

Supplementary Information

Nine months ended December 31, 2020 (April 1, 2020 to December 31, 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.

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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)

	Nine months ended December 31, 2019		Nine months ended December 31, 2020		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on- year change (%)
Net sales	4,691	100.0	4,706	100.0	15	0.3
Cost of sales	3,586	76.5	3,607	76.7	21	0.6
Selling, general and administrative expenses	956	20.4	929	19.7	(27)	(2.9)
Operating profit	147	3.2	169	3.6	21	14.7
Non-operating income	23	0.5	22	0.5	(0)	(3.7)
Non-operating expenses	7	0.2	7	0.2	0	4.5
Ordinary profit	164	3.5	184	3.9	20	12.5
Extraordinary income	0	0.0	0	0.0	0	247.3
Extraordinary loss	19	0.4	18	0.4	(1)	(5.3)
Profit before income taxes	144	3.1	166	3.5	21	15.0
Income taxes	40	0.9	50	1.1	9	23.7
Profit attributable to non- controlling interests	1	0.0	0	0.0	(0)	(63.6)
Profit attributable to owners of parent	102	2.2	115	2.5	13	12.8

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, 2019		Nine months ended December 31, 2020		Net change	
	Result		Result		Amount	Year-on- year change (%)
Profit	103		115		12	11.6
Total other comprehensive income	22		36		14	67.6
Comprehensive income	125		152		26	21.4
(of which, comprehensive income attributable to non-controlling interests)	1		0		(1)	(78.8)

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)

	Result for the year ended March 31, 2020				Result for the year ending March 31, 2021				Net change	
	1st Quarter	2nd Quarter	3rd Quarter	Total	1st Quarter	2nd Quarter	3rd Quarter	Total	Amount	Year-on- year change (%)
[Net sales]										
Butter	53	51	69	174	57	49	67	173	(0)	(0.5)
Margarine	31	27	31	91	33	27	30	91	0	0.2
Cheese	191	177	209	578	193	183	206	582	3	0.7
Other	75	78	71	224	78	67	77	223	(1)	(0.7)
Subsidiaries and other	258	274	281	814	295	314	311	920	106	13.1
Dairy Products	610	609	663	1,884	657	640	693	1,992	108	5.7
Milk and milk-based beverages	219	221	215	656	205	219	206	631	(24)	(3.7)
Other beverages	105	115	96	316	97	104	87	289	(27)	(8.6)
Yogurt	155	150	142	449	150	146	139	435	(13)	(3.0)
Desserts and fresh cream	60	60	62	184	62	61	64	187	3	1.9
Other	9	8	10	28	6	8	8	23	(5)	(17.9)
Subsidiaries and other	172	192	186	551	174	198	174	546	(5)	(0.9)
Beverage and Dessert	723	749	714	2,186	695	738	681	2,115	(71)	(3.3)
Feedstuffs	89	87	80	257	83	81	88	253	(3)	(1.5)
Seed products	34	28	17	79	34	25	14	75	(4)	(5.4)
Feedstuffs and Seed	123	115	98	337	118	107	103	329	(8)	(2.4)
Other	89	95	98	282	90	91	87	269	(13)	(4.7)
Total	1,546	1,569	1,574	4,691	1,562	1,577	1,565	4,706	15	0.3
[Operating profit]										
Dairy Products	27	24	35	87	32	33	46	112	25	28.8
Beverage and Dessert	14	21	7	43	8	18	9	37	(5)	(13.7)
Feedstuffs and Seed	6	5	0	10	7	5	(1)	11	0	2.7
Other	2	4	0	6	2	3	4	10	4	69.3
Total	50	55	41	147	50	60	58	169	21	14.7

(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 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 intercompany elimination, etc.).

Nutrition Business of Dairy Products

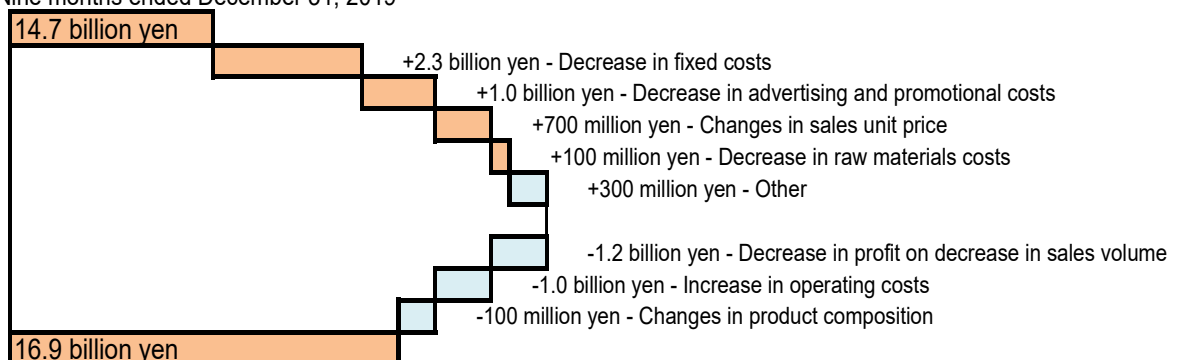
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Result for the year ended March 31, 2020				Result for the year ending March 31, 2021				Net change	
	1st Quarter	2nd Quarter	3rd Quarter	Total	1st Quarter	2nd Quarter	3rd Quarter	Total	Amount	Year-on- year change (%)
Functional food products	12	13	14	41	14	16	16	47	6	16.7
Powdered milk and other	34	35	31	101	31	32	34	98	(2)	(2.9)
Total on a consolidated basis	47	48	46	143	46	49	51	146	3	2.7

(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, 2019



Nine months ended December 31, 2020

Note: 1.2 billion yen of the 2.3 billion yen decrease in fixed costs is attributable to a revision of the method used to apportion labor costs to the third and the fourth quarters. As the costs will increase by roughly the same amount in the fourth quarter, the revision is not expected to have any impact on the full-year results.

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	7	(1)	8	0	0
	Decrease in profit on decrease in sales volume	(12)	14	(19)	(3)	(3)
	Changes in product composition	(1)	(1)	0	0	0
	Decrease in raw materials costs	1	1	0	0	0
	Increase in operating costs	(10)	1	(10)	0	0
	Other	3	(1)	(1)	0	6
		(12)	13	(22)	(3)	3
Fixed costs and others	Decrease in advertising and promotional costs	10	(1)	11	0	0
	Decrease in fixed costs	23	13	6	3	1
		33	12	17	3	1
Total		21	25	(5)	0	4

5. Quarterly Consolidated Balance Sheets

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

	Year ended March 31, 2020	Nine months ended December 31, 2020	Amount of Net change		Year ended March 31, 2020	Nine months ended December 31, 2020	Amount of Net change
	Result	Result			Result	Result	
(Current assets)	1,511	1,619	107	(Current liabilities)	1,203	1,332	129
Cash and deposits	155	146	(8)	Payables	607	636	28
Receivables	718	830	111	Short-term loans payable	181	321	140
Inventory assets	589	585	(4)	Other	413	374	(39)
Other	47	57	9	(Non-current liabilities)	720	710	(9)
(Non-current assets)	2,192	2,326	133	Bonds payable	100	100	—
Property, plant and equipment	1,710	1,785	75	Long-term loans payable	351	321	(29)
Intangible assets	37	34	(2)	Net defined benefit liabilities	100	103	3
Investment securities	348	402	54	Other	168	184	15
Deferred tax assets	30	29	(0)	Total liabilities	1,923	2,042	119
Other	66	73	7	Shareholders' equity	1,751	1,872	121
Total assets	3,704	3,945	241	Non-controlling interests	29	30	0
				Total net assets	1,780	1,902	121
				Total liabilities/net assets	3,704	3,945	241

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, 2019	Nine months ended December 31, 2020	Amount of net change
	Result	Result	
I Cash flows from operating activities	172	162	(10)
II Cash flows from investing activities	(141)	(244)	(102)
III Cash flows from financing activities	(62)	72	135
IV Effect of exchange rate on cash and cash equivalents	(0)	(0)	0
V Amount of net change in cash and cash equivalents	(31)	(8)	23
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	112	146	33
(Ref.) Free cash flow (I + II)	31	(81)	(113)

〈Consolidated Financial Forecast〉

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	
	Forecast	Year-on-year change (%)
Net sales	6,200	1.1
Operating profit	190	5.6
Ordinary profit	205	4.2
Profit attributable to owners of parent	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	
	Forecast	Year-on-year change (%)
[Net sales]		
Butter	230	0.8
Margarine	120	0.7
Cheese	759	1.7
Other	298	(2.4)
Subsidiaries and other	1,230	12.9
Dairy Products	2,640	6.0
Milk and milk-based beverages	839	(1.9)
Other beverages	376	(7.1)
Yogurt	585	(1.9)
Desserts and fresh cream	246	0.9
Other	32	(14.3)
Subsidiaries and other	700	0.0
Beverage and Dessert	2,780	(2.1)
Feedstuffs	335	(1.6)
Seed products	94	(1.6)
Feedstuffs and Seed	430	(1.6)
Other	350	(4.6)
Total	6,200	1.1
[Operating profit]		
Dairy Products	133	15.1
Beverage and Dessert	38	(27.3)
Feedstuffs and Seed	11	6.1
Other	8	369.4
Total	190	5.6

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.).

Feedstuffs and Seed are on a consolidated basis (after intercompany elimination, etc.).

Nutrition Business of Dairy Products

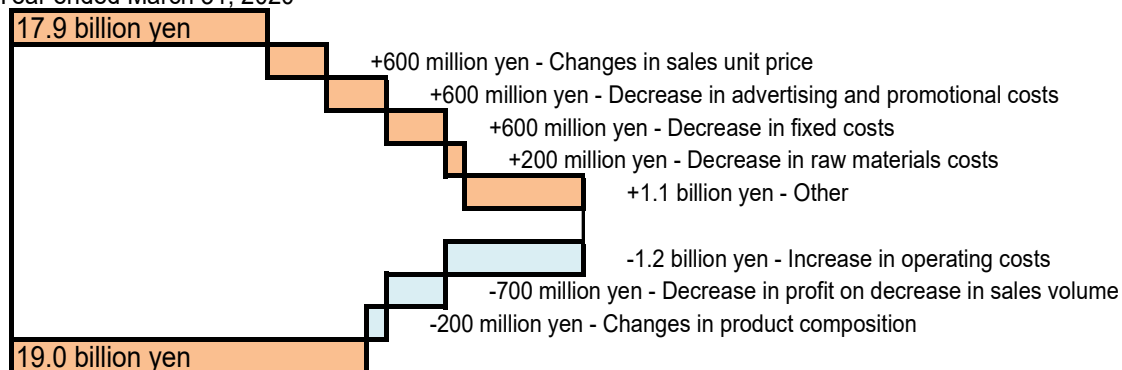
(Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Year ending March 31, 2021	
	Forecast	Year-on-year change (%)
Functional food products	63	14.9
Powdered milk and other	127	(2.0)
Total on a consolidated basis	190	3.0

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

3. Causes of Net Changes in Consolidated Operating Income Forecast

Year ended March 31, 2020



Year ending March 31, 2021 (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	Feedstuffs and Seed	Other
Marginal profit	Changes in sales unit price	6	(2)	9	0	(1)
	Decrease in profit on decreased sales volume	(7)	17	(18)	(3)	(4)
	Changes in product composition	(2)	(2)	0	0	0
	Decrease in raw materials costs	2	2	0	0	0
	Increase in operating costs	(12)	2	(14)	0	0
	Other	11	0	0	0	11
		(2)	17	(23)	(3)	6
Fixed costs and others	Decrease in advertising and promotional costs	6	(4)	10	0	0
	Decrease in fixed costs	6	4	(1)	3	0
		12	0	9	3	0
Total		10	17	(14)	0	6

<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, 2019		Nine months ended December 31, 2020		Amount of net change
	Result	Year-on- year change (%)	Result	Year-on- year change (%)	
Dairy Products	1,069	(1.8)	1,071	0.2	1
Butter	174	2.6	173	(0.5)	(0)
Margarine	91	(2.4)	91	0.2	0
Cheese	578	(1.1)	582	0.7	3
Beverage and Dessert	1,635	(0.0)	1,568	(4.1)	(66)
Milk and milk-based beverages	656	2.5	631	(3.7)	(24)
Other beverages	316	(5.9)	289	(8.6)	(27)
Yogurt	449	0.1	435	(3.0)	(13)
Desserts and fresh cream	184	(0.0)	187	1.9	3
Other	15	3.3	15	2.1	0
Total	2,720	(0.7)	2,655	(2.4)	(64)

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

	Intage SCI (up to 79 years old) Consumer purchase data	Intage SRI (Total for supermarkets, convenience stores, and drugstores) Retail store POS data
Butter:	27.7%	43.5%
Margarine:	34.8%	52.9%
Cheese:	15.5%	26.3%
Milk (Milk & composition modified milk)	5.8%	4.5%
Milk beverage:	17.1%	14.9%
Yogurt:	10.9%	11.4%
Dessert (Chilled finished products)	12.3%	15.3%

Average purchase volume per 100 people (in value terms) Estimated retail sales volume (in value terms)