)	(12.1)
Income taxes	14	0.9	15	1.0	0	5.7
Profit (loss) attributable to non- controlling interests	1	0.1	0	0.0	(0)	(84.3)
Profit attributable to owners of parent	38	2.5	31	2.0	(6)	(16.9)

2. Quarterly Consolidated Statements of Comprehensive Income

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

	Three months ended June 30, 2019		Three months ended June 30, 2020		Net change	
	Result		Result		Amount	Year-on- year change (%)
Profit	39		31		(7)	(18.8)
Total other comprehensive income	(7)		5		12	—
Comprehensive income	31		37		5	17.0
(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)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Net change	
	Result	Result	Amount	Year-on-year change (%)
[Net sales]				
Butter	53	57	3	6.5
Margarine	31	33	2	6.5
Cheese	191	193	1	0.8
Other	75	78	3	4.5
Subsidiaries and other	258	295	36	14.1
Dairy Products	610	657	47	7.7
Milk and milk-based beverages	219	205	(14)	(6.5)
Other beverages	105	97	(8)	(7.6)
Yogurt	155	150	(5)	(3.5)
Desserts and fresh cream	60	62	1	2.9
Other	9	6	(2)	(29.6)
Subsidiaries and other	172	174	1	0.8
Beverage and Dessert	723	695	(27)	(3.8)
Feedstuffs	89	83	(5)	(6.6)
Seed products	34	34	0	2.0
Feedstuffs and Seed	123	118	(5)	(4.3)
Other	89	90	1	1.8
Total	1,546	1,562	16	1.0
[Operating profit]				
Dairy Products	27	32	4	17.9
Beverage and Dessert	14	8	(5)	(40.0)
Feedstuffs and Seed	6	7	0	11.8
Other	2	2	0	17.6
Total	50	50	(0)	(0.8)

(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 include 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

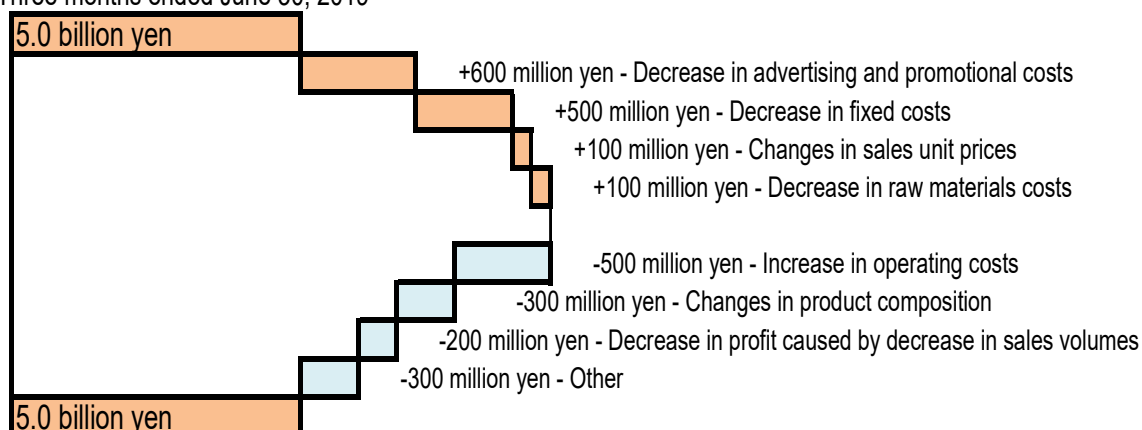
(Unit: 100 million yen) (Amounts rounded down to the nearest 100 million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Net change	
	Result	Result	Amount	Year-on-year change (%)
Functional food products	12	14	1	13.6
Powdered milk and other	34	31	(3)	(8.9)
Total on a consolidated basis	47	46	(1)	(2.8)

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

4. Causes of Net Changes in Consolidated Operating Profit

Three months ended June 30, 2019



Three months ended June 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 prices	1	(1)	3	0	(1)
	Decrease in profit caused by decrease in sales volume	(2)	7	(8)	(1)	0
	Changes in product composition	(3)	(1)	(2)	0	0
	Decrease in raw materials costs	1	1	0	0	0
	Increase in operating costs	(5)	0	(5)	0	0
	Other	(3)	(3)	0	0	0
	Subtotal	(11)	3	(12)	(1)	(1)
Fixed cost and others	Decrease in advertising and promotional costs	6	(1)	7	0	0
	Decrease in fixed costs	5	2	0	1	1
	Subtotal	11	1	7	1	1
Total		(0)	4	(5)	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	Three months ended June 30, 2020	Amount of net change		Year ended March 31, 2020	Three months ended June 30, 2020	Amount of net change
(Current assets)	1,511	1,586	74	(Current liabilities)	1,203	1,220	16
Cash and deposits	155	181	25	Payables	607	620	12
Receivables	718	756	37	Short-term loans payable	181	181	(0)
Inventory assets	589	605	15	Other	413	418	4
Other	47	43	(4)	(Non-current liabilities)	720	827	106
(Non-current assets)	2,192	2,252	59	Bonds payable	100	100	—
Property, plant and equipment	1,710	1,756	46	Long-term loans payable	351	449	97
Intangible assets	37	35	(1)	Net defined benefit liabilities	100	101	1
Investment securities	348	361	13	Other	168	176	7
Deferred tax assets	30	29	(0)	Total liabilities	1,923	2,047	123
Other	66	68	2	Shareholders' equity	1,751	1,761	10
Total assets	3,704	3,838	133	Non-controlling interests	29	29	(0)
				Total net assets	1,780	1,791	10
				Total liabilities/net assets	3,704	3,838	133

6. Quarterly Consolidated Statements of Cash Flows

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

	Three months ended June 30, 2019	Three months ended June 30, 2020	Amount of net change
	Result	Result	
I Cash flows from operating activities	86	20	(65)
II Cash flows from investing activities	(35)	(62)	(27)
III Cash flows from financing activities	(32)	68	101
IV Effect of exchange rate on cash and cash equivalents	0	(1)	(1)
V Net increase (decrease) in cash and cash equivalents	18	25	7
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	162	181	18
(Ref.) Free cash flow (I + II)	50	(41)	(92)

<Consolidated Financial Forecast> (There are no revisions from the latest earnings forecasts 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			
	April 1, 2020 -September 30, 2020		April 1, 2020 -March 31, 2021	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Net sales	3,120	0.1	6,200	1.1
Operating profit	94	(11.6)	190	5.6
Ordinary profit	102	(13.1)	205	4.2
Profit attributable to owners of parent	64	(16.9)	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			
	April 1, 2020 -September 30, 2020		April 1, 2020 -March 31, 2021	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
[Net sales]				
Butter	108	3.1	234	2.8
Margarine	59	(0.4)	119	(0.4)
Cheese	378	2.4	777	4.1
Other	146	(4.6)	304	(0.4)
Subsidiaries and other	538	0.9	1,133	4.0
Dairy Products	1,230	0.8	2,570	3.2
Milk and milk-based beverages	435	(1.3)	840	(1.7)
Other beverages	214	(2.7)	397	(1.8)
Yogurt	314	2.8	617	3.5
Desserts and fresh cream	123	1.4	245	0.5
Other	18	(0.0)	38	0.7
Subsidiaries and other	363	(0.4)	690	(1.4)
Beverage and Dessert	1,470	(0.2)	2,830	(0.3)
Feedstuffs	168	(4.4)	335	(1.6)
Seed products	61	(1.6)	94	(1.6)
Feedstuffs and Seed	230	(3.7)	430	(1.6)
Other	190	2.9	370	0.9
Total	3,120	0.1	6,200	1.1
[Operating profit]				
Dairy Products	50	(4.0)	121	4.7
Beverage and Dessert	30	(15.7)	51	(2.5)
Feedstuffs and Seed	11	(3.6)	9	(13.2)
Other	3	(57.7)	9	428.1
Total	94	(11.6)	190	5.6

(Notes) 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 include 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			
	April 1, 2020 -September 30, 2020		April 1, 2020 -March 31, 2021	
	Forecast	Year-on- year change (%)	Forecast	Year-on- year change (%)
Functional food products	29	10.6	60	9.5
Powdered milk and other	62	(11.4)	130	0.3
Total on a consolidated basis	91	(5.4)	190	3.0

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

<Other>

1. Non-consolidated Net Sales by Business Segment

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

	Three months ended June 30, 2019		Three months ended June 30, 2020		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy Products	352	0.1	362	3.0	10
Butter	53	1.5	57	6.5	3
Margarine	31	(3.0)	33	6.5	2
Cheese	191	1.5	193	0.8	1
Beverage and Dessert	550	(0.4)	521	(5.2)	(28)
Milk and milk-based beverages	219	1.0	205	(6.5)	(14)
Other beverages	105	(6.3)	97	(7.6)	(8)
Yogurt	155	1.3	150	(3.5)	(5)
Desserts and fresh cream	60	(1.9)	62	2.9	1
Other	4	4.6	5	5.1	0
Total	907	(0.2)	889	(2.0)	(17)

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

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

Butter:	29.3%
Margarine:	35.6%
Cheese:	15.7%
Milk:	6.1%
Milk beverage:	18.1%
Yogurt:	10.6%
Chilled desserts:	12.4%