

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

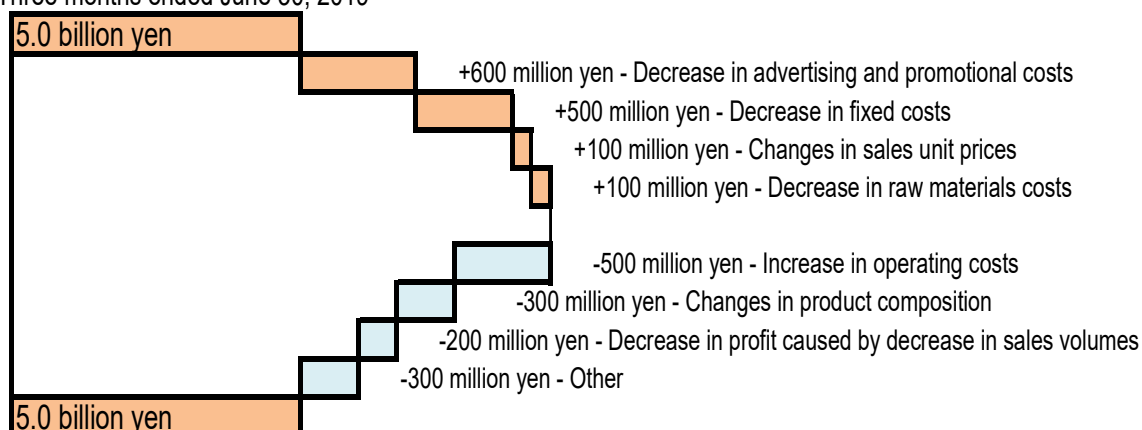
(Unit: 100 million yen) (Amounts rounded down to the nearest 100 million yen)

| | 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% |