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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 8, 2025

Company name: Meito Sangyo Co., Ltd.

Listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Securities code: 2207

URL: <https://www.meito-sangyo.co.jp>

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(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	%
Three months ended June 30, 2025	6,214	3.0	471	46.0	1,184	18.2	977	1.1
June 30, 2024	6,031	12.2	322	-	1,002	83.0	966	160.0

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ 1,112 million [(65.0)%]
Three months ended June 30, 2024: ¥ 3,175 million [17.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	57.76	-
June 30, 2024	57.14	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	83,589	55,719	66.7
March 31, 2025	83,325	54,912	65.9

(Reference) Equity: As of June 30, 2025: ¥ 55,719 million
As of March 31, 2025: ¥ 54,912 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, 2025	-	17.00	-	18.00	35.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		20.00	-	20.00	40.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026(April 1, 2025 to March 31, 2026)

(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	29,500	5.1	1,600	13.8	2,800	4.8	2,000	(57.6)	118.15

(Note) Revision to the financial results forecast announced most recently: None

* 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 quarterly 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: Yes

3) Changes in accounting estimates: Yes

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):

June 30, 2025: 17,289,308 shares

March 31, 2025: 17,289,308 shares

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

June 30, 2025: 361,590 shares

March 31, 2025: 361,525 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 16,927,742 shares

Three months ended June 30, 2024: 16,916,638 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Three Months Ended June 30, 2025

The Japanese economy in the three months ended June 30, 2025 continued its moderate recovery on the back of the improving employment and income environment and various government policies. Meanwhile, the outlook remained uncertain as the continued uncertainty caused mainly by U.S. trade policy and a decline in consumer sentiment caused by continued rise in prices put downward pressure on the Japanese economy.

In the markets for the confectionery and food business, which is one of the core businesses of the Group, the business environment remained difficult due to strong budget consciousness and changes to mindsets among consumers as product prices continue to increase as a result of soaring ingredient prices and rising personnel and logistics costs.

Under such circumstances, the Group has strived to raise profitability and strengthen its operational base by increasing brand recognition of core brands in the Food Business and pursuing global expansion of high-value-added products in the Fine Chemicals Business based on its medium-term management plan, MEITO CHALLENGE 2026.

As a result, net sales for the three months ended June 30, 2025 increased by 3.0% year on year to ¥6,214 million.

Operating profit increased by 46.0% year on year to ¥471 million, mainly due to the increase in net sales and improvement in the cost-to-sales ratio thanks to changes in product volume per unit and product price revisions. Ordinary profit increased by 18.2% year on year to ¥1,184 million, mainly due to an increase in dividend income, in addition to the improvement in operating profit. The Group recorded a profit attributable to owners of parent of ¥977 million, an increase of 1.1% year on year, mainly as a result of posting a gain on sale of investment securities of ¥176 million. The Group had recorded a gain on sale of non-current assets of ¥343 million under extraordinary income for the three months ended June 30, 2024.

Business performance by segment is as follows:

(Food Business)

Net sales for each division are as follows:

(Millions of yen)

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)	Year-on-year change (%)	Year-on-year change (Amount)
Confectionery	3,744	3,774	(0.8)%	(30)
Powdered drink mix	596	542	10.0%	54
Ice cream	650	625	4.0%	25
Others	209	107	95.3%	102
Food Business total	5,201	5,050	3.0%	151

Sales decreased slightly in the mainstay confectionery division due to weak sales of candy products, despite implementing various sales measures aimed at increasing brand recognition of core brands. Sales of chocolate products remained largely unchanged from the same period of the previous fiscal year, as sales for family-size packs (large packs) of products including Alphabet Chocolate, a core brand, struggled while sales for Pukupukutai, which was advertised through television commercials, and contract-manufactured products increased. Sales of candy products declined, as sales significantly decreased for both the Company's own products and contract-manufactured products. Sales at ACE BAKERY Co., Ltd., a consolidated subsidiary of the Company, increased due to continuing strong sales of jelly products, and sales at Oimoya Co., Ltd. also increased as a result of an increase in the sales of sweet potato confectionery.

Sales increased in the powdered drink mix division due to an increase in the sales of Aroma-Rich Milk Cocoa and other products.

Sales increased in the ice cream division as sales of the Company's own products remained strong.

As a result, net sales for the Food Business increased by 3.0% year on year to ¥5,201 million with the addition of one consolidated subsidiary. Operating profit increased by 81.1% year on year to ¥432 million mainly as a result of multiple changes in product volume per unit and product price revisions implemented over the past fiscal years.

(Fine Chemicals Business)

Net sales for each division are as follows:

(Millions of yen)

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)	Year-on-year change (%)	Year-on-year change (Amount)
Enzyme	544	536	1.5%	8
Pharmaceuticals	347	345	0.5%	1
Others	56	33	69.7%	23
Fine Chemicals Business total	947	914	3.6%	33

The enzyme division operates mainly in overseas markets. Sales increased despite a decrease in the sales of Lipase, a lipolytic enzyme, as the sales of Rennet, a milk-clotting enzyme for cheese making grew primarily in the overseas market.

Sales in the pharmaceuticals division remained largely unchanged from the same period of the previous fiscal year despite a decrease in the sales of Dextran Magnetite, used for medical equipment for detecting breast cancer metastasis, due to an increase in the sales of Dextran, a raw material used in pharmaceuticals and X-ray film.

As a result, net sales for the Fine Chemicals Business increased by 3.6% year on year to ¥947 million. However, operating profit decreased by 11.9% year on year to ¥279 million mainly due to a decrease in the sales of products with high profit margins.

(Real Estate Business)

For the Real Estate Business, net sales decreased by 1.6% year on year to ¥65 million and operating profit decreased by 7.0% year on year to ¥21 million.

(2) Overview of Financial Position for the Three Months Ended June 30, 2025
(Assets, Liabilities, and Net Assets)

Total assets at the end of the three months ended June 30, 2025 increased by ¥264 million from the end of the previous fiscal year to ¥83,589 million. This was primarily attributable to an increase in total non-current assets due to increases in machinery, equipment and vehicles and investment securities, despite a decrease in total current assets as a result of a decrease in cash and deposits.

Total liabilities decreased by ¥542 million from the end of the previous fiscal year to ¥27,869 million. This was primarily attributable to decreases in income taxes payable and accrued expenses included in other under current liabilities, despite increases in notes and accounts payable - trade and short-term borrowings.

Net assets increased by ¥807 million from the end of the previous fiscal year to ¥55,719 million. This was primarily attributable to an increase in retained earnings.

As a result, capital adequacy ratio stood at 66.7% (65.9% at the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The financial results for the three months ended June 30, 2025 are in line with forecasts. However, one-off costs are expected to be incurred mainly due to the implementation of a commemorative campaign concerning the Company's change of trade name to MEITO CO., LTD. with effect from September 1, 2025. The full-year financial results forecast has not been revised from the initial figures announced on May 13, 2025. We will promptly make disclosure in the event that revisions become necessary as a result of changes in the business environment or other factors.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	7,194	5,416
Notes and accounts receivable - trade	5,546	4,510
Merchandise and finished goods	1,915	2,612
Work in process	785	725
Raw materials and supplies	1,785	2,605
Other	203	1,260
Allowance for doubtful accounts	(35)	(34)
Total current assets	17,395	17,097
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,523	9,489
Machinery, equipment and vehicles, net	4,850	5,353
Other, net	5,875	5,647
Total property, plant and equipment	20,249	20,490
Intangible assets		
Trademark right	1,447	1,424
Goodwill	460	449
Other	149	139
Total intangible assets	2,057	2,013
Investments and other assets		
Investment securities	43,064	43,457
Other	586	559
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	43,621	43,987
Total non-current assets	65,929	66,491
Total assets	83,325	83,589

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,882	3,456
Short-term borrowings	-	709
Current portion of long-term borrowings	796	796
Income taxes payable	1,346	47
Other	3,812	3,012
Total current liabilities	8,838	8,022
Non-current liabilities		
Long-term borrowings	8,342	8,141
Deferred tax liabilities	8,410	8,731
Provision for retirement benefits for directors (and other officers)	13	14
Retirement benefit liability	2,435	2,656
Other	371	303
Total non-current liabilities	19,574	19,847
Total liabilities	28,412	27,869
Net assets		
Shareholders' equity		
Share capital	1,335	1,335
Capital surplus	98	98
Retained earnings	31,965	32,638
Treasury shares	(689)	(689)
Total shareholders' equity	32,709	33,382
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,004	22,281
Remeasurements of defined benefit plans	197	56
Total accumulated other comprehensive income	22,202	22,337
Total net assets	54,912	55,719
Total liabilities and net assets	83,325	83,589

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the three months ended June 30, 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	6,031	6,214
Cost of sales	4,247	4,240
Gross profit	1,784	1,974
Selling, general and administrative expenses		
Promotion expenses	35	36
Transportation and storage costs	427	431
Salaries, allowances and bonuses	469	529
Retirement benefit expenses	10	(12)
Provision for retirement benefits for directors (and other officers)	0	0
Provision of allowance for doubtful accounts	(0)	(3)
Depreciation	58	60
Other	459	460
Total selling, general and administrative expenses	1,461	1,503
Operating profit	322	471
Non-operating income		
Interest income	0	1
Dividend income	558	720
Gain on sale of investment securities	1	-
Share of profit of entities accounted for using equity method	14	13
Bounty on establishment of new business facilities	85	-
Other	44	10
Total non-operating income	705	745
Non-operating expenses		
Interest expenses	13	17
Loss on sale and retirement of non-current assets	11	10
Other	0	4
Total non-operating expenses	26	32
Ordinary profit	1,002	1,184
Extraordinary income		
Gain on sale of investment securities	-	176
Gain on sale of non-current assets	343	-
Total extraordinary income	343	176
Profit before income taxes	1,345	1,361
Income taxes - current	212	143
Income taxes - deferred	166	240
Total income taxes	378	383
Profit	966	977
Profit attributable to owners of parent	966	977

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	966	977
Other comprehensive income		
Valuation difference on available-for-sale securities	2,227	276
Remeasurements of defined benefit plans, net of tax	(18)	(141)
Total other comprehensive income	2,209	134
Comprehensive income	3,175	1,112
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,175	1,112

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes to accounting policies that are difficult to distinguish from changes to accounting estimates)

(Change to depreciation method for property, plant and equipment)

Previously, the Company and its consolidated subsidiaries used the declining balance method as the depreciation method for property, plant and equipment. Specifically, the method had been applied to vehicles, and tools, furniture and fixtures, while some consolidated subsidiaries had also applied the method to machinery and equipment. However, effective from the three months ended June 30, 2025, the depreciation method has been changed to the straight-line method.

The Company and its consolidated subsidiaries took the opportunity to study the depreciation method for property, plant and equipment while planning the construction of a new factory, and determined that the straight-line method, in which the acquisition cost is divided equally over the useful lifetime of the asset, more appropriately reflects the actual usage of property, plant and equipment as these assets are expected to be operated steadily over the long-term.

As a result of this change, operating profit, ordinary profit, and profit before income taxes for the three months ended June 30, 2025 each increased by ¥18 million compared to the figures under the previous method.

(Business combination, etc.)

(Finalization of provisional treatment for business combination)

The provisional accounting treatment in the three months ended June 30, 2024 for the business combination with Oimoya Co., Ltd., which took place on February 9, 2024, was finalized in the six months ended September 30, 2024.

Following the finalization of the accounting treatment, a significant revision was made to the initial allocation of the acquisition cost, which has been reflected in the comparative information included in the quarterly consolidated financial statements for the three months ended June 30, 2025.

In the quarterly consolidated statements of income for the three months ended June 30, 2024, operating profit, ordinary profit, and profit before income taxes each increased by ¥0 million due to a decrease of ¥0 million in selling, general and administrative expenses. Profit and profit attributable to owners of parent each increased by ¥8 million due to a decrease of ¥7 million in income taxes - deferred.

The method and period of amortization of goodwill and trademark right are as follows:

Goodwill	Amortized in equal amounts over 11 years
Trademark right	Amortized in equal amounts over 17 years

The provisional accounting treatment in the three months ended June 30, 2024 for the business combination with Hiramatsu Shoten Co., Ltd., which took place on February 9, 2024, was finalized in the six months ended September 30, 2024. The finalization of the provisional accounting treatment did not result in a revision to the amount of goodwill.

The method and period of amortization of goodwill are as follows:

Goodwill	Amortized in equal amounts over 11 years
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(Notes on segment information, etc.)

I. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on the amounts of net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Food Business	Fine Chemicals Business	Real Estate Business	Total		
Net sales						
Net sales to outside customers	5,050	914	66	6,031	-	6,031
Inter-segment net sales or transfers	-	-	-	-	-	-
Total	5,050	914	66	6,031	-	6,031
Segment income (loss)	238	316	23	579	(256)	322

(Notes) 1. The adjustment to segment income (loss) is a portion of general and administrative expenses not attributable to any reportable segment.

2. The total amount of segment income (loss) has been reconciled with operating profit in the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

II. For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on the amounts of net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Food Business	Fine Chemicals Business	Real Estate Business	Total		
Net sales						
Net sales to outside customers	5,201	947	65	6,214	-	6,214
Inter-segment net sales or transfers	-	-	-	-	-	-
Total	5,201	947	65	6,214	-	6,214
Segment income (loss)	432	279	21	733	(262)	471

(Notes) 1. The adjustment to segment income (loss) is a portion of general and administrative expenses not attributable to any reportable segment.

2. The total amount of segment income (loss) has been reconciled with operating profit in the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

The provisional accounting treatment in the three months ended June 30, 2024 for the business combinations with Oimoya Co., Ltd., and Hiramatsu Shoten Co., Ltd. (both of which are part of the Food Business segment), which took place on February 9, 2024, was finalized in the six months ended September 30, 2024.

For details, please refer to (3) Notes to Quarterly Consolidated Financial Statements (Business combination, etc.).

3. Changes in reportable segments

(Change to depreciation method for property, plant and equipment)

As set forth in “Changes to accounting policies that are difficult to distinguish from changes to accounting estimates,” previously, the Company and its consolidated subsidiaries used the declining balance method as the depreciation method for property, plant and equipment. Specifically, the method had been applied to vehicles, and tools, furniture and fixtures, while some consolidated subsidiaries had also applied the method to machinery and equipment. However, effective from the three months ended June 30, 2025, the depreciation method has been changed to the straight-line method.

As a result of this change, compared to the figures under the previous method, segment income (loss) for the three months ended June 30, 2025 for the Food Business, the Fine Chemicals Business, and the Real Estate Business increased by ¥14 million, ¥2 million, and ¥0 million, respectively.

(Notes on Statements of Cash Flows)

A quarterly consolidated statements of cash flows for the three months ended June 30, 2025 has not been prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 and 2025 are as follows.

	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)
Depreciation	¥448 million	¥482 million
Amortization of goodwill	¥11 million	¥11 million

(Note) The figures for the three months ended June 30, 2024 reflect the amounts based on the significant revision to the initial allocation of the acquisition cost after finalization of the provisional accounting treatment for the business combination.