

Lacto Japan | 3139 |

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On October 13, 2020, Lacto Japan Co., Ltd. announced earnings results for Q3 FY11/20, a revision to its full-year FY11/20 earnings forecast, and its transition to a company with an Audit & Supervisory Committee.

		Sales (JPYmn)	YoY	Operating profit (JPYmn)	YoY	Ordinary income (JPYmn)	YoY	Net income (JPYmn)	YoY	EPS (JPY)	BPS (JPY)	ROA (OI-based)	ROE
FY11/14	Cons.	96,550	27.1%	1,532	118.8%	1,653	-1.0%	988	-1.9%	127.79	1,165.58	4.5%	12.2%
FY11/15	Cons.	98,001	1.5%	720	-53.0%	1,343	-18.8%	831	-15.9%	98.94	1,062.54	3.3%	8.5%
FY11/16	Cons.	88,679	-9.5%	3,349	365.1%	1,434	6.8%	946	13.8%	96.79	1,167.72	3.7%	8.7%
FY11/17	Cons.	101,335	14.3%	1,924	-42.6%	2,523	75.9%	1,755	85.5%	179.48	1,302.98	6.0%	14.5%
FY11/18	Cons.	115,441	13.9%	3,009	56.4%	2,613	3.6%	1,784	1.7%	182.31	1,462.35	5.5%	13.2%
FY11/19	Cons.	116,794	1.2%	3,144	4.5%	2,747	5.1%	1,963	10.0%	200.11	1,618.31	5.7%	13.0%
FY11/20	Est. Cons.	111,000	-5.0%	-	-	2,900	5.6%	2,030	3.4%	206.25	-	-	-

Source: Shared Research based on company data

Note: Figures rounded to the nearest million yen (amounts less than JPY1mn are rounded down in materials released by the company).

Q3 FY11/20 earnings results

Summary

- ▶ In cumulative Q3 FY11/20, Lacto Japan posted consolidated sales of JPY85.1bn (-2.8% YoY), operating profit of JPY2.4bn (-4.6% YoY), ordinary income of JPY2.2bn (+5.8% YoY), and net income attributable to parent company shareholders of JPY1.6bn (+7.9% YoY).
- ▶ Q3 progress versus revised full-year FY11/20 forecast*¹ (announced October 13, 2020) was 76.6% for sales (74.9% in Q3 FY11/19 versus full-year FY11/19 results), 76.2% for ordinary income (76.0%), and 79.2% for net income (75.9%).
- ▶ In terms of the impact of the COVID-19 pandemic, corporate activity and consumer spending showed signs of recovery after the Japanese government lifted its emergency declaration in May 2020, but the pace of recovery slowed from July onward due to a resurgence in COVID-19 infections, and the outlook remains uncertain. In the food industry, demand for household dairy products remained firm due to stay-at-home consumption driven by people refraining from going out as well as heightened health awareness, but there are growing concerns that recovery in the restaurant and leisure industries will be further delayed as the government-led “Go To Travel Campaign” was forced to scale down due to the resurgence of COVID-19 infections. As a result, demand was sluggish overall, especially for commercial dairy products.
- ▶ Under these circumstances, sales of ingredients for commercial products, such as for the restaurant industry, were sluggish in all business categories. Additionally, in the Meat Products category, the impact of the pandemic led to curtailed production at supplier plants in the US, one of the company’s main production areas, resulting in delays in procurement of some highly processed products. In the Asia Business, both dairy ingredient sales as well as cheese manufacturing and sales geared for local food manufacturers were strong despite the pandemic.
- ▶ Sales down 2.8% YoY: In addition to the decline in sales volume due to the pandemic, results were affected by the strong yen and lower selling prices driven by falling global dairy market prices. Meanwhile, the Asia Business fared

well. Sales fell 7.5% YoY for the Dairy Ingredients and Cheese category and fell 5.5% YoY for the Meat Products category, but were up 21.6% YoY for the Asia Business and other businesses.

- ▶ Operating profit down 4.6% YoY: The gross profit margin improved by 0.1pp YoY to 6.0% as the company proactively supplied competitively priced products leveraging its strength in procurement. SG&A-to-sales ratio rose 0.2pp YoY to 3.2% and the operating profit margin was flat YoY at 2.8%.
- ▶ Ordinary income up 5.8% YoY: Ordinary income increased YoY as foreign exchange losses*² narrowed from JPY185mn in Q3 FY11/19 to JPY21mn in Q3 FY11/20.

***¹ Revised full-year FY11/20 earnings forecast (announced October13, 2020)**

Sales:	JPY111.0bn (previous forecast JPY130.0bn)
Ordinary income:	JPY2.9bn (JPY3.0bn)
Net income:	JPY2.0bn (JPY2.1bn)
EPS:	JPY206.25 (JPY213.43)

* Net income attributable to parent company shareholders

Reason for revision

The company expects the impact of the COVID-19 pandemic to continue beyond FY11/20, with sales coming in below initial forecast. Although there are some variations between countries, Asia as a whole is recovering relatively quickly from the economic stagnation caused by the pandemic, and monthly sales are on an upward trend YoY. However, in Japan, the company expects full-year sales to decline as the pace of recovery in the restaurant and leisure industries slowed due to the resurgence in COVID-19 infections from July 2020 onward, which led to increased uncertainty regarding future sales of commercial dairy products. Additionally, demand for imported ingredients is declining due to high inventory levels in Japan for ingredients such as skim milk powder and butter. Further, the company expects the weakness in the international market for dairy ingredients caused by the pandemic, as well as lower selling prices due to lower purchase prices caused by the strong yen, to contribute to the sales decline.

Despite fluctuations in international markets and domestic demand due to the pandemic, the company was able to leverage its strength in procurement to procure and supply competitive products and improve its product mix. Meanwhile fewer business trips led to lower SG&A expenses. These factors resulted in improved profitability, and the company expects ordinary income and net income to be higher YoY, but lower than the initial forecast.

*² In order to avoid taking on exchange rate risk in the course of regular business transactions, as a rule the company enters into forward exchange contracts to cover the cost of the purchases made in foreign currencies at the time the contract is signed. Meanwhile, regarding the accounting treatment of the purchase transaction, procurement (purchase) is recorded at the time of shipment, which creates a lag from the point in time the purchase contract is signed. If the yen strengthens during that timeframe, the exchange rate will be lower than the forward rate at purchase and the actual cost of the goods will be lower than the cost based on forward exchange rate secured at the time the contract was concluded. Lacto Japan calculates its gross profit using the cost of goods sold based on the forward exchange rate at the time the goods were purchased, and records a forex hedging loss under non-operating expenses as a foreign exchange loss.

Breakdown by business category

Dairy Ingredients and Cheese: Sales JPY59.9bn (-7.5% YoY)

- ▶ In the dairy ingredients business, domestic monthly production of skim milk powder and butter fell YoY in July 2020 due to a decline in the volume of milk for processing against the backdrop of strong demand for milk for household consumption in the Japanese market and a recovery in consumption for drinking milk due to the shortened summer holidays of elementary and junior high schools. This led to a downward trend in inventories in Japan, but the resurgence of COVID-19 infections caused the anticipated summer leisure demand to recede, and demand for commercial products for the restaurant industry was weak. Further, the Japanese government proceeded with its demand-supply mitigation program aimed at easing the oversupply of domestic ingredients, and the substitution of

imported ingredients for domestic ones began to gradually impact sales of dairy ingredients. However, demand for some ingredients, such as prepared dairy products, which are difficult to substitute with domestic ingredients, remained firm and the impact of the government's program was limited.

- ▶ In the cheese business, sales were sluggish due to weak demand for commercial products, especially in the leisure industry, which includes hotels, despite some signs of recovery in the restaurant industry.
- ▶ Sales volume fell 4.9% YoY to 145,534 tons.

Meat Products: Sales JPY8.8bn (-5.5% YoY)

- ▶ Sales of meat products, such as dry-cured ham and salami, started to recover owing to a partial recovery in restaurant demand.
- ▶ On the other hand, demand for chilled and frozen pork and prepared pork products used as ingredients for processed foods in Japan was strong, especially for home-cooked meals, but sales were sluggish due to delays in the procurement of some products as a result of the curtailed production of highly processed products at production plants in the US, a major production area, due to a shortage of workers caused by the pandemic.
- ▶ Sales volume fell 1.1 YoY to 16,143 tons.

Asia Business and other: Sales JPY16.4bn (+21.6% YoY)

Dairy ingredients: Sales JPY13.8bn (+24.9% YoY)

- ▶ Sales of dairy ingredients remained strong, mainly to local food and beverage manufacturers. Especially in the Philippines, sales to both local and Japanese companies expanded. The company noted that setting up a local sales company and enhancing its sales capabilities, as well as providing a fine-tuned customer-oriented service it has cultivated in Japan, have helped it gain the trust of local companies.
- ▶ Sales volume rose 15.7% YoY to 48,281 tons.

Cheese manufacturing and sales: Sales JPY2.0bn (+3.7% YoY)

- ▶ Sales were steady in the cheese manufacturing and sales category. In addition to the continued stable demand for use in home-cooked meals, the company saw signs of recovery in sales to some restaurants in Thailand and Singapore, its main sales regions. Further, sales to China, where recovery from the pandemic was quickest, contributed to the category's sales growth.
- ▶ Sales volume increased 7.9% YoY to 2,949 tons.

Outlook for near-term business environment

- ▶ Dairy ingredients and Cheese: Domestic raw milk production was steady, but demand for ingredients used in commercial products was sluggish, especially for the restaurant and leisure industries, due to the pandemic. The impact of the demand-supply mitigation program, aimed at easing the oversupply of domestic dairy ingredients, is expected to continue through FY11/21. On the other hand, the program will trigger a rise in sales of domestic dairy ingredients while also providing the company with an opportunity to expand its product lineup, and the company

plans to continue to flexibly engage in sales. The company is looking forward to a sales recovery in Q4 FY11/20, when demand for dairy ingredients usually rises toward the end of the year, and to the benefits of various campaigns such as the “Go To Travel” campaign.

- ▶ Meat Products: Production at major US pork manufacturer plants is gradually recovering. Going forward, the company will focus on finding suppliers outside the US, such as in Europe. As for the restaurant industry, the timing of demand recovery depends on the status of the pandemic. However, the company expects demand for products for use in home-cooked meals and prepared meals to remain strong.
- ▶ Asia Business (dairy ingredients): Although lockdowns were extended in some areas, economic activity is gradually recovering and business with local companies and Japanese companies operating in the region remains strong. Business to China is gradually expanding as a result of recovery from the pandemic and the cultivation of new customers.
- ▶ Asia Business (cheese manufacturing and sales): Restaurant demand in some areas is recovering faster than in Japan. By region, sales to China, which had been quick to recover from the pandemic, is on a recovery trend.

Financial position

- ▶ Current assets of JPY43.1bn were down JPY2.7bn versus end-FY11/19. Cash and deposits and merchandise and finished goods increased while notes and accounts receivable fell. Fixed assets of JPY2.6bn were up JPY220mn versus end-FY11/19, as a reflection of increases in tangible fixed assets and investment and other assets.
- ▶ Current liabilities of JPY22.0bn were down JPY5.2bn versus end-FY11/19. While short-term borrowings increased, accounts payable and current portion of long-term borrowings declined. Fixed liabilities of JPY6.4bn were up JPY1.4bn versus end-FY11/19, due mainly to an increase in long-term borrowings.
- ▶ Net assets of JPY17.3bn were up JPY1.3bn versus end-FY11/19, as increases in valuation differences on available-for-sale securities and retained earnings offset a decline in foreign currency translation adjustment and deferred gains on hedges.

Transition to a company with an Audit & Supervisory Committee

- ▶ On October 13, 2020, the company’s board of directors resolved to transition to a company with an Audit & Supervisory Committee, subject to approval at the annual general meeting of shareholders to be held in late February 2021.
- ▶ The purpose of the transition is to strengthen the audit function of the board of directors, and to further enhance corporate governance through the strengthening of the monitoring system, by including the Audit & Supervisory Committee members, which are responsible for auditing the execution of duties by the directors, in the board of directors.
- ▶ The company plans to transition to a company with an Audit & Supervisory Committee after obtaining approval for the necessary amendments to the Articles of Incorporation at the annual general meeting of shareholders to be held in late February 2021.
- ▶ Details of the amendments to the Articles of Incorporation and the appointment of board members resulting from the transition will be disclosed as soon as they are decided.

Quarterly (cumulative) earnings

Cumulative (JPYmn)	FY11/18				FY11/19				FY11/20				FY11/20	
	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	% of Est.	Est.
Sales	29,462	59,165	87,943	115,441	27,886	57,712	87,536	116,794	28,222	57,912	85,065		76.6%	111,000
YoY	35.3%	27.3%	20.7%	13.9%	-5.3%	-2.5%	-0.5%	1.2%	1.2%	0.3%	-2.8%			-5.0%
Dairy Ingredients and Cheese	21,972	43,812	65,668	85,290	21,109	42,675	64,795	85,206	20,061	39,927	59,925			
YoY	61.9%	46.4%	33.5%	21.8%	-3.9%	-2.6%	-1.3%	-0.1%	-5.0%	-6.4%	-7.5%			
% of sales	74.6%	74.1%	74.7%	73.9%	75.7%	73.9%	74.0%	73.0%	71.1%	68.9%	70.4%			
Meat Products	3,337	6,616	9,607	12,576	2,941	6,104	9,291	12,280	2,900	6,107	8,781			
YoY	-22.4%	-21.1%	-19.3%	-17.6%	-11.8%	-7.7%	-3.3%	-2.4%	-1.4%	0.0%	-5.5%			
% of sales	11.3%	11.2%	10.9%	10.9%	10.5%	10.6%	10.6%	10.5%	10.3%	10.5%	10.3%			
Asia Business and other	4,151	8,735	12,667	17,574	3,834	8,932	13,449	19,308	5,259	11,876	16,358			
YoY	6.4%	6.9%	7.9%	9.4%	-7.6%	2.3%	6.2%	9.9%	37.2%	33.0%	21.6%			
% of sales	14.1%	14.8%	14.4%	15.2%	13.7%	15.5%	15.4%	16.5%	18.6%	20.5%	19.2%			
Dairy ingredients	3,436	7,302	10,431	14,578	2,992	7,303	11,013	16,026	4,411	10,138	13,752			
YoY	5.6%	6.1%	6.7%	9.2%	-12.9%	0.0%	5.6%	9.9%	47.4%	38.8%	24.9%			
% of sales	11.7%	12.3%	11.9%	12.6%	10.7%	12.7%	12.6%	13.7%	15.6%	17.5%	16.2%			
Cheese	499	997	1,552	2,116	658	1,284	1,963	2,651	680	1,352	2,036			
YoY	10.0%	12.1%	13.1%	10.3%	31.9%	28.8%	26.5%	25.3%	3.3%	5.3%	3.7%			
% of sales	1.7%	1.7%	1.8%	1.8%	2.4%	2.2%	2.2%	2.3%	2.4%	2.3%	2.4%			
Other	216	436	684	880	184	345	473	630	168	386	570			
YoY	9.6%	9.5%	15.5%	10.8%	-14.8%	-20.9%	-30.8%	-28.4%	-8.7%	11.9%	20.5%			
% of sales	0.7%	0.7%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	0.6%	0.7%	0.7%			
< Sales volume (tons)>														
Dairy Ingredients and Cheese	53,509	104,168	154,317	198,445	49,784	100,139	152,953	204,105	49,413	98,294	145,534			
YoY	49.6%	37.9%	25.2%	14.8%	-7.0%	-3.9%	-0.9%	2.9%	-0.7%	-1.8%	-4.9%			
Meat Products	5,789	11,366	16,505	21,595	4,985	10,511	16,317	21,532	5,220	11,453	16,143			
YoY	-22.7%	-22.0%	-19.9%	-18.0%	-13.9%	-7.5%	-1.1%	-0.3%	4.7%	9.0%	-1.1%			
Asia Business: dairy ingredients	11,977	26,431	38,409	52,822	11,298	27,892	41,746	59,925	14,676	34,921	48,281			
YoY	10.4%	14.4%	15.8%	17.3%	-5.7%	5.5%	8.7%	13.4%	29.9%	25.2%	15.7%			
Asia Business: cheese	643	1,289	1,950	2,668	874	1,804	2,732	3,737	1,014	1,983	2,949			
YoY	4.6%	9.8%	8.0%	6.3%	35.8%	40.0%	40.1%	40.1%	16.0%	9.9%	7.9%			
< Average price (JPY/kg) >														
Dairy Ingredients and Cheese	411	421	426	430	424	426	424	417	406	406	412			
YoY	8.2%	6.2%	6.6%	6.1%	3.3%	1.3%	-0.4%	-2.9%	-4.3%	-4.7%	-2.8%			
Meat Products	576	582	582	582	590	581	569	570	556	533	544			
YoY	0.4%	1.2%	0.7%	0.6%	2.3%	-0.2%	-2.2%	-2.1%	-5.8%	-8.2%	-4.5%			
Asia Business: dairy ingredients	287	276	272	276	265	262	264	267	301	290	285			
YoY	-4.3%	-7.2%	-7.8%	-6.9%	-7.7%	-5.2%	-2.9%	-3.1%	13.5%	10.9%	8.0%			
Asia Business: cheese	776	773	796	793	753	712	719	709	671	682	690			
YoY	5.4%	2.1%	4.8%	3.7%	-3.0%	-8.0%	-9.7%	-10.6%	-10.9%	-4.2%	-3.9%			
CoGS	27,942	56,028	83,001	108,930	26,319	54,347	82,387	109,994	26,535	54,505	79,981			
YoY	38.1%	28.4%	20.7%	13.5%	-5.8%	-3.0%	-0.7%	1.0%	0.8%	0.3%	-2.9%			
CoGS ratio	94.8%	94.7%	94.4%	94.4%	94.4%	94.2%	94.1%	94.2%	94.0%	94.1%	94.0%			
Gross profit	1,519	3,137	4,942	6,511	1,567	3,365	5,149	6,801	1,686	3,407	5,084			
YoY	-1.3%	9.7%	21.9%	20.9%	3.1%	7.3%	4.2%	4.4%	7.6%	1.2%	-1.3%			
GPM	5.2%	5.3%	5.6%	5.6%	5.6%	5.8%	5.9%	5.8%	6.0%	5.9%	6.0%			
SG&A expenses	752	1,657	2,568	3,502	831	1,757	2,660	3,656	922	1,826	2,709			
YoY	-1.3%	3.7%	6.7%	1.1%	10.4%	6.0%	3.6%	4.4%	10.9%	3.9%	1.8%			
SG&A ratio	2.6%	2.8%	2.9%	3.0%	3.0%	3.0%	3.0%	3.1%	3.3%	3.2%	3.2%			
Operating profit	767	1,480	2,374	3,009	736	1,608	2,490	3,144	764	1,581	2,375			
YoY	-1.4%	17.2%	44.0%	56.4%	-4.0%	8.7%	4.9%	4.5%	3.8%	-1.7%	-4.6%			
OPM	2.6%	2.5%	2.7%	2.6%	2.6%	2.8%	2.8%	2.7%	2.7%	2.7%	2.8%			
Gains (losses) on foreign exchange	38	-219	-256	-135	-116	-185	-186	-114	15	-39	-21			
YoY	-93.8%	-	-	-	-	-	-	-	-	-	-			
% of sales	0.1%	-0.4%	-0.3%	-0.1%	-0.4%	-0.3%	-0.2%	-0.1%	0.1%	-0.1%	0.0%			
OP + Gains (losses) on forex	805	1,261	2,118	2,874	620	1,423	2,303	3,030	780	1,542	2,354			
YoY	-42.1%	-35.9%	-17.7%	-6.8%	-22.9%	12.8%	8.8%	5.4%	25.7%	8.4%	2.2%			
% of sales	2.7%	2.1%	2.4%	2.5%	2.2%	2.5%	2.6%	2.6%	2.8%	2.7%	2.8%			
Ordinary income	746	1,133	1,924	2,613	536	1,253	2,087	2,747	753	1,434	2,209		76.2%	2,900
YoY	-41.4%	-36.1%	-17.1%	3.6%	-28.2%	10.5%	8.4%	5.1%	40.6%	14.5%	5.8%			5.6%
Profit margin	2.5%	1.9%	2.2%	2.3%	1.9%	2.2%	2.4%	2.4%	2.7%	2.5%	2.6%			2.6%
Net income	493	736	1,291	1,784	376	888	1,490	1,963	546	1,040	1,608		79.2%	2,030
YoY	-42.5%	-38.7%	-17.9%	1.7%	-23.8%	20.5%	15.4%	10.0%	45.3%	17.2%	7.9%			3.4%
Net margin	1.7%	1.2%	1.5%	1.5%	1.3%	1.5%	1.7%	1.7%	1.9%	1.8%	1.9%			1.8%

Source: Shared Research based on company data

Note: Figures rounded to the nearest million yen (amounts less than JPY1mn are rounded down in materials released by the company).

Quarterly earnings (three months)

Quarterly (JPYmn)	FY11/18				FY11/19				FY11/20			
	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.
Sales	29,462	29,703	28,778	27,498	27,886	29,826	29,824	29,258	28,222	29,690	27,153	
YoY	35.3%	20.3%	9.1%	-3.5%	-5.3%	0.4%	3.6%	6.4%	1.2%	-0.5%	-9.0%	
CoGS	27,942	28,085	26,974	25,929	26,319	28,028	28,040	27,607	26,535	27,969	25,476	
YoY	38.1%	20.1%	7.2%	-4.5%	-5.8%	-0.2%	4.0%	6.5%	0.8%	-0.2%	-9.1%	
CoGS ratio	94.8%	94.6%	93.7%	94.3%	94.4%	94.0%	94.0%	94.4%	94.0%	94.2%	93.8%	
Gross profit	1,519	1,618	1,805	1,569	1,567	1,798	1,784	1,651	1,686	1,721	1,677	
YoY	-1.3%	22.6%	51.0%	17.8%	3.1%	11.1%	-1.1%	5.2%	7.6%	-4.3%	-6.0%	
GPM	5.2%	5.4%	6.3%	5.7%	5.6%	6.0%	6.0%	5.6%	6.0%	5.8%	6.2%	
SG&A expenses	752	905	910	934	831	926	903	997	922	904	883	
YoY	-1.3%	8.4%	12.7%	-11.7%	10.4%	2.3%	-0.9%	6.7%	10.9%	-2.4%	-2.2%	
SG&A ratio	2.6%	3.0%	3.2%	3.4%	3.0%	3.1%	3.0%	3.4%	3.3%	3.0%	3.3%	
Operating profit	767	713	894	635	736	872	882	655	764	817	794	
YoY	-1.4%	47.1%	131.1%	131.2%	-4.0%	22.3%	-1.4%	3.1%	3.8%	-6.3%	-10.0%	
OPM	2.6%	2.4%	3.1%	2.3%	2.6%	2.9%	3.0%	2.2%	2.7%	2.8%	2.9%	
Gains (losses) on foreign exchange	38	-257	-37	121	-116	-69	-1	72	15	-54	18	
YoY	-93.8%	-	-	-48.3%	-	-	-	-40.3%	-	-	-	
% of sales	0.1%	-0.9%	-0.1%	0.4%	-0.4%	-0.2%	0.0%	0.2%	0.1%	-0.2%	0.1%	
OP + Gains (losses) on forex	805	456	857	756	620	802	881	727	780	762	812	
YoY	-42.1%	-21.2%	41.3%	48.7%	-22.9%	75.9%	2.7%	-3.9%	25.7%	-5.0%	-7.8%	
% of sales	2.7%	1.5%	3.0%	2.7%	2.2%	2.7%	3.0%	2.5%	2.8%	2.6%	3.0%	
Ordinary income	746	388	791	688	536	717	834	660	753	680	775	
YoY	-41.4%	-22.6%	44.5%	240.7%	-28.2%	84.9%	5.5%	-4.1%	40.6%	-5.1%	-7.1%	
Profit margin	2.5%	1.3%	2.7%	2.5%	1.9%	2.4%	2.8%	2.3%	2.7%	2.3%	2.9%	
Net income	493	243	555	493	376	512	602	473	546	495	567	
YoY	-42.5%	-29.2%	48.9%	170.8%	-23.8%	110.6%	8.6%	-4.0%	45.3%	-3.4%	-5.9%	
Net margin	1.7%	0.8%	1.9%	1.8%	1.3%	1.7%	2.0%	1.6%	1.9%	1.7%	2.1%	

Source: Shared Research based on company data

Note: Figures rounded to the nearest million yen (amounts less than JPY1mn are rounded down in materials released by the company).

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