

# Consolidated Financial Statements – Summary

July 13, 2022

(For the Six months ended May 31, 2022)

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, 2022 (December 1, 2021 through May 31, 2022)

### (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, 2022</b>	<b>69,788</b>	<b>32.6</b>	<b>1,867</b>	<b>22.0</b>	<b>1,665</b>	<b>17.9</b>	<b>1,207</b>	<b>19.4</b>
Six months ended May 31, 2021	52,648	(9.1)	1,530	(3.2)	1,412	(1.5)	1,010	(2.8)

(Note): Comprehensive income: Six months ended May 31, 2022 2,628 million yen (72.8%)

Six months ended May 31, 2021 1,521 million yen (51.4%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
<b>Six months ended May 31, 2022</b>	<b>122.38</b>	<b>120.89</b>
Six months ended May 31, 2021	102.52	101.02

### (2) Consolidated Financial Position

	Total Assets	Total net assets	Equity ratio
	Million yen	Million yen	%
<b>As of May 31, 2022</b>	<b>61,379</b>	<b>21,922</b>	<b>35.6</b>
As of November 30, 2021	52,899	19,578	36.9

(Note): Shareholders' equity: As of May 31, 2022 21,853 million yen

As of November 30, 2021 19,509 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, 2021	–	0.00	–	32.00	32.00
FY ended November 30, 2022	–	0.00			
FY ended November 30, 2022 (Forecast)			–	37.00	37.00

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

### 3. Estimation of Business Results of Fiscal Year Ending November 30, 2022

(December 1, 2021 through November 30, 2022)

	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, 2022	140,000	26.3	3,100	15.6	2,250	14.8	227.94

(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, 2022:   | 9,899,200 | shares |
| As of November 30, 2021:  | 9,899,200 | shares |
| (ii) Total treasury stock at term end:  |           |        |
| As of May 31, 2022:   | 22,266    | shares |
| As of November 30, 2021:  | 37,821    | shares |
| (iii) Average number of outstanding shares during the period:                 |           |        |
| For the Six months ended May 31, 2022:  | 9,865,823 | shares |
| For the Six months ended May 31, 2021:  | 9,860,836 | 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)

	FY2021 As of November 30, 2021	2nd Quarter of FY2022 As of May 31, 2022
Assets		
Current assets		
Cash and deposits	5,510,855	6,595,362
Notes and accounts receivable	19,277,467	20,525,494
Merchandise and finished goods	24,335,151	28,559,426
Raw materials and supplies	503,985	1,260,151
Other	412,359	1,674,822
Allowance for doubtful accounts	(21,794)	(17,292)
Total current assets	50,018,025	58,597,964
Non-current assets		
Property, plant and equipment	709,046	781,555
Intangible assets	44,557	38,350
Investments and other assets		
Other	2,145,084	1,980,268
Allowance for doubtful accounts	(16,999)	(18,855)
Total investments and other assets	2,128,084	1,961,413
Total non-current assets	2,881,688	2,781,319
Total assets	52,899,714	61,379,283

## Consolidated Balance Sheet

(Thousands of yen)

	FY2021 As of November 30, 2021	2nd Quarter of FY2022 As of May 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	12,202,080	14,585,368
Short-term borrowings	10,668,813	12,107,643
Commercial papers	1,000,000	2,000,000
Current portion of long-term borrowings	2,610,000	2,970,000
Income taxes payable	364,822	491,143
Other	678,916	726,913
<b>Total current liabilities</b>	<b>27,524,632</b>	<b>32,881,068</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,010,000	5,750,000
Retirement benefit liability	362,341	381,072
Asset retirement obligations	37,857	42,814
Other	386,099	401,651
<b>Total non-current liabilities</b>	<b>5,796,298</b>	<b>6,575,538</b>
<b>Total liabilities</b>	<b>33,320,931</b>	<b>39,456,607</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,151,970	1,151,970
Capital surplus	1,185,808	1,171,187
Retained earnings	16,680,685	17,572,500
Treasury shares	(111,793)	(65,828)
<b>Total shareholders' equity</b>	<b>18,906,671</b>	<b>19,829,829</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	241,015	246,193
Deferred gains or losses on hedges	35,008	794,091
Foreign currency translation adjustment	327,285	983,759
<b>Total accumulated other comprehensive income</b>	<b>603,309</b>	<b>2,024,044</b>
Share acquisition rights	68,801	68,801
<b>Total net assets</b>	<b>19,578,782</b>	<b>21,922,675</b>
<b>Total liabilities and net assets</b>	<b>52,899,714</b>	<b>61,379,283</b>

## (2) Consolidated Income Statements

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
Net sales	52,648,383	69,788,112
Cost of sales	49,273,695	65,832,445
Gross profit	3,374,687	3,955,667
Selling, general and administrative expenses	1,844,272	2,088,166
Operating income	1,530,415	1,867,500
Non-operating income		
Interest income	1,640	2,265
Dividend income	6,706	7,353
Foreign exchange gains	263	—
Subsidy income	9,065	5,451
Insurance return	27,681	2,536
Miscellaneous income	21,139	23,610
Total non-operating income	66,497	41,217
Non-operating expenses		
Interest expenses	68,667	75,559
Commission expenses	103,403	100,091
Foreign exchange losses	—	53,936
Miscellaneous losses	12,465	13,931
Total non-operating expenses	184,537	243,518
Ordinary income	1,412,375	1,665,199
Income before income taxes	1,412,375	1,665,199
Income taxes	401,404	457,821
Net Income	1,010,971	1,207,378
Net income attributable to owners of parent	1,010,971	1,207,378

### (3) Consolidated Statements of comprehensive income

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
Net Income	1,010,971	1,207,378
Other comprehensive income		
Valuation difference on available-for-sale securities	29,942	5,178
Deferred gains or losses on hedges	248,851	759,083
Foreign currency translation adjustment	227,090	643,194
Share of other comprehensive income of entities accounted for using equity method	4,445	13,279
Total other comprehensive income	510,330	1,420,735
Comprehensive income	1,521,301	2,628,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,521,301	2,628,114
Comprehensive income attributable to non-controlling interests	—	—

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

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
<b>Cash flows from operating activities</b>		
Income before income taxes	1,412,375	1,665,199
Depreciation	135,508	152,768
Increase (decrease) in allowance for doubtful accounts	(83)	(4,501)
Increase (decrease) in retirement benefit liability	(203)	18,730
Interest and dividend income	(8,347)	(9,618)
Interest expenses	68,667	75,559
Decrease (increase) in trade receivables	(552,021)	(682,296)
Decrease (increase) in inventories	(1,964,061)	(4,776,837)
Increase (decrease) in trade payables	1,191,415	1,995,868
Other, net	(23,905)	(181,153)
Subtotal	259,343	(1,746,280)
Interest and dividends received	8,897	9,720
Interest paid	(75,163)	(74,980)
Income taxes paid	(476,450)	(347,426)
Net cash provided by (used in) operating activities	(283,372)	(2,158,966)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(1)	(0)
Purchase of investment securities	(45,664)	(3,871)
Purchase of property, plant and equipment	(81,518)	(99,647)
Proceeds from sale of property, plant and equipment	—	0
Purchase of intangible assets	(6,987)	(927)
Purchase of golf club membership	—	(9,569)
Proceeds from sale of golf club membership	—	1,050
Proceeds from maturity of insurance funds	43,541	2,839
Purchase of insurance funds	(7,482)	(6,767)
Other, net	(4,683)	(6,004)
Net cash provided by (used in) investing activities	(102,796)	(122,898)

## Consolidated Statements of Cash-Flow

(Thousands of yen)

	Six months ended May 31, 2021	Six months ended May 31, 2022
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(500,000)	1,396,397
Increase (decrease) in commercial papers	1,000,000	1,000,000
Proceeds from long-term borrowings	3,000,000	2,600,000
Repayments of long-term borrowings	(2,250,000)	(1,500,000)
Redemption of bonds	(210,000)	—
Purchase of treasury shares	(144,850)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	6,840	—
Repayments of lease obligations	(66,162)	(77,599)
Dividends paid	(296,154)	(315,351)
Net cash provided by (used in) financing activities	539,673	3,103,446
Effect of exchange rate change on cash and cash equivalents	115,425	262,924
Net increase (decrease) in cash and cash equivalents	268,930	1,084,506
Cash and cash equivalents at beginning of period	4,508,366	5,014,713
Cash and cash equivalents at end of period	4,777,296	6,099,219