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Summary of Consolidated Financial Results
For the Year Ended March 31, 2025 (Based on Japanese GAAP)

May 15, 2025

Company name:	Mitsui DM Sugar Co., Ltd.		Stock exchange listings: Tokyo
Stock code:	2109		https://www.msdm-hd.com/
Company representative:	Taku Morimoto	President and Chief Executive Officer	
Contact person in charge:	Masahiko Mori	Director, Managing Executive Officer	
			TEL. 81-3-6453-6161

Planned date for ordinary general meeting of shareholders: June 24, 2025
Planned date to start dividend payment: June 25, 2025
Planned date for submission of annual securities report: June 20, 2025
Preparation of supplementary material for financial statements: Yes
Briefing session for financial statements: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest one million yen.)

1. Consolidated Financial Results for the Year Ended March 31, 2025 (from April 1, 2024, to March 31, 2025)

(1) Consolidated Results of Operations (Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2025	178,785	4.7	13,840	225.6	14,483	48.1	6,295	(25.5)
Year ended March 31, 2024	170,774	4.6	4,251	286.4	9,778	(48.7)	8,445	6.8

(Note) Comprehensive income
Year ended March 31, 2025: 6,594 million yen (-31.0%) Year ended March 31, 2024: 9,552 million yen (9.6%)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 31, 2025	195.06	–	5.6	7.4	7.7
Year ended March 31, 2024	261.72	–	7.7	5.0	2.5

(Reference) Equity in earnings (losses) of affiliates Year ended March 31, 2025: 240 million yen
Year ended March 31, 2024: (549 million yen)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	202,196	119,341	56.7	3,550.69
As of March 31, 2024	191,428	117,340	58.6	3,475.71

(Reference) Equity capital As of March 31, 2025: 114,614 million yen As of March 31, 2024: 112,165 million yen

(3) Consolidated Cash Flow

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at period end
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2025	22,592	(5,635)	(1,693)	40,099
Year ended March 31, 2024	12,739	(6,665)	(8,990)	24,777

2. Cash Dividends

	Annual dividend					Total dividends (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2024	–	60.00	–	70.00	130.00	4,195	49.7	3.8
Year ended March 31, 2025	–	65.00	–	65.00	130.00	4,196	66.6	3.7
Year ending March 31, 2026 (forecast)	–	65.00	–	65.00	130.00		52.8	

3. Consolidated Business Forecasts for the Year Ending March 31, 2026 (from April 1, 2025, to March 31, 2026)

(Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	200,000	11.9	12,300	(11.1)	11,800	(18.5)	7,700	22.3	246.17

Note: The Company resolved at a meeting of its Board of Directors held on May 15, 2025, to acquire treasury stock. Net income per share in the consolidated financial forecasts for the fiscal year ending March 2026 considers the impact of the acquisition of treasury stock. For details on the acquisition of treasury stock, refer to the "Notice Concerning Stock Repurchase and Cancellation of Treasury Stock" announced today.

*Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policy and accounting estimates and restatement

(i) Changes in accounting policy due to any revision of accounting standards: Yes

(ii) Changes in accounting policy other than i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Notes: For details, please refer to "4. Consolidated Financial Statements and Important Notes (5) Notes on consolidated financial statements (Notes on changes in accounting policies)" on page 19 of the attached materials.

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares at period end (including treasury shares)	As of March 31, 2025	32,639,780 shares	As of March 31, 2024	32,639,780 shares
(ii) Number of treasury shares at period end	As of March 31, 2025	360,168 Shares	As of March 31, 2024	368,634 shares
(iii) Average number of shares during period	Year ended March 31, 2025	32,276,683 shares	Year ended March 31, 2024	32,271,256 shares

Note: The Company has introduced a trust-based stock compensation scheme for directors. The number of treasury shares at the end of the period includes treasury shares held by the trust (143,800 shares as of March 31, 2025; 152,400 shares as of March 31, 2024). In addition, the average number of shares during the period is calculated excluding treasury shares, which include those held by the trust (146,788 shares in the fiscal year ended March 31, 2025; 152,400 shares in the fiscal year ended March 31, 2024).

(Reference) Overview of Financial Results on a Non-consolidated Basis

1. Financial Results on a Non-consolidated Basis for the Year Ended March 31, 2025 (from April 1, 2024, to March 31, 2025)

(1) Non-consolidated Results for Operations

(Percentages are year-over-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2025	9,520	121.5	6,009	544.4	6,771	212.4	6,306	288.4
Year ended March 31, 2024	4,298	(20.1)	932	(50.5)	2,167	(89.4)	1,623	(89.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2025	195.40	–
Year ended March 31, 2024	50.32	–

(2) Financial Position on a Non-consolidated Basis

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	105,196	56,843	54.0	1,760.97
As of March 31, 2024	91,650	54,861	59.9	1,700.01

(Reference) Equity capital As of March 31, 2025: 56,843 million yen As of March 31, 2024: 54,861 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Explanation on appropriate use of business forecasts, and other special notes

Business forecasts and other forward-looking statements contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational and are not intended to guarantee the achievements by the Company. The actual results may greatly differ due to various factors. For preconditions for business forecasts and notes in using such forecasts, please see "(1) Analysis of operating results, 2) Future outlook" in "1. Operating Results and Other" on page 3 of the appendix.

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1. Operating Results and Other

(1) Analysis of operating results

On April 1, 2025, Mitsui DM Sugar Co., Ltd. (a consolidated subsidiary) was absorbed in a merger, and the Company name was changed to Mitsui DM Sugar Co., Ltd. Going forward, we will continue to build an effective and optimal group governance structure and aim to become a more efficient and profitable corporate group while further growing each business.

1) Overview of fiscal 2024

In fiscal 2024, the Japanese economy showed signs of a moderate recovery due to improvements in the employment and income environment and strong inbound demand. However, the outlook remains uncertain due to factors such as continued price increases caused by the weak yen, the risk of an economic downturn caused by unstable international conditions, and the need to pay close attention to policy developments in the United States.

Against this backdrop, the Mitsui DM Sugar Group ("the Group") implemented a range of measures to achieve the goals of its medium-term management plan, "2026 Diversify into Nutrition & Health." Based on the plan's growth strategy for the Group, which has two key elements – "Transform the Group's business model" and "Reallocate management resources" – the Group worked to optimize its businesses with measures across five areas: (1) reinforce the domestic Sugar Business, (2) grow overseas operations, (3) expand the Life Energy Business, (4) consolidate and strengthen the Group's R&D capabilities, and (5) contribute to the creation of a sustainable society.

(Sugar Business)

Overseas raw sugar prices started at high-22 cent per pound, fell to around the mid-17 cent level due to factors such as increased production forecasts in major sugarcane producing countries, but then rose sharply to high-23 cent due to concerns about reduced production in Brazil, the world's largest sugarcane producer, caused by drought and forest fires. Subsequently, against the backdrop of unstable weather in major sugarcane producing countries such as Brazil and India, prices fluctuated in line with constantly changing production forecasts, ending the fiscal year at high-18 cent per pound. Domestic market prices remained at around 249 to 251 yen per kg throughout the fiscal year.

Domestic refined sugar sales were affected by a decline in consumer sentiment due to a rush of price increases for food products accompanying sharp rises in raw material prices for household demand. On the other hand, sales for commercial use grew due to increased demand for beverages and frozen desserts caused by the record-breaking heat wave this summer, and sales of winter products such as hot beverages remained strong due to the freezing weather that set in after December. Overall, we absorbed the continued high cost of marine freight, packaging materials, and distribution expenses caused by the weak yen and soaring energy prices by raising sales prices and securing a stable supply of raw materials.

Domestic sales of crude sugar were affected by lower sales at Hokkaido Sugar Co., Ltd. (a consolidated subsidiary) due to lower sugar production in the previous fiscal year. However, profits improved at Showa Sugar Co., Ltd. in Kagoshima Prefecture and Ishigaki Island Sugar Co., Ltd. in Okinawa Prefecture (both consolidated subsidiaries) due to higher production.

Overseas, SIS' 88 Pte Ltd (a consolidated subsidiary) in Singapore was affected by a decline in sales and increased costs due to delays in the relocation of production bases. New production bases were opened in the United Arab Emirates (UAE) in June and Vietnam in July.

In addition, following a change in the business management classification, functional products transferred from the Life Energy Business in the fiscal year under review saw some stagnation in platinose and palatinit, but sugarcane extract remained strong, mainly for food and environmental deodorizing applications.

In February, Mitsui DM Sugar Co., Ltd. (a consolidated subsidiary) began a contract manufacturing of Wada Sugar Refining Co., Ltd. products based on a business alliance agreement between Mitsui DM Sugar Co., Ltd. and Wada Sugar Refining Co., Ltd.

As a result of the above, the Sugar Business reported net sales of 151,295 million yen (up 5.0% year on year) and operating income of 11,747 million yen (up 317.7% year on year). For year-on-year comparisons, figures for the same period of the previous fiscal year have been adjusted to reflect the new segment classifications.

Sugar market status during period

Overseas raw sugar price (NY sugar current delivery, per pound)

Opening price: 22.65 cents, highest price: 23.71 cents, lowest price: 17.52 cents, closing price: 18.85 cents

Domestic market price (listed in *Nippon Keizai Shimbun*, per kilogram of a large bag of superfine sugar, Tokyo)

Fiscal year ended March 31, 2025: 249-251 yen

(Life Energy Business)

Sales and profits increased due to higher sales in the nutritional care supplements business and the food technology business, including edible colorings. Sales in the vitality health foods business, which was added in the previous fiscal year and mainly consists of nutritionally enhanced meals for active people interested in health and body building, also contributed to the results.

In addition, due to a change in the business management classification, functional products that were previously classified as part of the Life Energy Business have been transferred to the Sugar Business from the fiscal year.

As a result, net sales in the Life Energy Business amounted to 25,071 million yen (up 3.4% year on year), and operating income was 1,263 million yen (up 111.5% year on year). For year-on-year comparisons, figures for the same period of the previous fiscal year have been adjusted to reflect the new segment classifications.

(Real Estate Business)

In addition to the Okayama and Kobe-Nagata areas, real estate rental properties located throughout Japan are performing well and contributing to the Group's earnings. As a result, net sales of 2,418 million yen (up 1.7% year on year) and operating income of 829 million yen (down 1.3% year on year), mainly due to the partial commencement of leasing of the Company's head office building, Mita S-Garden (Shiba, Minato-ku, Tokyo).

As a result of the above, the Group recorded consolidated net sales of 178,785 million yen (up 4.7% year on year) and operating income of 13,840 million yen (up 225.6% year on year).

In non-operating income and expenses, royalty income of 608 million yen was recorded, mainly due to royalty income from the development and marketing rights agreement for fingolimod (FTY720). In addition, due to improved earnings at affiliates in Thailand, China, and Japan, equity in earnings of affiliates amounted to 240 million yen (loss of 549 million yen in the previous fiscal year), resulting in ordinary income of 14,483 million yen (up 48.1% year on year). Furthermore, due to the decision by Kanmon Sugar Co. Ohtori-hyoto Co., Ltd., and Nittosangyo Co., Ltd. (all consolidated subsidiaries) to end production by the end of September 2026, resulting in the recording of impairment losses on a portion of non-current assets related to production facilities owned by each company. As a result, profit attributable to owners of the parent of 6,295 million yen (down 25.5% year on year).

2) Future outlook

In fiscal 2025, ending March 31, 2026, socioeconomic activity in Japan is picking up due to factors such as the stabilization of wage increases, and inbound demand is expected to continue growing. However, the environment surrounding the Group's business is changing daily and the outlook remains uncertain due to prolonged geopolitical risks, high raw material prices, heating and lighting expenses, and a worsening labor shortage.

Against this backdrop, we will reallocate management resources to further accelerate the expansion of overseas business and the Life Energy Business, which are growth areas for the Group, by strengthening the domestic sugar business and securing high profitability through the real estate business, which generates stable cash flow. We will continue to make steady progress toward the achievement of our medium-term management plan, “2026 Diversify into Nutrition & Health,” which is in its final year. In addition, by harnessing the diverse capabilities of the Group's entire workforce, we will aim to remain a corporate group that delivers nutrition and health solutions required at various stages of people's lives in order to become a source of happiness for people and society.

Issues to work on at each segment in fiscal 2025 are as follows:

(Sugar Business)

In the domestic Sugar Business, we will aim to further improve the Group's profitability by fundamentally reviewing the entire value chain, which is a key measure to reinforce the business. On the procurement side, we will implement immediate measures to improve profitability in response to soaring crude sugar and fuel prices. On the production side, we will work to reduce energy consumption from an environmental perspective and develop an optimal distribution system through the expansion and streamlining of the Group's sales structure. As measures to improve the efficiency of our production system, we will build the industry's largest and most solid production system for refined sugar and beet sugar on a nationwide scale based on the reorganization of our group production bases in the Kyushu region, a business alliance with Wada Sugar Refining Co., Ltd. in the Kanto region, and a capital and business alliance with Nippon Beet Sugar Manufacturing Co., Ltd. in the Hokkaido region. In addition, Showa Sugar Co., Ltd. and Ishigakijima Sugar Manufacturing Co., Ltd. (both consolidated subsidiaries), which handle raw sugar in the Kagoshima and Okinawa regions, will continue to procure raw materials in a stable manner and maintain the sugarcane industry, thereby contributing to the maintenance of the economies of remote islands and the preservation of the national borders (border security).

In overseas businesses, we will promote the following measures in each area where Group companies have expanded, focusing on Southeast Asia, the Middle East, and China, which continue to enjoy steady economic growth. (1) Southeast Asia (excluding Thailand) and the Middle East: Centering on SIS' 88 Pte Ltd, the Group's consolidated subsidiary in Singapore, we will aim to improve the efficiency of our production system for our lineup of retail products for the Middle East, which is our specialty, and expand our refined sugar supply chain by leveraging the company's high name recognition and brand power in the region. With the newly opened repackaging facility in the United Arab Emirates (UAE) and the full-scale operation of the manufacturing facility of Asian Blending Pte Ltd (a consolidated subsidiary) in Vietnam, we will conduct cost-competitive operations based on our customer base of major global and Japanese companies and aim to further expand our sales structure and strengthen our profitability. (2) China: We will accelerate growth to capture the huge market in this major sugar-consuming country. COFCO Sugar Liaoning

Co., Ltd. (an equity-method affiliate) will establish a production system for high value-added merchandise and achieve stable earnings by utilizing its production capacity of 1 million tons per year and the network of local state-owned enterprises with which it has joint ventures. HANY SUGAR (an equity-method affiliate) will aim to improve profitability by expanding sales of refined sugar sachets, its main product, and new brown sugar products. (3) Thailand: Kaset Phol Sugar Ltd. (an equity-method affiliate) will contribute to the Group's earnings by improving its business performance through ensuring continuous stable operations. In order to further grow overseas operations, we will actively develop new businesses with various partner companies and promote aggressive investment, including in the Life Energy Business.

(Life Energy Business)

In the Life Energy Business, we will enhance the value of each group company in target areas such as sports nutrition and senior nutrition by leveraging our long-standing knowledge and expertise in sugar and protein, as well as our accumulated sales channels, with the aim of realizing our keyword "Nutrition by Life Stage." At the same time, we will accelerate new business development and M&A activities. In the "vitality health foods business" area, which mainly consists of nutritionally enhanced meals for athletes and people seeking to maintain a healthy physique, YOUR MEAL Co., Ltd. (a consolidated subsidiary) will accelerate the development of new products and businesses through its frozen meal box subscription service, leveraging its high mobility and marketing capabilities derived from its start-up culture. In the "nutritional care supplements business" area, centered on NUTRI Co., Ltd. (consolidated subsidiary), we will contribute to the expansion of the Group's business through high-quality products such as swallowing support, nutritional supplements, and liquid foods, as well as market access based on the trust of medical and nursing care professionals. In the "food technology business" area, centered on TAISHO TECHNOS CO., LTD. (a consolidated subsidiary), we will utilize our specialized technologies in food functionality development and formulation development as a food science company that handles a wide range of food ingredients, including preservatives, natural colors, agar, and gels. Furthermore, the bio business of Hokkaido Sugar Co., Ltd. (a consolidated subsidiary) will increase profitability by conducting contract manufacturing that meets customer needs under strict quality control, utilizing its extensive range of microorganism cultivation technology and purification technology developed for sugar production.

(Research and Development)

In research and development, we will contribute to the development of new businesses unique to the Group by consolidating and strengthening the Group's research and development capabilities, centering on DM Mitsui Group Research Institute, and combining the technologies and know-how of each Group company with the knowledge of taste cultivated in sugar-related businesses and research on carbohydrates and health. We will also actively engage in the consideration of business and capital alliances with external partner companies promoted by the Business Development Division from the perspective of research and development synergy and contribute to the realization of "Nutrition by Life Stage."

(Real Estate Business)

In the Real Estate Business, we will contribute to the aggressive business development of the Group by maintaining and enhancing asset value and generating stable cash flow through the effective utilization of real estate owned by the Group, including the partial leasing of our head office building, Mita S-Garden (Shiba, Minato-ku, Tokyo). In addition, we will maximize the utilization of real estate owned throughout Japan to contribute to job creation, increased consumer spending in regional areas and support the development of local communities.

(Sustainability)

We have established a total of 16 action plans to achieve the Group's 10 material issues (see our website for more details: https://sustainability.msdm-hd.com/) and KPIs (key performance indicators) based on our basic policy for sustainability initiatives, "Realize a sustainable society through five key commitments."* We will implement these measures in a step-by-step manner.

As KPIs for "our commitment to the environment," we have set a final goal of achieving carbon neutrality (zero net CO_2 emissions) by the fiscal year ending March 2051, with an interim goal of reducing CO_2 emissions by 46% (compared to the fiscal year ended March 2016) by the fiscal year ending March 2031. In addition to reducing the total energy consumption at our production facilities (sugar refineries), we are striving for long-term and high-level CO_2 reduction across the entire value chain. We are also working to introduce energy-efficient production equipment to further reduce environmental impact.

With regard to "our commitment to people," based on our recognition that respect for diverse perspectives and values is important for the sustainable growth of the Group and the enhancement of corporate value, we will promote human resource development and the creation of a workplace environment where diverse human resources can play an active role, in conjunction with the setting of measurable targets and in integration with our human resource strategy.

* Our commitment to the environment: Help to improve the environment by tackling climate change and water resource issues and by reducing industrial waste.

Our commitment to people: Help to create a society that respects human rights by strengthening workplace health and safety and by supporting diversity & inclusion.

Our commitment to happiness: Contribute to happier lives for all by promoting lifestyles based on suitable sugar intake and by supporting balanced diets.

Our commitment to health: Contribute to healthier lives for all by ensuring rigorous food safety and hygiene, extending healthy life expectancy, fulfilling nutritional needs and driving innovations in flavor.

Our commitment to local society: Help to sustain and develop local society by supporting industrial development.

(2) Analysis of financial position

1) Assets, liabilities and net assets

As of March 31, 2025, total assets were 202,196 million yen, an increase of 10,768 million yen from 191,428 million yen at the end of the previous fiscal year. This mainly reflected a increase of 15,525 million yen for cash and deposits, a decline of 3,061 million yen for accounts receivable – trade, an increase of 4,879 million yen for merchandise and finished goods, a decrease of 2,247 million yen for raw materials and supplies, a decrease of 904 million yen for other current assets, a decrease of 1,329 million yen for buildings and structures, a decrease of 1,801 million yen for land, a decrease of 2,485 million yen for construction in progress, and an increase of 1,569 million yen for investment securities.

Liabilities totaled 82,855 million yen, an increase of 8,767 million yen from 74,087 million yen at the end of the previous fiscal year. This was mainly due to an increase of 1,926 million yen for short-term loans payable, an increase of 4,818 million yen for income taxes payable, an increase of 1,914 million yen for long-term loans payable, a decrease of 1,376 million yen for deferred tax liabilities, and an increase of 1,002 million yen for reserves for business restructuring.

Net assets totaled 119,341 million yen, an increase of 2,000 million yen from 117,340 million yen at the end of the previous fiscal year. This largely reflected a decrease of 176 million yen for capital surplus, an increase of 1,918 million yen for retained earnings, an increase of 866 million yen for foreign currency translation adjustment, a decrease of 265 million yen for remeasurements of defined benefit plans, and a decrease of 448 million yen for non-controlling interests.

2) Cash flow

Cash and cash equivalents (“funds”) as of March 31, 2025, increased 15,322 million yen from the end of the previous fiscal year to 40,099 million yen, reflecting an increase in cash flow from operating activities of 22,592 million yen, a decrease in cash flow from investing activities of 5,635 million yen, and a decrease in cash flow from financing activities of 1,693 million yen.

Changes in cash flow for fiscal 2024 and their reasons are as follows.

(Cash flow from operating activities)

The funds acquired from operating activities amounted to 22,592 million yen (fiscal 2023: increase by 12,739 million yen).

This mainly reflected cash provided by income before income taxes of 9,942 million yen, depreciation and amortization of 5,942 million yen, impairment loss of 4,275 million yen, and decrease in accounts receivable of 3,366 million yen, versus cash used of 2,747 million yen for increase in inventory – trade and 658 million yen for income taxes paid.

(Cash flow from investing activities)

Investing activities caused funds to decrease in the amount of 5,635 million yen (fiscal 2023: decrease by 6,665 million yen).

This largely reflected in 1,738 million yen by payments for acquisition of investment securities, and cash used of 3,880 million yen for payments for acquisition of property, plant and equipment related to factory facilities.

(Cash flow from financing activities)

Financing activities caused funds to decrease in the amount of 1,693 million yen (fiscal 2023: decrease by 8,990 million yen).

This mainly reflected in income from short-term loans of 14,376 million yen, and income from long-term borrowings of 3,354 million yen, versus cash used of 12,840 million yen for repayment of short-term loans payable, 1,624 million yen for repayment of long-term loans payable, and 4,370 million yen for dividend payment.

(Reference) Changes in cash-flow-related indices

	FY2022	FY2023	FY2024
Capital adequacy ratio (%)	54.6	58.6	56.7
Market-price-based capital adequacy ratio (%)	33.5	52.5	53.9
Debt redemption period (years)	7.7	3.5	2.2
Interest coverage ratio (times)	29.72	39.75	51.99

Capital adequacy ratio: Equity capital ÷ Total assets
Market-price-based capital adequacy ratio: Value of shares ÷ Total assets
Debt redemption period: Interest-bearing debt ÷ Cash flow
Interest coverage ratio: Cash flow ÷ Interest payment
Notes:
1. Data on a consolidated basis is used for calculation.
2. Value of shares is calculated based on the number of outstanding shares excluding treasury shares.
3. Cash flow used is operating cash flow.
4. Interest-bearing debt includes all the debts recorded in the consolidated balance sheets for which the Company pays interest.

(3) Fundamental policy for profit allocation and dividends for fiscal 2024 and 2025

Returning profits to shareholders will remain one of the Company's priority issues. The basic policy will be to pay stable and continuous dividends while considering the need to enhance retained earnings to support future business growth and reinforce the business base. In addition, provided the consolidated dividend payout ratio does not exceed 100%, the minimum full-year dividend will be set at 60 yen per share, and using a combination of cash dividends and a flexible capital policy, the Company will return profits to shareholders through a combination of cash dividends and flexible capital policies. while also comprehensively considering current business conditions. As part of this, we will acquire Treasury stock up to a total of 4.4 billion yen considering the current business environment.

The Company plans to pay a year-end dividend of 65 yen per share for fiscal 2024. As a result, including the interim dividend, the full-year dividend will be 130 yen per share.

For fiscal 2025, we plan to pay a full-year dividend of 130 yen per share, comprising an interim dividend of 65 yen and a year-end dividend of 65 yen.

2. Corporate Group

There were no material changes in the Group's business during the fiscal year under review.

The classification of reportable segments has been changed from the current consolidated fiscal year. For details, please refer to "4. Consolidated Financial Statements and Important Notes (5) Notes on consolidated financial statements (Notes to segment information, etc.)" below.

3. Basic Stance on Selection of Accounting Standards

The Mitsui DM Sugar Group plans to continue using Japanese accounting standards for the time being, as they facilitate comparison with previous consolidated financial statements and the earnings of other companies. However, the Group intends to respond appropriately to the adoption of International Financial Reporting Standards (IFRS) based on developments in Japan and overseas.

4. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheets

(Million yen)

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	25,070	40,596
Notes receivable - trade	*4 782	584
Accounts receivable - trade	16,396	13,335
Lease investment assets	553	579
Merchandise and finished goods	23,198	28,077
Work in process	2,702	3,018
Raw materials and supplies	11,432	9,185
Other	4,219	3,314
Allowance for doubtful accounts	(3)	(2)
Total current assets	84,352	98,689
Non-current assets		
Property, plant and equipment		
Buildings and structures	*3 45,150	*3 44,963
Accumulated depreciation	(26,679)	(27,821)
Buildings and structures, net	18,471	17,141
Machinery, equipment and vehicles	*3 95,026	*3 97,973
Accumulated depreciation	(80,684)	(82,882)
Machinery, equipment and vehicles, net	14,342	15,091
Tools, furniture and fixtures	*3 3,996	*3 4,003
Accumulated depreciation	(3,157)	(3,347)
Tools, furniture and fixtures, net	838	656
Land	28,112	26,310
Leased assets	1,808	2,451
Accumulated depreciation	(815)	(1,198)
Leased assets, net	992	1,253
Construction in progress	2,646	160
Total property, plant and equipment	65,404	60,614
Intangible assets		
Goodwill	4,760	4,538
Other	4,103	3,921
Total intangible assets	8,863	8,460
Investments and other assets		
Investment securities	*1 15,159	*1 16,728
Investments in capital of subsidiaries and associates	*1 3,276	*1 3,868
Long-term loans receivable	17	17
Net defined benefit asset	2,225	2,121
Deferred tax assets	1,722	1,926
Lease investment assets	8,549	7,971
Other	1,897	1,828
Allowance for doubtful accounts	(41)	(29)
Total investments and other assets	32,808	34,433
Total non-current assets	107,076	103,507
Total assets	191,428	202,196

(Million yen)

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	*4 9,308	9,482
Short-term loans payable	6,626	8,552
Current portion of bonds payable	–	10,000
Current portion of long-term loans payable	1,584	1,400
Lease obligations	297	324
Accrued expenses	3,860	4,287
Income taxes payable	724	5,542
Provision for directors' bonuses	90	123
Other	6,517	6,043
Total current liabilities	29,010	45,756
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	15,490	17,404
Lease obligations	729	939
Deferred tax liabilities	3,536	2,160
Provision for directors' retirement benefits	100	102
Provision for share awards for directors	55	55
Reserves for business restructuring	–	1,002
Net defined benefit liability	3,408	3,643
Asset retirement obligations	312	313
Other	1,443	1,477
Total non-current liabilities	45,077	37,099
Total liabilities	74,087	82,855
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	8,583	8,407
Retained earnings	92,719	94,638
Treasury shares	(724)	(708)
Total shareholders' equity	107,660	109,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	904	903
Deferred gains or losses on hedges	(63)	27
Foreign currency translation adjustment	2,853	3,720
Remeasurements of defined benefit plans	808	543
Total accumulated other comprehensive income	4,504	5,195
Non-controlling interests	5,175	4,726
Total net assets	117,340	119,341
Total liabilities and net assets	191,428	202,196

(2) Consolidated statements of income and consolidated statements of comprehensive income

(Consolidated statements of income)

(Million yen)

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Net sales	170,774	178,785
Cost of sales	141,080	138,709
Gross profit	29,694	40,075
Selling, general and administrative expenses		
Distribution expenses	7,213	7,702
Salaries and bonuses	*1 5,757	*1 5,838
Provision for directors' bonuses	87	98
Retirement benefit expenses	*1 223	*1 164
Share-based payment expenses	19	16
Other	*1 12,141	*1 12,413
Total selling, general and administrative expenses	25,443	26,234
Operating income	4,251	13,840
Non-operating income		
Interest income	4	5
Dividends income	5,176	157
Royalty income	1,158	608
Equity in earnings of affiliates	—	240
Miscellaneous income	344	362
Total non-operating income	6,684	1,375
Non-operating expenses		
Interest expenses	320	434
Loss on retirement of non-current assets	31	34
Share of loss of entities accounted for using equity method	549	—
Facilities removal expenses	102	71
Miscellaneous loss	152	192
Total non-operating expenses	1,156	733
Ordinary income	9,778	14,483
Extraordinary income		
Gain on sales of investment securities	949	241
Subsidy income	1,434	756
Gain on change in equity	—	182
Total extraordinary income	2,383	1,179
Extraordinary losses		
Loss on retirement of non-current assets	*2 948	—
Loss on reduction of non-current assets	575	276
Impairment losses	—	*3 4,275
Provision for business restructuring	—	*4 1,002
Other	—	166
Total extraordinary losses	1,523	5,720
Income before income taxes	10,637	9,942
Income taxes - current	2,239	5,754
Income taxes - deferred	291	(1,549)
Total income taxes	2,530	4,205
Profit	8,107	5,737
Profit (loss) attributable to non-controlling interests	(338)	(558)
Profit attributable to owners of parent	8,445	6,295

(Consolidated statements of comprehensive income)

(Million yen)

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Profit	8,107	5,737
Other comprehensive income		
Valuation difference on available-for-sale securities	50	3
Deferred gains or losses on hedges	(163)	38
Foreign currency translation adjustment	666	869
Remeasurements of defined benefit plans	601	(264)
Share of other comprehensive income of entities accounted for using equity method	290	210
Total other comprehensive income	1,445	857
Comprehensive income	9,552	6,594
Comprehensive income attributable to:		
Owners of parent	9,810	6,986
Non-controlling interests	(257)	(391)

(3) Consolidated statements of changes in net assets

FY2023 (From April 1, 2023, to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	7,083	8,540	89,136	(724)	104,036
Change of items during the period					
Dividends from surplus			(4,863)		(4,863)
Profit attributable to owners of parent			8,445		8,445
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Purchase of shares of consolidated subsidiaries		42			42
Other					—
Net changes of items other than shareholders' equity					
Total change of items during the period	—	42	3,582	(0)	3,624
Balance at the end of the period	7,083	8,583	92,719	(724)	107,660

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	846	53	2,025	213	3,139	5,402	112,578
Change of items during the period							
Dividends from surplus							(4,863)
Profit attributable to owners of parent							8,445
Purchase of treasury shares							(0)
Disposal of treasury shares							—
Purchase of shares of consolidated subsidiaries							42
Other							—
Net changes of items other than shareholders' equity	57	(116)	827	595	1,364	(227)	1,136
Total change of items during the period	57	(116)	827	595	1,364	(227)	4,761
Balance at the end of the period	904	(63)	2,853	808	4,504	5,175	117,340

FY2024 (From April 1, 2024, to March 31, 2025)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	7,083	8,583	92,719	(724)	107,660
Change of items during the period					
Dividends from surplus			(4,377)		(4,377)
Profit attributable to owners of parent			6,295		6,295
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0			0
Purchase of shares of consolidated subsidiaries		(176)			(176)
Other				16	16
Net changes of items other than shareholders' equity					
Total change of items during the period	—	(176)	1,918	16	1,758
Balance at the end of the period	7,083	8,407	94,638	(708)	109,419

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	904	(63)	2,853	808	4,504	5,175	117,340
Change of items during the period							
Dividends from surplus							(4,377)
Profit attributable to owners of parent							6,295
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Purchase of shares of consolidated subsidiaries							(176)
Other							16
Net changes of items other than shareholders' equity	(0)	90	866	(265)	690	(448)	242
Total change of items during the period	(0)	90	866	(265)	690	(448)	2,000
Balance at the end of the period	903	27	3,720	543	5,195	4,726	119,341

(4) Consolidated statements of cash flows

(Million yen)

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Net cash provided by (used in) operating activities		
Income before income taxes	10,637	9,942
Depreciation and amortization	5,752	5,942
Loss (gain) on disposal of non-current assets	(19)	(43)
Loss on retirement of non-current assets	979	34
Loss (gain) on valuation of investment securities	0	—
Loss (gain) on sales of investment securities	(949)	(241)
Share of loss (profit) of entities accounted for using equity method	549	(240)
Equity in loss (gain) of affiliates	—	(182)
Amortization of goodwill	1,027	585
Increase (decrease) in allowance for doubtful accounts	(6)	(12)
Increase (decrease) in provision for directors' bonuses	(34)	32
Increase (decrease) in provision for share awards for directors	19	0
Increase (decrease) in reserves for business restructuring	—	1,002
Increase (decrease) in net defined benefit liability	(115)	(39)
Interest and dividends income	(5,180)	(163)
Interest expenses	320	434
Subsidy income	(1,434)	(756)
Impairment losses	—	4,275
Loss on reduction of non-current assets	575	276
Decrease (increase) in notes and accounts receivable - trade	(2,465)	3,366
Decrease (increase) in inventories	3,432	(2,747)
Increase (decrease) in notes and accounts payable - trade	(6,112)	46
Increase (decrease) in accrued consumption taxes	482	675
Other, net	2,094	325
Subtotal	9,552	22,512
Interest and dividends income received	5,180	163
Proceeds from subsidy income	600	1,589
Payments for retirement of non-current assets	(308)	(630)
Interest expenses paid	(314)	(384)
Income taxes paid	(1,971)	(658)
Net cash provided by (used in) operating activities	12,739	22,592

(Million yen)

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Net cash provided by (used in) investing activities		
Payments into time deposits	(2)	(202)
Proceeds from withdrawal of time deposits	100	—
Purchase of property, plant and equipment	(7,356)	(3,880)
Proceeds from sales of property, plant and equipment	288	49
Purchase of investment securities	(12)	(1,738)
Proceeds from sales of investment securities	1,217	303
Purchase of intangible assets	(240)	(179)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(227)	—
Other, net	(433)	13
Net cash provided by (used in) investing activities	(6,665)	(5,635)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	9,583	14,376
Decrease in short-term loans payable	(12,124)	(12,840)
Proceeds from long-term loans payable	960	3,354
Repayment of long-term loans payable	(2,085)	(1,624)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(4,856)	(4,370)
Cash dividends paid to non-controlling shareholders	(4)	(19)
Other, net	(461)	(569)
Net cash provided by (used in) financing activities	(8,990)	(1,693)
Effect of exchange rate change on cash and cash equivalents	83	58
Net increase (decrease) in cash and cash equivalents	(2,833)	15,322
Cash and cash equivalents at beginning of period	27,610	24,777
Cash and cash equivalents at end of period	*1 24,777	*1 40,099

(5) Notes on consolidated financial statements

(Notes on assumptions of a going concern)

None

(Important matters concerning preparation of consolidated financial statements)

1. Matters concerning scope of consolidation

I. Number and names of consolidated subsidiaries

Number of consolidated subsidiaries: 20

Names of consolidated subsidiaries:

Mitsui DM Sugar Co., Ltd., Hokkaido Sugar Co., Ltd., Spoon Sugar Co., Ltd., Showa Sugar Co., Ltd., Hiranoya Corporation, SIS' 88 Pte. Ltd., Asian Blending Pte Ltd, SIS MIDDLE EAST INVESTMENT L.L.C, Asian Blending LIMITED LIABILITY COMPANY, TAISHO TECHNOS CO., LTD., NUTRI Co., Ltd., YOUR MEAL Co., Ltd., Nittosangyo Co., Ltd., DIA MARKET CREATION Co., Ltd., Kanmon Sugar Manufacturing Co., Ltd., Nakatora Fudosan Co., Ltd., Ohtori-hyoto Co., Ltd., Ishigakijima Sugar Manufacturing Co., Ltd., MEITO WAREHOUSE CO., LTD., and D2 Mondo Sugar Company Co., Ltd.

Effective April 1, 2025, the Company merged with Mitsui DM Sugar Co., Ltd., a consolidated subsidiary of the Company, with Mitsui DM Sugar Co., Ltd. as the absorbed company, and changed its trade name to Mitsui DM Sugar Co., Ltd.

II. Names, etc. of unconsolidated subsidiaries

Names of unconsolidated subsidiaries

Hokuseki Co., Ltd., others

Reasons for exclusion from the scope of consolidation

All of these unconsolidated subsidiaries are small in size, and the total assets, net sales, net income (comparable to equity interest), retained earnings (comparable to equity interest) all do not have a significant impact on the consolidated financial statements.

2. Matters concerning the application of equity method

I. Number of equity method affiliates and names of major companies

Number of equity method affiliates: 10

Names of major equity method affiliates:

Nansei Cane Sugar Mfg. Co., Ltd., Kaset Phol Sugar Ltd., COFCO Sugar Liaoning Co., Ltd., Shin Higashi Nihon Sugar Manufacturing Co., Ltd., and Kansai Sugar Co., Ltd.

II. Name, etc. of unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

Names of major companies

Unconsolidated subsidiaries:	Hokuseki Co., Ltd., others
Affiliates:	Murakami Shouten Co., Ltd., others

Reason for not applying the equity method

The influence that unconsolidated subsidiaries and affiliates which are out of the scope of equity method accounting have on consolidated financial statements is minimal, and their overall significance is low even if they are excluded from the scope of application of equity method, considering the amount of net income or loss (comparable to equity interest) and retained earnings (comparable to equity interest). Therefore, they are excluded from the scope of equity method accounting.

3. Matters concerning the fiscal year of consolidated subsidiaries

The financial closing date of consolidated subsidiaries agrees with the consolidated financial closing date with the exception of Showa Sugar Co., Ltd. (June 30), Ishigakijima Sugar Manufacturing Co., Ltd. (June 30), SIS' 88 Pte Ltd (December 31), Asian Blending Pte Ltd (December 31), SIS MIDDLE EAST INVESTMENT L.L.C (December 31), Asian Blending LIMITED LIABILITY COMPANY (December 31) and Ohtori-hyoto Co., Ltd. (January 31). To prepare the consolidated financial statements, financial statements based on closing dates are used for SIS' 88 Pte Ltd, Asian Blending Pte Ltd, SIS MIDDLE EAST INVESTMENT L.L.C, Asian Blending LIMITED LIABILITY COMPANY and Ohtori-hyoto Co., Ltd., while provisional financial results based on the fiscal year-end of December 31 are used for Showa Sugar Co., Ltd. and Ishigakijima Sugar Manufacturing Co., Ltd. However, we adjust necessary for consolidation regarding important transactions executed with Showa Sugar Co., Ltd., Ishigakijima Sugar Manufacturing Co., Ltd., SIS' 88 Pte Ltd, Asian Blending Pte Ltd, SIS MIDDLE EAST INVESTMENT L.L.C, Asian Blending LIMITED LIABILITY COMPANY and Ohtori-hyoto Co., Ltd. between their respective closing dates and the consolidated closing date.

4. Matters concerning accounting standards

I. Evaluation standard and evaluation method of important assets

(i) Securities

Available-for-sale securities

Stocks other than securities with no market price, etc.

Market value method

(Valuation difference treated using the total net assets direct-entry method, sales cost calculated using the moving-average method)

Securities with no market price, etc.

Cost method based on the moving-average method

(ii) Derivatives

Market value method in principle

(iii) Inventories

Evaluated by the cost method based on the gross average method

Amounts on the balance sheets are calculated by devaluating book values based on a decrease in profitability.

II. Method of depreciation of important depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The Company and its consolidated subsidiaries mainly use the straight-line method.

The useful life of major categories is as follows:

Buildings and structures

15–50 years

Machinery, equipment and vehicles

4–10 years

(ii) Leased assets

Lease period is used as useful life, and the straight-line method is used with zero residual value.

III. Standard to record important allowance and provision

(i) Allowance for doubtful accounts

In preparation for bad debt, for general accounts receivable, a loan loss ratio is taken into account while for certain receivables such as doubtful accounts receivable, collectability of each receivable is considered in recording the estimated uncollectible amount.

(ii) Provision for directors' bonuses

In preparation for the payment of directors' bonuses, a provision thereof is recorded based on the estimated amount of payment in this fiscal year.

(iii) Provision for directors' retirement benefits

In preparation for the payment of directors' retirement benefits, some consolidated subsidiaries post 100% of the necessary amount to be paid at the end of the fiscal year in accordance with internal rules.

(iv) Provision for share awards for directors

To provide for the grant of shares to directors (excluding directors who are members of the audit & supervisory committee and outside directors) based on the Company's stock compensation scheme, the Company books the projected amount of stock benefit liabilities as of the end of the fiscal year.

(v) Reserves for business restructuring

To provide for expenses and losses arising from business restructuring, the estimated amount at the end of the fiscal year has been recorded.

IV. Accounting treatment of retirement benefits

In preparation for the payment of employee retirement benefits, an amount is booked based on the projected amount of retirement benefit liabilities and pension assets as of the end of the fiscal year.

When calculating retirement benefit liabilities, the benefit formula method is used to allocate expected benefit payments to the period until this fiscal year end.

Past service cost is expensed by the straight-line method over a certain period (5 years) up to a ceiling of employees' average remaining service period at the time of accrual.

Actuarial difference is first prorated by the straight-line method over a certain period (10 years) up to a ceiling of employees' average remaining service period in each fiscal year at the time of accrual, and the prorated amount is expensed from the fiscal year after the year of accrual.

Some consolidated subsidiaries use the compendium method.

V. Standard to record important income and expenses

Standard to record income and expenses

The following is a summary of the principal performance obligations in the main businesses of the Company and its consolidated subsidiaries relating to revenue from contracts with customers, and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized).

(i) In the Sugar Business, revenue from the sale of products or goods is generated mainly through the wholesale or manufacturing of refined sugar products such as refined white sugar and granulated sugar, and from processed sugar products such as stick sugar. In addition, in the Life Energy Business, sales are mainly generated through the wholesale or manufacturing of food additives, nutritional care supplements and nutritional products for patients with dysphagia, and other food products. Most of the revenue in the consolidated financial statements is generated by the Sugar Business.

In the Sugar Business, the Company is subject to performance obligations based on sales contracts with customers to deliver refined and processed sugar products to customers by specified dates. As the performance obligation in the sales contract with the customer is to deliver the products by the specified date, the performance obligation is deemed satisfied at the point at which the products are delivered. The customer is deemed to acquire control over the product at the point of delivery, as ownership is transferred to the customer upon completion of delivery under the terms of the sales contract.

In the Life Energy Business, the Company is subject to performance obligations based on sales contracts with customers to deliver food additives, nutritional care supplements and nutritional products for patients with dysphagia, and other food products by specified dates. As the performance obligation in the sales contract with the customer is to deliver the products by the specified date, the performance obligation is deemed satisfied at the point at which the products are delivered. The customer is deemed to acquire control over the product at the point of delivery, as ownership is transferred to the customer upon completion of delivery under the terms of the sales contract.

In the Sugar Business and the Life Energy Business, the Company has determined that contracts with customers do not contain material financial components because, although the normal payment dates are based on individual contracts with customers, they are generally due within one month from the time the performance obligation is satisfied, which is consistent with market practices.

In addition, revenue is calculated after deducting the value of returned products, discounts, rebates, etc. in accordance with contractual obligations with customers. Of these, discounts and rebates are generally fixed amounts, with only some calculated and recorded as estimated amounts based on rates or unit prices and sales volumes specified in the contract terms. The estimated amount is generally consistent with the actual recorded amount, because the method of calculating the number of discounts and rebates stipulated in the contract is to multiply sales volume during the period by a rate or unit price.

(ii) Standard to record income from finance lease transactions

Net sales and the cost of sales are recorded when a lease fee is received.

VI. Standard to convert important foreign-currency-denominated assets and liabilities into local currency

Foreign currency receivable and payable is converted into yen based on the spot exchange rate as of the consolidated closing date, and differences in translation are recorded as income or expenses.

Assets and liabilities of foreign subsidiaries and other overseas entities are converted into yen based on the spot exchange rate as of the consolidated closing date, while income and expenses are converted into yen based on the average exchange rate during the fiscal year. Differences in translation are booked under foreign currency translation adjustment and non-controlling interests in the net assets section.

VII. Method of important hedge accounting

(i) Method of hedge accounting

Deferred hedge accounting is adopted. The designation method is applied for foreign exchange contracts which meet the requirements.

(ii) Hedging instruments, hedged items and hedging policy

(Hedging instruments)	(Hedged items)
Foreign exchange forwards	Foreign-currency-denominated forecasted transactions and foreign currency receivable and payable
Commodity swap	Commodity forecasted transaction
Commodity futures transactions	Commodity forecasted transaction

(Hedging policy)

Foreign exchange forwards are used to hedge the foreign currency fluctuation risk within the range required based on the sales plan for export and import transactions.

Commodity swaps and commodity futures transactions are used to hedge the commodity price fluctuation risk within the range required based on the sales plan.

(iii) Method to evaluate effectiveness of hedging

We assume that the effectiveness of hedging is secured with respect to foreign exchange forwards since they are used for a single currency and single amount and for commodity swaps and commodity futures transactions as they are transacted for a single product and single period.

VIII. Method and period of goodwill amortization

Goodwill is amortized using the straight-line method over a period of 8 to 15 years. However, immaterial goodwill is amortized in its entirety in the fiscal year of recognition.

IX. Scope of funds in the consolidated statements of cash flows

Funds consist of cash on hand, deposits cashable anytime and short-term investments (to be redeemed within three months from the date of acquisition) that are easily realizable and have limited risk of changes in value.

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. has been adopted from the start of the first quarter of the current fiscal year.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, for the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the start of the first quarter of the current fiscal year. This change in accounting policy has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Notes to additional information)

(Earnings-linked stock compensation scheme for directors)

In accordance with a resolution approved by the Board of Directors on May 20, 2021, the Company has introduced a stock compensation scheme for directors (excluding directors who are members of the audit & supervisory committee and outside directors) to increase the motivation of these directors to improve the Group's medium- to long-term earnings performance and increase corporate value.

1. Overview of transactions

Funds are entrusted to a trust set up by the Company ("the trust"), which is used to purchase common shares in the Company ("the Company's shares"). Through the trust, directors receive the Company's shares as compensation in exchange for points granted to them in accordance with stock distribution regulations established by the Company's Board of Directors. In principle, directors receive the shares on retirement from their positions.

2. Company's shares retained by the trust

The Company's shares retained by the trust are included in net assets as treasury shares at book value (excluding associated expenses). As of March 31, 2025, there were 143,800 shares held in trust with a book value of 279 million yen.

(Notes to Consolidated balance sheets)

*1. Item concerning unconsolidated subsidiaries and the affiliates is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Investment securities (shares)	11,970 million yen	13,374 million yen
Investments in capital of subsidiaries and associates	3,276 million yen	3,868 million yen

*2. Guarantee obligation

Joint guaranty for loans from financial institutions of a company other than consolidated subsidiaries is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Kaset Phol Sugar Ltd.	9,627 million yen	7,355 million yen
Japan Sugar Refiners' Association	23 million yen	23 million yen

(Japan Sugar Refiners' Association is jointly guaranteed by three companies to a total of 71 million yen.)

*3. Reduction entry of property, plant and equipment and intangible assets

With the receipt of sugar production promotion subsidy by our consolidated subsidiaries, reduction entries made that are deducted from the acquisition prices are as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Buildings and structures	261 million yen	261 million yen
Machinery, equipment and vehicles	3,029 million yen	3,200 million yen
Tools, furniture and fixtures	0 million yen	0 million yen

*4. Notes maturing on the closing date of the consolidated fiscal year

Notes reaching maturity on the closing date of the consolidated fiscal year are settled in the Company's accounts on the clearance date. As the closing date for the previous fiscal year under review was a holiday for financial institutions, notes maturing on the closing date of the next fiscal year are included in the balance as of the end of the previous fiscal year under review.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Notes receivable	105 million yen	– million yen
Notes payable	37 million yen	– million yen

(Notes to Consolidated statements of income)

*1. Research and development expenses included in selling, general and administrative expenses

FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
759 million yen	883 million yen

*2. Loss on retirement of non-current assets

FY2023 (From April 1, 2023, to March 31, 2024)

This is the cost of removing production facilities at the Honbetsu Sugar Refinery of Hokkaido Sugar Co., Ltd.

*3. Impairment losses

FY2024 (From April 1, 2024, to March 31, 2025)

(1) Summary of asset group for which impairment losses have been recognized

Location	Use	Type	Impairment losses
Kanmon Sugar Manufacturing Co., Ltd. (Orihonmachi, Moji-ku, Kitakyushu-shi, Fukuoka)	Sugar production facilities	Buildings and structures, Machinery, equipment and vehicles, Land, Lease assets, etc.	3,899 million yen
Ohtori-hyoto Co., Ltd. (Shimo-Nijicho, Moji-ku, Kitakyushu-shi, Fukuoka)	Sugar production facilities	Buildings and structures, Machinery, equipment and vehicles, Land, Lease assets, etc.	266 million yen
Nittosangyo Co., Ltd. (Orihonmachi, Moji-ku, Kitakyushu-shi, Fukuoka)	Packaging material production equipments	Buildings and structures, Machinery, equipment and vehicles, Lease assets, etc.	110 million yen

(2) Background leading to the recognition of impairment losses

Impairment losses were recognized for the buildings, machinery and equipment, land, etc. of Kanmon Sugar Manufacturing Co., Ltd., Ohtori-hyoto Co., Ltd. and Nittosangyo Co., Ltd. located in Moji-ku, Kitakyushu City, Fukuoka Prefecture, as the recoverable amounts fell below the book values in accordance with the decision to discontinue production at each company.

(3) Breakdown of impairment losses

Buildings and structures	807 million yen
Machinery, equipment and vehicles	1,476 million yen
Tools, furniture and fixtures	39 million yen
Land	1,801 million yen
Lease assets	25 million yen
Construction in progress	71 million yen
Intangible fixed assets (Other)	53 million yen
Total	4,275 million yen

(4) Method of grouping

Non-current assets are classified into the Sugar Business group, the Life Energy Business group and the Real Estate Business group, and the Sugar Business group is further classified mainly by plant. The Life Energy Business group is mainly classified into the food additives group, the bio group, the nutritional care supplements and nutritional products for patients with dysphagia group, and lifestyle support and home-delivered meals group. The Real Estate Business group is classified by rental property. Idle assets are classified by property.

(5) Method of calculation for recoverable amount

The recoverable amount is the higher of the net selling price and the value in use. The net selling price is estimated based on a reasonable estimate that considers market value, and the value in use is calculated by discounting the estimated future cash flow at a rate of 2.8%.

*4. Provision for business restructuring

FY2024 (From April 1, 2024, to March 31, 2025)

In accordance with the “Basic Policy on the Reorganization of Production Bases in the Domestic Sugar Business” resolved by the Board of Directors during the fiscal year, the estimated amount of expenses and losses expected to be incurred by consolidated subsidiaries that have decided to terminate production by the end of September 2026, which is 1,002 million yen, has been recorded as an extraordinary loss for the fiscal year.

(Notes to consolidated statements of changes in net assets)

FY2023 (From April 1, 2023, to March 31, 2024)

1. Matters concerning the type and total number of outstanding shares and treasury shares

	Number of shares at the beginning of FY2023 (Thousand shares)	Number of increased shares during FY2023 (Thousand shares)	Number of decreased shares during FY2023 (Thousand shares)	Number of shares at the end of FY2023 (Thousand shares)
Outstanding shares				
Common shares	32,639	–	–	32,639
Total	32,639	–	–	32,639
Treasury shares				
Common shares	368	0	–	368
Total	368	0	–	368

Notes:

1. 0 thousand shares of increase in common shares of treasury shares are because of acquisition of fractional shares.
2. The number of treasury shares at the end of the fiscal year includes 152 thousand treasury shares held in trust for the stock compensation scheme.

2. Matters concerning cash dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends paid (Million yen)	Dividend per share (Yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 22, 2023	Common shares	2,918	90.0	March 31, 2023	June 23, 2023
Board of directors' meeting held on October 31, 2023	Common shares	1,945	60.0	September 30, 2023	December 1, 2023

Notes:

1. The total amount of dividends resolved by the Ordinary General Meeting of Shareholders held on June 22, 2023, includes dividends of 13 million yen for treasury shares held in trust for the stock compensation scheme.
2. The total amount of dividends resolved by the Board of Directors on October 31, 2023, includes dividends of 9 million yen for treasury shares held in trust for the stock compensation scheme.

(2) Dividends whose base date is in fiscal 2023 and whose effective date falls on fiscal 2024

(Resolution)	Type of shares	Total dividends paid (Million yen)	Dividend resource	Dividend per share (Yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 25, 2024	Common shares	2,269	Retained earnings	70.0	March 31, 2024	June 26, 2024

Note: The total amount of dividends resolved by the Ordinary General Meeting of Shareholders held on June 25, 2024, includes dividends of 10 million yen for treasury shares held in trust for the stock compensation scheme.

FY2024 (From April 1, 2024, to March 31, 2025)

1. Matters concerning the type and total number of outstanding shares and treasury shares

	Number of shares at the beginning of FY2024 (Thousand shares)	Number of increased shares during FY2024 (Thousand shares)	Number of decreased shares during FY2024 (Thousand shares)	Number of shares at the end of FY2024 (Thousand shares)
Outstanding shares				
Common shares	32,639	–	–	32,639
Total	32,639	–	–	32,639
Treasury shares				
Common shares	368	0	8	360
Total	368	0	8	360

Notes:

1. 0 thousand shares of increase in common shares of treasury shares are because of acquisition of fractional shares.
2. 8 thousand shares of decrease in common shares of treasury shares are because of decrease due to delivery of the Company's shares from trust accounts under the stock compensation plan.
3. The number of treasury shares at the end of the fiscal year includes 143 thousand treasury shares held in trust for the stock compensation scheme.

2. Matters concerning cash dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends paid (Million yen)	Dividend per share (Yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 25, 2024	Common shares	2,269	70.0	March 31, 2024	June 26, 2024
Board of directors' meeting held on October 31, 2024	Common shares	2,107	65.0	September 30, 2024	December 6, 2024

Notes:

1. The total amount of dividends resolved by the Ordinary General Meeting of Shareholders held on June 25, 2024, includes dividends of 10 million yen for treasury shares held in trust for the stock compensation scheme.
2. The total amount of dividends resolved by the Board of Directors on October 31, 2024, includes dividends of 9 million yen for treasury shares held in trust for the stock compensation scheme.

(2) Dividends whose base date is in fiscal 2024 and whose effective date falls on fiscal 2025

(Resolution)	Type of shares	Total dividends paid (Million yen)	Dividend resource	Dividend per share (Yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 24, 2025	Common shares	2,107	Retained earnings	65.0	March 31, 2025	June 25, 2025

Note: The total amount of dividends resolved by the Ordinary General Meeting of Shareholders held on June 24, 2025, includes dividends of 9 million yen for treasury shares held in trust for the stock compensation scheme.

(Notes to consolidated statements of cash flows)

*1. Relationship between ending balance of cash and cash equivalents and its amount in the consolidated balance sheets

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Cash and deposits	25,070 million yen	40,596 million yen
Time deposits whose deposit term exceeds three months	(293)	(496)
Cash and cash equivalents	24,777	40,099

(Notes to segment information, etc.)

[Segment information]

1. Overview of reportable segments

   Reportable segments of the Company are structural units of the Company whose separate financial information is available, and which are subject to regular review by the Board of Directors to evaluate a decision on allocation of management resources and financial results.

   The Company and its consolidated subsidiaries are engaged in sales of sugar and food ingredients through the wholesale or manufacturing and lease of real estate. Organizations are established based on these products and services.

   Therefore, reportable segments of the Company are the “Sugar Business,” “Life Energy Business” and “Real Estate Business.”

   The Sugar Business sells raw sugar, processed sugar and sugar-related products through the wholesale or manufacturing. The Life Energy Business sells food colorings, flavorings, sugar cane extract, agar, bio-based products, nutritional care supplements and nutritional products for patients with dysphagia through the wholesale or manufacturing. The Real Estate Business mainly leases land, retail premises and offices.

   Effective from the fiscal year, certain businesses, included in the Life Energy Business have been transferred into the Sugar Business due to a change in the business management classification.

   Segment information for the previous fiscal year has been restated based on the new classification.

2. Calculation method of net sales, income/loss, assets, liabilities and other items of each reportable segment

   Accounting of reportable business segments is basically the same as those described in the “Important matters concerning preparation of consolidated financial statements.”

   Income of reportable segments is on an operating-income basis.

   Intersegment sales and transfer is based on the current market price.

3. Information on amounts of net sales, income/loss, assets, liabilities and other items, as well as on revenue breakdown, by each reportable segment

FY2023 (From April 1, 2023, to March 31, 2024)

(Million yen)

	Reportable Segment				Adjustments	Amount recorded in consolidated financial statements
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Net sales						
Revenue from contracts with customers	144,140	24,256	—	168,397	—	168,397
Other revenue	—	—	2,377	2,377	—	2,377
Net sales to third-party customers	144,140	24,256	2,377	170,774	—	170,774
Intersegment of net sales and transfer	181	259	819	1,260	(1,260)	—
Total	144,321	24,516	3,197	172,034	(1,260)	170,774
Segment profit	2,812	597	841	4,251	—	4,251
Segment assets	102,748	23,684	44,789	171,222	20,205	191,428
Other items						
Depreciation and amortization	4,260	708	781	5,750	1	5,752
Increase of property, plant and equipment and intangible assets	5,872	235	30	6,138	1,118	7,256

Notes:

1. Some adjustments were made between segment profit and operating income recorded in consolidated statements of income.
2. Adjustments of segment assets of 20,205 million yen indicate assets of the entire Company not allocated to each reportable segment. They consist of invested assets using surplus funds (cash and deposits), long-term investment fund (investment securities) and assets concerning the administration department.

FY2024 (From April 1, 2024, to March 31, 2025)

(Million yen)

	Reportable Segment				Adjustments	Amount recorded in consolidated financial statements
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Net sales						
Revenue from contracts with customers	151,295	25,071	—	176,366	—	176,366
Other revenue	—	—	2,418	2,418	—	2,418
Net sales to third-party customers	151,295	25,071	2,418	178,785	—	178,785
Intersegment of net sales and transfer	219	286	881	1,387	(1,387)	—
Total	151,515	25,357	3,300	180,172	(1,387)	178,785
Segment profit	11,747	1,263	829	13,840	—	13,840
Segment assets	101,421	22,505	43,604	167,530	34,665	202,196
Other items						
Depreciation and amortization	4,493	685	762	5,941	1	5,942
Increase of property, plant and equipment and intangible assets	4,502	535	28	5,066	60	5,126

Notes:

1. Some adjustments were made between segment profit and operating income recorded in consolidated statements of income.
2. Adjustments of segment assets of 34,665 million yen indicate assets of the entire Company not allocated to each reportable segment. They consist of invested assets using surplus funds (cash and deposits), long-term investment fund (investment securities) and assets concerning the administration department.

[Related information]

FY2023 (From April 1, 2023, to March 31, 2024)

1. Information about each product and service

   Description is omitted since it is explained in the segment information section.

2. Information by each region

   (1) Net sales

   Description is omitted since net sales to third party customers outside Japan account for less than 10% of the consolidated net sales.

   (2) Property, plant and equipment

   Description is omitted since property, plant and equipment located outside Japan accounts for less than 10% of the property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Relevant segment
Mitsui & Co., Ltd.	39,686	Sugar Business and Life Energy Business

FY2024 (From April 1, 2024, to March 31, 2025)

1. Information about each product and service

   Description is omitted since it is explained in the segment information section.

2. Information by each region

   (1) Net sales

   Description is omitted since net sales to third party customers outside Japan account for less than 10% of the consolidated net sales.

   (2) Property, plant and equipment

   Description is omitted since property, plant and equipment located outside Japan accounts for less than 10% of the property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Relevant segment
Mitsui & Co., Ltd.	28,682	Sugar Business and Life Energy Business

[Information on impairment loss on non-current assets by each reportable segment]

FY2023 (From April 1, 2023, to March 31, 2024)

None

FY2024 (From April 1, 2024, to March 31, 2025)

(Million yen)

	Reportable segment				Corporate and eliminations	Amount recorded in consolidated financial statements
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Impairment losses	4,275	–	–	4,275	–	4,275

[Information on amortization of goodwill and unamortized balance of goodwill by each reportable segment]

FY2023 (From April 1, 2023, to March 31, 2024)

(Million yen)

	Reportable segment				Corporate and eliminations	Amount recorded in consolidated financial statements
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Amortization during the period	335	692	–	1,027	–	1,027
Balance at the end of current period	3,268	1,491	–	4,760	–	4,760

FY2024(From April 1, 2024, to March 31, 2025)

(Million yen)

	Reportable segment				Corporate and eliminations	Amount recorded in consolidated financial statements
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Amortization during the period	361	223	–	585	–	585
Balance at the end of current period	3,271	1,267	–	4,538	–	4,538

(Notes to per-share information)

FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Net assets per share 3,475.71 yen Earnings per share 261.72 yen Diluted earnings per share is not mentioned since dilutive shares do not exist.	Net assets per share 3,550.69 yen Earnings per share 195.06 yen Diluted earnings per share is not mentioned since dilutive shares do not exist.

Notes:

1. The Company has introduced a trust-based stock compensation scheme for directors. Shares of the Company held in the trust account are included in treasury shares, which are deducted from the calculation of "average number of shares during period" for the purpose of calculating "earnings per share" (152 thousand shares in fiscal 2023, 146 thousand shares in fiscal 2024).
2. The basis of calculation of net assets per share and earnings per share is as follows.

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Total of net assets section (million yen)	117,340	119,341
Amount deducted from total of net assets section (million yen)	5,175	4,726
(Of the above, non-controlling interests (million yen))	(5,175)	(4,726)
Net assets attributable to common shares at period end (million yen)	112,165	114,614
Number of common shares at period end used in calculating net assets per share (shares)	32,271,146	32,279,612

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Profit attributable to owners of parent (million yen)	8,445	6,295
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent attributable to common shares (million yen)	8,445	6,295
Average number of shares outstanding (shares)	32,271,256	32,276,683

(Notes to important subsequent events)

(Stock repurchase and cancellation of treasury stock)

The Company has resolved at a meeting of the Board of Directors held on May 15, 2025, to repurchase treasury stock in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the said act, and to cancel a part of its treasury stock in accordance with Article 178 of the said Act.

For details, please refer to the “Notice Concerning Stock Repurchase and Cancellation of Treasury Stock” announced today.

5. Other

(1) Transfer of officers

1) Transfer of representative directors

Retiring representative director (effective April 1, 2025)

Name	New position	Current position
Yu Sato	Director	Representative Director, Executive Vice President In charge of President's Special Assignment

New Candidates for representative directors (excluding directors who are on the audit & supervisory committee) (effective June 24, 2025, pending approval by the Ordinary General Meeting of Shareholders)

Name	New position	Current position
Kazuo Nakaso	Representative Director, Senior Managing Executive Officer, Assistant to CEO & CBXO	Senior Managing Executive Officer, Assistant to CEO & CBXO
Takuya Tsuda	Representative Director, Senior Managing Executive Officer, CBO	Senior Managing Executive Officer, CBO

2) Transfer of other directors

New candidate for director (excluding directors who serve on the audit & supervisory committee) (effective June 25, 2024, pending approval by the Ordinary General Meeting of Shareholders)

Name	New position	Current position
Satoru Shimoishikawa	Outside Director	General Manager, Grain & Feed Division, Food Business Unit, Mitsui & Co., Ltd.

Retiring director who serves on the audit & supervisory committee (effective June 25, 2024)

Name	New position	Current position
Yu Sato	Advisor	Director
Shuichi Matsuzawa	Resignation	Outside Director

(2) Other

None