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Company name: Lacto Japan Co., Ltd.
 Representative: Motohisa Miura, President
 (Securities code: 3139 TSE Prime Market)
 Contact: Yuko Ishiguro
 General Manager of Investor & Public Relations
 (E-mail: lj-ir@lactojapan.com)

Notice Regarding Difference Between Consolidated Earnings Forecast and Actual Results for the First Half of the Fiscal Year Ending November 2024 and Revisions to the Full-year Consolidated Earnings and Dividend Forecast

Lacto Japan Co., Ltd. hereby announces that there is a difference between the consolidated earnings forecast for the first half of the fiscal year ending November 2024, previously announced on April 12, 2024, and the actual results announced today. We also hereby announce that, in light of recent performance trends, we have revised our full-year consolidated earnings forecast and dividend forecast for the fiscal year ending November 2024.

1. Consolidated earnings forecast for the fiscal year ending November 2024

(1) Difference between first half consolidated earnings forecast and actual results for the fiscal year ending November 2024

(December 1, 2023 to May 31, 2024)

	Net sales	Ordinary income	Net income attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	80,000	1,800	1,300	130.44
Actual results (B)	84,560	2,260	1,654	165.97
Difference (B - A)	4,560	460	354	
Percentage change	5.7%	25.6%	27.2%	
Ref: Previous H1 results (H1 FY11/23)	80,450	1,344	922	93.17

(2) Revision of full-year consolidated earnings forecast for the fiscal year ending November 2024

(December 1, 2023 to November 30, 2024)

	Net sales Million yen	Ordinary income Million yen	Net income attributable to owners Net Income Million yen	Earnings Net Income Yen
Previous forecast (A)	160,000	3,400	2,400	240.90
Revised forecast (B)	164,000	4,100	3,000	301.13
Difference (B - A)	4,000	700	600	
Percentage change	2.5%	20.6%	25.0%	
Ref: Previous full-year results (FY11/23)	158,328	2,847	2,048	206.46

(3) Reasons for difference and revisions

Performance for the second quarter of the fiscal year ending November 2024 continued to be strong from the first quarter. In the domestic business, demand for various food products, especially for commercial use, showed signs of recovery on the back of increased travel demand including inbound tourism. Additionally, the market for protein products continued to grow contributing to steady sales of related ingredients. As a result, sales volume in the dairy ingredients and cheese business division increased. In the meat and ingredients division, sales volume exceeded expectations thanks to a recovery in demand for eating out. Furthermore, in our Asian business, sales of cheese for restaurants and other outlets particularly in Singapore and Malaysia performed well. As a result, net sales for the first half exceeded expectations.

Regarding profits in the domestic business, there was an increase in sales volume of high-margin products in the dairy ingredients and cheese business division. Additionally, in our Asian business, both the dairy ingredients sales division and the cheese manufacturing and sales division saw improved profit margins compared to the previous period. As a result, both operating income and net income attributable to owners of parent for the first half significantly exceeded the revised forecast announced on April 12, 2024.

In terms of full-year consolidated results, despite concerns surrounding the impacts on consumption trends from the depreciating yen and rising food prices, as well as the effects of increasing raw milk production on domestic skim milk powder inventories, our earnings forecast will be revised upwards in light of actual results from the first half and order trends for the second half.

2. Revision of dividend forecast

(1) Revision of year-end dividend forecast

	Dividend per share		
	End of 2nd quarter Yen	End of FY Yen	Annual Yen
Previous forecast	-	31.00	62.00
Revised forecast	-	45.00	76.00
FY11/2024 results	31.00	-	-
Ref: Previous full-year results (FY11/23)	24.00	24.00	48.00

(2) Reasons for revision

Lacto Japan considers the proper distribution of profits to shareholders as one of the most important management issues. Regarding dividends from surplus, our basic policy is to increase our dividend payout ratio while securing the necessary internal reserves for business development and strengthening the management base for future growth.

Based on the above policy and revisions to the full-year earnings forecast, we have revised the previously announced dividend forecast for the current fiscal year.

* The above forecasts have been prepared based on currently available information, and actual results may differ depending on various factors in the future.