

Consolidated Financial Statements – Summary

October 12, 2023

(For the Nine months ended August 31, 2023)

English translation from the original Japanese-language document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Company name: **Lacto Japan Co., Ltd.** (Code number 3139)

(Amounts less than one million yen are omitted)

1. Results for the Nine Months Ended August 31, 2023 (December 1, 2022 through August 31, 2023)

(1) Consolidated financial results

(Each percentage shows changes year-on-year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended August 31, 2023	117,330	9.2	2,403	(13.1)	2,059	(24.4)	1,434	(27.2)
Nine months ended August 31, 2022	107,485	35.0	2,765	23.2	2,725	23.1	1,970	23.1

(Note): Comprehensive income: Nine months ended August 31, 2023 2,323 million yen ((32.4)%)

Nine months ended August 31, 2022 3,439 million yen (85.1%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2023	144.73	143.25
Nine months ended August 31, 2022	199.62	197.17

(2) Consolidated Financial Position

	Total Assets	Total net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2023	80,662	24,230	30.0
As of November 30, 2022	73,456	22,481	30.5

(Note): Shareholders' equity: As of August 31, 2023 24,162 million yen

As of November 30, 2022 22,412 million yen

2. Dividend Status

(Base date)	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended November 30, 2022	–	0.00	–	40.00	40.00
FY ended November 30, 2023	–	24.00	–		
FY ended November 30, 2023 (Forecast)				24.00	48.00

(Note) Revisions to dividend forecasts published most recently (Y/N): No

3. Estimation of Business Results of Fiscal Year Ending November 30, 2023

(December 1, 2022 through November 30, 2023)

	Net sales		Ordinary income		Net income attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY ended November 30, 2023	160,000	8.5	3,200	2.1	2,330	1.9	234.86

(Note) Revisions to financial estimation published most recently (Y/N): No

* Notes

(1) Any changes in important subsidiaries during the term (Change in specific subsidiaries as a result of a change in the scope of consolidation): No

New inclusion: — companies (company name)

Elimination: — companies (company name)

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes

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

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| (i) Changes in accounting policies associated with the revision of accounting standards, etc.: | Yes |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |

(4) Total number of outstanding shares (Common stock)

(i) Total number of outstanding shares at term end (Includes treasury stock):

As of August 31, 2023: 9,947,200 shares

As of November 30, 2022: 9,915,200 shares

(ii) Total treasury stock at term end:

As of August 31, 2023: 5,052 shares

As of November 30, 2022: 22,266 shares

(iii) Average number of outstanding shares during the period:

For the Nine months ended August 31, 2023: 9,914,332 shares

For the Nine months ended August 31, 2022: 9,869,156 shares

* Quarterly financial summaries are not subject to quarterly review by any certified public accountant or auditing firm.

* Note to proper use of forecast of operating results and other special remarks

(Cautionary Statement)

The performance forecasts contained in this report are based on information available at the present time and certain premises thought to be reasonable. Accordingly, the final results may change substantially due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY2022 As of November 30, 2022	3rd Quarter of FY2023 As of August 31, 2023
Assets		
Current assets		
Cash and deposits	6,379,503	9,551,869
Notes and accounts receivable	21,065,703	20,991,038
Merchandise and finished goods	39,914,577	44,771,942
Raw materials and supplies	1,468,404	1,150,390
Other	1,260,834	651,472
Allowance for doubtful accounts	(21,904)	(2,206)
Total current assets	70,067,118	77,114,507
Non-current assets		
Property, plant and equipment	942,074	913,127
Intangible assets	39,145	64,230
Investments and other assets		
Other	2,427,975	2,591,180
Allowance for doubtful accounts	(19,607)	(21,011)
Total investments and other assets	2,408,367	2,570,169
Total non-current assets	3,389,587	3,547,528
Total assets	73,456,705	80,662,035

Consolidated Balance Sheet

(Thousands of yen)

	FY2022 As of November 30, 2022	3rd Quarter of FY2023 As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable	17,349,867	13,792,168
Short-term borrowings	13,949,482	21,163,079
Commercial papers	4,000,000	5,000,000
Current portion of long-term borrowings	3,960,000	4,552,000
Income taxes payable	723,379	156,995
Other	1,119,264	688,431
Total current liabilities	41,101,992	45,352,675
Non-current liabilities		
Long-term borrowings	8,960,000	10,198,000
Retirement benefit liability	410,850	422,056
Asset retirement obligations	45,151	50,794
Other	457,359	407,567
Total non-current liabilities	9,873,361	11,078,418
Total liabilities	50,975,353	56,431,093
Net assets		
Shareholders' equity		
Share capital	1,158,810	1,172,490
Capital surplus	1,178,027	1,173,447
Retained earnings	18,651,916	19,452,835
Treasury shares	(65,828)	(14,920)
Total shareholders' equity	20,922,925	21,783,853
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	176,327	194,886
Deferred gains or losses on hedges	(99,634)	225,955
Foreign currency translation adjustment	1,412,932	1,957,444
Total accumulated other comprehensive income	1,489,624	2,378,286
Share acquisition rights	68,801	68,801
Total net assets	22,481,351	24,230,941
Total liabilities and net assets	73,456,705	80,662,035

(2) Consolidated Income Statements

(Thousands of yen)

	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Net sales	107,485,756	117,330,375
Cost of sales	101,491,541	111,416,210
Gross profit	5,994,214	5,914,165
Selling, general and administrative expenses	3,228,338	3,510,275
Operating income	2,765,876	2,403,890
Non-operating income		
Interest income	4,050	17,544
Dividend income	11,201	14,957
Share of profit of entities accounted for using equity method	6,831	16,528
Foreign exchange gains	179,592	—
Insurance return	2,536	8,628
Miscellaneous income	29,151	30,581
Total non-operating income	233,362	88,240
Non-operating expenses		
Interest expenses	119,753	170,687
Commission expenses	133,894	159,515
Foreign exchange losses	—	75,915
Miscellaneous losses	20,386	26,253
Total non-operating expenses	274,035	432,372
Ordinary income	2,725,203	2,059,757
Income before income taxes	2,725,203	2,059,757
Income taxes	755,117	624,892
Net Income	1,970,086	1,434,864
Net income attributable to owners of parent	1,970,086	1,434,864

(3) Consolidated Statements of comprehensive income

(Thousands of yen)

	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Net Income	1,970,086	1,434,864
Other comprehensive income		
Valuation difference on available-for-sale securities	(27,098)	18,559
Deferred gains or losses on hedges	415,615	325,590
Foreign currency translation adjustment	1,057,255	531,548
Share of other comprehensive income of entities accounted for using equity method	23,266	12,963
Total other comprehensive income	1,469,038	888,662
Comprehensive income	3,439,124	2,323,526
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,439,124	2,323,526
Comprehensive income attributable to non-controlling interests	—	—