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Lacto Japan Co., Ltd.

Financial Summary for FY2022 Second Quarter

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1. Financial Summary

(Millions of Yen)

	FY11/2021 2 Q	FY11/2022 2 Q		
		Actual	Difference	YoY Change (%)
Net sales	52,648	69,788	17,139	32.6
Ordinary income	1,412	1,665	252	17.9
Ordinary income ratio (%)	2.7	2.4	-	-
(Foreign exchange impact on ordinary income (*))	(-59)	(-41)	-	-
Net income attributable to owners of the parent	1,010	1,207	196	19.4
Net income ratio (%)	1.9	1.7	-	-
Net income per share (JPY)	102.52	122.38	19.86	
Exchange rate (JPY/USD)	106.65	119.55	12.90	
Exchange rate (JPY/EUR)	128.73	132.11	3.38	

Note: Amounts have been rounded down to the nearest million yen, and the ratios have been rounded to the first decimal place.

* Foreign exchange impact on ordinary income: As Lacto Japan applies "Separate accounting treatments," foreign exchange fluctuations may have an impact at each income level.

2. FY11/2022 Revised Consolidated Earnings Forecasts

(Million yen)

	FY11/2021 Actual	FY11/2022			
		Initial Forecast	Revised Disclosed on 5 July	YoY Difference	YoY Change (%)
Net sales	110,883	126,000	140,000	29,116	26.3
Ordinary income	2,681	2,900	3,100	418	15.6
Ordinary income ratio (%)	2.4	2.3	2.2	—	—
Net income attributable to owners of the parent	1,959	2,100	2,250	290	14.8
Net income ratio (%)	1.8	1.7	1.6	—	—
Net income per share (Yen)	198.73	212.95	227.94	29.21	
Dividends per share (Yen)	32.00	37.00	37.00	5.00	

Note: Amounts have been rounded down to the nearest million yen, and the ratios have been rounded to the first decimal place.

3. Net Sales by Division

In light of the situation in 1H, we have revised our full-year forecasts of net sales by division

(Millions of Yen)

	FY11/2021				FY11/2022		
	1Q	2Q	3Q	4Q	1Q	2Q	Forecast
Dairy Ingredients and Cheese	17,090	19,861	18,044	21,484	22,024	25,178	97,200
YoY (%)	-14.8	-0.0	-9.8	16.7	28.9	26.8	27.1
Meat Products	3,116	3,653	3,611	3,897	3,530	3,690	13,700
YoY (%)	7.4	13.9	35.1	25.2	13.3	1.0	-4.1
Asian Business (Dairy Ingredients)	2,829	3,980	4,302	4,642	4,783	7,495	23,000
YoY (%)	-35.9	-30.5	19.0	41.9	69.1	88.3	46.0
Asian Business (Cheese)	801	887	739	895	935	892	4,000
YoY (%)	17.9	32.0	8.1	4.3	16.6	0.5	20.3
Others	156	270	284	333	481	775	2,100
YoY (%)	-6.5	24.0	55.6	172.1	207.8	186.6	101.0
Total	23,994	28,654	26,981	31,253	31,755	38,032	140,000
YoY (%)	-15.0	-3.5	-0.6	21.3	32.3	32.7	26.3

Note: Amounts of less than one million yen have been omitted

4. Sales Volume by Division

In light of the situation in 1H, we have revised our full-year forecasts of sales volume by division

(MT)

	FY11/2021				FY11/2022		
	1Q	2Q	3Q	4Q	1 Q	2 Q	Forecast
Dairy Ingredients and Cheese	43,141	48,852	43,039	49,325	46,731	49,722	199,200
YoY (%)	-12.7	-0.1	-8.9	7.1	8.3	1.8	8.1
Meat Products	5,736	6,831	6,446	6,685	6,004	6,092	24,800
YoY (%)	9.9	9.6	37.4	15.6	4.7	-10.8	-3.5
Asian Business (Dairy Ingredients)	9,918	12,771	11,856	13,269	11,397	15,151	53,000
YoY (%)	-32.4	-36.9	-11.3	11.7	14.9	18.6	10.8
Asian Business (Cheese)	1,120	1,213	1,021	1,280	1,253	1,083	5,000
YoY (%)	10.5	25.2	5.8	2.6	11.8	-10.7	7.9

Note: Quantities of less than one ton have been rounded down

5. Consolidated Balance Sheets

(Millions of Yen)

	30-Nov-2021	31-May-2022	Difference
Current assets	50,018	58,597	8,579
Cash and cash equivalents	5,510	6,595	1,084
Trade notes and accounts receivable	19,277	20,525	1,248
Inventories	24,839	29,819	4,980
Others	390	1,657	1,266
Non-current assets	2,881	2,781	-100
Property, plant and equipment	709	781	72
Intangible assets	44	38	-6
Investment and other assets	2,128	1,961	-166
Total assets	52,899	61,379	8,479
Accounts payable	12,202	14,585	2,383
Interest-bearing liabilities	19,531	23,064	3,532
Other	1,586	1,807	220
Total liabilities	33,320	39,456	6,135
Net assets	19,578	21,922	2,343
Total liabilities and net assets	52,899	61,379	8,479

Major factors of change

Increase in inventories

- Increase in merchandise due to higher sales volume
- Impact of rise in product unit prices and foreign exchange (weaker yen)


Increase in accounts payable

- Same as reasons for increase in inventories

Increase in interest-bearing liabilities

- Increase in short-term loans and commercial paper due to increase in working capital

Note: Amounts have been rounded down to the nearest million yen.

A wide-angle photograph of a rural landscape at sunset. A herd of approximately ten cows is scattered across a lush green field. In the background, a large barn with a corrugated metal roof sits on a slight rise. The sky is filled with dramatic, wispy clouds, and the sun is low on the horizon, casting long, soft shadows across the grass. Power lines are visible in the distance.

This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections as a result of changes in the economic environment and other risks and uncertainties.



Lacto Japan