

May 13, 2020

Megmilk Snow Brand Co., Ltd.
Keiji Nishio, Representative Director and President

Review of Fiscal Year Ended March 2020 Financial Results

I would like to offer my sympathy and condolences to every person impacted by COVID-19 as well as express my sincere gratitude to the medical professionals and essential personnel working to control the spread of the pandemic.

The Japanese economy had been on a mild recovery trend but currently the economy is being negatively impacted by COVID-19, resulting in severe economic conditions.

Amid the pandemic, the food industry has worked to secure personnel at production plants and maintain logistics functions. We are seeing an increase in companies advancing initiatives to ensure the stable supply of products that respond to dramatic changes in demand. Expansive stay-at-home orders have forced dining establishments to suspend operations, resulting in a drop in demand for commercial food ingredients. At the same time, we are seeing increased demand related to the increase in consumers cooking and dining at home or purchasing prepared foods and takeout.

Amid such an environment, during the previous fiscal year, the final year of our Group Medium-term Management Plan 2019, our Group worked to diversify our revenue platform and maximize cash flow. We improved our product mix to reflect expanding sales of high-value added products such as functional yogurt and mainstay products such as cheese. We also continued marketing investments towards expanding the Nutrition Business and sought to strengthen Group core competence by maximizing Group management resources and our value chain.

As a result of the above, we increased revenues and profit. We recorded consolidated net sales of 613.4 billion yen (101.7% YoY), consolidated operating profit of 17.9 billion yen (104.5% YoY), consolidated ordinary profit of 19.6 billion yen (103.5% YoY), and profit attributable to owners of parent of 12.1 billion yen (113.1% YoY).

From this fiscal year, our Group enters the Second Stage of Group Long-term Vision 2026, which we announced in May 2017. To usher in this new stage, we drafted our Group Medium-term Management Plan 2022. The core strategy of this plan is to advance productivity improvement reforms and business structure reforms while promoting innovation in our production structure to accelerate the transformation that will enable us to establish revenue platforms in four business sectors.

At the same time, we will work towards achieving SDGs and resolving the societal issues we have outlined as core CSR goals in order to achieve our long-term vision of being a Future Creation Company with Milk.

We ask for your continued understanding and support.