



Summary of Consolidated Financial Results

For the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: Mitsui DM Sugar Holdings 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 Senior Executive Officer

TEL. 81-3-6453-6161

Planned date for ordinary general meeting of shareholders: June 25, 2024
 Planned date to start dividend payment: June 26, 2024
 Planned date for submission of annual securities report: June 25, 2024

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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	170,774	4.6	4,251	286.4	9,778	(48.7)	8,445	6.8
Year ended March 31, 2023	163,310	10.4	1,100	(69.7)	19,058	447.8	7,911	116.3

(Note) Comprehensive income

Year ended March 31, 2024: 9,552 million yen (9.6%) Year ended March 31, 2023: 8,712 million yen (81.8%)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 31, 2024	261.72	—	7.7	5.0	2.5
Year ended March 31, 2023	245.16	—	7.6	9.9	0.7

(Reference) Equity in earnings (losses) of affiliates Year ended March 31, 2024: (549 million yen)
 Year ended March 31, 2023: (247 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, 2024	191,428	117,340	58.6	3,475.71
As of March 31, 2023	196,123	112,578	54.6	3,321.09

(Reference) Equity capital As of March 31, 2024: 112,165 million yen As of March 31, 2023: 107,176 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, 2024	12,739	(6,665)	(8,990)	24,777
Year ended March 31, 2023	6,228	(21,561)	11,655	27,610

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, 2023	—	30.00	—	90.00	120.00	3,872	48.9	3.7
Year ended March 31, 2024	—	60.00	—	70.00	130.00	4,195	49.7	3.8
Year ending March 31, 2025 (forecast)	—	65.00	—	65.00	130.00		73.6	

3. Consolidated Business Forecasts for the Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	180,000	5.4	9,200	116.4	8,900	(9.0)	5,700	(32.5)	176.63

*Notes:

(1) Significant changes in subsidiaries during period
(Changes in specified subsidiaries resulting in changes of scope of consolidation): None

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

(i) Changes in accounting policy due to any revision of accounting standards: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares at period end (including treasury shares)	As of March 31, 2024	32,639,780 shares	As of March 31, 2023	32,639,780 shares
(ii) Number of treasury shares at period end	As of March 31, 2024	368,634 shares	As of March 31, 2023	368,384 shares
(iii) Average number of shares during period	Year ended March 31, 2024	32,271,256 shares	Year ended March 31, 2023	32,270,909 shares

Note: The Company has introduced a trust-based stock compensation scheme for directors. The number of treasury shares at period end includes treasury shares held by the trust (152,400 shares as of March 31, 2024; 152,400 shares as of March 31, 2023). In addition, the average number of shares during period is calculated excluding treasury shares, which include those held by the trust (152,400 shares in the fiscal year ended March 31, 2024; 153,053 shares in the fiscal year ended March 31, 2023).

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

1. Financial Results on a Non-consolidated Basis for the Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	4,298	(20.1)	932	(50.5)	2,167	(89.4)	1,623	(89.1)
Year ended March 31, 2023	5,377	42.2	1,882	157.4	20,407	–	14,920	814.8

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2024	50.32	–
Year ended March 31, 2023	462.34	–

(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, 2024	91,650	54,861	59.9	1,700.01
As of March 31, 2023	95,457	58,026	60.8	1,798.08

(Reference) Equity capital As of March 31, 2024: 54,861 million yen As of March 31, 2023: 58,026 million yen

* The kessan tanshin document is outside the scope of audit procedures conducted by certified public accountants and the independent auditor.

* 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. 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.

○ Appendix

1. Operating Results and Other.....	2
(1) Analysis of operating results	2
(2) Analysis of financial position	5
(3) Fundamental policy for profit allocation and dividends for fiscal 2023 and 2024.....	6
2. Corporate Group.....	7
3. Basic Stance on Selection of Accounting Standards.....	7
4. Consolidated Financial Statements and Important Notes	8
(1) Consolidated balance sheets	8
(2) Consolidated statements of income and consolidated statements of comprehensive income	10
(Consolidated statements of income).....	10
(Consolidated statements of comprehensive income).....	11
(3) Consolidated statements of changes in net assets	12
(4) Consolidated statements of cash flows	14
(5) Notes on consolidated financial statements	16
(Notes on assumptions of a going concern).....	16
(Important matters concerning preparation of consolidated financial statements).....	16
(Additional information)	16
(Consolidated balance sheets)	20
(Consolidated statements of income).....	21
(Consolidated statements of changes in net assets)	21
(Consolidated statements of cash flows)	25
(Segment information, etc.).....	26
(Per-share information)	31
(Important subsequent events).....	31
5. Other.....	32
(1) Transfer of officers	32
(2) Other.....	32

1. Operating Results and Other

(1) Analysis of operating results

1) Overview of fiscal 2023

In fiscal 2023, ended March 31, 2024, the Japanese economy recovered as social and economic activities normalized after the COVID-19 pandemic. However, the outlook remained uncertain amid instability overseas due to geopolitical risks and rising prices caused by the weakening yen.

Against this backdrop, the Mitsui DM Sugar Holdings 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)

In the overseas crude sugar market, the sugar price started the fiscal year in the low-22 cent per pound range before rising rapidly to the mid-27 cent level in late April amid forecasts of a large decline in production in Brazil, the world’s largest producer of sugarcane, due to poor weather conditions. While the price turned down at one point as a recovery in Brazilian supply eased concerns, prospects of a sugar export ban in the next fiscal year in India due to a drought and reports of cuts to production in Thailand pushed the price up again in late August, when it reached the 28-cent level. The price subsequently fell rapidly to the 20-cent level after Brazil's sugar production was revised up sharply in late November, and despite a short-lived impact from concerns about lower production in the northern hemisphere, the price ended the fiscal year in the mid-22-cent range. In the domestic market, the refined sugar price started the fiscal year at 227-229 yen per kg. The persistently high crude sugar price overseas, the weakening yen and other factors subsequently led to an increase in the price to the 249-251 yen level, where it ended the fiscal year.

Domestic refined sugar sales were significantly impacted by weakening consumer sentiment for household products amid a rush of food product price hikes and by sharply higher raw material costs, marine freight rates, and packaging and logistics expenses. However, sales increased year on year due to a recovery in inbound demand and higher unit prices after shipment prices were raised by 12 yen per kg in July and by 10 yen per kg in October.

In domestic sales of crude sugar, profits were affected by declines in sugar crop yields and sucrose content due to poor weather in Hokkaido, Kagoshima and Okinawa, and by deterioration in the cost ratio due to higher repair costs.

Overseas, profits declined due to deterioration in the cost ratio at the Group’s consolidated subsidiary in Singapore amid a drop in sales volume, and due to delays with the startup of new facilities in the Middle East and Vietnam.

As part of measures to “reinforce the domestic Sugar Business” in the medium-term management plan, Mitsui DM Sugar Co., Ltd. signed a business alliance with Wada Sugar Refining Co., Ltd. in March 2024 to further improve the efficiency of production and distribution systems and to contribute to the sustainable and stable growth of Japan’s sugar industry.

As a result of the above, the Sugar Business reported net sales of 142,008 million yen (up 2.5% year on year) and operating income of 2,959 million yen (up 1,324.8% year on year).

Sugar market status during period

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

Opening price: 22.35 cents, highest price: 28.14 cents, lowest price: 20.03 cents, closing price: 22.52 cents

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

Opening price: 227-229 yen, closing price: 249-251 yen

(Life Energy Business)

Sales and profits for functional food ingredient palatinit increased, supported by higher demand for candy and sweet confectionery applications. Steady sales in the nutritional foods and products business, which was acquired from Terumo Corporation in the previous fiscal year, also supported full-year earnings.

In the second quarter of the fiscal year, Muscle Deli Co., Ltd., which operates a lifestyle support business and home-delivery meal box business, became a consolidated subsidiary. The aim of the acquisition is to reinforce the value chain in the Life Energy Business by combining the Group's food materials and R&D capabilities with Muscle Deli’s speed and marketing capabilities as a startup company. Muscle Deli Co., Ltd. changed its name to YOUR MEAL Co., Ltd. in December 2023.

As a result, net sales in the Life Energy Business amounted to 26,388 million yen (up 18.0% year on year), while operating income was 450 million yen (up 14.4% year on year).

(Real Estate Business)

The Real Estate Business reported net sales of 2,377 million yen (down 1.8% year on year) and operating income of 841 million

yen (up 68.7% year on year), supported by steady occupancy of leased real estate assets, including in the redeveloped Okayama and Kobe-Nagata areas, and by the start of partial leasing of Mita S-Garden (Shiba, Minato-ku, Tokyo).

As a result of the above, the Group recorded consolidated net sales of 170,774 million yen (up 4.6% year on year) and operating income of 4,251 million yen (up 286.4% year on year).

In non-operating income and expenses, the Company recorded dividend income of 5,176 million yen and royalty income of 1,158 million yen based on a development and marketing rights agreement for fingolimod (FTY720). In share of profit of entities accounted for using equity method, profitability deteriorated, mainly due to lower production and sales volumes at affiliates in Thailand amid a shortage of sugar cane. As a result of the above, the Company recorded ordinary income of 9,778 million yen (down 48.7% year on year) and profit attributable to owners of parent of 8,445 million yen (up 6.8% year on year).

In the fiscal year under review, the head offices of the Company, Mitsui DM Sugar Co., Ltd., DIA MARKET CREATION Co., Ltd., Taisho Technos Co., Ltd., MEITO WAREHOUSE CO., LTD., Nakatora Fudosan Co., Ltd. and YOUR MEAL Co., Ltd., and the Tokyo offices of Hokkaido Sugar Co. Ltd. and NUTRI Co., Ltd. were relocated to the Mita S-Garden building in Shiba, Minato Ward, Tokyo. By consolidating the Tokyo offices of these Group companies, we will accelerate efforts to capture Group synergies through better communication and closer collaboration.

2) Future outlook

In fiscal 2024, ending March 31, 2025, we expect signs of a pickup in social and economic activity in Japan, including sustained wage hikes, as well as prospects for growth in inbound demand. However, we expect the Group's operating environment to become increasingly uncertain due to persistent geopolitical risks, high raw material prices and utility costs, concerns about the yen's continued weakness, and the worsening labor shortage.

Against this backdrop, we will continue to work toward the goals of the medium-term management plan, "2026 Diversify into Nutrition & Health." Specifically, the Group will reinforce the domestic Sugar Business and utilize stable cash flow generated by the Real Estate Business to lift profitability, enabling the reallocation of business resources to the Group's growth fields – overseas businesses and the Life Energy business – to spur further growth in both areas. The Group will also harness the diverse capabilities of the Group's entire workforce in order to become a corporate group that delivers nutrition and health solutions for the happiness of people and society across all life stages.

Issues to work on at each segment in fiscal 2024 are as follows:

(Sugar Business)

In the domestic Sugar Business, we will radically overhaul the entire value chain, expand the Group's sales structure and further consolidate sales channels in order to build an optimized distribution system to improve the efficiency of product handling and shipping. In addition, we will implement measures to reduce energy consumption based on a more environmentally friendly approach to production, work to create added value in sales, and take urgent steps in procurement to improve profitability in response to surging crude sugar and fuel prices. To support the long-term stability of the domestic sugar industry, we will tackle a number of issues based on our capital and business alliance with Nippon Beet Sugar Manufacturing Co., Ltd. (Nitten). Specifically, we will overhaul the beet sugar production framework across our operations in Hokkaido through consolidated subsidiary Hokkaido Sugar Co., Ltd. Also, based on the existing business alliance between Mitsui DM Sugar Co., Ltd. and Wada Sugar Refining Co., Ltd., we will discuss the possibility of a capital alliance that also includes Mitsui DM Sugar Holdings Co., Ltd. and consider starting outsourced production of sugar products by the end of March 2025. In Kagoshima and Okinawa prefectures, the Group has two consolidated subsidiaries that supply crude sugar – Showa Sugar Co., Ltd. and Ishigakijima Sugar Manufacturing Co., Ltd. Through these companies, we will continue to source stable supplies of crude sugar and support the domestic sugarcane industry, contributing in particular to the prosperity of Japan's remote island economies and the preservation of national borders (border security).

In the overseas Sugar Business, we will implement the following measures in the Group's markets in Southeast Asia, the Middle East and China, which continue to see firm economic growth. (1) Southeast Asia (excluding Thailand) and the Middle East: We aim to establish a refined sugar supply chain centered on SIS'88 Pte Ltd., a consolidated subsidiary in Singapore, by leveraging its strong brand power and lineup of retail products for the Middle East, one of its strengths. We will utilize our new repackaging site in the United Arab Emirates (UAE) and begin full-scale operations at a new manufacturing site in Vietnam, operated by consolidated subsidiary Asian Blending Pte Ltd., to further improve profitability under an expanded sales structure. (2) China: We will expand our business to capture demand in China, a very large sugar consumption market. Equity-method affiliate COFCO Sugar Liaoning Co., Ltd. will continue to generate stable earnings by launching new high value-added products. Another equity-method affiliate, HANY SUGAR Co., Ltd., will step up sales by launching new products in its mainstay lines of refined sugar sachets and brown sugar. (3) Thailand: We plan to use equity-method affiliate Kaset Phol Sugar Ltd. as the supply base for high-quality refined sugar for overseas Group companies, aiming to contribute to consolidated earnings. We will also consider actively investing in new businesses with various partners, including in the Life Energy business, to drive further business expansion

overseas.

(Life Energy Business)

In the Life Energy Business, guided by the phrase “Nutrition by Life Stage,” we will further expand and strengthen the "vitality health foods business" area, where we mainly offer nutritionally enhanced meals to active people through consolidated subsidiary YOUR MEAL Co., Ltd., by maximizing the value chain established by the Group. In the “nutritional care supplements business” area, which is centered on consolidated subsidiary NUTRI Co., Ltd., and the "food technology business" area, centered on naturally derived food ingredients and functional foods supplied by Taisho Technos Co., Ltd., we will augment existing business models and expand sales channels by actively utilizing M&A and capital tie-ups, targeting growth through bolt-on acquisitions. In addition, in the bio business of consolidated subsidiary Hokkaido Sugar Co., Ltd., we will use its extensive range of microorganism cultivation technology and its purification technology developed for sugar production to capture demand for value-added contract manufacturing of functional food ingredients, food and industrial enzymes, functional microorganisms and pharmaceutical raw materials, in line with customer needs. Through close collaboration across these four areas, we will propose and supply products and services that meet nutritional and health needs for every life stage. The main objective for new businesses will be to develop functional food materials, food concepts and applications related to sports performance improvement, beauty, and challenges associated with active seniors and seniors receiving care.

(Research and Development)

In research and development, we will focus on the development of functional sugars and proteins – key sources of energy – and conduct research into new methods of providing and efficient ways of ingesting health foods, in collaboration with external research teams and other partners. Led by the Mitsui DM Group R&D Center at Mitsui DM Sugar Co. Ltd., we will work closely with the Business Development Division through collaboration with NUTRI Co., Ltd., Taisho Technos Co., Ltd. and the bio business of Hokkaido Sugar Co., Ltd. – key Group companies driving the development of the Life Energy Business – to further expand the Group’s businesses and develop and move into new fields.

(Real Estate Business)

In the Real Estate Business, we will work to generate stable cash flow by effectively utilizing real estate holdings, including ramping up earnings from the partial leasing of Mita S-Garden (Shiba, Minato-ku, Tokyo), and further improve asset efficiency and profitability to support the development of Group businesses. We will also contribute to job creation and increased consumer spending in regional areas and support the development of local communities.

(Sustainability)

To achieve our key performance indicators (KPIs) and tackle the Group’s 10 material issues, which were selected in line with our basic policy for sustainability initiatives – “Realize a sustainable society through five key commitments”* (see our website for more details: <https://sustainability.msdm-hd.com/en/>), we will progressively implement a total of 16 action plans.

Under “our commitment to the environment,” the Group is targeting net zero CO2 emissions by fiscal 2050, with an interim goal of reducing CO2 emissions by 46% by fiscal 2030 compared with levels in fiscal 2015. In addition, we are working on climate change scenario analysis after endorsing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and we are preparing to adopt recommendations by the Task Force on Nature-related Financial Disclosures (TNFD).

In "our commitment to people," we will continue to implement concrete measures. This will include human rights and occupational health & safety initiatives, appointing female employees to executive positions to strengthen human capital management, promoting the employment of people with disabilities, encouraging male employees to take childcare leave, and holding in-house training sessions on diversity & inclusion.

* 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.

Effective April 1, 2025, the Company will conduct an absorption-type merger with wholly owned consolidated subsidiary Mitsui DM Sugar Co., Ltd., with the Company as the surviving company and Mitsui DM Sugar Co., Ltd. as the dissolved company. Effective on the same date, the Company will change its name to Mitsui DM Sugar Co., Ltd. After adopting a holding company structure on April 1, 2021 following the management integration of Mitsui Sugar Co., Ltd. and Dai-Nippon Meiji Sugar Co., Ltd. (company names at the time of the integration), the Company merged both these operating companies on October 1, 2022 to deepen

Group management. The Group is currently implementing various measures under its medium-term management plan – "2026 Diversify into Nutrition & Health." These measures are significantly reinforcing and enhancing the growth potential of Group businesses and improving the productivity and profitability of the entire Group. However, amid an increasingly uncertain business environment, we recognized that the Group needs to simplify its corporate chain of command, improve the efficiency of back-office operations, and accelerate activities aimed at capturing Group synergies. We therefore decided to adopt a corporate structure that increases the likelihood of achieving the medium-term management plan targets, facilitates rapid decision-making while ensuring appropriate Group governance, and captures the benefits of management integration more quickly. Going forward, the Group will build an effective and optimal governance structure to become a more efficient, profitable corporate entity, targeting further growth in each Group business.

(2) Analysis of financial position

1) Assets, liabilities and net assets

As of March 31, 2024, total assets were 191,428 million yen, a decrease of 4,695 million yen from 196,123 million yen at the end of the previous fiscal year. This mainly reflected a decline of 2,931 million yen for cash and deposits, an increase of 2,468 million yen for accounts receivable – trade, a decrease of 2,807 million yen for merchandise and finished goods, a decrease of 522 million yen for raw materials and supplies, a decrease of 992 million yen for other current assets, a decrease of 543 million yen for machinery, equipment and vehicles, an increase of 2,144 million yen for construction in progress, a decrease of 466 million yen for goodwill, and a decrease of 863 million yen for investment securities.

Liabilities totaled 74,087 million yen, a decrease of 9,457 million yen from 83,545 million yen at the end of the previous fiscal year. This was mainly due to a decrease of 6,012 million yen for notes and accounts payable – trade, a decrease of 2,391 million yen for short-term loans payable, a decrease of 485 million yen for the current portion of long-term loans payable, and a decrease of 569 million yen for long-term loans payable.

Net assets totaled 117,340 million yen, an increase of 4,761 million yen from 112,578 million yen at the end of the previous fiscal year. This largely reflected an increase of 3,582 million yen for retained earnings, an increase of 827 million yen for foreign currency translation adjustment, an increase of 595 million yen for remeasurements of defined benefit plans, and a decrease of 227 million yen for non-controlling interests.

2) Cash flow

Cash and cash equivalents ("funds") as of March 31, 2024 declined 2,833 million yen from the end of the previous fiscal year to 24,777 million yen, reflecting an increase in cash flow from operating activities of 12,739 million yen, a decrease in cash flow from investing activities of 6,665 million yen, and a decrease in cash flow from financing activities of 8,990 million yen.

Changes in cash flow for fiscal 2023 and their reasons are as follows.

(Cash flow from operating activities)

The funds acquired from operating activities amounted to 12,739 million yen (fiscal 2022: increase by 6,228 million yen).

This mainly reflected cash provided by income before income taxes of 10,637 million yen, depreciation and amortization of 5,752 million yen and decrease in inventories of 3,432 million yen, versus cash used of 6,112 million yen for decrease in notes and accounts payable – trade and 1,971 million yen for income taxes paid.

(Cash flow from investing activities)

Investing activities caused funds to decrease in the amount of 6,665 million yen (fiscal 2022: decrease by 21,561 million yen).

This largely reflected cash provided of 1,217 million yen by proceeds from sales of investment securities, versus cash used of 7,356 million yen for purchase of property, plant and equipment related to rental real estate and plant facilities.

(Cash flow from financing activities)

Financing activities caused funds to decrease in the amount of 8,990 million yen (fiscal 2022: increase by 11,655 million yen).

This was mainly due to cash used of 3,666 million yen for net decrease in loans payable and 4,856 million yen for cash dividends paid.

(Reference) Changes in cash-flow-related indices

	FY2021	FY2022	FY2023
Capital adequacy ratio (%)	53.4	54.6	58.6
Market-price-based capital adequacy ratio (%)	32.7	33.5	52.5
Debt redemption period (years)	4.7	7.7	3.5
Interest coverage ratio (times)	55.04	29.72	39.75

Capital adequacy ratio: $\text{Equity capital} \div \text{Total assets}$

Market-price-based capital adequacy ratio: $\text{Value of shares} \div \text{Total assets}$

Debt redemption period: $\text{Interest-bearing debt} \div \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} \div \text{Interest payment}$

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 2023 and 2024

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 taking into account 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 target a total shareholder return ratio of 50% while also comprehensively considering current business conditions.

The Company plans to pay a year-end dividend of 70 yen per share for fiscal 2023. As a result, including the interim dividend, the full-year dividend will be 130 yen per share.

For fiscal 2024, 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.

Changes in significant subsidiaries in each business segment are as follows.

(Sugar Business)

There are no changes in significant subsidiaries.

(Life Energy Business)

Effective from the second quarter of the fiscal year, consolidated subsidiary Mitsui DM Sugar Co., Ltd. acquired shares in Muscle Deli Co., Ltd., making it a consolidated subsidiary. As a result, Muscle Deli Co., Ltd. has been included in the scope of consolidation. Muscle Deli Co., Ltd. changed its name to YOUR MEAL Co., Ltd. on December 18, 2023.

(Real Estate Business)

There are no changes in significant subsidiaries.

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)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	28,002	25,070
Notes receivable - trade	*4 658	*4 782
Accounts receivable - trade	13,928	16,396
Lease investment assets	547	553
Merchandise and finished goods	26,005	23,198
Work in process	2,572	2,702
Raw materials and supplies	11,955	11,432
Other	5,211	4,219
Allowance for doubtful accounts	(4)	(3)
Total current assets	88,877	84,352
Non-current assets		
Property, plant and equipment		
Buildings and structures	*3 51,692	*3 45,150
Accumulated depreciation	(33,071)	(26,679)
Buildings and structures, net	18,620	18,471
Machinery, equipment and vehicles	*3 107,474	*3 95,026
Accumulated depreciation	(92,588)	(80,684)
Machinery, equipment and vehicles, net	14,886	14,342
Tools, furniture and fixtures	*3 4,042	*3 3,996
Accumulated depreciation	(3,130)	(3,157)
Tools, furniture and fixtures, net	911	838
Land	28,120	28,112
Leased assets	2,631	1,808
Accumulated depreciation	(1,823)	(815)
Leased assets, net	807	992
Construction in progress	501	2,646
Total property, plant and equipment	63,848	65,404
Intangible assets		
Goodwill	5,226	4,760
Other	4,289	4,103
Total intangible assets	9,515	8,863
Investments and other assets		
Investment securities	*1 16,022	*1 15,159
Investments in capital of subsidiaries and associates	*1 3,041	*1 3,276
Long-term loans receivable	19	17
Net defined benefit asset	1,415	2,225
Deferred tax assets	2,079	1,722
Lease investment assets	9,067	8,549
Other	2,282	1,897
Allowance for doubtful accounts	(46)	(41)
Total investments and other assets	33,882	32,808
Total non-current assets	107,246	107,076
Total assets	196,123	191,428

(Million yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	*4 15,320	*4 9,308
Short-term loans payable	9,017	6,626
Current portion of long-term loans payable	2,070	1,584
Lease obligations	357	297
Accrued expenses	4,364	3,860
Income taxes payable	320	724
Provision for directors' bonuses	125	90
Asset retirement obligations	415	—
Other	6,213	6,517
Total current liabilities	38,205	29,010
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	16,060	15,490
Lease obligations	494	729
Deferred tax liabilities	3,361	3,536
Provision for directors' retirement benefits	103	100
Provision for share awards for directors	35	55
Net defined benefit liability	3,589	3,408
Asset retirement obligations	329	312
Other	1,365	1,443
Total non-current liabilities	45,340	45,077
Total liabilities	83,545	74,087
Net assets		
Shareholders' equity		
Capital stock	7,083	7,083
Capital surplus	8,540	8,583
Retained earnings	89,136	92,719
Treasury shares	(724)	(724)
Total shareholders' equity	104,036	107,660
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	846	904
Deferred gains or losses on hedges	53	(63)
Foreign currency translation adjustment	2,025	2,853
Remeasurements of defined benefit plans	213	808
Total accumulated other comprehensive income	3,139	4,504
Non-controlling interests	5,402	5,175
Total net assets	112,578	117,340
Total liabilities and net assets	196,123	191,428

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

(Million yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net sales	163,310	170,774
Cost of sales	137,174	141,080
Gross profit	26,135	29,694
Selling, general and administrative expenses		
Distribution expenses	7,253	7,213
Salaries and bonuses	*1 5,844	*1 5,757
Provision for directors' bonuses	135	87
Retirement benefit expenses	*1 213	*1 223
Share-based payment expenses	25	19
Other	*1 11,564	*1 12,141
Total selling, general and administrative expenses	25,035	25,443
Operating income	1,100	4,251
Non-operating income		
Interest income	3	4
Dividends income	108	5,176
Royalty income	*2 18,491	1,158
Miscellaneous income	379	344
Total non-operating income	18,982	6,684
Non-operating expenses		
Interest expenses	209	320
Bond issuance costs	43	—
Loss on retirement of non-current assets	24	31
Share of loss of entities accounted for using equity method	247	549
Facilities removal expenses	175	102
Miscellaneous loss	323	152
Total non-operating expenses	1,024	1,156
Ordinary income	19,058	9,778
Extraordinary income		
Gain on sales of investment securities	397	949
Gain on disposal of non-current assets	353	—
Subsidy income	431	1,434
Penalty income	46	—
Total extraordinary income	1,228	2,383
Extraordinary losses		
Loss on retirement of non-current assets	—	*4 948
Loss on reduction of non-current assets	412	575
Impairment losses	*3 6,028	—
Total extraordinary losses	6,440	1,523
Income before income taxes	13,846	10,637
Income taxes - current	1,821	2,239
Income taxes - deferred	5,086	291
Total income taxes	6,908	2,530
Profit	6,937	8,107
Profit (loss) attributable to non-controlling interests	(973)	(338)
Profit attributable to owners of parent	7,911	8,445

(Consolidated statements of comprehensive income)

(Million yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Profit	6,937	8,107
Other comprehensive income		
Valuation difference on available-for-sale securities	111	50
Deferred gains or losses on hedges	(37)	(163)
Foreign currency translation adjustment	1,409	666
Remeasurements of defined benefit plans	(184)	601
Share of other comprehensive income of entities accounted for using equity method	475	290
Total other comprehensive income	1,774	1,445
Comprehensive income	8,712	9,552
Comprehensive income attributable to:		
Owners of parent	9,447	9,810
Non-controlling interests	(735)	(257)

(3) Consolidated statements of changes in net assets
FY2022 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	7,083	10,080	83,170	(727)	99,607
Change of items during the period					
Dividends from surplus			(1,945)		(1,945)
Profit attributable to owners of parent			7,911		7,911
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				3	3
Purchase of shares of consolidated subsidiaries		(1,539)			(1,539)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	(1,539)	5,966	2	4,429
Balance at the end of the period	7,083	8,540	89,136	(724)	104,036

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	715	121	377	389	1,603	8,716	109,926
Change of items during the period							
Dividends from surplus							(1,945)
Profit attributable to owners of parent							7,911
Purchase of treasury shares							(0)
Disposal of treasury shares							3
Purchase of shares of consolidated subsidiaries							(1,539)
Net changes of items other than shareholders' equity	131	(68)	1,648	(175)	1,536	(3,313)	(1,777)
Total change of items during the period	131	(68)	1,648	(175)	1,536	(3,313)	2,651
Balance at the end of the period	846	53	2,025	213	3,139	5,402	112,578

	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)
Purchase of shares of consolidated subsidiaries		42			42
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	Remeasurements 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)
Purchase of shares of consolidated subsidiaries							42
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

(4) Consolidated statements of cash flows

(Million yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes	13,846	10,637
Depreciation and amortization	6,054	5,752
Loss (gain) on disposal of non-current assets	(353)	(19)
Loss on retirement of non-current assets	24	979
Loss (gain) on valuation of investment securities	0	0
Loss (gain) on sales of investment securities	(384)	(949)
Share of loss (profit) of entities accounted for using equity method	247	549
Amortization of goodwill	526	1,027
Increase (decrease) in allowance for doubtful accounts	(2)	(6)
Increase (decrease) in provision for directors' bonuses	66	(34)
Increase (decrease) in provision for share awards for directors	21	19
Increase (decrease) in net defined benefit liability	(198)	(115)
Interest and dividends income	(112)	(5,180)
Interest expenses	209	320
Subsidy income	(431)	(1,434)
Impairment losses	6,028	—
Loss on reduction of non-current assets	412	575
Decrease (increase) in notes and accounts receivable - trade	(2,010)	(2,465)
Decrease (increase) in inventories	806	3,432
Increase (decrease) in notes and accounts payable - trade	(1,004)	(6,112)
Increase (decrease) in accrued consumption taxes	(778)	482
Increase (decrease) in long-term suspense receipt	(15,331)	—
Other, net	1,623	2,094
Subtotal	9,261	9,552
Interest and dividends income received	112	5,180
Proceeds from subsidy income	431	600
Payments for retirement of non-current assets	—	(308)
Interest expenses paid	(196)	(314)
Income taxes paid	(3,380)	(1,971)
Net cash provided by (used in) operating activities	6,228	12,739

(Million yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) investing activities		
Payments into time deposits	—	(2)
Proceeds from withdrawal of time deposits	7	100
Purchase of property, plant and equipment	(17,730)	(7,356)
Proceeds from sales of property, plant and equipment	361	288
Purchase of investment securities	(14)	(12)
Proceeds from sales of investment securities	648	1,217
Purchase of intangible assets	(227)	(240)
Payments for acquisition of businesses	*2 (4,610)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(227)
Other, net	4	(433)
Net cash provided by (used in) investing activities	(21,561)	(6,665)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	14,025	9,583
Decrease in short-term loans payable	(12,615)	(12,124)
Proceeds from long-term loans payable	13,840	960
Repayment of long-term loans payable	(7,090)	(2,085)
Proceeds from issuance of bonds	10,000	—
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,942)	(4,856)
Cash dividends paid to non-controlling shareholders	(4)	(4)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,114)	—
Other, net	(442)	(461)
Net cash provided by (used in) financing activities	11,655	(8,990)
Effect of exchange rate change on cash and cash equivalents	208	83
Net increase (decrease) in cash and cash equivalents	(3,467)	(2,833)
Cash and cash equivalents at beginning of period	31,077	27,610
Cash and cash equivalents at end of period	*1 27,610	*1 24,777

(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.

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 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: Ryutou Incorporation, 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 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 make adjustments 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 standard

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 in 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.
 - 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.
- 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 (five 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 functional sweeteners, sugarcane extract, 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 in 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 functional sweeteners, sugarcane extract, 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 amount 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 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 transaction 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.

(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, 2024, there were 152,400 shares held in trust with a book value of 296 million yen.

(Consolidated balance sheets)

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

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Investment securities (shares)	12,774 million yen	11,970 million yen
Investments in capital of subsidiaries and associates	3,041 million yen	3,276 million yen

*2. Guarantee obligation

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

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Kaset Phol Sugar Ltd.	9,060 million yen	9,627 million yen
Japan Sugar Refiners' Association	– million yen	23 million yen

(Japan Sugar Refiners' Association is jointly guaranteed by four companies to a total of 95 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.

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Buildings and structures	137 million yen	261 million yen
Machinery, equipment and vehicles	2,813 million yen	3,029 million yen
Tools, furniture and fixtures	– 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 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 fiscal year under review.

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Notes receivable	– million yen	105 million yen
Notes payable	– million yen	37 million yen

(Consolidated statements of income)

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

FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
882 million yen	759 million yen

*2. Royalty income

FY2022 (From April 1, 2022 to March 31, 2023)

The Company has been receiving royalty income from Mitsubishi Tanabe Pharma Corporation from a development and marketing rights agreement for fingolimod (FTY720). However, due to an arbitration process between Novartis Pharma AG (Novartis) and Mitsubishi Tanabe Pharma Corporation, which is the joint holder of the fingolimod patent with the Company, the Group has not been recognizing profits related to the portion of royalty income subject to the arbitration process by Novartis. Following the arbitration tribunal's decision that all of the disputed provisions regarding the royalty payment obligations in the license agreement are valid, the Company recognized as revenue the total amount of the long-term suspense receipt of 17,552 million yen and booked the amount as non-operating income.

*3. Impairment losses

FY2022 (From April 1, 2022 to March 31, 2023)

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

Location	Use	Type	Impairment losses
Honbetsu Sugar Refinery, Hokkaido Sugar Co., Ltd. (Honbetsu-cho, Nakagawa- gun, Hokkaido)	Sugar production facilities	Buildings, structures, machinery, land, construction in progress	472 million yen
Kitami Sugar Refinery and other facilities, Hokkaido Sugar Co., Ltd. (Kitami City, Hokkaido, other)	Sugar production facilities	Buildings, structures, machinery, land, construction in progress	5,555 million yen

(2) Background leading to the recognition of impairment losses

The Company has recognized impairment losses on the buildings, structures and machinery of Honbetsu Sugar Refinery located in Honbetsu-cho, Nakagawa-gun, Hokkaido as a group of removed assets, as the assets will be removed and idled following the end of production in the fiscal year under review, reflecting changes in the business relationship with the refinery compared with the initial plan since the end of production was announced in August 2021.

In addition, the Company has recognized impairment losses on the buildings, structures and machinery of Kitami Sugar Refinery and other facilities located in Kitami City, Hokkaido and other locations, as the operating environment in the Sugar Business is expected to deteriorate due to expected changes in production and sales volumes in light of the announcement by the Ministry of Agriculture, Forestry and Fisheries in December 2022 to adjust the volume of sugar beet produced in Japan that receives subsidies.

(3) Breakdown of impairment losses

Buildings and structures	2,481 million yen
Machinery, equipment and vehicles	3,254 million yen
Tools, furniture and fixtures	14 million yen
Land	29 million yen
Construction in progress	247 million yen
Total	6,028 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 by plant. The Life Energy Business group is further classified into the palatinose group, sugar cane extract group and the bio group. The Real Estate Business group is classified by rental property. Idle assets are classified by property.

(5) Method of calculation for recoverable amount

Recoverable amount is primarily estimated based on net sales value, and net sales value is estimated based on a reasonable estimate of market value.

*4. Loss on retirement of non-current assets

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

Expenses related to the removal of production facilities at Honbetsu Sugar Refinery, Hokkaido Sugar Co., Ltd.

(Consolidated statements of changes in net assets)

FY2022 (From April 1, 2022 to March 31, 2023)

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

	Number of shares at the beginning of FY2022 (Thousand shares)	Number of increased shares during FY2022 (Thousand shares)	Number of decreased shares during FY2022 (Thousand shares)	Number of shares at the end of FY2022 (Thousand shares)
Outstanding shares				
Common shares	32,639	–	–	32,639
Total	32,639	–	–	32,639
Treasury shares				
Common shares	369	0	1	368
Total	369	0	1	368

Notes:

- 0 thousand shares of increase in common shares of treasury shares are as a result of acquisition of fractional shares.
- 1 thousand shares of decrease in common shares of treasury shares are as a result of disposal of treasury shares under the stock compensation scheme.
- 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 21, 2022	Common shares	972	30.0	March 31, 2022	June 22, 2022
Board of directors' meeting held on November 10, 2022	Common shares	972	30.0	September 30, 2022	December 2, 2022

(2) Dividends whose base date is in fiscal 2022 and whose effective date falls on fiscal 2023

(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 22, 2023	Common shares	2,918	Retained earnings	90.0	March 31, 2023	June 23, 2023

Note: Total dividends approved by the General Meeting of Shareholders on June 22, 2023 includes dividends of 13 million yen paid for the Company's shares held in trust for the stock compensation scheme.

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

1. Matters concerning 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:

- 0 thousand shares of increase in common shares of treasury shares are as a result of acquisition of fractional shares.
- 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

(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: Total dividends approved by the General Meeting of Shareholders on June 25, 2024 includes dividends of 10 million yen paid for the Company's shares held in trust for the stock compensation scheme.

(Consolidated statements of cash flows)

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

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Cash and deposits	28,002 million yen	25,070 million yen
Time deposit whose deposit term exceeds three months	(391)	(293)
Cash and cash equivalents	27,610	24,777

*2. Breakdown of main increases in assets and liabilities through business acquisitions

FY2022 (From April 1, 2022 to March 31, 2023)

Below shows a breakdown of the main increases in assets and liabilities through the business acquired from Terumo Corporation during the fiscal year.

Current assets	585 million yen
Non-current assets	2,631
Goodwill	1,789
Non-current liabilities	(396)
Amount paid for acquisition of the business	4,610
Cash and cash equivalents	—
Balance: Payments for acquisition of the business	4,610

(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 naturally-derived sweeteners, 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.

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

FY2022 (From April 1, 2022 to March 31, 2023)

(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	138,523	22,367	—	160,890	—	160,890
Other revenue	—	—	2,420	2,420	—	2,420
Net sales to third-party customers	138,523	22,367	2,420	163,310	—	163,310
Intersegment net sales and transfer	62	139	557	760	(760)	—
Total	138,585	22,507	2,978	164,071	(760)	163,310
Segment profit	207	393	498	1,100	—	1,100
Segment assets	91,825	25,399	45,125	162,350	33,772	196,123
Other items						
Depreciation and amortization	4,961	613	477	6,051	2	6,054
Increase of property, plant and equipment and intangible assets	3,716	1,670	12,756	18,143	254	18,397

Notes:

1. Some adjustments were made between segment profit and operating income recorded in consolidated statements of income.
2. Adjustments of segment assets of 33,772 million yen indicate assets of the entire Company not allocated to each reportable segment. They consist of invested assets using surplus fund (cash and deposits), long-term investment fund (investment securities) and assets concerning the administration department.

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	142,008	26,388	—	168,397	—	168,397
Other revenue	—	—	2,377	2,377	—	2,377
Net sales to third-party customers	142,008	26,388	2,377	170,774	—	170,774
Intersegment net sales and transfer	82	147	819	1,050	(1,050)	—
Total	142,091	26,536	3,197	171,825	(1,050)	170,774
Segment profit	2,959	450	841	4,251	—	4,251
Segment assets	90,811	25,094	44,789	160,695	30,732	191,428
Other items						
Depreciation and amortization	4,239	728	781	5,750	1	5,752
Increase of property, plant and equipment and intangible assets	5,858	249	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 30,732 million yen indicate assets of the entire Company not allocated to each reportable segment. They consist of invested assets using surplus fund (cash and deposits), long-term investment fund (investment securities) and assets concerning the administration department.

[Related information]

FY2022 (From April 1, 2022 to March 31, 2023)

1. Information by 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.	51,401	Sugar Business and Life Energy Business

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

1. Information by 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

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

FY2022 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment				Corporate and eliminations	Amount recorded in consolidated financial statements
	Sugar Business	Life Energy Business	Real Estate Business	Total		
Impairment losses	6,028	–	–	6,028	–	6,028

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

None

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

FY2022 (From April 1, 2022 to March 31, 2023)

(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	313	213	–	526	–	526
Balance at the end of current period	3,373	1,853	–	5,226	–	5,226

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

(Per-share information)

FY2022 (From April 1, 2022 to March 31, 2023)		FY2023 (From April 1, 2023 to March 31, 2024)	
Net assets per share	3,321.09 yen	Net assets per share	3,475.71 yen
Earnings per share	245.16 yen	Earnings per share	261.72 yen
Diluted earnings per share is not mentioned since dilutive shares do not exist.		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" (153 thousand shares in fiscal 2022, 152 thousand shares in fiscal 2023).

2. The basis of calculation of net assets per share and earnings per share is as follows.

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Total of net assets section (million yen)	112,578	117,340
Amount deducted from total of net assets section (million yen)	5,402	5,175
(Of the above, non-controlling interests (million yen))	(5,402)	(5,175)
Net assets attributable to common shares at period end (million yen)	107,176	112,165
Number of common shares at period end used in calculating net assets per share (shares)	32,271,396	32,271,146

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (million yen)	7,911	8,445
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent attributable to common shares (million yen)	7,911	8,445
Average number of shares outstanding (shares)	32,270,909	32,271,256

(Important subsequent events)

None

5. Other

(1) Transfer of officers

1) Transfer of representative directors

Retiring representative director (effective April 1, 2024)

Name	New position	Current position
Junichi Nomura	Director	Representative Director, Executive Vice President & CTO

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
Masahiko Mori	Director, Senior Executive Officer & CFO	Senior Executive Officer & CFO

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

Name	New position	Current position
Junichi Nomura	Advisor	Director

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

Name	New position	Current position
Tomohiro Kozuka	Director (standing member of audit & supervisory committee)	—

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

Name	New position	Current position
Hiroshi Masumoto	Advisor	Director (standing member of audit & supervisory committee)

(2) Other

None