

Supplementary Information

Six months ended September 30, 2019 (April 1, 2019 to September 30, 2019)

Table of Contents for Attachments

	Page
Front cover	1
<Consolidated Financial Results>	
1. Quarterly Consolidated Statements of Income	2
2. Quarterly Consolidated Statements of Comprehensive Income	2
3. Quarterly Consolidated Sales and Operating Profit by Product of Each Segment	3
4. Causes of Net Changes in Consolidated Operating Profit	4
5. Quarterly Consolidated Balance Sheets	5
6. Quarterly Consolidated Statements of Cash Flows	5
7. Capital Investment, Depreciation and Amortization, Research & Development Costs, and the Number of Employees	5
8. Consolidated Management Indicators	6
<Consolidated Financial Forecast>	
1. Comparison with the Consolidated Earnings Forecast for the Six Months Ended September 30, 2019	7
2. Comparison with the Consolidated Earnings Forecast by Segment for the Six Months Ended September 30, 2019	7
3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020	7
4. Consolidated Sales by Product of Each Segment and Operating Profit by Segment	8
<Other>	
1. Non-consolidated Net Sales by Business Segment	9

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.

This document has been translated from a part of the Japanese original for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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)

	Six months ended September 30, 2018		Six months ended September 30, 2019		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	3,053	100.0	3,116	100.0	62	2.0
Cost of sales	2,321	76.0	2,375	76.2	53	2.3
Selling, general and administrative expenses	636	20.8	634	20.4	(1)	(0.3)
Operating profit	95	3.1	106	3.4	10	10.9
Non-operating income	12	0.4	15	0.5	3	30.2
Non-operating expenses	5	0.2	4	0.2	(0)	(12.4)
Ordinary profit	102	3.4	117	3.8	14	14.4
Extraordinary income	1	0.0	0	0.0	(0)	(92.0)
Extraordinary loss	12	0.4	8	0.3	(4)	(34.5)
Profit before income taxes	90	3.0	108	3.5	18	20.1
Income taxes	25	0.8	30	1.0	5	22.3
Profit (loss) attributable to non- controlling interests	1	0.0	1	0.0	(0)	(10.4)
Profit attributable to owners of parent	64	2.1	77	2.5	12	20.0

2. Quarterly Consolidated Statements of Comprehensive Income

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

	Six months ended September 30, 2018	Six months ended September 30, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
Profit	65	78	12	19.3
Total other comprehensive income	3	3	0	0.8
Comprehensive income	69	82	12	18.3
(of which, comprehensive income attributable to non-controlling interests)	1	1	(0)	(6.3)

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)

	Six months ended September 30, 2018	Six months ended September 30, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
[Net sales]				
Butter	102	104	2	2.4
Margarine	61	59	(1)	(2.8)
Cheese	371	369	(2)	(0.6)
Other	160	153	(7)	(4.5)
Subsidiaries and other	478	533	54	11.4
Dairy Products	1,174	1,220	45	3.9
Milk and milk-based beverages	431	441	9	2.1
Other beverages	236	220	(16)	(7.0)
Yogurt	304	306	1	0.6
Desserts and fresh cream	120	121	0	0.4
Other	15	18	3	21.3
Subsidiaries and other	343	365	21	6.2
Beverage and Dessert	1,452	1,472	19	1.4
Feedstuffs	176	176	0	0.4
Seed products	63	62	(0)	(1.6)
Feedstuffs and Seed	239	238	(0)	(0.1)
Other	187	184	(2)	(1.4)
Total	3,053	3,116	62	2.0
[Operating profit]				
Dairy Products	53	52	(1)	(3.0)
Beverage and Dessert	22	35	13	59.9
Feedstuffs and Seed	12	11	(0)	(6.1)
Other	7	7	(0)	(0.7)
Total	95	106	10	10.9

(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 products: 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.).

Feedstuffs and Seed are on a consolidated basis

(after excluding intercompany elimination, etc.).

Nutrition Business of Dairy Products

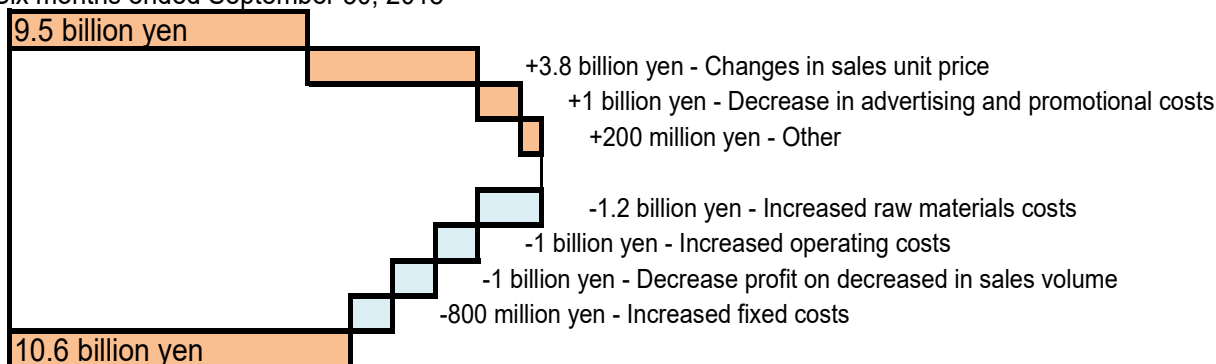
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019	Net change	
	Result	Result	Amount	Year-on- year change (%)
Functional food products	23	26	2	12.5
Powdered milk and other	74	69	(4)	(5.7)
Total on a consolidated basis	97	96	(1)	(1.4)

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

4. Causes of Net Changes in Consolidated Operating Profit

Six months ended September 30, 2018



Six months ended September 30, 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	Feedstuffs and Seed	Other
Marginal profit	Changes in sales unit price	38	3	35	0	0
	Decrease profit on decreased in sales volume	(10)	(3)	(8)	0	1
	Changes in product composition	0	1	(1)	0	0
	Increased raw materials costs	(12)	(1)	(10)	0	0
	Increased operating costs	(10)	(2)	(8)	0	0
		6	(2)	8	0	1
Fixed costs and others	Decrease in advertising and promotional costs	10	4	6	0	0
	Increased fixed costs	(8)	(4)	(2)	0	(1)
	Other	2	1	1	0	0
		4	1	5	0	(1)
Total		10	(1)	13	(0)	(0)

5. Quarterly Consolidated Balance Sheets

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

	Year ended March 31, 2019	Six months ended September 30, 2019	Amount of Net change		Year ended March 31, 2019	Six months ended September 30, 2019	Amount of Net change
(Current assets)	1,488	1,504	15	(Current liabilities)	1,179	1,166	(12)
Cash and deposits	143	130	(13)	Payables	640	633	(6)
Receivables	747	756	9	Short-term loans payable	199	191	(7)
Inventory assets	556	577	21	Other	339	340	1
Other	40	39	(1)	(Non-current liabilities)	727	719	(8)
(Non-current assets)	2,105	2,123	17	Bonds payable	100	100	—
Property, plant and equipment	1,623	1,642	19	Long-term loans payable	358	347	(10)
Intangible assets	32	38	6	Net defined benefit liabilities	93	92	(1)
Investment securities	354	347	(7)	Other	175	179	4
Deferred tax assets	29	29	(0)	Total liabilities	1,906	1,885	(20)
Other	66	65	(0)	Shareholders' equity	1,662	1,711	48
Total assets	3,594	3,627	32	Non-controlling interests	24	29	5
				Total net assets	1,687	1,741	53
				Total liabilities/net assets	3,594	3,627	32

6. Quarterly Consolidated Statements of Cash Flows

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

	Six months ended September 30, 2018	Six months ended September 30, 2019	Amount of net change
	Result	Result	
I Cash flows from operating activities	118	136	17
II Cash flows from investing activities	(91)	(99)	(7)
III Cash flows from financing activities	(39)	(52)	(13)
IV Effect of exchange rate on cash and cash equivalents	(0)	(0)	0
V Amount of net change in cash and cash equivalents	(12)	(15)	(3)
VI Cash and cash equivalents at beginning of period	140	143	2
VII Increase in cash and cash equivalents from newly consolidated subsidiaries	—	1	1
VIII Cash and cash equivalents at end of period	128	129	0
(Ref.) Free cash flow (I + II)	27	37	9

7. Capital Investment, Depreciation and Amortization, Research & Development Costs and the Number of Employees

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

	Six months ended September 30, 2018	Six months ended September 30, 2019
Consolidated Amount of capital investment	60	88
Depreciation and amortization*	77	80
Consolidated Research & development costs	22	21

* Depreciation and amortization costs are the sum of the depreciation of property, plant and equipment, the amortization of intangible assets (excluding "Goodwill"), and long-term prepaid expenses.

	Six months ended September 30, 2018	Six months ended September 30, 2019
Number of consolidated employees	5,150	5,424

8. Consolidated Management Indicators

	Six months ended September 30, 2018	Six months ended September 30, 2019
Equity ratio	44.9%	47.2%
Ratio of operating profit to net sales	3.1%	3.4%
Consolidate ROA (vs. operating profit)	2.7%	2.9%
EBITDA Margin	5.7%	6.0%

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

	Six months ended September 30, 2018	Six months ended September 30, 2019
Total assets	3,548	3,627
Equity	1,593	1,711
Interest-bearing debt*	742	706

* The balance for interest-bearing debt is the sum of outstanding borrowings plus outstanding lease obligations.

〈Consolidated Financial Forecast〉

(There are no revisions from the latest earnings forecasts released on May 13, 2019.)

1. Comparison with the Consolidated Earnings Forecast for the Six Months Ended September 30, 2019

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

	Six months ended September 30, 2019				Net change	
	Forecast	Vs. Sales	Result	Vs. Sales	Amount	Forecast vs. Actual (%)
Net sales	3,110	100.0%	3,116	100.0%	6	0.2
Operating profit	102	3.3%	106	3.4%	4	4.3
Ordinary profit	109	3.5%	117	3.8%	8	7.6
Profit attributable to owners of parent	67	2.2%	77	2.5%	10	15.0

2. Comparison with the Consolidated Earnings Forecast by Segment for the Six Months Ended September 30, 2019

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

	Six months ended September 30, 2019		Net change	
	Earnings Forecast	Result	Amount	Forecast vs. Actual (%)
[Net sales]				
Dairy Products	1,220	1,220	0	0.0
Beverage and Dessert	1,463	1,472	9	0.6
Feedstuffs and Seed	237	238	1	0.8
Other	190	184	(5)	(2.8)
Total	3,110	3,116	6	0.2
[Operating profit]				
Dairy Products	56	52	(3)	(7.0)
Beverage and Dessert	30	35	5	18.6
Feedstuffs and Seed	10	11	1	14.1
Other	6	7	1	18.3
Total	102	106	4	4.3

(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. Feedstuffs and Seed products are on a consolidated basis (after excluding intercompany elimination)

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020

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

	Year ending March 31, 2020	
	Forecast	Year-on- year change (%)
Net sales	6,150	1.9
Operating profit	180	4.5
Ordinary profit	195	2.6
Profit attributable to owners of parent	120	11.6

4. 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, 2020	
	Forecast	Year-on-year change (%)
[Net sales]		
Butter	227	1.4
Margarine	124	2.2
Cheese	791	4.3
Other	334	1.8
Subsidiaries and other	1,030	5.5
Dairy Products	2,509	4.1
Milk and milk-based beverages	818	(2.3)
Other beverages	412	(3.8)
Yogurt	615	4.4
Desserts and fresh cream	243	0.2
Other	32	(6.3)
Subsidiaries and other	686	3.5
Beverage and Dessert	2,809	0.4
Feedstuffs	357	(0.3)
Seed products	94	(7.4)
Feedstuffs and Seed	452	(1.8)
Other	380	3.8
Total	6,150	1.9
[Operating profit]		
Dairy Products	121	2.9
Beverage and Dessert	39	23.1
Feedstuffs and Seed	9	(22.7)
Other	11	3.9
Total	180	4.5

- 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.
- Subsidiaries and other includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination, etc.).
Feedstuffs and Seed 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 ending March 31, 2020	
	Forecast	Year-on-year change (%)
Functional food products	53	11.0
Powdered milk and other	148	0.8
Total on a consolidated basis	201	3.3

(Note) These figures are on a consolidated basis. (after excluding 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)

	Six months ended September 30, 2018		Six months ended September 30, 2019		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy Products	696	(2.6)	687	(1.3)	(8)
Butter	102	2.6	104	2.4	2
Margarine	61	(4.5)	59	(2.8)	(1)
Cheese	371	(2.5)	369	(0.6)	(2)
Beverage and Dessert	1,109	0.7	1,107	(0.2)	(1)
Milk and milk-based beverages	431	0.3	441	2.1	9
Other beverages	236	(3.7)	220	(7.0)	(16)
Yogurt	304	6.0	306	0.6	1
Desserts and fresh cream	120	0.1	121	0.4	0
Other	9	(7.3)	10	6.0	0
Total	1,814	(0.6)	1,804	(0.6)	(10)

(For reference) Market share (of household consumption) for the first six months of fiscal year ending March 31, 2020

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

Butter:	31.1%
Margarine:	36.6%
Cheese:	16.1%
Milk:	7.0%
Milk beverage:	19.0%
Yogurt:	11.7%
Chilled dessert:	12.2%