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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 8, 2024

Company name: Meito Sangyo Co., Ltd.
 Listing: Tokyo, Nagoya
 Securities code: 2207
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 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	13,815	22.4	923	-	1,649	155.5	3,399	626.0
September 30, 2023	11,290	9.8	(58)	-	645	(1.1)	468	17.4

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 2,574 million [(41.0)%]
 Six months ended September 30, 2023: ¥ 4,361 million [396.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	200.88	-
September 30, 2023	27.69	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	82,157	53,412	65.0
March 31, 2024	82,247	51,068	62.1

(Reference) Equity: As of September 30, 2024: ¥ 53,412 million
 As of March 31, 2024: ¥ 51,068 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	13.00	-	15.00	28.00
Fiscal year ending March 31, 2025	-	17.00			
Fiscal year ending March 31, 2025 (Forecast)			-	16.00	33.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	28,000	14.8	1,200	417.1	2,400	67.8	4,400	-	260.10

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

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

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 17,289,308 shares

March 31, 2024: 17,277,683 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 361,292 shares

March 31, 2024: 360,874 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 16,921,523 shares

Six months ended September 30, 2023: 16,910,120 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

[Disclaimer regarding forward-looking statements and other information]

Forward-looking statements, such as business forecasts, included in this document are based on management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve those forecasts. Actual operating results may differ significantly due to various factors.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	6,362	7,963
Notes and accounts receivable - trade	6,119	5,045
Securities	250	0
Merchandise and finished goods	1,756	2,107
Work in process	674	761
Raw materials and supplies	1,507	2,203
Other	331	214
Allowance for doubtful accounts	(2)	(14)
Total current assets	16,998	18,281
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,590	9,491
Machinery, equipment and vehicles, net	5,103	4,966
Other, net	4,149	4,300
Total property, plant and equipment	18,843	18,759
Intangible assets		
Trademark right	1,538	1,492
Goodwill	499	476
Other	112	123
Total intangible assets	2,149	2,092
Investments and other assets		
Investment securities	43,793	42,500
Other	492	551
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	44,256	43,022
Total non-current assets	65,249	63,875
Total assets	82,247	82,157

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,067	3,195
Short-term borrowings	3,070	350
Current portion of long-term borrowings	765	765
Income taxes payable	232	1,222
Other	3,863	3,494
Total current liabilities	10,998	9,027
Non-current liabilities		
Long-term borrowings	9,079	8,696
Deferred tax liabilities	8,058	7,925
Provision for retirement benefits for directors (and other officers)	45	12
Provision for noncurrent assets removal cost	100	100
Retirement benefit liability	2,668	2,755
Other	228	226
Total non-current liabilities	20,180	19,716
Total liabilities	31,178	28,744
Net assets		
Shareholders' equity		
Share capital	1,323	1,335
Capital surplus	86	98
Retained earnings	27,788	30,933
Treasury shares	(688)	(689)
Total shareholders' equity	28,509	31,677
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,484	21,697
Remeasurements of defined benefit plans	74	37
Total accumulated other comprehensive income	22,559	21,734
Total net assets	51,068	53,412
Total liabilities and net assets	82,247	82,157

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	11,290	13,815
Cost of sales	8,932	9,530
Gross profit	2,358	4,284
Selling, general and administrative expenses		
Promotion expenses	15	161
Transportation and storage costs	875	1,121
Salaries, allowances and bonuses	817	976
Retirement benefit expenses	20	21
Provision for retirement benefits for directors (and other officers)	2	1
Provision of allowance for doubtful accounts	2	12
Depreciation	40	74
Other	642	991
Total selling, general and administrative expenses	2,416	3,360
Operating profit (loss)	(58)	923
Non-operating income		
Interest income	1	0
Dividend income	526	604
Gain on sale of investment securities	121	1
Share of profit of entities accounted for using equity method	26	27
Bounty on establishment of new business facilities	95	140
Other	56	20
Total non-operating income	828	795
Non-operating expenses		
Interest expenses	17	24
Loss on sale and retirement of non-current assets	102	33
Other	4	11
Total non-operating expenses	124	69
Ordinary profit	645	1,649
Extraordinary income		
Gain on sale of investment securities	-	2,754
Gain on sale of non-current assets	-	343
Gain on sale of shares of subsidiaries and associates	29	-
Total extraordinary income	29	3,098
Profit before income taxes	674	4,748
Income taxes - current	125	1,257
Income taxes - deferred	81	91
Total income taxes	206	1,349
Profit	468	3,399
Profit attributable to owners of parent	468	3,399

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	468	3,399
Other comprehensive income		
Valuation difference on available-for-sale securities	3,930	(787)
Remeasurements of defined benefit plans, net of tax	(37)	(37)
Total other comprehensive income	3,893	(824)
Comprehensive income	4,361	2,574
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,361	2,574

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	674	4,748
Depreciation	843	908
Amortization of goodwill	-	22
Increase (decrease) in retirement benefit liability	3	33
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(13)	(33)
Increase (decrease) in allowance for doubtful accounts	2	12
Loss (gain) on sale of short-term and long-term investment securities	(121)	(2,756)
Loss (gain) on sale of shares of subsidiaries and associates	(29)	-
Loss (gain) on sale and retirement of property, plant and equipment	102	(311)
Interest and dividend income	(528)	(605)
Interest expenses	17	24
Share of loss (profit) of entities accounted for using equity method	(26)	(27)
Bounty on establishment of new business facilities	(95)	(140)
Decrease (increase) in trade receivables	200	1,073
Decrease (increase) in inventories	(875)	(1,134)
Increase (decrease) in trade payables	105	128
Decrease (increase) in consumption taxes refund receivable	192	-
Other, net	(310)	(349)
Subtotal	143	1,593
Interest and dividends received	533	606
Interest paid	(17)	(25)
Bounty on establishment of new business facilities received	95	140
Income taxes paid	(101)	(293)
Income taxes refund	926	1
Net cash provided by (used in) operating activities	1,579	2,022
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	-	(50)
Proceeds from sale and redemption of short-term and long-term investment securities	1,440	3,383
Purchase of property, plant and equipment	(2,417)	(726)
Proceeds from sale of property, plant and equipment	-	365
Removal loss of property, plant and equipment	(1)	(0)
Other, net	(61)	(18)
Net cash provided by (used in) investing activities	(1,040)	2,953
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	120	(2,720)
Repayments of long-term borrowings	(382)	(382)
Purchase of treasury shares	(0)	(0)
Dividends paid	(219)	(252)
Other, net	(25)	(19)
Net cash provided by (used in) financing activities	(507)	(3,375)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	32	1,600
Cash and cash equivalents at beginning of period	5,351	6,362
Cash and cash equivalents at end of period	5,384	7,963