

# Consolidated Financial Statements – Summary

July 13, 2023

(For the Six months ended May 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 Six Months Ended May 31, 2023 (December 1, 2022 through May 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	%
<b>Six months ended May 31, 2023</b>	<b>80,450</b>	<b>15.3</b>	<b>1,705</b>	<b>(8.7)</b>	<b>1,344</b>	<b>(19.2)</b>	<b>922</b>	<b>(23.6)</b>
Six months ended May 31, 2022	69,788	32.6	1,867	22.0	1,665	17.9	1,207	19.4

(Note): Comprehensive income: Six months ended May 31, 2023 1,537 million yen ((41.5)%)

Six months ended May 31, 2022 2,628 million yen (72.8%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
<b>Six months ended May 31, 2023</b>	<b>93.17</b>		<b>92.17</b>	
Six months ended May 31, 2022	122.38		120.89	

### (2) Consolidated Financial Position

	Total Assets	Total net assets	Equity ratio
	Million yen	Million yen	%
<b>As of May 31, 2023</b>	<b>80,806</b>	<b>23,669</b>	<b>29.2</b>
As of November 30, 2022	73,456	22,481	30.5

(Note): Shareholders' equity: As of May 31, 2023 23,600 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	235.03

(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

(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 May 31, 2023:	9,931,200	shares
As of November 30, 2022:	9,915,200	shares

(ii) Total treasury stock at term end:

As of May 31, 2023:	5,052	shares
As of November 30, 2022:	22,266	shares

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

For the Six months ended May 31, 2023:	9,903,268	shares
For the Six months ended May 31, 2022:	9,865,823	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	2nd Quarter of FY2023 As of May 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,379,503	8,587,258
Notes and accounts receivable	21,065,703	22,141,119
Merchandise and finished goods	39,914,577	44,219,843
Raw materials and supplies	1,468,404	1,374,551
Other	1,260,834	1,049,935
Allowance for doubtful accounts	(21,904)	(2,814)
<b>Total current assets</b>	<b>70,067,118</b>	<b>77,369,894</b>
<b>Non-current assets</b>		
Property, plant and equipment	942,074	902,904
Intangible assets	39,145	51,402
Investments and other assets		
Other	2,427,975	2,502,955
Allowance for doubtful accounts	(19,607)	(20,258)
<b>Total investments and other assets</b>	<b>2,408,367</b>	<b>2,482,696</b>
<b>Total non-current assets</b>	<b>3,389,587</b>	<b>3,437,003</b>
<b>Total assets</b>	<b>73,456,705</b>	<b>80,806,898</b>

## Consolidated Balance Sheet

(Thousands of yen)

	FY2022 As of November 30, 2022	2nd Quarter of FY2023 As of May 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	17,349,867	15,636,054
Short-term borrowings	13,949,482	20,623,654
Commercial papers	4,000,000	5,000,000
Current portion of long-term borrowings	3,960,000	4,270,000
Income taxes payable	723,379	427,318
Other	1,119,264	685,540
<b>Total current liabilities</b>	<b>41,101,992</b>	<b>46,642,567</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,960,000	9,582,500
Retirement benefit liability	410,850	409,909
Asset retirement obligations	45,151	47,843
Other	457,359	454,755
<b>Total non-current liabilities</b>	<b>9,873,361</b>	<b>10,495,008</b>
<b>Total liabilities</b>	<b>50,975,353</b>	<b>57,137,576</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,158,810	1,165,650
Capital surplus	1,178,027	1,166,607
Retained earnings	18,651,916	19,178,869
Treasury shares	(65,828)	(14,920)
<b>Total shareholders' equity</b>	<b>20,922,925</b>	<b>21,496,206</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	176,327	193,852
Deferred gains or losses on hedges	(99,634)	342,280
Foreign currency translation adjustment	1,412,932	1,568,179
<b>Total accumulated other comprehensive income</b>	<b>1,489,624</b>	<b>2,104,313</b>
Share acquisition rights	68,801	68,801
<b>Total net assets</b>	<b>22,481,351</b>	<b>23,669,321</b>
<b>Total liabilities and net assets</b>	<b>73,456,705</b>	<b>80,806,898</b>

## (2) Consolidated Income Statements

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Net sales	69,788,112	80,450,012
Cost of sales	65,832,445	76,447,667
Gross profit	3,955,667	4,002,344
Selling, general and administrative expenses	2,088,166	2,296,489
Operating income	1,867,500	1,705,855
Non-operating income		
Interest income	2,265	6,254
Dividend income	7,353	7,573
Share of profit of entities accounted for using equity method	7,289	6,834
Insurance return	2,536	8,390
Miscellaneous income	21,772	21,773
Total non-operating income	41,217	50,825
Non-operating expenses		
Interest expenses	75,559	102,392
Commission expenses	100,091	112,719
Foreign exchange losses	53,936	189,444
Miscellaneous losses	13,931	7,291
Total non-operating expenses	243,518	411,848
Ordinary income	1,665,199	1,344,832
Income before income taxes	1,665,199	1,344,832
Income taxes	457,821	422,161
Net Income	1,207,378	922,670
Net income attributable to owners of parent	1,207,378	922,670

### (3) Consolidated Statements of comprehensive income

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Net Income	1,207,378	922,670
Other comprehensive income		
Valuation difference on available-for-sale securities	5,178	17,525
Deferred gains or losses on hedges	759,083	441,915
Foreign currency translation adjustment	643,194	146,252
Share of other comprehensive income of entities accounted for using equity method	13,279	8,995
Total other comprehensive income	1,420,735	614,688
Comprehensive income	2,628,114	1,537,359
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,628,114	1,537,359
Comprehensive income attributable to non-controlling interests	—	—

#### (4) Consolidated Statements of Cash-Flow

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
<b>Cash flows from operating activities</b>		
Income before income taxes	1,665,199	1,344,832
Depreciation	152,768	171,013
Increase (decrease) in allowance for doubtful accounts	(4,501)	(18,851)
Increase (decrease) in retirement benefit liability	18,730	(940)
Interest and dividend income	(9,618)	(13,827)
Interest expenses	75,559	102,392
Decrease (increase) in trade receivables	(682,296)	(1,070,792)
Decrease (increase) in inventories	(4,776,837)	(4,178,823)
Increase (decrease) in trade payables	1,995,868	(1,714,633)
Other, net	(181,153)	372,512
Subtotal	(1,746,280)	(5,007,118)
Interest and dividends received	9,720	13,851
Interest paid	(74,980)	(117,195)
Income taxes paid	(347,426)	(729,371)
Net cash provided by (used in) operating activities	(2,158,966)	(5,839,833)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(0)	(0)
Purchase of investment securities	(3,871)	(153,197)
Purchase of property, plant and equipment	(99,647)	(69,373)
Proceeds from sale of property, plant and equipment	0	—
Purchase of intangible assets	(927)	(19,780)
Purchase of golf club membership	(9,569)	—
Proceeds from sale of golf club membership	1,050	—
Proceeds from maturity of insurance funds	2,839	27,076
Purchase of insurance funds	(6,767)	(7,747)
Other, net	(6,004)	(4,937)
Net cash provided by (used in) investing activities	(122,898)	(227,959)

## Consolidated Statements of Cash-Flow

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	1,396,397	6,678,054
Increase (decrease) in commercial papers	1,000,000	1,000,000
Proceeds from long-term borrowings	2,600,000	3,100,000
Repayments of long-term borrowings	(1,500,000)	(2,167,500)
Purchase of treasury shares	—	(92)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	13,680
Repayments of lease obligations	(77,599)	(94,908)
Dividends paid	(315,351)	(395,411)
Net cash provided by (used in) financing activities	3,103,446	8,133,822
Effect of exchange rate change on cash and cash equivalents	262,924	141,726
Net increase (decrease) in cash and cash equivalents	1,084,506	2,207,754
Cash and cash equivalents at beginning of period	5,014,713	5,883,360
Cash and cash equivalents at end of period	6,099,219	8,091,115