Financial Summary for First Quarter FY2025

Lacto Japan Co., Ltd.

April 14, 2025

Note : This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

INDEX

1. Financial Summary

- **Increase in Net sales：**

Sales of dairy Ingredients, cheese, and functional food Ingredients products increased in the Domestic Business, and dairy ingredients products sales increased in the Asian Business.

- **Increase in Ordinary profit：**

In domestic sales of dairy ingredients, sales of key powdered milk mixtures and including high protein ingredients derived from milk, exceeded expectations. Additionally, the Asian Business has seen improved profit margins of the Cheese Manufacturing and Sales Division, resulting in increased earnings.

(Million Yen)	Q1 FY11/2024	Q1 FY11/2025		
		Results	Difference	YoY Change
Net sales	39,720	**45,984**	6,263	15.8%
Ordinary profit	1,116	**1,598**	482	43.3%
Ordinary profit margin	2.8%	**3.5%**	–	–
Foreign exchange impact on ordinary profit*	16	**134**	–	–
Profit attributable to owners of parent	819	**1,202**	382	46.7%
Net profit margin	2.1%	**2.6%**	–	–

Basic earnings per share (Yen)	82.20	**120.76**	38.56
Exchange rate (Yen/USD)	146.76	**154.11**	7.35
Exchange rate (Yen/EUR)	159.48	**160.51**	1.03

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 income/loss. Therefore, the impact of foreign exchange hedging on both the cost of goods sold and non-operating income/loss is shown.

2. Net Sales by Business

(Million yen)	FY11/2024				FY11/2025	
	Q1	Q2	Q3	Q4	Q1	Forecast (FY)
Dairy Ingredients and Cheese Business	**28,124**	**30,807**	**28,577**	**26,672**	**30,653**	**119,600**
YoY	1.9%	5.5%	8.4%	-7.0%	9.0%	4.7%
Meat and Ingredients	**5,111**	**5,427**	**5,801**	**5,447**	**5,024**	**22,000**
YoY	25.8%	10.0%	31.3%	12.2%	-1.7%	1.0%
Functional Food Ingredients	**744**	**863**	**1,408**	**2,124**	**1,744**	**7,600**
YoY	19.1%	-10.1%	23.3%	78.8%	134.1%	47.8%
Asian Business (Dairy Ingredients)	**4,207**	**5,523**	**5,727**	**6,125**	**6,064**	**24,300**
YoY	-19.8%	3.9%	62.1%	27.0%	44.1%	12.6%
Asian Business (Cheese)	**1,264**	**1,414**	**1,460**	**1,454**	**1,639**	**6,800**
YoY	16.3%	22.0%	19.0%	7.3%	29.6%	21.5%
Others	**267**	**801**	**642**	**905**	**858**	**2,700**
YoY	111.9%	481.1%	233.9%	923.5%	221.4%	3.2%
Total net sales	**39,720**	**44,839**	**43,618**	**42,729**	**45,984**	**180,000**
YoY	2.5%	7.5%	18.3%	4.2%	15.8%	5.3%

Note: Amounts of less than one million yen have been omitted

※The total sales forecast for the fiscal year ending November 2025 includes a consolidated adjustment of -3,000 million yen.

3. Sales Volume by Business

（tons）

	FY11/2024				FY11/2025	
	Q1	Q2	Q3	Q4	Q1	Forecast (FY)
Dairy Ingredients and Cheese Business	**45,583**	**45,515**	**43,043**	**42,259**	**43,972**	**177,400**
YoY	12.3%	1.7%	9.1%	-0.9%	-3.5%	0.6%
Meat and Ingredients	**7,766**	**8,076**	**8,302**	**7,685**	**6,993**	**32,000**
YoY	29.3%	2.6%	19.3%	5.4%	-10.0%	0.5%
Functional Food Ingredients	**584**	**683**	**1,170**	**1,761**	**1,293**	**5,800**
YoY	42.7%	-5.4%	58.9%	87.7%	121.4%	38.1%
Asian Business (Dairy Ingredients)	**8,286**	**10,232**	**10,352**	**10,857**	**9,830**	**48,700**
YoY	-20.1%	-4.5%	62.0%	11.1%	18.6%	22.6%
Asian Business (Cheese)	**1,228**	**1,307**	**1,353**	**1,532**	**1,444**	**6,300**
YoY	6.4%	7.6%	15.5%	19.2%	17.5%	16.2%

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

4. Consolidated Balance Sheets

(Million Yen)	End-November 2024	End-February 2025	Difference	
Total current assets	**75,826**	**78,516**	**2,689**	
Cash and deposits	9,076	9,407	331	
Notes and accounts receivable	24,028	23,393	-634	
Inventories	42,119	44,813	2,693	POINT 1
Current assets, other	601	900	299	
Total non-current assets	**5,608**	**5,494**	**-114**	
Property, plant and equipment	2,502	2,603	100	
Intangible assets	321	329	8	
Investments and other assets	2,785	2,561	-223	
Total assets	**81,435**	**84,010**	**2,575**	
Accounts payable	17,212	15,824	-1,388	
Interest-bearing liabilities	33,435	37,563	4,128	POINT 2
Liabilities, other	3,206	2,635	-571	
Total liabilities	**53,853**	**56,022**	**2,168**	
Total net assets	**27,581**	**27,988**	**406**	
Total liabilities and net assets	**81,435**	**84,010**	**2,575**	

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.

Major factors of change

Increase in inventories

1 Increase in contract volume for the Domestic Business Dairy Ingredients and Cheese Division, and the Asian Business Cheese Manufacturing and Sales Division.

Increase in interest-bearing liabilities

2 Increase 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.