Financial Summary for First Half FY11/2026

Lacto Japan Co., Ltd.

July 14, 2026

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1. Financial Summary

- **Net sales：**

Although sales volume softened slightly in the domestic Dairy Ingredients and Cheese Business Division and Asian Dairy Ingredients Sales Division, we maintained stable procurement and supply systems in all other divisions, and sales generally progressed in line with initial forecasts. Furthermore, due to the continued weakening of the yen, consolidated net sales increased year on year.

- **Ordinary profit：**

Ordinary profit decreased year on year due to upfront expenses incurred for certain transactions in the Dairy Ingredients and Cheese Business Division, as well as an increase in selling, general, and administrative expenses, primarily driven by higher labor costs, logistics expenses, and relocation costs for the headquarters. Additionally, the absence of the 650 million yen in compensation received and recorded as non-operating income in the previous fiscal year compounded this decrease.

(Million yen)	H1 FY11/2025	H1 FY11/2026		
		Results	Difference	YoY Change (%)
Net sales	95,293	**97,866**	+2,573	+2.7
Ordinary profit	3,832	**2,475**	-1,357	-35.4
Ordinary profit margin (%)	4.0	**2.5**	-	-
Profit attributable to owners of parent	2,797	**1,748**	-1,048	-37.5
Net profit margin (%)	2.9	**1.8**	-	-
Basic earnings per share (Yen)	280.78	**175.03**	-105.75	
Exchange rate (Yen/USD)	150.14	**157.38**	+7.24	
Exchange rate (Yen/EUR)	161.27	**184.09**	+22.82	

Note: Amounts have been rounded down to the nearest million yen. Percentage changes have been rounded to the first decimal place.

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2. Net Sales by Business

(Million yen)	FY11/2025				FY11/2026		
	Q1	Q2	Q3	Q4	Q1	Q2	Forecast (FY)
Dairy Ingredients and Cheese Business	**30,653**	**32,032**	**27,263**	**28,728**	**31,151**	**31,541**	**121,000**
YoY	9.0%	4.0%	-4.6%	7.7%	1.6%	-1.5%	2.0%
Meat and Ingredients	**5,024**	**6,535**	**5,593**	**5,616**	**5,699**	**6,194**	**24,300**
YoY	-1.7%	20.4%	-3.6%	3.1%	13.4%	-5.2%	6.7%
Life Science Business	**1,744**	**2,035**	**2,518**	**3,295**	**3,113**	**3,202**	**12,600**
YoY	134.1%	135.6%	78.8%	55.1%	78.5%	57.3%	31.3%
Asian Business (Dairy Ingredients)	**6,064**	**6,353**	**4,800**	**5,601**	**6,523**	**5,331**	**24,000**
YoY	44.1%	15.0%	-16.2%	-8.6%	7.6%	-16.1%	5.2%
Asian Business (Cheese)	**1,639**	**1,503**	**1,449**	**1,798**	**1,810**	**2,041**	**7,600**
YoY	29.6%	6.3%	-0.7%	23.6%	10.4%	35.8%	18.9%
Others	**858**	**847**	**511**	**344**	**274**	**982**	**3,500**
YoY	221.4%	5.7%	-20.4%	-62.0%	-68.1%	15.9%	36.6%
Total net sales	**45,984**	**49,308**	**42,137**	**45,385**	**48,572**	**49,294**	**193,000**
YoY	15.8%	10.0%	-3.4%	6.2%	5.6%	-0.0%	5.6%

(Amounts of less than one million yen have been omitted)
Effective December 1, 2025, the Functional Food Ingredients Division was renamed the Life Science Business Division.

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3. Sales Volume by Business

(tons)	FY11/2025				FY11/2026		
	Q1	Q2	Q3	Q4	Q1	Q2	Forecast (FY)
Dairy Ingredients and Cheese Business	**43,972**	**42,827**	**37,890**	**40,811**	**40,726**	**41,225**	**172,500**
YoY	-3.5%	-5.9%	-12.0%	-3.4%	-7.4%	-3.7%	4.2%
Meat and Ingredients	**6,993**	**9,187**	**8,149**	**8,464**	**8,176**	**8,536**	**33,600**
YoY	-10.0%	13.8%	-1.8%	10.1%	16.9%	-7.1%	2.5%
Life Science Business	**1,293**	**1,750**	**1,792**	**2,236**	**2,243**	**2,029**	**8,400**
YoY	121.4%	156.1%	53.2%	27.0%	73.5%	15.9%	18.8%
Asian Business (Dairy Ingredients)	**9,830**	**10,848**	**8,235**	**9,164**	**10,355**	**8,587**	**41,000**
YoY	18.6%	6.0%	-20.5%	-15.6%	5.3%	-20.8%	7.7%
Asian Business (Cheese)	**1,444**	**1,382**	**1,263**	**1,550**	**1,512**	**1,631**	**6,800**
YoY	17.5%	5.7%	-6.6%	1.2%	4.7%	18.0%	20.5%

(Quantities of less than one ton have been rounded down.)
Effective December 1, 2025, the Functional Food Ingredients Division was renamed the Life Science Business Division.

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4. Consolidated Balance Sheets

(Million yen)	End-November 2025	End-May 2026	Difference	
Total current assets	**83,151**	**90,796**	**7,644**	
Cash and deposits	10,157	11,655	1,497	
Notes and accounts receivable	23,951	23,711	-240	
Inventories	46,160	52,841	6,680	POINT ❶
Current assets, other	2,881	2,588	△293	
Total non-current assets	**7,058**	**9,575**	**2,517**	
Property, plant and equipment	3,550	5,615	2,065	POINT ❷
Intangible assets	754	1,059	305	
Investments and other assets	2,753	2,899	146	
Total assets	**90,209**	**100,371**	**10,161**	
Accounts payable	17,179	19,896	2,716	POINT ❸
Interest-bearing liabilities	37,156	43,974	6,817	POINT ❹
Liabilities, other	3,426	3,115	-311	
Total liabilities	**57,761**	**66,985**	**9,224**	
Total net assets	**32,448**	**33,385**	**937**	
Total liabilities and net assets	**90,209**	**100,371**	**10,161**	

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

❶ Increase in inventories

Dairy Ingredients and Cheese Business Division (increase in contracted volume of high-unit-price products); Life Science Business Division (higher product unit prices).

❷ Increase in Property, plant and equipment

The increase is due to the relocation of the head office and the construction of a new factory in Singapore.

❸ Increase in accounts payable

The increase is due to the increase in inventories.

❹ Increase in interest-bearing liabilities

Interest-bearing debt increased due to working capital and capital expenditures related to the construction of the new Singapore factory.

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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.

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