Financial Summary for Third Quarter FY2024

Lacto Japan Co., Ltd.

October 15, 2024

Lacto Japan

INDEX

1. Financial Summary

Lacto Japan

- **Increase in Net sales：**
  Both domestic and Asian business saw an increase in sales volume across all divisions. Additionally, due to rising prices of dairy product ingredients, meat products, and the weaker yen, sales prices remained high, resulting in an increase in revenue compared to the same period last year.

- **Increase in Ordinary income：**
  In the domestic business, profit margins improved in both the Dairy Ingredients and Cheese Business Division, as well as the Meat and Ingredients Division, due to improvements in the product mix. Similarly, in the Asian business, profit margins also improved, mainly in the Cheese Manufacturing and Sales Division, leading to an increase in consolidated ordinary profit compared to the same period last year.

（Million Yen）	Q1-Q3 FY11/2023	Q1-Q3 FY11/2024		
		Results	Difference	YoY Change
Net sales	117,330	128,178	10,847	9.2%
Ordinary income	2,059	3,479	1,420	68.9%
Ordinary profit rate	1.8%	2.7%	–	–
(Foreign exchange impact on ordinary income *)	**(-90)**	**(118)**	–	–
Net income attributable to owners of parent	1,434	2,544	1,109	77.3%
Net income margin	1.2%	2.0%	–	–

Earnings per share (Yen)	144.73	255.38	110.65
Exchange rate (Yen/USD)	136.71	151.36	14.65
Exchange rate (Yen/EUR)	147.96	164.18	16.22

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 income: As Lacto Japan applies “Separate accounting treatments,” the impact of foreign exchange hedging is recorded in both cost of goods sold and non-operating income/loss. Therefore, the amount of impact of foreign exchange hedging on both cost of goods sold and non-operating income/loss is shown.

2. Net Sales by Business

(Million yen)	FY11/2023				FY11/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Forecast (FY)
Dairy Ingredients and Cheese Business	**27,594**	**29,196**	**26,367**	**28,687**	**28,124**	**30,807**	**28,577**	**113,000**
YoY	25.3%	16.0%	4.8%	8.4%	1.9%	5.5%	8.4%	1.0%
Meat and Ingredients	**4,063**	**4,933**	**4,416**	**4,854**	**5,111**	**5,427**	**5,801**	**20,000**
YoY	15.1%	33.7%	19.2%	15.4%	25.8%	10.0%	31.3%	9.5%
Functional Food Ingredients	**625**	**961**	**1,142**	**1,188**	**744**	**863**	**1,408**	**5,000**
YoY	93.2%	65.5%	155.3%	64.8%	19.1%	-10.1%	23.3%	27.6%
Asian Business (Dairy Ingredients)	**5,248**	**5,316**	**3,534**	**4,823**	**4,207**	**5,523**	**5,727**	**18,500**
YoY	9.7%	-29.1%	-50.4%	-33.6%	-19.8%	3.9%	62.1%	-2.2%
Asian Business (Cheese)	**1,087**	**1,158**	**1,226**	**1,355**	**1,264**	**1,414**	**1,460**	**5,500**
YoY	16.3%	29.9%	15.2%	24.1%	16.3%	22.0%	19.0%	13.9%
Others	**126**	**137**	**192**	**88**	**267**	**801**	**642**	**2,000**
YoY	-20.3%	-29.1%	-3.0%	-52.0%	111.9%	481.1%	233.9%	267.1%
Total net sales	**38,745**	**41,704**	**36,880**	**40,997**	**39,720**	**44,839**	**43,618**	**164,000**
YoY	22.0%	9.7%	-2.2%	2.7%	2.5%	7.5%	18.3%	3.6%

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

3. Sales Volume by Business

Lacto Japan

(tons)	FY11/2023				FY11/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Forecast (FY)
Dairy Ingredients and Cheese Business	**40,578**	**44,757**	**39,464**	**42,622**	**45,583**	**45,515**	**43,043**	**180,000**
YoY	-13.2%	-10.0%	-11.6%	1.8%	12.3%	1.7%	9.1%	7.5%
Meat and Ingredients	**6,005**	**7,872**	**6,957**	**7,289**	**7,766**	**8,076**	**8,302**	**30,000**
YoY	0.0%	29.2%	13.5%	11.3%	29.3%	2.6%	19.3%	6.7%
Functional Food Ingredients	**409**	**722**	**736**	**938**	**584**	**683**	**1,170**	**4,300**
YoY	61.1%	67.0%	134.8%	65.3%	42.7%	-5.4%	58.9%	53.2%
Asian Business (Dairy Ingredients)	**10,374**	**10,713**	**6,390**	**9,772**	**8,286**	**10,232**	**10,352**	**35,500**
YoY	-9.0%	-29.3%	-48.3%	-15.2%	-20.1%	-4.5%	62.0%	-4.7%
Asian Business (Cheese)	**1,154**	**1,214**	**1,172**	**1,286**	**1,228**	**1,307**	**1,353**	**5,200**
YoY	-7.9%	12.1%	-5.7%	6.6%	6.4%	7.6%	15.5%	7.7%

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

4. Consolidated Balance Sheets

(Million Yen)	End-November 2023	End-August 2024	Difference
Total current assets	**67,068**	**78,548**	**11,480**
Cash and deposits	7,779	9,755	1,976
Notes and accounts receivable	18,700	25,980	7,279
Inventories	39,806	42,196	2,389
Current assets, other	782	616	-165
Total non-current assets	**4,969**	**5,396**	**426**
Property, plant and equipment	2,185	2,307	122
Intangible assets	73	309	235
Investments and other assets	2,710	2,778	67
Total assets	**72,038**	**83,944**	**11,906**
Accounts payable	14,033	14,841	807
Interest-bearing liabilities	31,518	39,800	8,281
Liabilities, other	1,763	3,233	1,470
Total liabilities	**47,314**	**57,874**	**10,560**
Total net assets	**24,724**	**26,069**	**1,345**
Total liabilities and net assets	**72,038**	**83,944**	**11,906**

POINT ❶ (Notes and accounts receivable)
POINT ❷ (Inventories)
POINT ❸ (Interest-bearing liabilities)

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 regarding YoY changes

Increase in notes and accounts receivable

❶Due to the fact that the end of the third quarter (August 31) fell on a holiday, the collection of some accounts receivable was postponed to the following period.

Increase in inventories

❷An increase in the contracted volume of domestic sales for the Meat and Ingredients Division and the Functional Food Ingredients Division.

Increase in interest-bearing liabilities

❸Increase in short-term loans due to 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.