

Consolidated Financial Results for the Year Ended March 31, 2024 (Prepared pursuant to Japanese GAAP)

May 14, 2024

Company name: MEGMILK SNOW BRAND Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (Prime Market), Sapporo Securities Exchange
 Stock code: 2270
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Scheduled dates

Annual general meeting of shareholders: June 26, 2024
 Dividend payout: June 6, 2024
 Filing of fiscal year-end financial report: June 26, 2024
 Supplementary materials to fiscal year-end financial results available: Yes
 Fiscal year-end earnings presentation held: Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	%
Year ended March 31, 2024	605,424	3.6	18,460	41.4	19,888	37.3	19,430	112.8
Year ended March 31, 2023	584,308	4.6	13,054	(27.7)	14,480	(27.6)	9,129	(24.3)

Note: Comprehensive income: Year ended March 31, 2024 : 23,459 million yen [118.0%]
 Year ended March 31, 2023 : 10,761 million yen [-28.8%]

	Profit per share – basic	Profit per share – diluted	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
Year ended March 31, 2024	287.67	—	8.7	4.7	3.0
Year ended March 31, 2023	135.18	—	4.4	3.6	2.2

For reference: Equity in earnings of affiliates: Year ended March 31, 2024 : 578 million yen
 Year ended March 31, 2023 : 559 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
March 31, 2024	431,222	235,300	53.8	3,436.02
March 31, 2023	410,130	215,899	51.9	3,151.74

For reference: Equity: March 31, 2024 : 232,086 million yen
 March 31, 2023 : 212,879 million yen

(3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
Year ended March 31, 2024	30,465	(6,308)	(15,645)	28,988
Year ended March 31, 2023	26,807	(19,624)	(7,286)	20,338

2. Dividends

Record date or period	Cash dividends per share					Total dividends paid	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End-Q1	End-Q2	End-Q3	End-Q4	Total			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended March 31, 2023	—	—	—	60.00	60.00	4,061	44.4	1.9
Year ended March 31, 2024	—	—	—	80.00	80.00	5,414	27.8	2.4
Year ending March 31, 2025 (forecast)	—	—	—	100.00	100.00		49.7	

Note: Breakdown of dividend at the end of the fiscal year ending March 31, 2025 (forecast)

Ordinary dividend: 80.00yen

Commemorative dividend: 20.00yen

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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
Second quarter-end (Cumulative)	316,000	3.4	10,400	(7.5)	11,200	(8.5)	8,200	6.5	121.40
Full year	630,000	4.1	19,000	2.9	20,300	2.1	13,600	(30.0)	201.35

Notes

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

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

1) Changes in accordance with amendments to accounting standards, etc.: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Common stock issued

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

March 31, 2024	70,751,855 shares
March 31, 2023	70,751,855 shares

2) Treasury stock as of period-end

March 31, 2024	3,206,771 shares
March 31, 2023	3,208,420 shares

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

Year ended March 31, 2024	67,544,932 shares
Year ended March 31, 2023	67,541,060 shares

**(Reference) Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024
(April 1, 2023 – March 31, 2024)**

(1) Non-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	%
Year ended March 31, 2024	315,653	5.5	11,977	37.0	13,805	28.9	17,648	109.9
Year ended March 31, 2023	299,147	3.3	8,739	(30.6)	10,707	(27.6)	8,407	(7.0)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Year ended March 31, 2024	261.28	—
Year ended March 31, 2023	124.48	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
March 31, 2024	354,253	180,545	51.0	2,672.96
March 31, 2023	334,885	164,952	49.3	2,442.17

For reference: Equity: March 31, 2024 : 180,545 million yen
March 31, 2023 : 164,952 million yen

***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.

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Supplementary Information for the Year Ended March 31, 2024

1. Operating Results

Forward-looking statements included in the following text are based on the judgments of the Group's management as of March 31, 2024.

(1) Overview of Operating Results

In the fiscal year ended March 31, 2024, the Japanese economy saw a moderate recovery due in part to the effects of various policies as the employment and income environments were improving. The recovery is expected to continue down the road. With regard to the outlook, it is necessary to pay close attention to the impacts of conflicts in Ukraine and the Middle East and fluctuations in financial and capital markets, etc., amid continuing global monetary tightening.

In the food industry, demand for dining out is on a recovery trend partly due to growth in inbound demand. On the other hand, the prices of various products including food products continue to remain high, which are affecting the purchasing behavior of consumers although the momentum of global surges in prices of raw materials and energy costs in particular has eased.

Amid this business environment, the MEGMILK SNOW BRAND Group has launched the Group Medium-term Management Plan 2025 with "Creating new seeds for growth," "Expanding volume through foundational use," and "Strengthening and supporting domestic dairy farming production foundation" as the three pillars of its business strategy.

In FY2023, the first year of the Plan, we were committed to advancing the Plan. We positioned as our key priorities "responding to cost increases" by enhancing productivity and revising cost structures in all value chains and setting appropriate prices; "maintaining and expanding the top line" in line with changes in the environment; and "planning and implementing initiatives to create new seeds for growth" for overseas markets particularly in Asia, the e-commerce business, etc.

We engaged in measures such as stepping up a variety of marketing activities in addition to continuing to push forward with price revisions as we have done since the previous year. Consequently, in the fiscal year ended March 31, 2024, both net sales and operating profit outperformed those in the previous fiscal year.

As a result, in the fiscal year ended March 31, 2024, consolidated net sales were ¥605,424 million (up 3.6% YoY), operating profit was ¥18,460 million (up 41.4% YoY), ordinary profit was ¥19,888 million (up 37.3% YoY), and profit attributable to owners of parent was ¥19,430 million (up 112.8% YoY).

As of March 31, 2024, the MEGMILK SNOW BRAND Group comprised the Company, 33 subsidiaries, and 14 affiliates.

Operating results by business segment for the fiscal year ended March 31, 2024 were as follows.

Net sales by segment are sales to outside customers.

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 ¥259,228 million (up 2.8% YoY), and operating profit was ¥9,890 million (up 1.8% YoY).

(Net sales)

Not only did we revise prices of butter but also drove sales promotion activities aimed at revitalizing demand. As a result, sales of butter increased year on year as we outperformed the market in capturing demand.

Sales of margarine surpassed those of the previous year primarily due to a sales campaign highlighting "Get more for the same price" and promotions online.

Regarding cheese, sales of the main product Sakeru Cheese significantly grew year on year as the supply system had been reinforced by a new production line that started at the Taiki Plant, allowing aggressive marketing activities. Overall segment sales too increased from the previous year.

Sales of functional food products remained steady primarily due to an expansion into mall-type e-commerce sites and aggressive marketing activities although the pace of growth in the subscription-based mail-order business reached a plateau.

In the nutrition business, overall segment sales almost remained flat year on year although the total sales of powdered milk and other products fell slightly short of the previous year due in part to a decrease in sales resulting from the impact of declining birth rates overseas, despite steady performance in Japan.

(Operating profit)

Profits increased because of intensified sales promotions while we carried out price revisions to meet cost increases in a broad range of products and services.

2) Beverages & Desserts

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, desserts, and other products. Net sales were ¥256,064 million (up 6.2% YoY), and operating profit was ¥5,662 million (up 247.6% YoY).

(Net sales)

With regard to sales of beverages, sales of the MBP Drink series, a food with functional claims; Mainichi Honebuto MBP and Sukkiri Ca Tetsu in large cartons; DoleLL200ml in small cartons; and others remained firm. As a result, overall sales in this segment increased year on year.

Regarding yogurt, whereas the entire market remained flat year on year, household-use products, such as Makiba no Asa Yogurt, Naturet Megumi, continued to perform well. Sales of the Yogurt containing *Lactobacillus gasseri* series fell short of the previous fiscal year as demand for yogurt with functional claims ran its course in the market. However, we strove to expand their sales through actions such as boosting promotional activities. As a result, sales of yogurt as a whole increased year on year.

Sales of desserts outperformed those of the previous fiscal year resulting from the strong sales of main products CREAM SWEETS series and Asia Chabo series in particular.

(Operating profit)

Profits increased because of intensified sales promotions while we carried out price revisions to meet cost increases in a broad range of products and services.

3) Feedstuffs & Seed

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, landscaping, and other products. Net sales were ¥50,831 million (down 4.9% YoY), and operating profit was ¥296 million (up 35.0% YoY).

(Net sales)

Profits in this segment ended up below those of the previous year as sales volumes decreased due in large part to a fall in unit sales prices of compound feed and a decline in demand for feed for dairy production.

(Operating profit)

Operating profit grew mainly due to cost-reduction efforts despite a fall in net sales.

4) Other

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

Net sales were ¥39,300 million (up 4.4% YoY), and operating profit was ¥2,654 million (up 79.8% YoY).

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

(Millions of yen)

Category	End of March 2023	End of March 2024	Change	Primary reason for change
Assets	410,130	431,222	21,092	Cash and deposits +8,650 Notes and accounts receivable-trade +7,790 Investment securities +2,883 Machinery, equipment and vehicles, net (1,734)
Liabilities	194,230	195,921	1,691	Income taxes payable +6,877 Notes and accounts payable-trade +4,321 Current portion of long-term loans payable (4,504) Long-term loans payable (3,124) Short-term loans payable (3,119)
Net Assets	215,899	235,300	19,400	Retained earnings +15,369 Valuation difference on available-for-sale securities +2,034

2) Cash flows

(Millions of yen)

Category	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	Primary reason for change
Cash flows from operating activities	26,807	30,465	3,658	Profit before income taxes +14,890 Income taxes paid +1,176 Increase (decrease) in provision for bonuses +1,021 Loss (gain) on sales of investment securities (10,586) Proceeds from compensation (2,302)
Cash flows from investing activities	(19,624)	(6,308)	13,315	Proceeds from sales of investment securities +11,255 Purchase of property, plant and equipment and intangible assets +1,186 Purchase of investment securities +906
Cash flows from financing activities	(7,286)	(15,645)	(8,358)	Repayment of long-term loans payable (6,671) Proceeds from issuance of bonds (4,968) Net increase (decrease) in short-term loans payable +3,721
Cash and cash equivalents at end of period	20,338	28,988	8,649	—

The following is a summary of changes in the MEGMILK SNOW BRAND Group's cash flow-related indicators.

For the fiscal years ended March 31	FY2021	FY2022	FY2023
Equity ratio (%)	51.5	51.9	53.8
Equity ratio based on market value (%)	33.3	29.0	42.7
Ratio of interest-bearing debt to cash flow (years)	2.5	2.6	1.9
Interest coverage ratio (×)	75.1	77.4	82.6

Equity ratio: equity / total assets

Equity ratio based on market value: market capitalization / total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debt / cash flow

Interest coverage ratio : cash flow / interest payments

Notes:

- Each indicator is calculated using financial data on consolidated basis.
- Total market value of shares is calculated based on the number of shares outstanding at the end of the period (less treasury stock).
- Cash flow is cash flow from operating activities in the Consolidated Statements of Cash Flows.
Interest-bearing debt includes all liabilities listed on the Consolidated Balance Sheets that bear interest.

(3) Future Outlook

With regard to the outlook for the Japanese economy in the future, although there are signs of positive moves in the economy such as the highest wage hike made in the last 30 years and strong corporate appetite for investment, there also remain downturn risks in overseas economies and the uncertainties of price trends.

In the food industry, it also can be assumed that a difficult business environment caused by surges in raw material prices and operation costs will persist. However, a strong market environment is projected in anticipation of the effects of expanding inbound tourism on demand for eating out, higher health consciousness and development of products that can add high value. Consumer sentiment is improving partly due to a better income situation, and the market can be predicted to change in such a way that consumers become more cautious about choosing their purchases. The dairy industry needs to respond to issues such as the impact of consumption from a hike in raw milk and the risk of skimmed milk inventory piling up in the wake of the imbalance between supply and demand of butter and skimmed milk. Raw milk production volumes are expected to rise slightly. However, we assume that we are in an uncertain situation where the supply-demand conditions can tighten or loosen depending on the future trend of dairy product consumption.

Under such circumstances, following the Group Medium-term Management Plan 2025, the Group will continue pursuing “Creating new seeds for growth,” “Expanding volume through foundational use,” and “Strengthening and supporting domestic dairy farming production foundation” as the three pillars of its business strategy.

As a result of the foregoing, the Group forecasts consolidated net sales of ¥630,000 million (up 4.1% YoY), operating profit of ¥19,000 million (up 2.9% YoY), ordinary profit of ¥20,300 million (up 2.1% YoY) and profit attributable to owners of parent of ¥13,600 million (down 30.0% YoY) for the fiscal year ending March 31, 2025.

By segment, full-year sales forecast is ¥272,000 million for Dairy Products (up 4.9% YoY), ¥267,000 million for Beverages & Desserts (up 4.3% YoY), ¥51,000 million for Foodstuffs and Seed (up 0.3% YoY), and ¥40,000 million for Other (up 1.8% YoY).

(4) Basic Policy on Profit Distribution and Cash Dividends for the Fiscal Year Ended March 31, 2024 and the Fiscal Year Ending March 31, 2025

The Company's basic profit distribution policy is to maintain financial soundness through profit generation, improve capital efficiency through investments in cash-generating infrastructure and growth, and enhance returns to shareholders.

As disclosed on March 13, 2024, the Company has decided to pay a dividend of ¥80 per share for the fiscal year under review, an increase of ¥20 from ¥60 per share, which was initially planned.

The payment of dividends will commence on June 6, 2024.

The Group has changed the target consolidated dividend payout ratio from more than 30% to more than 40% excluding gains on sales of assets, comprehensively taking consolidated operating results, financial positions and other factors into consideration, in order to continue stable payment of dividends.

Since the Company will celebrate its 100th anniversary in May 2025, the Company has decided to pay a commemorative dividend of ¥20 per share to express its gratitude to shareholders for their continued support. As a result, the Company plans to pay a dividend of ¥100 per share for the fiscal year ending March 31, 2025, including the regular dividend of ¥80 per share.

As disclosed in the Group Medium-term Management Plan 2025, the Company has a policy to use cash gained from sales of assets for growth investments contributing to improvement of corporate value. If the proceeds from those sales exceed growth investments in the Medium-term Management Plan as a whole, however, the Company will consider shareholder returns.

2. Basic Policy on the Selection of Accounting Standards

The Group's policy is to prepare consolidated financial statements in accordance with Japanese accounting standards for the time being, taking into consideration comparability of consolidated financial statements over time and comparability between companies.

With regard to application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately, taking into account circumstances in Japan and abroad.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	20,351	29,001
Notes and accounts receivable-trade	80,208	87,998
Contract assets	49	1
Merchandise and finished goods	40,900	40,619
Work in process	899	1,047
Raw materials and supplies	16,013	17,412
Accounts receivable-other	4,139	3,851
Other	1,940	2,193
Allowance for doubtful accounts	(339)	(356)
Total current assets	164,163	181,767
Non-current assets		
Property, plant and equipment		
Buildings and structures	125,067	128,016
Accumulated depreciation	(62,510)	(65,060)
Accumulated impairment loss	(1,592)	(2,214)
Buildings and structures, net	60,964	60,741
Machinery, equipment and vehicles	216,637	221,206
Accumulated depreciation	(155,020)	(160,496)
Accumulated impairment loss	(3,218)	(4,047)
Machinery, equipment and vehicles, net	58,398	56,663
Tools, furniture and fixtures	20,701	20,893
Accumulated depreciation	(16,099)	(16,359)
Accumulated impairment loss	(594)	(697)
Tools, furniture and fixtures, net	4,008	3,835
Land	48,785	48,770
Lease assets	8,034	8,549
Accumulated depreciation	(4,491)	(5,176)
Accumulated impairment loss	(241)	(241)
Lease assets, net	3,302	3,132
Construction in progress	4,643	4,397
Total property, plant and equipment	180,101	177,541
Intangible assets		
Lease assets	93	46
Software	1,892	3,462
Right of using facilities	490	431
Goodwill	516	441
Other	195	117
Total intangible assets	3,188	4,499
Investments and other assets		
Investment securities	50,442	53,326
Long-term prepaid expenses	296	374
Nets defined benefit asset	4,801	6,922
Deferred tax assets	3,112	2,873
Other	4,189	4,084
Allowance for doubtful accounts	(166)	(166)
Total investments and other assets	62,676	67,414
Total non-current assets	245,966	249,454
Total assets	410,130	431,222

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	58,749	63,070
Electronically recorded obligations-operating	5,549	4,188
Short-term loans payable	10,200	7,081
Current portion of long-term loans payable	7,629	3,124
Lease obligations	820	800
Accounts payable-other	7,789	7,283
Income taxes payable	1,756	8,633
Accrued expenses	3,028	4,408
Contract liabilities	29	125
Deposits received	607	680
Provision for bonuses	4,894	5,933
Other	15,848	17,142
Total current liabilities	116,904	122,474
Non-current liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	32,178	29,054
Long-term deposits received	4,888	4,801
Lease obligations	4,055	3,812
Deferred tax liabilities	7,317	7,189
Deferred tax liabilities for land revaluation	3,815	3,815
Provision for directors' retirement benefits	6	6
Net defined benefit liabilities	8,702	8,480
Asset retirement obligations	1,207	1,222
Other	153	64
Total non-current liabilities	77,325	73,447
Total liabilities	194,230	195,921
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,027	17,027
Retained earnings	151,908	167,278
Treasury stock	(5,327)	(5,322)
Total shareholders' equity	183,609	198,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,924	21,958
Deferred gains or losses on hedges	23	40
Revaluation reserve for land	8,571	8,571
Foreign currency translation adjustment	675	1,033
Remeasurements of defined benefit plans	76	1,499
Total accumulated other comprehensive income	29,270	33,102
Non-controlling interests	3,020	3,214
Total net assets	215,899	235,300
Total liabilities and net assets	410,130	431,222

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

Consolidated Statements of Income

	(Millions of yen)	
	Year ended March 31, 2023	Year ended March 31, 2024
Net sales	584,308	605,424
Cost of sales	497,117	507,142
Gross profit	87,191	98,282
Selling, general and administrative expenses		
Selling expenses	55,363	58,984
General and administrative expenses	18,772	20,836
Total selling, general and administrative expenses	74,136	79,821
Operating profit	13,054	18,460
Non-operating income		
Interest income	8	33
Dividend income	1,005	1,153
Equity in earnings of affiliates	559	578
Other	893	1,176
Total non-operating income	2,467	2,942
Non-operating expenses		
Interest expenses	361	370
Contribution	63	576
Expenses for measures to adjust skim milk powder inventories	213	41
Other	404	526
Total non-operating expenses	1,041	1,515
Ordinary profit	14,480	19,888
Extraordinary income		
Gain on sales of non-current assets	37	37
Gain on sale of investment securities	947	11,535
Compensation income	2,242	—
Other	95	2
Total extraordinary income	3,322	11,575
Extraordinary loss		
Loss on sales of non-current assets	1	12
Loss on retirement of non-current assets	1,022	1,468
Impairment loss	1,506	2,018
Fire loss	2,239	—
Other	37	80
Total extraordinary loss	4,809	3,579
Profit before income taxes	12,993	27,884
Income taxes		
Current	3,578	9,755
Deferred	234	(1,455)
Total income taxes	3,812	8,299
Profit	9,180	19,585
Profit attributable to non-controlling interests	50	154
Profit attributable to owners of parent	9,129	19,430

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Profit	9,180	19,585
Other comprehensive income		
Valuation difference on available-for-sale securities	1,105	2,039
Deferred gains or losses on hedges	(67)	17
Foreign currency translation adjustment	373	390
Remeasurements of defined benefit plans	104	1,377
Share of other comprehensive income of entities accounted for using the equity method	64	50
Total other comprehensive income	1,580	3,874
Comprehensive income	10,761	23,459
Comprehensive income attributable to owners of parent	10,686	23,262
Comprehensive income attributable to non-controlling interests	74	196

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	20,000	17,027	147,231	(5,347)	178,911
Changes during term					
Cash dividends			(4,061)		(4,061)
Profit attributable to owners of parent			9,129		9,129
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		0		24	24
Decrease in retained earnings due to increase in consolidated subsidiaries			(33)		(33)
Decrease in retained earnings due to decrease in entities accounted for using the equity method			(358)		(358)
Net changes other than shareholders' equity					
Total changes during term	—	0	4,677	20	4,697
Balance at end of term	20,000	17,027	151,908	(5,327)	183,609

(Millions of yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	18,976	90	8,571	326	(99)	27,866	2,750	209,528
Changes during term								
Cash dividends								(4,061)
Profit attributable to owners of parent								9,129
Purchase of treasury stock								(3)
Disposal of treasury stock								24
Decrease in retained earnings due to increase in consolidated subsidiaries								(33)
Decrease in retained earnings due to decrease in entities accounted for using the equity method								(358)
Net changes other than shareholders' equity	947	(67)	—	348	175	1,404	269	1,673
Total changes during term	947	(67)	—	348	175	1,404	269	6,371
Balance at end of term	19,924	23	8,571	675	76	29,270	3,020	215,899

Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	20,000	17,027	151,908	(5,327)	183,609
Changes during term					
Cash dividends			(4,061)		(4,061)
Profit attributable to owners of parent			19,430		19,430
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock				12	12
Net changes other than shareholders' equity					
Total changes during term	—	—	15,369	5	15,374
Balance at end of term	20,000	17,027	167,278	(5,322)	198,983

(Millions of yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	19,924	23	8,571	675	76	29,270	3,020	215,899
Changes during term								
Cash dividends								(4,061)
Profit attributable to owners of parent								19,430
Purchase of treasury stock								(6)
Disposal of treasury stock								12
Net changes other than shareholders' equity	2,034	17	—	357	1,422	3,831	194	4,026
Total changes during term	2,034	17	—	357	1,422	3,831	194	19,400
Balance at end of term	21,958	40	8,571	1,033	1,499	33,102	3,214	235,300

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	12,993	27,884
Depreciation and amortization	17,190	17,590
Impairment loss	1,506	2,018
Equity in (earnings) losses of affiliates	(559)	(578)
Amortization of goodwill	110	113
Increase (decrease) in allowance for doubtful accounts	(27)	15
Increase (decrease) in provision for bonuses	15	1,037
Decrease (increase) in nets defined benefit asset	(823)	(400)
Increase (decrease) in nets defined benefit liability	117	38
Loss (gain) on sales and retirement of non-current assets	987	1,442
Loss (gain) on sales of investment securities	(946)	(11,533)
Interest and dividend income received	(1,014)	(1,187)
Interest expenses	361	370
Compensation income	(2,242)	—
Decrease (increase) in accounts receivable-other	163	288
Decrease (increase) in notes and accounts receivable-trade	(7,531)	(7,584)
Decrease (increase) in inventories	4,571	(1,085)
Increase (decrease) in notes and accounts payable-trade	5,435	2,871
Other	(2,400)	1,212
Sub total	27,906	32,513
Interest and dividend income	1,169	1,369
Proceeds from compensation	2,302	—
Interest expenses paid	(346)	(369)
Income taxes paid	(4,225)	(3,048)
Net cash provided by (used in) operating activities	26,807	30,465
Cash flows from investing activities		
Payments of loans receivable	(7)	(73)
Collection of loans receivable	9	72
Purchase of property, plant and equipment and intangible assets	(19,770)	(18,584)
Proceeds from sales of property, plant and equipment and intangible assets	77	43
Purchase of investment securities	(1,265)	(359)
Proceeds from sales of investment securities	1,182	12,438
Other	151	153
Net cash provided by (used in) investing activities	(19,624)	(6,308)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,840)	(3,119)
Proceeds from long-term loans payable	430	—
Repayment of long-term loans payable	(958)	(7,629)
Proceeds from issuance of bonds	4,968	—
Purchase of treasury stock	(3)	(6)
Cash dividends paid	(4,056)	(4,056)
Cash dividends paid to non-controlling interests	(2)	(2)
Other	(823)	(830)
Net cash provided by (used in) financing activities	(7,286)	(15,645)
Effect of exchange rate on cash and cash equivalents	135	137
Net increase (decrease) in cash and cash equivalents	32	8,649
Cash and cash equivalents at beginning of period	19,979	20,338
Increase in cash and cash equivalents from newly consolidated subsidiaries	326	—
Cash and cash equivalents at end of period	20,338	28,988

(5) Notes to the Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

Not applicable.

(Change in presentation)

“Contribution,” which was included in “Other” under “Non-operating expenses” for the fiscal year ended March 31, 2023, is separately presented for the fiscal year ended March 31, 2024, because its amount has become material. To reflect this change in presentation, the consolidated statements of income for the fiscal year ended March 31, 2023, have been reclassified.

As a result, ¥467 million, which was included in “Other” under “Non-operating expenses” in the consolidated statements of income for the fiscal year ended March 31, 2023, has been reclassified as “Contribution” of ¥63 million and “Other” of ¥404 million.

(Segment and Other Information)

【Segment information】

1. Overview of reportable segments

The Company's reportable segments are components of the MEGMILK SNOW BRAND Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Group is engaged mainly in manufacturing and selling of products made from milk, etc., manufacturing and selling of cattle feed, pasture forage and crop seed, and other related products. Dairy products such as cheese and butter, and beverages and desserts such as milk and yogurt are mainly handled by the Company, while feedstuffs and seed are mainly handled by Snow Brand Seed Co., Ltd.

The Group's operations are therefore classified based on products into three reportable segments, namely, dairy products business, beverage and dessert business, and feedstuffs and seed business.

2. Calculation method for net sales, profit/loss, assets, liabilities and other amounts by reportable segment

Accounting methods applied in the reportable segments are in compliance with accounting policies applied for the preparation of consolidated financial statements.

Segment profit represents operating profit.

Intersegment sales and transfers are based on market price.

3. Net sales, profit/loss, assets, liabilities and other amounts by reportable segment and breakdown of revenue

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment (note 1)				Other (note 2)	Total	Adjustments (note 3)	Amount recorded on consolidated financial state- ments (note 4)
	Dairy Products	Beverages and Desserts	Feedstuffs and Seed	Total				
Net sales								
Revenue from contracts with customers	252,070	241,113	53,474	546,659	37,649	584,308	—	584,308
Sales to outside customers	252,070	241,113	53,474	546,659	37,649	584,308	—	584,308
Inter-segment sales and transfers	14,899	95	1,403	16,399	13,414	29,813	(29,813)	—
Total	266,970	241,208	54,878	563,058	51,063	614,121	(29,813)	584,308
Segment profit	9,720	1,629	219	11,568	1,476	13,044	10	13,054
Segment assets	208,127	142,771	33,953	384,852	36,654	421,506	(11,376)	410,130
Other items								
Depreciation/ amortization (note 5)	8,630	6,768	788	16,187	1,157	17,345	(154)	17,190
Amortization of goodwill	110	—	—	110	—	110	—	110
Impairment loss	9	—	1,328	1,338	15	1,353	152	1,506
Increase in PP&E and intangible assets (note 6)	14,252	5,190	540	19,983	603	20,586	(145)	20,441

Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment (note 1)				Other (note 2)	Total	Adjustments (note 3)	Amount recorded on consolidated financial state- ments (note 4)
	Dairy Products	Beverages and Desserts	Feedstuffs and Seed	Total				
Net sales								
Revenue from contracts with customers	259,228	256,064	50,831	566,124	39,300	605,424	—	605,424
Sales to outside customers	259,228	256,064	50,831	566,124	39,300	605,424	—	605,424
Inter-segment sales and transfers	14,058	89	1,303	15,451	12,878	28,330	(28,330)	—
Total	273,286	256,154	52,134	581,576	52,179	633,755	(28,330)	605,424
Segment profit	9,890	5,662	296	15,849	2,654	18,503	(42)	18,460
Segment assets	218,802	148,845	32,832	400,480	37,441	437,922	(6,700)	431,222
Other items								
Depreciation/ amortization (note 5)	9,341	6,520	688	16,549	1,186	17,735	(145)	17,590
Amortization of goodwill	113	—	—	113	—	113	—	113
Impairment loss	1,291	—	322	1,613	—	1,613	404	2,018
Increase in PP&E and intangible assets (note 6)	11,729	5,982	857	18,569	1,073	19,643	(93)	19,549

Notes: 1. Net sales for reportable segments are mainly revenue from sales of merchandise and finished goods.

2. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments. Net sales of "Other" are mainly revenue from distribution services.

3. Adjustments are as follows:

Net sales (Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Intersegment transactions elimination	(29,813)	(28,330)
Total	(29,813)	(28,330)

Segment profit (Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Intersegment transactions elimination	10	(42)
Total	10	(42)

Segment assets (Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Intersegment transactions elimination and other factors	(22,604)	(23,872)
Corporate assets*	11,227	17,172
Total	(11,376)	(6,700)

*Corporate assets comprise mainly of surplus working funds and idle assets held by the parent company.

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

5. Depreciation/amortization includes amortization of long-term prepaid expenses.

6. Increase in PP&E and intangible assets includes an increase in long-term prepaid expenses.

(Revenue Recognition)

The breakdown of revenue from contracts with customers is presented in "(5) Notes to the Quarterly Consolidated Financial Statements (Segment and Other Information)".

("Per Share" Data)

Item	Year ended March 31, 2023	Year ended March 31, 2024
Net assets per share	3,151.74 yen	3,436.02 yen
Profit per share - basic	135.18 yen	287.67 yen
Profit per share after adjustment for dilutive stock	As there is no dilutive stock, we have not recorded anything for "Profit per share after adjustment for dilutive stock."	As there is no dilutive stock, we have not recorded anything for "Profit per share after adjustment for dilutive stock."

Notes: 1. The fundamentals used to calculate "Net assets per share" are as follows:

Item		As of March 31, 2023	As of March 31, 2024
Total for net assets	(millions of yen)	215,899	235,300
Amounts deducted from the total for net assets	(millions of yen)	3,020	3,214
(of which, Non-controlling interests)	(millions of yen)	3,020	3,214
Net assets as of fiscal year-end pertaining to common stock	(millions of yen)	212,879	232,086
Number of common stock as of fiscal year-end used to calculate net assets per share	(shares)	67,543,435	67,545,084

2. The fundamentals used to calculate "Profit per share – basic" are as follows:

Item		Year ended March 31, 2023	Year ended March 31, 2024
Profit attributable to owners of parent	(millions of yen)	9,129	19,430
Amount not attributable to owners of common stock	(millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock	(millions of yen)	9,129	19,430
Average number of shares during the year	(shares)	67,541,060	67,544,932

3. The Company's shares held by a trust for the performance-linked stock compensation plan are included in the number of treasury stock deducted from the total number of issued shares as of period-end for the calculation of net assets per share. In addition, these shares are included in the number of treasury stock deducted in calculation of the average number of shares during the year for the calculation of profit per share-basic.

The number of shares of treasury stock held by the trust as of the end of the fiscal years ended March 31, 2023 and 2024 was 142 thousand shares and 137 thousand shares, respectively. The average number of shares during the fiscal years ended March 31, 2023 and 2024 was 145 thousand shares and 139 thousand shares, respectively.

(Key Subsequent Events)

Not applicable.