

Consolidated Financial Statements – Summary

October 13, 2022

(For the Nine months ended August 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 Nine Months Ended August 31, 2022 (December 1, 2021, through August 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	%
Nine months ended August 31, 2022	107,485	35.0	2,765	23.2	2,725	23.1	1,970	23.1
Nine months ended August 31, 2021	79,630	(6.4)	2,245	(5.5)	2,213	0.2	1,600	(0.4)

(Note): Comprehensive income: Nine months ended August 31, 2022 3,439 million yen (85.1%)

Nine months ended August 31, 2021 1,857 million yen (26.9%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2022	199.62	197.17
Nine months ended August 31, 2021	162.41	160.05

(2) Consolidated Financial Position

	Total Assets	Total net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2022	71,831	22,733	31.6
As of November 30, 2021	52,899	19,578	36.9

(Note): Shareholders' equity: As of August 31, 2022 22,664 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 August 31, 2022: | 9,899,200 | shares |
| As of November 30, 2021: | 9,899,200 | shares |
| (ii) Total treasury stock at term end: | | |
| As of August 31, 2022: | 22,266 | shares |
| As of November 30, 2021: | 37,821 | shares |
| (iii) Average number of outstanding shares during the period: | | |
| For the Nine months ended August 31, 2022: | 9,869,156 | shares |
| For the Nine months ended August 31, 2021: | 9,857,409 | 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 August change substantially due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY2021 As of November 30, 2021	3rd Quarter of FY2022 As of August 31, 2022
Assets		
Current assets		
Cash and deposits	5,510,855	6,685,669
Notes and accounts receivable	19,277,467	22,538,653
Merchandise and finished goods	24,335,151	36,757,478
Raw materials and supplies	503,985	1,574,282
Other	412,359	1,304,510
Allowance for doubtful accounts	(21,794)	(21,342)
Total current assets	50,018,025	68,839,253
Non-current assets		
Property, plant and equipment	709,046	934,423
Intangible assets	44,557	38,040
Investments and other assets		
Other	2,145,084	2,038,861
Allowance for doubtful accounts	(16,999)	(19,105)
Total investments and other assets	2,128,084	2,019,755
Total non-current assets	2,881,688	2,992,220
Total assets	52,899,714	71,831,473

Consolidated Balance Sheet

(Thousands of yen)

	FY2021 As of November 30, 2021	3rd Quarter of FY2022 As of August 31, 2022
Liabilities		
Current liabilities		
Accounts payable	12,202,080	16,996,217
Short-term borrowings	10,668,813	18,159,140
Commercial papers	1,000,000	4,000,000
Current portion of long-term borrowings	2,610,000	2,860,000
Income taxes payable	364,822	473,600
Other	678,916	648,417
Total current liabilities	27,524,632	43,137,374
Non-current liabilities		
Long-term borrowings	5,010,000	5,060,000
Retirement benefit liability	362,341	399,268
Asset retirement obligations	37,857	45,123
Other	386,099	456,019
Total non-current liabilities	5,796,298	5,960,412
Total liabilities	33,320,931	49,097,786
Net assets		
Shareholders' equity		
Share capital	1,151,970	1,151,970
Capital surplus	1,185,808	1,171,187
Retained earnings	16,680,685	18,335,207
Treasury shares	(111,793)	(65,828)
Total shareholders' equity	18,906,671	20,592,537
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241,015	213,916
Deferred gains or losses on hedges	35,008	450,623
Foreign currency translation adjustment	327,285	1,407,807
Total accumulated other comprehensive income	603,309	2,072,347
Share acquisition rights	68,801	68,801
Total net assets	19,578,782	22,733,686
Total liabilities and net assets	52,899,714	71,831,473

(2) Consolidated Income Statements

(Thousands of yen)

	Nine months ended August 31, 2021	Nine months ended August 31, 2022
Net sales	79,630,214	107,485,756
Cost of sales	74,598,619	101,491,541
Gross profit	5,031,595	5,994,214
Selling, general and administrative expenses	2,786,281	3,228,338
Operating income	2,245,314	2,765,876
Non-operating income		
Interest income	2,659	4,050
Dividend income	9,522	11,201
Foreign exchange gains	123,499	179,592
Subsidy income	12,891	8,661
Insurance return	27,681	2,536
Miscellaneous income	28,259	27,320
Total non-operating income	204,513	233,362
Non-operating expenses		
Interest expenses	107,617	119,753
Commission expenses	110,527	133,894
Miscellaneous losses	18,609	20,386
Total non-operating expenses	236,754	274,035
Ordinary income	2,213,073	2,725,203
Income before income taxes	2,213,073	2,725,203
Income taxes	612,177	755,117
Net Income	1,600,895	1,970,086
Net income attributable to owners of parent	1,600,895	1,970,086

(3) Consolidated Statements of comprehensive income

(Thousands of yen)

	Nine months ended August 31, 2021	Nine months ended August 31, 2022
Net Income	1,600,895	1,970,086
Other comprehensive income		
Valuation difference on available-for-sale securities	19,581	(27,098)
Deferred gains or losses on hedges	45,469	415,615
Foreign currency translation adjustment	187,493	1,057,255
Share of other comprehensive income of entities accounted for using equity method	4,399	23,266
Total other comprehensive income	256,943	1,469,038
Comprehensive income	1,857,839	3,439,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,857,839	3,439,124
Comprehensive income attributable to non-controlling interests	—	—