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## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Prepared pursuant to Japanese GAAP)

November 14, 2024

Company name: MEGMILK SNOW BRAND Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange (Prime Market), Sapporo Securities Exchange  
 Stock code: 2270  
 URL: <https://www.meg-snow.com/english>  
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Scheduled date to file semi-annual securities report: November 14, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

### 1. Consolidated Results for the First Six Months of the Fiscal Year Ending March 31, 2025 (April 1, 2024 – 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	311,653	2.0	11,819	5.1	12,754	4.2	9,134	18.6
Six months ended September 30, 2023	305,669	5.7	11,242	53.0	12,240	77.8	7,698	234.5

Note: Comprehensive income: Six months ended September 30, 2024 : 13,465 million yen [ 1.9%]  
 Six months ended September 30, 2023 : 13,219 million yen [ 907.3%]

	Profit per share – basic	Profit per share – diluted
Six months ended September 30, 2024	135.22 yen	— yen
Six months ended September 30, 2023	113.98	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
September 30, 2024	435,077	243,352	55.2	3,552.97
March 31, 2024	431,222	235,300	53.8	3,436.02

For reference: Equity: September 30, 2024 : 240,068 million yen  
 March 31, 2024 : 232,086 million yen

## 2. Dividends

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Year ended March 31, 2024	yen —	yen —	yen —	yen 80.00	yen 80.00
Year ending March 31, 2025	—	—	—	—	—
Year ending March 31, 2025 (forecast)	—	—	—	100.00	100.00

Note: Revisions from the latest release of dividend forecasts: None

Note: Breakdown of dividend at the end of the fiscal year ending March 31, 2025 (forecast)

Ordinary dividend: 80.00 yen

Commemorative dividend: 20.00 yen

## 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	630,000	4.1	19,000	2.9	20,300	2.1	13,600	(30.0)	201.28

Note: Revisions from the latest release of earnings forecasts: None

### Notes

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

(2) Accounting methods specific to semi-annual consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: Yes

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

Note: For details, please refer to “2. Semi-annual Consolidated Financial Statements and Key Notes (4) Notes to the Semi-annual Consolidated Financial Statements (Change in Accounting Policy)” on page 10 of the attachments.

(4) Common stock issued

1) Issued shares as of period-end (including treasury stock)

September 30, 2024	70,751,855 shares
March 31, 2024	70,751,855 shares

2) Treasury stock as of period-end

September 30, 2024	3,183,288 shares
March 31, 2024	3,206,771 shares

3) Average number of shares (during the respective period)

Six months ended September 30, 2024	67,552,577 shares
Six months ended September 30, 2023	67,544,301 shares

**\*This summary of financial statements is not subject to audit by certified public accountant and auditing firm.**

### \*Appropriate Use of Earnings Forecasts and Other Important Information

(Earnings Forecasts)

Business forecasts contained in this report are based on the assumptions of management in the light of information available as of the release of this report. MEGMILK SNOW BRAND makes no assurances as to the actual results, which may differ from forecasts due to various factors such as changes in the business environment.

(Supplementary materials and presentation handouts)

Supplementary materials are attached to this report.

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### (Supplementary Information)

Supplementary Information for the Six Months Ended September 30, 2024

## 1. Operating Results

Forward-looking statements included in the following text are based on the judgments of the Group's management as of September 30, 2024.

### (1) Overview of Operating Results

In the six months ended September 30, 2024, the Japanese economy saw a moderate recovery due in part to the effects of various policies as the employment and income environments were improving. The recovery is expected to continue down the road. With regard to the outlook, there are risks that the downturn of overseas economies including impacts of uncertain overseas interest rate trends may put downward pressure on the Japanese economy. It is also necessary to pay close attention to the impacts of rising prices, the situation in the Middle East, and fluctuations in financial and capital markets, etc.

In the food industry, demand for dining out is on a recovery trend partly due to growth in inbound demand. On the other hand, with rising raw material prices and logistics costs worldwide, the business environment remains challenging. In addition, the effects of wage increases and other income improvements on consumer sentiment are uncertain.

Amid this business environment, in FY2023, the MEGMILK SNOW BRAND Group launched the Group Medium-term Management Plan 2025 with "Creating new seeds for growth," "Expanding quantity by utilizing platform," and "Strengthening and supporting domestic dairy farming production foundation" as the three pillars of its business strategy. In FY2024, the second year of the Plan, we have set the theme of the MEGMILK SNOW BRAND Group Management Policy 2024 as "MOVE" and been committed to advancing the Plan. We positioned as our key priorities (1) creating new seeds for growth, (2) expanding volume through foundational use, (3) strengthening and supporting domestic dairy farming production foundation, (4) promoting fundamental strategies, and (5) addressing sustainability issues.

As a result, in the six months ended September 30, 2024, consolidated net sales were ¥311,653 million (up 2.0% YoY), operating profit was ¥11,819 million (up 5.1% YoY), ordinary profit was ¥12,754 million (up 4.2% YoY), and profit attributable to owners of parent was ¥9,134 million (up 18.6% YoY).

Operating results by business segment for the six months ended September 30, 2024 were as follows. Net sales by segment are sales to outside customers.

#### 1) Dairy Products

This segment comprises the manufacture and sale of dairy products (cheese, butter, powdered milk), margarine, nutrition business products (functional foods and infant formula), and other products.

Net sales were ¥128,475 million (up 1.5% YoY), and operating profit was ¥4,500 million (down 11.7% YoY).

##### (Net sales)

We continued to implement sales promotion activities after the price revisions in December of the previous year.

As a result, sales of butter increased year on year as we outperformed the market in capturing demand.

Sales of margarine increased year on year, primarily due to a sales campaign highlighting "Get more for the same price" and brand promotions.

Regarding cheese, sales of the main products Sakeru Cheese and 6P Cheese increased significantly primarily due to sales promotion activities and strengthened exposure in stores. As a result, overall segment sales also increased from the previous year.

Sales of functional food products remained robust primarily due to marketing activities at mall-type e-commerce sites. In overseas markets, sales of functional food products increased significantly, while the total sales of powdered milk and other products declined. As a result, the nutrition business as a whole remained at the same level as the previous year.

##### (Operating profit)

Despite various sales promotions, profits decreased year on year due to an increase in fixed costs and other factors.

## 2) Beverages & Desserts

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, desserts, and other products. Net sales were ¥136,672 million (up 3.5% YoY), and operating profit was ¥4,941 million (up 33.9% YoY).

### (Net sales)

With regard to sales of beverages, sales of the MBP Drink series, a food with functional claims; Mainichi Honebuto MBP and Sukkiri Ca Tetsu in large cartons; Yukijirushi Coffee 500ml in medium cartons; DoleLL 200ml in small cartons, and others remained firm. As a result, overall beverage sales increased year on year.

Regarding yogurt, household-use products, such as Makiba no Asa Yogurt and Nachure Megumi, were strong. As a result, overall yogurt sales increased year on year.

Sales of desserts outperformed those of the previous fiscal year resulting from the strong sales of the main product CREAM SWEETS series and Asia Sabo series in particular.

### (Operating profit)

Profits increased because of strengthened marketing activities and other sales promotion activities of the main products.

## 3) Feedstuffs & Seed

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, landscaping, and other products. Net sales were ¥26,072 million (down 3.7% YoY), and operating profit was ¥812 million (up 6.7% YoY).

### (Net sales)

Overall segment sales decreased year on year, mainly due to the decline in revenues caused by the lower compound feed sales prices.

### (Operating profit)

Despite the decreased sales, operating profit increased mainly due to our initiatives to cut costs.

## 4) Other

This segment comprises joint distribution center services, real estate rental, and other businesses.

Net sales were ¥20,434 million (up 2.1% YoY), and operating profit was ¥1,512 million (down 8.7% YoY).

## (2) Analysis of Financial Condition

### 1) Assets, liabilities, and net assets

(Millions of yen)

Category	End of March 2024	End of September 2024	Change	Primary reason for change
Assets	431,222	435,077	3,855	Cash and deposits (6,761) Merchandise and finished goods +1,483 Raw materials and supplies +1,387 Investment securities +6,507
Liabilities	195,921	191,724	(4,197)	Notes and accounts payable-trade (1,415) Short-term loans payable +2,166 Income taxes payable (3,072) Long-term loans payable (2,561)
Net Assets	235,300	243,352	8,052	Retained earnings +3,699 Valuation difference on available-for-sale securities +4,033

### 2) Cash flows

(Millions of yen)

Category	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	Primary reason for change
Cash flows from operating activities	10,846	8,496	(2,350)	Increase (decrease) in provision for bonuses (756) Loss (gain) on sale and retirement of non-current assets (1,224) Decrease (increase) in trade receivables +16,257 Decrease (increase) in inventories (556) Increase (decrease) in trade payables (7,619) Income taxes paid (6,532)
Cash flows from investing activities	(8,967)	(7,972)	995	Purchase of property, plant and equipment and intangible assets (906) Proceeds from sale of property, plant and equipment and intangible assets +3,072 Payments of leasehold and guarantee deposits (1,273)
Cash flows from financing activities	(9,955)	(7,573)	2,381	Repayment of long-term loans payable +3,506 Cash dividends paid (1,341)
Cash and cash equivalents at end of period	12,431	22,162	9,730	—

### (3) Explanation of Forward-Looking Statements, including the Forecast of Consolidated Results

There are no revisions to the forecast of consolidated results disclosed in the Summary of Financial Results on May 14, 2024.

## 2. Semi-annual Consolidated Financial Statements and Key Notes

### (1) Semi-annual Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	29,001	22,240
Notes and accounts receivable-trade, and contract assets	87,999	86,699
Merchandise and finished goods	40,619	42,102
Work in process	1,047	1,239
Raw materials and supplies	17,412	18,799
Other	6,044	6,655
Allowance for doubtful accounts	(356)	(375)
Total current assets	181,767	177,361
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	60,741	60,541
Machinery, equipment and vehicles, net	56,663	54,777
Land	48,770	47,239
Other, net	11,365	14,535
Total property, plant and equipment	177,541	177,093
Intangible assets		
Goodwill	441	421
Other	4,058	4,918
Total intangible assets	4,499	5,340
Investments and other assets		
Investment securities	53,326	59,834
Deferred tax assets	2,873	2,849
Other	11,380	12,765
Allowance for doubtful accounts	(166)	(168)
Total investments and other assets	67,414	75,281
Total non-current assets	249,454	257,715
<b>Total assets</b>	431,222	435,077

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	63,070	61,655
Electronically recorded obligations-operating	4,188	4,663
Short-term loans payable	10,206	12,372
Income taxes payable	8,633	5,561
Provision for bonuses	5,933	5,460
Other	30,441	30,452
<b>Total current liabilities</b>	<b>122,474</b>	<b>120,166</b>
<b>Non-current liabilities</b>		
Bonds payable	15,000	15,035
Long-term loans payable	29,054	26,492
Deferred tax liabilities	7,189	7,771
Deferred tax liabilities for land revaluation	3,815	3,815
Provision for directors' retirement benefits	6	6
Net defined benefit liabilities	8,480	8,527
Asset retirement obligations	1,222	1,289
Other	8,678	8,620
<b>Total non-current liabilities</b>	<b>73,447</b>	<b>71,558</b>
<b>Total liabilities</b>	<b>195,921</b>	<b>191,724</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	20,000	20,000
Capital surplus	17,027	17,027
Retained earnings	167,278	170,977
Treasury stock	(5,322)	(5,264)
<b>Total shareholders' equity</b>	<b>198,983</b>	<b>202,740</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	21,958	25,991
Deferred gains or losses on hedges	40	9
Revaluation reserve for land	8,571	8,571
Foreign currency translation adjustment	1,033	1,319
Remeasurements of defined benefit plans	1,499	1,436
<b>Total accumulated other comprehensive income</b>	<b>33,102</b>	<b>37,328</b>
<b>Non-controlling interests</b>	<b>3,214</b>	<b>3,284</b>
<b>Total net assets</b>	<b>235,300</b>	<b>243,352</b>
<b>Total liabilities and net assets</b>	<b>431,222</b>	<b>435,077</b>



## (2) Semi-annual Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Semi-annual Consolidated Statements of Income

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Net sales</b>	305,669	311,653
Cost of sales	255,312	259,276
<b>Gross profit</b>	50,357	52,377
Selling, general and administrative expenses	39,114	40,557
<b>Operating profit</b>	11,242	11,819
Non-operating income		
Interest income	15	24
Dividend income	564	455
Equity in earnings of affiliates	282	441
Other	654	537
<b>Total non-operating income</b>	1,516	1,459
Non-operating expenses		
Interest expenses	185	162
Loss (gain) on discontinuation of gift token	127	—
Other	204	362
<b>Total non-operating expenses</b>	518	524
<b>Ordinary profit</b>	12,240	12,754
Extraordinary income		
Gain on sale of non-current assets	15	1,209
National subsidies	—	58
Other	0	110
<b>Total extraordinary income</b>	16	1,378
Extraordinary loss		
Loss on sale of non-current assets	4	1
Loss on retirement of non-current assets	495	466
Impairment loss	186	523
Other	26	66
<b>Total extraordinary loss</b>	712	1,057
<b>Profit before income taxes</b>	11,544	13,075
Income taxes	3,714	3,865
<b>Profit</b>	7,830	9,209
Profit attributable to non-controlling interests	131	74
<b>Profit attributable to owners of parent</b>	7,698	9,134

## Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Profit</b>	7,830	9,209
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,907	4,026
Deferred gains or losses on hedges	18	(30)
Foreign currency translation adjustment	468	368
Remeasurements of defined benefit plans	10	(43)
Share of other comprehensive income of entities accounted for using the equity method	(15)	(64)
Total other comprehensive income	5,389	4,256
<b>Comprehensive income</b>	13,219	13,465
Comprehensive income attributable to owners of parent	13,030	13,360
Comprehensive income attributable to non-controlling interests	189	105

**(3) Semi-annual Consolidated Statements of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	11,544	13,075
Depreciation and amortization	8,717	8,600
Impairment loss	186	523
Equity in (earnings) losses of affiliates	(282)	(441)
Amortization of goodwill	55	74
Increase (decrease) in allowance for doubtful accounts	21	16
Increase (decrease) in provision for bonuses	282	(474)
Decrease (increase) in nets defined benefit asset	(283)	(140)
Increase (decrease) in nets defined benefit liability	48	14
Loss (gain) on sale and retirement of non-current assets	483	(740)
Loss (gain) on sale of investment securities	—	(110)
Interest and dividend income received	(579)	(480)
Interest expenses	185	162
Decrease (increase) in accounts receivable-other	528	530
Decrease (increase) in trade receivables	(14,102)	2,154
Decrease (increase) in inventories	(1,728)	(2,285)
Increase (decrease) in trade payables	5,761	(1,857)
Other	948	(2,580)
<b>Sub total</b>	<b>11,786</b>	<b>16,040</b>
Interest and dividend income	630	540
Interest expenses paid	(186)	(166)
Income taxes paid	(1,384)	(7,917)
Net cash provided by (used in) operating activities	10,846	8,496
<b>Cash flows from investing activities</b>		
Payments into time deposits	—	(3)
Payments of loans receivable	(9)	(9)
Collection of loans receivable	13	17
Purchase of property, plant and equipment and intangible assets	(8,897)	(9,804)
Proceeds from sale of property, plant and equipment and intangible assets	17	3,089
Purchase of investment securities	(167)	(537)
Proceeds from sale of investment securities	—	249
Payments of leasehold and guarantee deposits	(7)	(1,281)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	244
Other	83	62
Net cash provided by (used in) investing activities	(8,967)	(7,972)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(170)	121
Repayment of long-term loans payable	(5,336)	(1,829)
Purchase of treasury stock	(3)	(5)
Cash dividends paid	(4,052)	(5,393)
Cash dividends paid to non-controlling interests	(2)	(2)
Other	(390)	(464)
Net cash provided by (used in) financing activities	(9,955)	(7,573)
Effect of exchange rate on cash and cash equivalents	170	224
Net increase (decrease) in cash and cash equivalents	(7,906)	(6,825)
Cash and cash equivalents at beginning of period	20,338	28,988
Cash and cash equivalents at end of period	12,431	22,162

**(4) Notes to the Semi-annual Consolidated Financial Statements**

(Notes on the Assumption of a Going Concern)

Not applicable.

(Notes Concerning Significant Changes in Shareholders' Equity (if any))

Not applicable.

(Change in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022), and the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022) are applied from the beginning of the period under review.

This change has no impact on the semi-annual consolidated financial statements.

(Application of the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The "Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (Practical Solution No. 46, March 22, 2024) is applied from the beginning of the period under review.

As we apply Paragraph 7 of the Practical Solution No. 46, current taxes related to the global minimum tax rules have not been recorded in the consolidated financial statements for the six months ended September 30, 2024.

(Segment and Other Information)

I Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

1. Net sales and income/loss by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment (note 1)				Other (note 2)	Total	Adjustments (note 3)	Amount recorded on consolidated statements of income (note 4)
	Dairy Products	Beverages and Desserts	Feedstuffs and Seed	Total				
Net sales								
Revenue from contracts with customers	126,531	132,059	27,072	285,663	20,006	305,669	—	305,669
Sales to outside customers	126,531	132,059	27,072	285,663	20,006	305,669	—	305,669
Inter-segment sales and transfers	7,278	47	669	7,995	6,560	14,555	(14,555)	—
Total	133,810	132,107	27,741	293,659	26,566	320,225	(14,555)	305,669
Segment profit	5,099	3,691	761	9,552	1,656	11,209	32	11,242

Notes: 1. Net sales for reportable segments are mainly revenue from sales of merchandise and finished goods.

2. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments. Net sales of "Other" are mainly revenue from distribution services.

3. The 32 million yen adjustment for segment profit is for elimination of intersegment transactions.

4. Segment profit adjustments are based on operating profit reported on the semi-annual consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable.

II Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

1. Net sales and income/loss by reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment (note 1)				Other (note 2)	Total	Adjustments (note 3)	Amount recorded on consolidated statements of income (note 4)
	Dairy Products	Beverages and Desserts	Feedstuffs and Seed	Total				
Net sales								
Revenue from contracts with customers	128,475	136,672	26,072	291,219	20,434	311,653	—	311,653
Sales to outside customers	128,475	136,672	26,072	291,219	20,434	311,653	—	311,653
Inter-segment sales and transfers	6,989	47	593	7,630	6,582	14,213	(14,213)	—
Total	135,464	136,719	26,665	298,849	27,017	325,867	(14,213)	311,653
Segment profit	4,500	4,941	812	10,254	1,512	11,766	52	11,819

Notes: 1. Net sales for reportable segments are mainly revenue from sales of merchandise and finished goods.

2. "Other" comprises businesses, such as joint distribution center services and real estate rental that are not included in reportable segments. Net sales of "Other" are mainly revenue from distribution services.

3. The 52 million yen adjustment for segment profit is for elimination of intersegment transactions.

4. Segment profit adjustments are based on operating profit reported on the semi-annual consolidated statements of income for the corresponding period.

2. Impairment loss on non-current assets or goodwill by reportable segment

(Significant change in amount of goodwill)

Not applicable.

(Revenue Recognition)

The breakdown of revenue from contracts with customers is presented in "(4) Notes to the Semi-annual Consolidated Financial Statements (Segment and Other Information)".