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Notice regarding Changes in Shareholder Return Policy

MEGMILK SNOW BRAND Co., Ltd. (the "Company") announced that it has resolved the following regarding changes in our shareholder return policy at the Board of Directors meeting held today.

1. Regarding Changes in Shareholder Return Policy

(1) Change details

Before Change	● Consolidated Dividend Payout Ratio of 40% or higher, excluding gains on sales of assets
After Change	<ul style="list-style-type: none">● Consolidated Dividend Payout Ratio of 40% or higher, excluding gains on sales of assets● <u>Dividend minimum 100 yen</u>● <u>Taking into consideration the stock price, capital structure, and capital needs for growth investments, we will flexibly acquire and cancel our own shares to improve capital efficiency.</u>

(2) Reasons

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

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

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

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

2. Timing of Changes

These changes will be implemented from fiscal year 2025 (ending March 2026).

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

Note: The above forecast is based on the information available as of the date of this release, and actual dividends may differ from the forecast due to a variety of factors that may arise in the future.

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