



Lacto Japan

Financial Summary for FY2024 First Quarter

Lacto Japan Co., Ltd.

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1. Financial Summary

- **Increase in Net sales :**

Sales of dairy ingredients and meat products increased in the domestic business, and cheese sales increased in the Asian business.

- **Increase in Ordinary income :**

In the domestic business dairy ingredients sales, sales of key powdered milk mixtures, exceeded expectations.

Additionally, in the Asian business, both division have seen improved profit margins, resulting in increased earnings.

(Million Yen)	FY11/2023 1Q	FY11/2024 1Q		
		Results	Difference	YoY Change
Net sales	38,745	39,720	975	2.5%
Ordinary income	743	1,116	372	50.1%
Ordinary profit rate	1.9%	2.8%	—	—
(Foreign exchange impact on ordinary income *)	(29)	(16)	—	—
Net income attributable to owners of parent	509	819	310	61.1%
Net income margin	1.3%	2.1%	—	—
Earnings per share (Yen)	51.45	82.20	30.75	
Exchange rate (Yen/USD)	132.73	146.76	14.03	
Exchange rate (Yen/EUR)	141.94	159.48	17.54	

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. Revised First-Half Consolidated Earnings Forecasts

- Based on the progress of the first quarter, 1H consolidated earnings forecast announced on January 12 was revised upward.
- Outlook for full year unchanged

(Million Yen)	FY11/2023 1H	FY11/2024 1H						FY11/2024 Forecast
		Initial Forecast	Revised Disclosed on 12 April	vs. Initial Forecast		vs. FY11/2023 1H		
				Difference	Change	Difference	Change	
Net sales	80,450	77,000	80,000	3,000	3.9%	-450	-0.6%	160,000
Ordinary income	1,344	1,600	1,800	200	12.5%	455	33.8%	3,400
Ordinary profit rate	1.7%	2.1%	2.3%	–	–	–	–	2.1%
Net income attributable to owners of parent	922	1,140	1,300	160	14.0%	377	40.9%	2,400
Net income margin	1.1%	1.5%	1.6%	–	–	–	–	1.5%
Earnings per share (Yen)	93.17	114.50	130.44	15.94		37.27		240.90

Note: Amounts have been rounded down to the nearest million yen, and the ratios have been rounded to the first decimal place.

3. Net Sales by Business

(Million yen)	FY11/2023				FY11/2024	
	1 Q	2 Q	3 Q	4 Q	1 Q	Forecast
Dairy Ingredients and Cheese Business	27,594	29,196	26,367	28,687	28,124	105,200
YoY	25.3%	16.0%	4.8%	8.4%	1.9%	-5.9%
Meat and Ingredients	4,063	4,933	4,416	4,854	5,111	16,600
YoY	15.1%	33.7%	19.2%	15.4%	25.8%	-9.1%
Functional Food Ingredients	625	961	1,142	1,188	744	6,900
YoY	93.2%	65.5%	155.3%	64.8%	19.1%	76.1%
Asian Business (Dairy Ingredients)	5,248	5,316	3,534	4,823	4,207	25,000
YoY	9.7%	-29.1%	-50.4%	-33.6%	-19.8%	32.1%
Asian Business (Cheese)	1,087	1,158	1,226	1,355	1,264	5,800
YoY	16.3%	29.9%	15.2%	24.1%	16.3%	20.1%
Others	126	137	192	88	267	500
YoY	-20.3%	-29.1%	-3.0%	-52.0%	111.9%	-8.2%
Total net sales	38,745	41,704	36,880	40,997	39,720	160,000
YoY	22.0%	9.7%	-2.2%	2.7%	2.5%	1.1%

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

4. Sales Volume by Business

(Unit : tons)	FY11/2023				FY11/2024	
	1 Q	2 Q	3 Q	4 Q	1 Q	Forecast
Dairy Ingredients and Cheese Business	40,578	44,757	39,464	42,622	45,583	172,900
YoY	-13.2%	-10.0%	-11.6%	1.8%	12.3%	3.3%
Meat and Ingredients	6,005	7,872	6,957	7,289	7,766	30,000
YoY	0.0%	29.2%	13.5%	11.3%	29.3%	6.7%
Functional Food Ingredients	409	722	736	938	584	6,900
YoY	61.1%	67.0%	134.8%	65.3%	42.7%	145.8%
Asian Business (Dairy Ingredients)	10,374	10,713	6,390	9,772	8,286	54,300
YoY	-9.0%	-29.3%	-48.3%	-15.2%	-20.1%	45.8%
Asian Business (Cheese)	1,154	1,214	1,172	1,286	1,228	6,200
YoY	-7.9%	12.1%	-5.7%	6.6%	6.4%	28.4%

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

5. Consolidated Balance Sheets

(Million Yen)	End-November 2023	End-February 2024	Difference
Total current assets	67,068	73,753	6,685
Cash and deposits	7,779	9,399	1,620
Notes and accounts receivable	18,700	20,426	1,726
Inventories	39,806	42,854	3,047
Current assets, other	782	1,073	290
Total non-current assets	4,969	5,183	213
Property, plant and equipment	2,185	2,421	236
Intangible assets	73	132	59
Investments and other assets	2,710	2,629	-81
Total assets	72,038	78,937	6,898
Accounts payable	14,033	14,901	867
Interest-bearing liabilities	31,518	36,370	4,851
Liabilities, other	1,763	1,839	76
Total liabilities	47,314	53,110	5,796
Total net assets	24,724	25,826	1,102
Total liabilities and net assets	72,038	78,937	6,898

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Major factors of change

Increase in inventories

- ① Increase in Domestic Sales of Dairy Ingredients and Functional Food Ingredients.

Due to delays in marine transport caused by the Middle East situation, offshore inventories of cheese have risen significantly.

Increase in interest-bearing liabilities

- ② Increase in short-term loans due to increase in working capital.

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.

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.