Financial Summary for Third Quarter FY11/2025

Lacto Japan Co., Ltd.

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1. Financial Summary

- **Increase in Net sales：**
  Although sales volume stagnated in the third quarter due to rising prices of various food products and a decline in consumer confidence following the record-breaking heat, sales revenue increased compared to the same period last year.
- **Increase in Ordinary profit：**
  Although sales revenue and sales volume were sluggish in the third quarter, profit margins in each business division improved and performance is progressing smoothly. Even excluding the one-time non-operating income recorded in the first half, both ordinary profit and quarterly net profit attributable to owners of parent reached record highs.

(Million yen)	Q1-Q3 FY11/2024	Q1-Q3 FY11/2025		
		Results	Difference	YoY Change (%)
Net sales	128,178	**137,431**	+9,253	+7.2
Ordinary profit	3,479	**4,907**	+1,428	+41.0
Ordinary profit margin (%)	2.7	**3.6**	–	–
Foreign exchange impact on ordinary profit*	(118)	**(-13)**	–	–
Profit attributable to owners of parent	2,544	**3,559**	+1,015	+39.9
Net profit margin (%)	2.0	**2.6**	–	–
Basic earnings per share (Yen)	255.38	**357.22**	+101.84	
Exchange rate (Yen/USD)	151.36	**148.87**	-2.49	
Exchange rate (Yen/EUR)	164.18	**164.16**	-0.02	

Note: Amounts have been rounded down to the nearest million yen. Percentage changes have been rounded to the first decimal place.
*Foreign exchange impact on ordinary profit: As Lacto Japan applies “separate accounting treatments,” the impact of foreign exchange hedging is recorded in both the cost of goods sold and non-operating profit/loss. Therefore, the impact of foreign exchange hedging on both the cost of goods sold and non-operating profit/loss is shown.

2. Net Sales by Business

(Million yen)	FY11/2024				FY11/2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Forecast* (FY)
Dairy Ingredients and Cheese Business	**28,124**	**30,807**	**28,577**	**26,672**	**30,653**	**32,032**	**27,263**	**120,700**
YoY	1.9%	5.5%	8.4%	-7.0%	9.0%	4.0%	-4.6%	5.7%
Meat and Ingredients	**5,111**	**5,427**	**5,801**	**5,447**	**5,024**	**6,535**	**5,593**	**25,200**
YoY	25.8%	10.0%	31.3%	12.2%	-1.7%	20.4%	-3.6%	15.7%
Functional Food Ingredients	**744**	**863**	**1,408**	**2,124**	**1,744**	**2,035**	**2,518**	**8,100**
YoY	19.1%	-10.1%	23.3%	78.8%	134.1%	135.6%	78.8%	57.5%
Asian Business (Dairy Ingredients)	**4,207**	**5,523**	**5,727**	**6,125**	**6,064**	**6,353**	**4,800**	**24,000**
YoY	-19.8%	3.9%	62.1%	27.0%	44.1%	15.0%	-16.2%	11.2%
Asian Business (Cheese)	**1,264**	**1,414**	**1,460**	**1,454**	**1,639**	**1,503**	**1,449**	**6,500**
YoY	16.3%	22.0%	19.0%	7.3%	29.6%	6.3%	-0.7%	16.2%
Others	**267**	**801**	**642**	**905**	**858**	**847**	**511**	**3,600**
YoY	111.9%	481.1%	233.9%	923.5%	221.4%	5.7%	-20.4%	37.6%
Total net sales	**39,720**	**44,839**	**43,618**	**42,729**	**45,984**	**49,308**	**42,137**	**188,000**
YoY	2.5%	7.5%	18.3%	4.2%	15.8%	10.0%	-3.4%	10.0%

(Amounts of less than one million yen have been omitted)
* The full-year forecast has been revised following the revision of the earnings forecast announced on July 9, 2025.
Note: The total sales forecast for the fiscal year ending November 2025 includes a consolidated adjustment of -100 million yen.

3. Sales Volume by Business

(tons)	FY11/2024				FY11/2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Forecast* (FY)
Dairy Ingredients and Cheese Business	**45,583**	**45,515**	**43,043**	**42,259**	**43,972**	**42,827**	**37,890**	**166,800**
YoY	12.3%	1.7%	9.1%	-0.9%	-3.5%	-5.9%	-12.0%	-5.4%
Meat and Ingredients	**7,766**	**8,076**	**8,302**	**7,685**	**6,993**	**9,187**	**8,149**	**35,100**
YoY	29.3%	2.6%	19.3%	5.4%	-10.0%	13.8%	-1.8%	10.3%
Functional Food Ingredients	**584**	**683**	**1,170**	**1,761**	**1,293**	**1,750**	**1,792**	**6,600**
YoY	42.7%	-5.4%	58.9%	87.7%	121.4%	156.1%	53.2%	57.2%
Asian Business (Dairy Ingredients)	**8,286**	**10,232**	**10,352**	**10,857**	**9,830**	**10,848**	**8,235**	**39,600**
YoY	-20.1%	-4.5%	62.0%	11.1%	18.6%	6.0%	-20.5%	-0.3%
Asian Business (Cheese)	**1,228**	**1,307**	**1,353**	**1,532**	**1,444**	**1,382**	**1,263**	**5,900**
YoY	6.4%	7.6%	15.5%	19.2%	17.5%	5.7%	-6.6%	8.8%

(Quantities of less than one ton have been rounded down.)

* The full-year forecast has been revised following the revision of the earnings forecast announced on July 9, 2025.

4. Consolidated Balance Sheets

(Million yen)	End-November 2024	End-August 2025	Difference	
Total current assets	**75,826**	**83,841**	**8,014**	
Cash and deposits	9,076	9,952	875	
Notes and accounts receivable	24,028	23,980	-48	
Inventories	42,119	48,679	6,559	POINT ❶
Current assets, other	601	1,228	627	
Total non-current assets	**5,608**	**6,390**	**781**	
Property, plant and equipment	2,502	2,884	382	
Intangible assets	321	738	417	
Investments and other assets	2,785	2,766	-18	
Total assets	**81,435**	**90,231**	**8,795**	
Accounts payable	17,212	16,321	-891	
Interest-bearing liabilities	33,435	40,955	7,520	POINT ❷
Liabilities, other	3,206	2,683	-523	
Total liabilities	**53,853**	**59,959**	**6,106**	
Total net assets	**27,581**	**30,271**	**2,689**	
Total liabilities and net assets	**81,435**	**90,231**	**8,795**	

Note: Amounts have been rounded down to the nearest million yen. Breakdowns show only major items.

* Our business model is one in which we take no inventory risk. As a rule, all of our inventory is destined for sale.

Main points for increase/decrease

Increase in inventories

❶ The increase is due to contract volumes in the domestic Dairy Ingredients and Cheese Business Division and the Functional Food Ingredients Division.

Increase in interest-bearing liabilities

❷ The increase in borrowings is due to an increase in working capital.

Caution

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.