

**Consolidated Financial Results for the Nine Months Ended December 31, 2021**  
(Prepared pursuant to Japanese GAAP)

February 9, 2022

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(Amounts rounded down to the nearest million yen)

**1. Consolidated Results for the First Nine Months of the Fiscal Year Ending March 31, 2022**  
(April 1, 2021 – December 31, 2021)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Nine months ended December 31, 2021	427,651	—	16,439	(3.0)	18,111	(1.8)	11,501	(0.3)
Nine months ended December 31, 2020	470,619	0.3	16,955	14.7	18,445	12.5	11,541	12.8

Note: Comprehensive income: Nine months ended December 31, 2021 : 11,612 million yen (-24.1%)  
 Nine months ended December 31, 2020 : 15,290 million yen (21.4%)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Nine months ended December 31, 2021	170.31	—
Nine months ended December 31, 2020	170.69	—

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, the Company has omitted year-on-year change in net sales for the first nine months of the previous fiscal year, as this was prior to application of the above accounting standard.  
 Assuming, however, that the above accounting standard, etc. had been applied effective from the first quarter of the fiscal year ended March 31, 2021, the year-on-year change would be 0.7%.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
December 31, 2021	396,994	206,020	51.2	3,010.21
March 31, 2021	398,650	198,255	49.0	2,890.65

For reference:  
 Equity: December 31, 2021: 203,298 million yen  
 March 31, 2021: 195,213 million yen

## 2. Dividends

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Year ended March 31, 2021	yen —	yen —	yen —	yen 40.00	yen 40.00
Year ending March 31, 2022	—	—	—		
Year ending March 31, 2022 (forecast)				60.00	60.00

Note: Revisions from the latest release of dividend forecasts: Yes

## 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full Year	560,000	1.0	18,500	(6.5)	20,000	(7.7)	12,500	(16.2)	185.09

Note 1: Revisions from the latest release of earnings forecasts: Yes

Note 2: As the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, the said accounting standard, etc. have been applied to the figures in the abovementioned consolidated forecasts. Note that year-on-year change is calculated assuming that the above accounting standard, etc. were applied effective from the fiscal year ended March 31, 2021.

### Notes

(1) Material reclassifications of subsidiaries during the period: None

(2) Accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: Yes

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Note: For further details, please refer to "(4) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies)", under "2. Quarterly Consolidated Financial Statements and Key Notes" on page 15 of the Attachments.

(4) Common stock issued

1) Issued shares as of period-end (including treasury stock)

December 31, 2021	70,751,855 shares
March 31, 2021	70,751,855 shares

2) Treasury stock as of period-end

December 31, 2021	3,215,652 shares
March 31, 2021	3,219,054 shares

3) Average number of shares (during the respective period)

Nine months ended December 31, 2021	67,533,806 shares
Nine months ended December 31, 2020	67,613,544 shares

**\*This summary of financial statements is not subject to audit by certified public accountant and auditing firm.**

**\*Appropriate Use of Earnings Forecasts and Other Important Information**

(Earnings Forecasts)

Business forecasts contained in this report are based on the assumptions of management in the light of information available as of the release of this report. MEGMILK SNOW BRAND makes no assurances as to the actual results, which may differ from forecasts due to various factors such as changes in the business environment.

(Supplementary materials and presentation handouts)

Supplementary materials are attached to this report.

The Company is scheduled to hold a teleconference for analysts and institutional investors on Wednesday, February 9, 2022. Presentation materials to be used at the teleconference will be made available on the Company's website on the same day.

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## 1. Operating Results

Forward-looking statements included in the following text are based on the judgments of the Group's management as of December 31, 2021.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the three months ended June 30, 2021.

With the application of this accounting standard, etc. net sales in the nine months ended December 31, 2021 declined significantly compared to net sales in the nine months ended December 31, 2020.

Therefore, in the explanations about operating results in the nine months ended December 31, 2021, year-on-year comparisons of net sales usually presented as percentages (% YoY), have been replaced with "(-- YoY)".

For further details please refer to "(Changes in Accounting Policies)" under (4) Notes to the Quarterly Consolidated Financial Statements" in "2. Quarterly Consolidated Financial Statements and Key Notes".

### (1) Overview of Operating Results

In the nine months ended December 31, 2021, while the Japanese economy continued to be impacted by the COVID-19 pandemic, economic activity began returning to normal. Restrictions on travel and outings were eased in response to decreases in the numbers of new COVID-19 cases as a result of progress with vaccinations. However, the future outlook remains uncertain due to recent resurgences in the number of new cases with the emergence of new highly infectious variants.

In the food industry, the increased demand for home-cooked meals in the previous fiscal year caused by the COVID-19 pandemic is settling down in the current fiscal year. The situation with dining out demand remains adverse, having deteriorated again because of resurgences in COVID-19 infections after showing signs of recovery. The impact of skyrocketing worldwide raw materials costs and energy prices is also creating an extremely difficult business environment.

In this business environment, the MEGMILK SNOW BRAND Group pursued initiatives to "Establish earnings bases in four business sectors (Dairy Products; Beverage & Dessert; Nutrition; and Feedstuffs & Seed)" in accordance with the Group Medium-term Management Plan 2022. In the nine months ended December 31, 2021, the Group undertook: (1) strategic expansion and further product mix improvement of yogurt, cheese, and other mainstay products, centered on functionality; (2) simultaneous pursuit of scale expansion and profit generation through continuation of marketing investment in the nutrition business field; (3) strategic expansion and development of an earnings base in the foodstuffs and seed business area; and (4) bolstering of the Group's overall strengths by making full use of the Group's management resources and by improving the productivity of the value chain.

Amid the spread of COVID-19, the Group also took steps to prevent COVID-19 infections among Group employees and endeavored to provide a stable supply of safe and reliable products to customers.

As a result, in the nine months ended December 30, 2021, consolidated net sales were ¥427,651 million (-- YoY), operating profit was ¥16,439 million (down 3.0% YoY), ordinary profit was ¥18,111 million (down 1.8%), and profit attributable to owners of parent was ¥11,501 million (down 0.3%).

Operating results by business segment for the nine months ended December 31, 2021, were as follows. Net sales by segment are sales to outside customers. Comparisons of net sales with those of the nine months ended December 31, 2020, are not shown, due to the fact that figures have been calculated assuming the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020).

#### 1) Dairy Products

This segment comprises the manufacture and sale of dairy products (cheese, butter, powdered milk), margarine, nutrition business products (functional foods and infant formula), and other products.

Net sales were ¥179,898 million (-- YoY), and operating profit was ¥10,263 million (down 8.7%).

(Net sales)

Sales of butter increased year on year due to ongoing efforts to ensure a stable supply. Sales of margarine declined year on year due to the impact of price revisions made in response to escalating raw material prices, and the settling down of the increased demand for home-cooked meals seen last year caused by the COVID-19 pandemic.

Sales of cheese decreased year on year overall as the rise in demand for home-cooked meals in the prior fiscal year settled down this fiscal year, despite continued strong sales of the mainstay product Sakeru Cheese, and of the newly released product Double Pepper in Cheese (6-pack), which benefited from increased demand for snacks to enjoy with drinks at home.

Sales of functional food products continued to grow, owing to continued strong sales in the subscription-based e-commerce business, proactive marketing investment, and increasing health-consciousness among consumers.

(Operating profit)

Operating profit decreased due to factors including increased raw materials costs and operating expenses.

## 2) Beverage & Dessert

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, dessert, and other products.

Net sales were ¥185,030 million (-- YoY), and operating profit was ¥3,935 million (up 5.0%).

(Net sales)

With regard to sales of beverages (both milk-based and other beverages), new products including MBP Drink, the first beverage type of its kind in Japan as a food with functional claims relating to increasing bone density, made a positive contribution. However, sales declined year on year due to a drop in sales volume during the peak demand season due to low summer temperatures and prolonged rainy weather, as well as the settling down of the increased demand for home-cooked meals seen in the previous year.

With regard to yogurt sales, "food with health claims" yogurt products featuring visceral fat-reducing lactobacillus gasseri SP, which the Group is focusing on, performed strongly in the first half and sales for the nine months ended December 31, 2021, were also up year on year. New "food with function claims" products were also launched in October, including Nyu-San-Kin Helve Yogurt and a new and improved version of the Nyu-San-Kin Helve\* Yogurt Drink. Both products contain lactobacillus helveticus, which helps to alleviate eye and nose discomfort.

Dessert sales were strong, reflecting the launch of new products and other efforts to increase product appeal, as well as efforts to expand sales of existing products.

(Operating profit)

Operating profit increased, reflecting changes in product composition and lower fixed expenses, despite higher promotional costs.

## 3) Feedstuffs and Seed

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, landscaping, and other products.

Net sales were ¥36,190 million (-- YoY), and operating profit was ¥1,106 million (down 1.6%).

(Net sales)

Overall segment sales increased year on year, due to factors including the rise in compound feed sales prices.

(Operating profit)

Operating profit declined year on year due to increased expenses and other factors.

## 4) Other

This segment comprises joint distribution center services, real estate rental, and other businesses.

Net sales were ¥26,532 million (-- YoY), and operating profit was ¥1,070 million (down 1.1%).

## (2) Analysis of Financial Condition

### 1) Assets, liabilities, and net assets

#### Assets

Total assets as of December 31, 2021, decreased by ¥1,656 million from the previous fiscal year-end. The change is mainly attributable to decreases in cash and deposits and receivables included in "other" under current assets, despite increases in notes and accounts receivable-trade and land.

#### Liabilities

Total liabilities as of December 31, 2021, decreased by ¥9,421 million from the previous fiscal year-end. The change is mainly attributable to a decrease in borrowings due to repayments, which offset an increase in notes and accounts payable-trade.

#### Net assets

Total net assets as of December 31, 2021, increased by ¥7,764 million from the previous fiscal year-end. The change is mainly attributable to an increase in retained earnings, which offset a decrease in valuation difference on available-for-sale securities.

### 2) Cash flows

Cash and cash equivalents on a consolidated basis as of December 31, 2021 totaled ¥8,604 million. The following is a summary of consolidated cash flows and factors affecting cash flows for the nine months ended December 31, 2021.

#### Cash flows from operating activities

Operating activities provided net cash of ¥21,565 million, compared to ¥16,246 million provided in the nine months ended December 31, 2020.

The year-on-year increase in cash provided of ¥5,319 million is mainly attributable to a decline in decrease (increase) in accounts receivable-other and an increase in depreciation and amortization.

#### Cash flows from investing activities

Investing activities used net cash of ¥15,884 million, compared to ¥24,404 million used in the nine months ended December 31, 2020.

The year-on-year decrease in cash used of ¥8,520 million is mainly attributable to a decrease in purchase of property, plant and equipment and intangible assets.

#### Cash flows from financing activities

Financing activities used net cash of ¥19,029 million, compared to ¥7,284 million provided in the nine months ended December 31, 2020.

The year-on-year increase in cash used of ¥26,313 million is mainly attributable to an increase in repayment of long-term loans payable, and a decrease in proceeds from long-term loans payable.

(3) Explanation of Forward-Looking Statements, including the Forecast of Consolidated Results

The Company has revised the forecast of consolidated results for the fiscal year ending March 31, 2022 disclosed in the Summary of Financial Results of May 13, 2021, as stated below.

The Company expects net sales of the Dairy Products segment and Beverage & Dessert segment to fall short of the previously announced forecast figures due to the settling down of the increased demand for home-cooked meals seen in the previous year resulting from the impact of COVID-19. In light of the expectation that net sales will fall short of forecasts, and the impact of factors such as the global escalation of raw materials and energy prices, the Company expects operating profit and ordinary profit to also fall short of the previously announced forecast figures.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previously announced forecast (A)	Million yen 570,000	Million yen 20,500	Million yen 21,500	Million yen 12,500	Yen 185.09
Revised forecast (B)	560,000	18,500	20,000	12,500	185.09
Difference (B-A)	(10,000)	(2,000)	(1,500)	–	
Difference (%)	(1.8%)	(9.8%)	(7.0%)	–	
Reference: Consolidated results for the fiscal year ended March 31, 2021	554,563	19,780	21,662	14,913	220.64

Notes:

\* The above forecast figures are projections that reflect the Company's judgments based on currently available information and are subject to a large number of uncertainties. Actual results may differ from the above forecasts due to changes in business conditions and other factors.

\* Net sales in the consolidated results for the fiscal year ended March 31, 2021 were calculated assuming that the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. were applied effective from the fiscal year ended March 31, 2021.



## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	21,840	8,615
Notes and accounts receivable-trade	71,710	—
Notes and accounts receivable-trade, and contract assets	—	84,630
Merchandise and finished goods	43,881	45,162
Work in process	1,114	826
Raw materials and supplies	14,931	13,624
Other	8,614	5,483
Allowance for doubtful accounts	(377)	(389)
<b>Total current assets</b>	<b>161,716</b>	<b>157,953</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	55,547	55,123
Machinery, equipment and vehicles, net	60,434	59,827
Land	47,774	49,377
Other, net	13,521	14,482
<b>Total property, plant and equipment</b>	<b>177,277</b>	<b>178,810</b>
<b>Intangible assets</b>		
Goodwill	645	585
Other	2,867	2,726
<b>Total intangible assets</b>	<b>3,512</b>	<b>3,312</b>
<b>Investments and other assets</b>		
Investment securities	44,517	44,947
Deferred tax assets	3,092	2,917
Other	8,768	9,248
Allowance for doubtful accounts	(234)	(195)
<b>Total investments and other assets</b>	<b>56,143</b>	<b>56,917</b>
<b>Total non-current assets</b>	<b>236,933</b>	<b>239,040</b>
<b>Total assets</b>	<b>398,650</b>	<b>396,994</b>

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	55,002	59,001
Electronically recorded obligations-operating	4,784	5,740
Short-term loans payable	32,032	17,547
Income taxes payable	3,521	1,409
Provision for bonuses	5,293	2,846
Other	27,924	32,615
<b>Total current liabilities</b>	<b>128,558</b>	<b>119,160</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	32,046	31,886
Deferred tax liabilities	5,149	5,651
Deferred tax liabilities for land revaluation	3,815	3,815
Provision for director's retirement benefits	20	14
Provision for gift token exchange	68	—
Net defined benefit liabilities	9,570	9,823
Asset retirement obligations	1,331	1,247
Other	9,833	9,373
<b>Total non-current liabilities</b>	<b>71,835</b>	<b>71,813</b>
<b>Total liabilities</b>	<b>200,394</b>	<b>190,973</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	20,000	20,000
Capital surplus	17,607	17,027
Retained earnings	137,941	146,665
Treasury stock	(5,355)	(5,346)
<b>Total shareholders' equity</b>	<b>170,192</b>	<b>178,346</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	16,952	16,369
Deferred gains or losses on hedges	(3)	26
Revaluation reserve for land	8,570	8,570
Foreign currency translation adjustment	(48)	151
Remeasurements of defined benefit plans	(449)	(165)
<b>Total accumulated other comprehensive income</b>	<b>25,020</b>	<b>24,951</b>
<b>Non-controlling interests</b>	<b>3,042</b>	<b>2,722</b>
<b>Total net assets</b>	<b>198,255</b>	<b>206,020</b>
<b>Total liabilities and net assets</b>	<b>398,650</b>	<b>396,994</b>

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
<b>Net sales</b>	470,619	427,651
Cost of sales	360,764	357,686
<b>Gross profit</b>	<b>109,855</b>	<b>69,965</b>
Selling, general and administrative expenses	92,900	53,525
<b>Operating profit</b>	<b>16,955</b>	<b>16,439</b>
Non-operating income		
Interest income	4	2
Dividend income	684	712
Equity in earnings of affiliates	964	903
Other	635	748
<b>Total non-operating income</b>	<b>2,288</b>	<b>2,367</b>
Non-operating expenses		
Interest expenses	305	304
Other	493	391
<b>Total non-operating expenses</b>	<b>799</b>	<b>695</b>
<b>Ordinary profit</b>	<b>18,445</b>	<b>18,111</b>
Extraordinary income		
Gain on sales of non-current assets	27	2
Gain on sales of investment securities	15	—
<b>Total extraordinary income</b>	<b>43</b>	<b>2</b>
Extraordinary loss		
Loss on sales of non-current assets	9	24
Loss on retirement of non-current assets	985	1,401
Impairment loss	672	242
Other	162	15
<b>Total extraordinary loss</b>	<b>1,829</b>	<b>1,683</b>
<b>Profit before income taxes</b>	<b>16,658</b>	<b>16,431</b>
Income taxes	5,061	4,783
<b>Profit</b>	<b>11,597</b>	<b>11,647</b>
Profit attributable to non-controlling interests	56	146
<b>Profit attributable to owners of parent</b>	<b>11,541</b>	<b>11,501</b>

**Quarterly Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
<b>Profit</b>	11,597	11,647
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,118	(561)
Deferred gains or losses on hedges	7	30
Foreign currency translation adjustment	(98)	226
Remeasurements of defined benefit plans	475	283
Share of other comprehensive income of entities accounted for using the equity method	190	(13)
Total other comprehensive income	3,692	(35)
<b>Comprehensive income</b>	15,290	11,612
Comprehensive income attributable to owners of parent	15,259	11,432
Comprehensive income attributable to non- controlling interests	30	179

**(3) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,658	16,431
Depreciation and amortization	11,866	12,864
Impairment loss	672	242
Equity in (earnings) losses of affiliates	(964)	(903)
Amortization of goodwill	66	74
Increase (decrease) in allowance for doubtful accounts	(14)	(27)
Increase (decrease) in provision for bonuses	(2,408)	(2,448)
Decrease (increase) in net defined benefit asset	(437)	(565)
Increase (decrease) in net defined benefit liability	900	563
Increase (decrease) in provision for gift token exchange	(8)	—
Loss (gain) on sales and retirement of non-current assets	967	1,422
Interest and dividend income received	(689)	(715)
Interest expenses	305	304
Decrease (increase) in accounts receivable-other	(406)	3,786
Decrease (increase) in notes and accounts receivable-trade	(11,483)	(12,867)
Decrease (increase) in inventories	421	400
Increase (decrease) in notes and accounts payable-trade	3,601	4,924
Other	2,404	3,415
<b>Sub total</b>	<b>21,452</b>	<b>26,903</b>
Interest and dividend income	788	789
Interest expenses paid	(297)	(315)
Income taxes paid	(5,697)	(5,811)
Net cash provided by (used in) operating activities	16,246	21,565

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2)	—
Payments of loans receivable	(244)	(2)
Collection of loans receivable	94	46
Purchase of property, plant and equipment and intangible assets	(24,263)	(15,607)
Proceeds from sales of property, plant and equipment and intangible assets	60	12
Purchase of investment securities	(14)	(420)
Proceeds from sales of investment securities	55	25
Other	(89)	61
Net cash provided by (used in) investing activities	(24,404)	(15,884)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	70	600
Proceeds from long-term loans payable	12,540	290
Repayment of long-term loans payable	(1,538)	(15,535)
Purchase of treasury stock	(392)	(4)
Cash dividends paid	(2,704)	(2,704)
Cash dividends paid to non-controlling interests	(2)	(2)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,076)
Other	(687)	(595)
Net cash provided by (used in) financing activities	7,284	(19,029)
Effect of exchange rate on cash and cash equivalents	(8)	123
Net increase (decrease) in cash and cash equivalents	(882)	(13,225)
Cash and cash equivalents at beginning of period	15,524	21,829
Cash and cash equivalents at end of period	14,641	8,604

#### **(4) Notes to the Quarterly Consolidated Financial Statements**

(Notes on the Assumption of a Going Concern)

Not applicable.

(Notes Concerning Significant Changes in Shareholders' Equity (if any))

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. Accordingly, revenue is recognized when control of promised goods or services has been transferred to customers at the amount expected to be received in exchange for those goods or services.

The principal impacts of the application of the Accounting Standard for Revenue Recognition, etc. on the Group's quarterly consolidated financial statements for the first nine months of the fiscal year ending March 31, 2022, are as follows:

- Consideration to be paid to customers

For transactions that were previously recorded primarily as sales promotion expenses and shipping and storage expenses under selling, general and administrative expenses, where the Group makes payments to a customer and where the consideration paid to the customer is not payment made in exchange for distinct goods or services from the customer, revenue is now measured by deducting said consideration from the transaction price.

- Agent transactions

The Group previously recognized revenue based on the total amount of consideration received from customers. For those transactions where the Group's role in providing goods to the customer is that of an agent, however, the Group has changed its revenue recognition method to recognize revenue on a net basis, which is the amount received from customers less the amount paid to suppliers.

The Group's application of the Accounting Standard for Revenue Recognition, etc. is in accordance with the transitional treatment set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 has been reflected in the retained earnings as of the beginning of said first quarter, and the new accounting policy has thereby been applied to the balance of retained earnings as of the beginning of said first quarter.

As a result, net sales for the first nine months of the fiscal year ending March 31, 2022 decreased by 46,728 million yen, cost of sales declined by 6,194 million yen, and selling, general and administrative expenses fell by 40,533 million yen. The balance of retained earnings as of the beginning of the first quarter showed a decline of 69 million yen.

As a result of applying the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable – trade" presented under "current assets" in the consolidated balance sheet for the fiscal year ended March 31, 2021 is included in "notes and account receivable – trade, and contract assets", effective from the first quarter of the fiscal year ending March 31, 2022. Note that, in accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, statements for the fiscal year ended March 31, 2021 have not been reclassified to conform to the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers for the first nine months of the fiscal year ended March 31, 2021, is omitted.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has opted to apply the new accounting policies set forth in the Accounting Standard for Fair Value Measurement, etc. prospectively. This has no impact on the Group's quarterly consolidated financial statements.

(Segment and Other Information)  
 【Segment information】

I Nine months ended December 31, 2020 (April 1 to December 31, 2020)

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy Products	Beverage and Dessert	Feedstuffs and Seed	Total				
Net sales								
Sales to outside customers	199,210	211,539	32,911	443,661	26,958	470,619	—	470,619
Inter-segment sales and transfers	9,323	85	587	9,997	11,034	21,031	(21,031)	—
Total	208,533	211,625	33,499	453,658	37,992	491,651	(21,031)	470,619
Segment profit	11,247	3,747	1,125	16,119	1,082	17,202	(246)	16,955

Notes: 1. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments.

2. The -246 million yen adjustment for segment profit is for elimination of intersegment transactions.

3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable

II Nine months ended December 31, 2021 (April 1 to December 31, 2021)

1. Net sales and income/loss by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy Products	Beverage and Dessert	Feedstuffs and Seed	Total				
Net sales								
Revenue from contracts with customers	179,898	185,030	36,190	401,119	26,532	427,651	—	427,651
Sales to outside customers	179,898	185,030	36,190	401,119	26,532	427,651	—	427,651
Inter-segment sales and transfers	9,792	96	726	10,615	9,442	20,057	(20,057)	—
Total	189,691	185,126	36,916	411,734	35,975	447,709	(20,057)	427,651
Segment profit	10,263	3,935	1,106	15,306	1,070	16,376	62	16,439

Notes: 1. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments.

2. The 62 million yen adjustment for segment profit is for elimination of intersegment transactions.

3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable

(Revenue Recognition)

The breakdown of revenue from contracts with customers is as presented in "(4) Notes to the Quarterly Consolidated Financial Statements (Segment and Other Information)".