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Consolidated Financial Results for the Year Ended March 31, 2025 (Prepared pursuant to Japanese GAAP)

May 14, 2025

Company name: MEGMILK SNOW BRAND Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (Prime Market), Sapporo Securities Exchange
 Stock code: 2270
 URL: <https://www.meg-snow.com/english>
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Scheduled dates

Annual general meeting of shareholders: June 25, 2025

Dividend payout: June 5, 2025

Filing of fiscal year-end financial report: June 23, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: 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, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	615,819	1.7	19,125	3.6	20,262	1.9	13,904	(28.4)
Year ended March 31, 2024	605,424	3.6	18,460	41.4	19,888	37.3	19,430	112.8

Note: Comprehensive income: Year ended March 31, 2025 : 18,457 million yen [-21.3%]

Year ended March 31, 2024 : 23,459 million yen [118.0%]

	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, 2025	205.93	—	5.8	4.7	3.1
Year ended March 31, 2024	287.67	—	8.7	4.7	3.0

For reference: Equity in earnings of affiliates: Year ended March 31, 2025 : 662 million yen

Year ended March 31, 2024 : 578 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, 2025	431,073	248,037	56.8	3,626.93
March 31, 2024	431,222	235,300	53.8	3,436.02

For reference: Equity: March 31, 2025 : 244,680 million yen

March 31, 2024 : 232,086 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, 2025	21,100	(18,512)	(10,375)	21,319
Year ended March 31, 2024	30,465	(6,308)	(15,645)	28,988

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, 2024	—	—	—	80.00	80.00	5,414	27.8	2.4
Year ended March 31, 2025	—	—	—	100.00	100.00	6,767	48.6	2.8
Year ending March 31, 2026 (forecast)	—	—	—	100.00	100.00		21.2	

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

Ordinary dividend: 80.00 yen

Commemorative dividend: 20.00 yen

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2026

(April 1, 2025 – March 31, 2026)

(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)	321,000	3.0	9,500	(19.6)	10,200	(20.0)	13,000	42.3	200.87
Full year	640,000	3.9	19,000	(0.7)	20,600	1.7	30,000	115.8	471.31

Notes

(1) Significant changes in the scope of consolidation 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.: Yes

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Note: For details, please refer to “Consolidated Financial Statements and Key Notes (5) Notes to the Consolidated Financial Statements (Change in Accounting Policies)” on page 13 of the attachments.

(3) Common stock issued

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

March 31, 2025	70,751,855 shares
March 31, 2024	70,751,855 shares

2) Treasury stock as of period-end

March 31, 2025	3,289,559 shares
March 31, 2024	3,206,771 shares

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

Year ended March 31, 2025	67,519,628 shares
Year ended March 31, 2024	67,544,932 shares

**(Reference) Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025
(April 1, 2024 – March 31, 2025)**

(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, 2025	327,426	3.7	12,774	6.7	14,134	2.4	9,741	(44.8)
Year ended March 31, 2024	315,653	5.5	11,977	37.0	13,805	28.9	17,648	109.9

	Profit per share – basic	Profit per share – diluted
	yen	yen
Year ended March 31, 2025	144.27	—
Year ended March 31, 2024	261.28	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
March 31, 2025	350,112	185,979	53.1	2,756.79
March 31, 2024	354,253	180,545	51.0	2,672.96

For reference: Equity: March 31, 2025 : 185,979 million yen

March 31, 2024 : 180,545 million yen

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

(Earnings Forecasts)

MEGMILK SNOW BRAND Co., Ltd. (the "Company") has decided at the meeting of Board of Directors held on May 14, 2025 to repurchase its own shares in accordance with Article 156 of the Companies Act of Japan, Article 165 of the Companies Act of Japan. Consequently, the Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2026 includes the "Earnings Per Share (EPS)" factor, taking into account the impact of this share repurchase.

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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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, 2025.

(1) Overview of Operating Results

In the fiscal year ended March 31, 2025, 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, in addition to a heightened risk of an economic downturn due to the impact of U.S. trade policies, a continued rise in prices and its impact on personal consumption may also put downward pressure on the Japanese economy. It is also necessary to pay closer attention to the effects of fluctuations in the financial and capital markets, etc. In the food industry, demand for dining out is on a recovery trend partly due to growth in inbound demand. On the other hand, with rising raw material prices and logistics costs worldwide, the business environment remains challenging. In addition, despite rising incomes from wage increases and other factors, prices of everyday items such as food have also increased, leading to a stagnation in consumer sentiment.

Amid this business environment, in FY2023, the MEGMILK SNOW BRAND Group launched the Group Medium-term Management Plan 2025 with “Creating new seeds for growth,” “Expanding quantity by utilizing platform,” and “Strengthening and supporting domestic dairy farming production foundation” as the three pillars of its business strategy. In FY2024, the second year of the Plan, we have set the theme of the MEGMILK SNOW BRAND Group Management Policy 2024 as “MOVE” and have been committed to advancing the Plan. We positioned as our key priorities (1) creating new seeds for growth, (2) expanding volume through foundational use, (3) strengthening and supporting domestic dairy farming production foundation, (4) promoting fundamental strategies, and (5) addressing sustainability issues.

As a result, in the fiscal year ended March 31, 2025, consolidated net sales were ¥615,819 million (up 1.7% YoY), operating profit was ¥19,125 million (up 3.6% YoY), ordinary profit was ¥20,262 million (up 1.9% YoY), and profit attributable to owners of parent was ¥13,904 million (down 28.4% YoY).

Operating results by business segment for the fiscal year ended March 31, 2025 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 ¥263,324 million (up 1.6% YoY), and operating profit was ¥10,405 million (up 5.2% YoY).

(Net sales)

Sales of butter remained strong as we outperformed the market in capturing demand due to sales promotion activities.
Sales of margarine increased year on year, primarily due to sales campaigns and brand promotions.
Sales of cheese overall were higher than the previous year due to promotional activities for products such as Sakeru Cheese and 6P Cheese, as well as favorable sales of 6P Cheese Rakunou Daichi no Megumi, a new product launched to celebrate the 70th anniversary of 6P Cheese.
Sales of functional food products remained robust primarily due to marketing activities at mall-type e-commerce sites. In overseas markets, sales of functional food products increased, while the total sales of powdered milk and other products declined. As a result, sales for the nutrition business as a whole declined from the previous year.

(Operating profit)

Operating profit increased from the previous year in line with an increase in net sales due to various sales promotions and the strengthening of sales promotion activities for mainstay products.

2) Beverages & Desserts

This segment comprises the manufacture and sale of beverages (milk, fruit juice, etc.), yogurt, desserts.

Net sales were ¥264,326 million (up 3.2% YoY), and operating profit was ¥5,653 million (down 0.2% YoY).

(Net sales)

With regard to beverages, sales of the “MBP Drink” series, a food with functional claims, “Mainichi Honebuto MBP” and “Sukkiri Ca Tetsu” in large cartons, “Yukijirushi Coffee 500ml” in medium cartons, “DoleLL 200ml” in small cartons, and others remained firm. As a result, overall beverage sales increased year on year.

Regarding yogurt, household-use products, such as “Makiba no Asa Yogurt” and “Nachure Megumi,” continued to perform well. Overall yogurt sales increased year on year due to enhanced promotional activities for functional products such as the “Megumi Lactobacillus gasseri SBT2055” yogurt series.

Sales of desserts outperformed those of the previous fiscal year resulting from strong sales of the main product “CREAM SWEETS” series and “Asia Sabo” series in particular.

(Operating profit)

Despite various sales promotions, profits remained flat from the previous year due to an increase in fixed costs and other factors.

3) Feedstuffs & Seed

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, and landscaping business. Net sales were ¥48,485 million (down 4.6% YoY), and operating profit was ¥363 million (up 22.9% YoY).

(Net sales)

Overall segment sales decreased year on year, mainly due to a revenue decline caused by lower compound feed sales prices.

(Operating profit)

Although sales decreased, they remained at the same level as the previous fiscal year due to cost-reduction measures.

4) Other

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

Net sales were ¥39,683 million (up 1.0% YoY), and operating profit was ¥2,676 million (up 0.9% YoY).

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

(Millions of yen)

Category	End of March 2024	End of March 2025	Change	Primary reason for change
Assets	431,222	431,073	(149)	Cash and deposits (7,627) Notes and accounts receivable-trade (6,555) Inventory assets +5,614 Nets defined benefit asset +3,164 Investment securities +3,043 Software +2,538
Liabilities	195,921	183,035	(12,886)	Income taxes payable (6,852) loans payable (2,666) Notes and accounts payable-trade (2,847)
Net Assets	235,300	248,037	12,736	Retained earnings +8,468 Remeasurements of defined benefit plans +2,892 Valuation difference on available-for-sale securities +1,457

2) Cash flows

(Millions of yen)

Category	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	Primary reason for change
Cash flows from operating activities	30,465	21,100	(9,365)	Income taxes paid (9,499)
Cash flows from investing activities	(6,308)	(18,512)	(12,203)	Proceeds from sale of investment securities (11,586) Payments of leasehold and guarantee deposits (1,304)
Cash flows from financing activities	(15,645)	(10,375)	5,270	Repayment loans payable +6,770 Cash dividends paid (1,342)
Cash and cash equivalents at end of period	28,988	21,319	(7,668)	—

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	FY2022	FY2023	FY2024
Equity ratio (%)	51.9	53.8	56.8
Equity ratio based on market value (%)	29.0	42.7	40.1
Ratio of interest-bearing debt to cash flow (years)	2.6	1.9	2.6
Interest coverage ratio (×)	77.4	82.6	57.1

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:

1. Each indicator is calculated using financial data on consolidated basis.

2. Total market value of shares is calculated based on the number of shares outstanding at the end of the period(less treasury stock).

3. 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, it is necessary to pay close attention to the impact of factors such as increasing uncertainty in the global economy due to the U.S. trade policy as well as fluctuations in financial capital markets.

In the food industry, it can be assumed that a difficult business environment caused by surges in raw material prices and transportation costs will persist. However, strong market growth is projected in anticipation of the effects of expanding inbound tourism on demand for eating out and development of products that can add high value resulting from higher health consciousness.

In the dairy industry, a decline in raw milk production is expected, and systematic measures to secure a stable supply of milk for drinking during the summer peak demand period are becoming increasingly important. As a result of efforts to improve the imbalance between supply and demand for skimmed milk and butter, skimmed milk inventory has been declining, but if no measures are taken, inventories are expected to pile up again.

Under such circumstances, the Group has formulated its new management plan, Next Design 2030.

Next Design 2030 has set “Major transformation of SNOW BRAND MEGMILK assets” as its theme and will pursue “Cultivating and harvesting the fruits of growth,” “Transforming structures to enhance the industrial value of raw milk,” “Realizing regenerative dairy” and “Evolving connections with society” as the four pillars of its business strategy.

As a result of the foregoing, the Group forecasts consolidated net sales of ¥640,000 million (up 3.9% YoY), operating profit of ¥19,000 million (down .7% YoY), ordinary profit of ¥20,600 million (up 1.7% YoY) and profit attributable to owners of parent of ¥30,000 million (up 115.8% YoY) for the fiscal year ending March 31, 2026.

By segment, full-year sales forecast is ¥277,000 million for Dairy Products (up 5.2% YoY), ¥275,000 million for Beverages & Desserts (up 4.0% YoY), ¥48,500 million for Foodstuffs and Seed (up 0.0% YoY), and ¥39,500 million for Other (down .5% YoY).

(4) Basic Policy on Profit Distribution and Cash Dividends for the Fiscal Year Ended March 31, 2025 and the Fiscal Year Ending March 31, 2026

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.

Based on this policy, in addition to an ordinary dividend of ¥80 per share, the Company has decided to pay a commemorative dividend of ¥20 per share to express its gratitude to shareholders for their continued support, as the Company celebrates its 100th anniversary in May 2025, resulting in total dividend per share for the fiscal year under review of ¥100 per share.

The payment of dividends will commence on June 5, 2025.

In our new management plan Next Design 2030 announced today, we believe that we are transitioning to a stage where we leverage the shareholders' equity accumulated to date to enhance corporate value.

At the Company, we will implement growth investments while strengthening shareholder returns by utilizing interest-bearing debt within the scope that allows us to maintain operating cash flow, balance sheet management, and an external credit rating of A. We will optimize our capital structure in stages in line with the investment situation, using a net debt-to-equity ratio of 0.5 as a benchmark.

Our shareholder return policy will continue to aim for a consolidated dividend payout ratio of 40% or higher, excluding gains on asset sales, and will also set a new minimum dividend of ¥100 per share, striving to maintain stable dividends.

Additionally, the Company will conduct flexible share buybacks and cancellations with a view to improving capital efficiency, taking into consideration stock prices, capital structure, and fund requirements for growth investments.

Based on this policy, we have set a dividend forecast of ¥100 per share and share buyback of ¥20 billion for the fiscal year ending March 31, 2026.

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 Kev Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	29,001	21,374
Notes and accounts receivable-trade	87,998	81,443
Contract assets	1	21
Merchandise and finished goods	40,619	43,827
Work in process	1,047	1,168
Raw materials and supplies	17,412	19,696
Accounts receivable-other	3,851	3,453
Other	2,193	3,080
Allowance for doubtful accounts	(356)	(358)
Total current assets	181,767	173,706
Non-current assets		
Property, plant and equipment		
Buildings and structures	128,016	130,212
Accumulated depreciation	(65,060)	(67,648)
Accumulated impairment loss	(2,214)	(2,256)
Buildings and structures, net	60,741	60,307
Machinery, equipment and vehicles	221,206	218,879
Accumulated depreciation	(160,496)	(162,299)
Accumulated impairment loss	(4,047)	(3,656)
Machinery, equipment and vehicles, net	56,663	52,923
Tools, furniture and fixtures	20,893	21,246
Accumulated depreciation	(16,359)	(16,650)
Accumulated impairment loss	(697)	(692)
Tools, furniture and fixtures, net	3,835	3,903
Land	48,770	47,227
Lease assets	8,549	9,012
Accumulated depreciation	(5,176)	(5,927)
Accumulated impairment loss	(241)	(450)
Lease assets, net	3,132	2,635
Construction in progress	4,397	8,834
Total property, plant and equipment	177,541	175,831
Intangible assets		
Lease assets	46	16
Software	3,462	6,001
Right of using facilities	431	368
Goodwill	441	328
Other	117	93
Total intangible assets	4,499	6,807
Investments and other assets		
Investment securities	53,326	56,370
Long-term prepaid expenses	374	654
Nets defined benefit asset	6,922	10,086
Deferred tax assets	2,873	2,843
Other	4,084	4,936
Allowance for doubtful accounts	(166)	(164)
Total investments and other assets	67,414	74,726
Total non-current assets	249,454	257,366
Total assets	431,222	431,073

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable-trade	63,070	60,222
Electronically recorded obligations-operating	4,188	4,621
Short-term loans payable	7,081	7,385
Current portion of long-term loans payable	3,124	9,559
Lease obligations	800	665
Accounts payable-other	7,283	8,020
Income taxes payable	8,633	1,780
Accrued expenses	4,408	3,937
Contract liabilities	125	232
Deposits received	680	791
Provision for bonuses	5,933	5,583
Other	17,142	16,462
Total current liabilities	122,474	119,263
Non-current liabilities		
Bonds payable	15,000	15,030
Long-term loans payable	29,054	19,650
Long-term deposits received	4,801	4,764
Lease obligations	3,812	3,568
Deferred tax liabilities	7,189	8,314
Deferred tax liabilities for land revaluation	3,815	3,938
Provision for directors' retirement benefits	6	6
Net defined benefit liabilities	8,480	7,138
Asset retirement obligations	1,222	1,287
Other	64	74
Total non-current liabilities	73,447	63,772
Total liabilities	195,921	183,035
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,027	17,029
Retained earnings	167,278	175,746
Treasury stock	(5,322)	(5,553)
Total shareholders' equity	198,983	207,222
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,958	23,415
Deferred gains or losses on hedges	40	22
Revaluation reserve for land	8,571	8,448
Foreign currency translation adjustment	1,033	1,180
Remeasurements of defined benefit plans	1,499	4,391
Total accumulated other comprehensive income	33,102	37,458
Non-controlling interests	3,214	3,356
Total net assets	235,300	248,037
Total liabilities and net assets	431,222	431,073

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

Consolidated Statements of Income

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	605,424	615,819
Cost of sales	507,142	514,319
Gross profit	98,282	101,500
Selling, general and administrative expenses		
Selling expenses	58,984	60,018
General and administrative expenses	20,836	22,355
Total selling, general and administrative expenses	79,821	82,374
Operating profit	18,460	19,125
Non-operating income		
Interest income	33	69
Dividend income	1,153	952
Equity in earnings of affiliates	578	662
Other	1,176	1,010
Total non-operating income	2,942	2,694
Non-operating expenses		
Interest expenses	370	363
Contribution	576	579
Other	568	614
Total non-operating expenses	1,515	1,557
Ordinary profit	19,888	20,262
Extraordinary income		
Gain on sale of non-current assets	37	1,213
Gain on sale of investment securities	11,535	329
Other	2	180
Total extraordinary income	11,575	1,723
Extraordinary loss		
Loss on sale of non-current assets	12	7
Loss on retirement of non-current assets	1,468	1,842
Impairment loss	2,018	1,319
Other	80	300
Total extraordinary loss	3,579	3,469
Profit before income taxes	27,884	18,516
Current	9,755	5,699
Deferred	(1,455)	(1,260)
Total income taxes	8,299	4,439
Profit	19,585	14,077
Profit attributable to non-controlling interests	154	173
Profit attributable to owners of parent	19,430	13,904

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Profit	19,585	14,077
Other comprehensive income		
Valuation difference on available-for-sale securities	2,039	1,417
Deferred gains or losses on hedges	17	(18)
Revaluation reserve for land	—	(123)
Foreign currency translation adjustment	390	184
Remeasurements of defined benefit plans	1,377	2,857
Share of other comprehensive income of entities accounted for using the equity method	50	61
Total other comprehensive income	3,874	4,379
Comprehensive income	23,459	18,457
Comprehensive income attributable to owners of parent	23,262	18,259
Comprehensive income attributable to non-controlling interests	196	197

(3) Consolidated Statements of Changes in Net Assets

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
Change in ownership interest of parent due to transactions with non-controlling interests					-
Decrease in retained earnings due to increase in entities accounted for using the equity method					-
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
Change in ownership interest of parent due to transactions with non-controlling interests								-
Decrease in retained earnings due to increase in entities accounted for using the equity method								-
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

Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	167,278	(5,322)	198,983
Changes during term					
Cash dividends			(5,414)		(5,414)
Profit attributable to owners of parent			13,904		13,904
Purchase of treasury stock				(293)	(293)
Disposal of treasury stock				62	62
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Decrease in retained earnings due to increase in entities accounted for using the equity method			(20)		(20)
Net changes other than shareholders' equity					
Total changes during term	-	1	8,468	(231)	8,238
Balance at end of term	20,000	17,029	175,746	(5,553)	207,222

(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	21,958	40	8,571	1,033	1,499	33,102	3,214	235,300
Changes during term								
Cash dividends								(5,414)
Profit attributable to owners of parent								13,904
Purchase of treasury stock								(293)
Disposal of treasury stock								62
Change in ownership interest of parent due to transactions with non-controlling interests								1
Decrease in retained earnings due to increase in entities accounted for using the equity method								(20)
Net changes other than shareholders' equity	1,457	(18)	(123)	147	2,892	4,355	142	4,497
Total changes during term	1,457	(18)	(123)	147	2,892	4,355	142	12,736
Balance at end of term	23,415	22	8,448	1,180	4,391	37,458	3,356	248,037

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	27,884	18,516
Depreciation and amortization	17,590	17,292
Impairment loss	2,018	1,319
Equity in (earnings) losses of affiliates	(578)	(662)
Amortization of goodwill	113	135
Increase (decrease) in allowance for doubtful accounts	15	(4)
Increase (decrease) in provision for bonuses	1,037	(350)
Decrease (increase) in nets defined benefit asset	(400)	(272)
Increase (decrease) in nets defined benefit liability	38	(65)
Loss (gain) on sale and retirement of non-current assets	1,442	636
Loss (gain) on sale of investment securities	(11,533)	(326)
Interest and dividend income received	(1,187)	(1,022)
Interest expenses	370	363
Decrease (increase) in accounts receivable-other	288	397
Decrease (increase) in trade receivables	(7,584)	7,303
Decrease (increase) in inventories	(1,085)	(4,929)
Increase (decrease) in trade payables	2,871	(3,292)
Other	1,212	(2,380)
Sub total	32,513	32,657
Interest and dividend income	1,369	1,360
Interest expenses paid	(369)	(369)
Income taxes paid	(3,048)	(12,547)
Net cash provided by (used in) operating activities	30,465	21,100
Cash flows from investing activities		
Payments into time deposits	—	(9)
Proceeds from withdrawal of time deposits	—	42
Payments of loans receivable	(73)	(17)
Collection of loans receivable	72	29
Purchase of property, plant and equipment and intangible assets	(18,584)	(20,933)
Proceeds from sale of property, plant and equipment and intangible assets	43	3,163
Purchase of investment securities	(359)	(687)
Proceeds from sale of investment securities	12,438	852
Payments of leasehold and guarantee deposits	(22)	(1,327)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	244
Other	176	130
Net cash provided by (used in) investing activities	(6,308)	(18,512)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,119)	(746)
Repayment of long-term loans payable	(7,629)	(3,231)
Redemption of bonds	—	(4)
Purchase of treasury stock	(6)	(268)
Cash dividends paid	(4,056)	(5,399)
Cash dividends paid to non-controlling interests	(2)	(2)
Payments from changes in ownership interests in subsidiaries th	—	(12)
Other	(830)	(709)
Net cash provided by (used in) financing activities	(15,645)	(10,375)
Effect of exchange rate on cash and cash equivalents	137	118
Net increase (decrease) in cash and cash equivalents	8,649	(7,668)
Cash and cash equivalents at beginning of period	20,338	28,988
Cash and cash equivalents at end of period	28,988	21,319

(5) Notes to the Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

Not applicable.

(Change in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022), and the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) are applied from the beginning of the period under review.

This change has no impact on the quarterly consolidated financial statements.

(Application of the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The “Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (Practical Solution No. 46, March 22, 2024) is applied from the beginning of the period under review.

As we apply Paragraph 7 of the Practical Solution No. 46, current taxes related to the global minimum tax rules have not been recorded in the consolidated financial statements for the nine months ended March 31, 2025.

(Change in presentation)

(Consolidated statements of income)

In the previous consolidated fiscal year, “Expenses for measures to adjust skim milk powder inventories” was presented as a separate item under “Non-operating expenses.” However, due to lack of materiality, this item will be included in “Other” from the current consolidated fiscal year. In order to reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statements of income for the previous fiscal year, “Expenses for measures to adjust skim milk powder inventories” of ¥41 million and “Other” of ¥526 million, presented under “Non-operating expenses,” have been reclassified as “Other” of ¥568 million.

(Consolidated statements of cash flows)

“Payments of leasehold and guarantee deposits”, which was included in “Other” under “Cash flows from investing activities” in the fiscal year ended March 31, 2024, is separately presented under “Cash flows from investing activities” in the fiscal year ended March 31, 2025, due to its increased materiality. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, “Other” of ¥153 million presented under “Cash flows from investing activities” in the consolidated statements of cash flows for the fiscal year ended March 31, 2024, has been reclassified as “Payments of leasehold and guarantee deposits” of minus ¥22 million and “Other” of ¥176 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, 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	38,947	605,072	—	605,072
Other revenue	—	—	—	—	352	352	—	352
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	1,288	—	322	1,611	—	1,611	407	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

Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	263,324	264,326	48,485	576,135	39,331	615,467	—	615,467
Other revenue	—	—	—	—	352	352	—	352
Sales to outside customers	263,324	264,326	48,485	576,135	39,683	615,819	—	615,819
Inter-segment sales and transfers	14,261	83	1,178	15,523	13,528	29,052	(29,052)	—
Total	277,586	264,409	49,663	591,659	53,212	644,872	(29,052)	615,819
Segment profit	10,405	5,653	363	16,422	2,676	19,099	25	19,125
Segment assets	231,874	147,345	33,470	412,690	39,577	452,267	(21,194)	431,073
Other items								
Depreciation/ amortization (note 5)	9,267	6,221	674	16,163	1,264	17,428	(132)	17,295
Amortization of goodwill	135	—	—	135	—	135	—	135
Impairment loss	1,039	—	37	1,076	3	1,079	239	1,319
Increase in PP&E and intangible assets (note 6)	14,228	5,496	951	20,676	871	21,547	(494)	21,052

- 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, 2024	Year ended March 31, 2025
Intersegment transactions elimination	(28,330)	(29,052)
Total	(28,330)	(29,052)

Segment profit	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Intersegment transactions elimination	(42)	25
Total	(42)	25

Segment assets	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Intersegment transactions elimination and other factors	(23,872)	(25,260)
Corporate assets*	17,172	4,065
Total	(6,700)	(21,194)

*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, 2024	Year ended March 31, 2025
Net assets per share	3,436.02 yen	3,626.93 yen
Profit per share - basic	287.67 yen	205.93 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, 2024	As of March 31, 2025
Total for net assets (millions of yen)	235,300	248,037
Amounts deducted from the total for net assets (millions of yen)	3,214	3,356
(of which, Non-controlling interests) (millions of yen)	3,214	3,356
Net assets as of fiscal year-end pertaining to common stock (millions of yen)	232,086	244,680
Number of common stock as of fiscal year-end used to calculate net assets per share (shares)	67,545,084	67,462,296

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

Item	Year ended March 31, 2024	Year ended March 31, 2025
Profit attributable to owners of parent (millions of yen)	19,430	13,904
Amount not attributable to owners of common stock (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (millions of yen)	19,430	13,904
Average number of shares during the year (shares)	67,544,932	67,519,628

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, 2024 and 2025 was 137 thousand shares and 216 thousand shares, respectively. The average number of shares during the fiscal years ended March 31, 2024 and 2025 was 139 thousand shares and 161 thousand shares, respectively.

(Key Subsequent Events)

(Repurchase of Own Shares)

MEGMILK SNOW BRAND Co., Ltd. (the "Company") has decided at the meeting of Board of Directors held on May 14, 2025 to repurchase its own shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Companies Act of Japan.

1. Reason for Repurchasing Shares

Based on the capital policy outlined in our newly announced management plan "Next Design 2030" for fiscal year 2030, the Company has decided to acquire our own shares with the aim of improving capital efficiency. This decision considers the comprehensive factors of stock price, capital structure, and funding needs for growth investments.

2. Details of the Repurchase

(1)Class of shares to be repurchased	Common stock of the Company
(2)Total number of shares to be repurchased	Up to 10,000,000 shares (Percentage to the total number of shares in issue (excluding treasury stock) 14.8 %))
(3)Total amount of repurchase	Up to JPY 20,000,000,000
(4)Repurchase period	From May 15, 2025 to March 13, 2026
(5)Repurchase method	①Market purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) ②Market purchase on the Tokyo Stock Exchange
(6)Others	The Company plans to cancel all shares repurchased under this program by resolution of the Board of Directors, pursuant to the provisions of Article 178 of the Companies Act.

(Reference)

Status of shares in issue and treasury stock as of April 30, 2025

Total number of shares in issue (excluding treasury stock) 67,679,039 shares

Number of treasury stock 3,072,816 shares

※ Treasury stock does not include shares owned by the officer compensation trust account.

(Significant capital investment)

MEGMILK SNOW BRAND Co., Ltd. (the "Company") announces that at a meeting held on May 14, 2025, its Board of Directors passed a resolution detailed below to make capital investments aimed at increasing cheese production.

1. Purpose of the investments

Under our new management plan "Next Design 2030", which begins this fiscal year, the Company aims to revolutionize the production system based on new ideas and transform the value and supply-demand structure of milk.

As the first, the Company has decided to produce a new cheese at the Nakashibetsu plant and update equipment for the conversion of whey to powder. Additionally, at the Ami plant, the Company will also invest in equipment for the production expansion of new cheese using Hokkaido cheese as the raw material.

Through these investments in dairy plants, which will serve as a new innovation, the Company will contribute to resolving the issue of the Fat and SNF imbalance in the domestic supply and demand of raw milk, and aim to achieve both "food sustainability", and "enhance corporate value" through business growth.

*Fat (fat content: such as butter), SNF (Solid Not Fat: such as skim milk powder and cheese)

2. Investment Overview

【Nakashibetsu Plant】

Item	Details
(1)Address	2-9 Maruyama, Nakashibetsu-cho, Shibetsu-gun, Hokkaido
(2)Content of Capital Investment	Cheese production equipment, powder milk equipment, wastewater treatment equipment, office and welfare facilities, etc.
(3)Investment Amount	Approximately 46 billion yen
(4)Maximum Raw Milk Processing Capacity	About 300,000 tons/year
(5)Construction Start	May 2026
(6)Planned Start of Operation	Sequentially from the first half of fiscal year 2028

【Ami Plant】

Item	Details
(1)Address	22 Hoshino Sato, Ami-cho, Inashiki-gun, Ibaraki
(2)Content of Capital Investment	Cheese production equipment, etc.
(3)Investment Amount	Approximately 1.5 billion yen
(4)Cheese Production Increase	About 1,000 tons/year
(5)Construction Start	April 2027
(6)Planned Start of Operation	First half of fiscal year 2028

3. Impact on Forecast of Consolidated Results

The impact of these investments plan decision on the current fiscal year's forecast of consolidated results is minor.