

Financial Summary for Third Quarter FY11/2026

Lacto Japan Co., Ltd.

October 14, 2026

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1. Financial Summary

● Net sales :

Although sales volume softened slightly in the domestic Dairy Ingredients and Cheese Business Division and Asian Dairy Ingredients Sales Division, we maintained stable procurement and supply systems in all other divisions, and sales generally progressed in line with initial forecasts. Furthermore, due to the continued weakening of the yen, consolidated net sales increased year on year.

● Ordinary profit :

Ordinary profit decreased year on year due to an increase in selling, general, and administrative expenses, primarily driven by higher labor costs, logistics expenses, and relocation costs for the headquarters. Additionally, the absence of the 650 million yen in compensation received and recorded as non-operating income in the previous fiscal year compounded this decrease. However, gross profit increased in line with the rise in revenue, and results remained on track with the initial forecasts for the fiscal year.

	Q1-Q3 FY11/2025	Q1-Q3 FY11/2026		
		Results	Difference	YoY Change (%)
(Million yen)				
Net sales	137,431	144,886	+7,455	+5.4
Ordinary profit	4,907	3,873	-1,034	-21.1
Ordinary profit margin (%)	3.6	2.7	-	-
Profit attributable to owners of parent	3,559	2,776	-783	-22.0
Net profit margin (%)	2.6	1.9	-	-
Basic earnings per share (Yen)	357.22	277.73	-79.49	
Exchange rate (Yen/USD)	148.87	158.48	+9.61	
Exchange rate (Yen/EUR)	164.16	184.38	+20.22	

Note: Amounts have been rounded down to the nearest million yen. Percentage changes have been rounded to the first decimal place.

2. Net Sales by Business

(Million yen)	FY11/2025				FY11/2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Forecast (FY)
Dairy Ingredients and Cheese Business	30,653	32,032	27,263	28,728	31,151	31,541	28,328	121,000
YoY	9.0%	4.0%	-4.6%	7.7%	1.6%	-1.5%	3.9%	2.0%
Meat and Ingredients	5,024	6,535	5,593	5,616	5,699	6,194	6,115	24,300
YoY	-1.7%	20.4%	-3.6%	3.1%	13.4%	-5.2%	9.3%	6.7%
Life Science Business	1,744	2,035	2,518	3,295	3,113	3,202	3,972	12,600
YoY	134.1%	135.6%	78.8%	55.1%	78.5%	57.3%	57.7%	31.3%
Asian Business (Dairy Ingredients)	6,064	6,353	4,800	5,601	6,523	5,331	5,196	24,000
YoY	44.1%	15.0%	-16.2%	-8.6%	7.6%	-16.1%	8.2%	5.2%
Asian Business (Cheese)	1,639	1,503	1,449	1,798	1,810	2,041	1,871	7,600
YoY	29.6%	6.3%	-0.7%	23.6%	10.4%	35.8%	29.1%	18.9%
Others	858	847	511	344	274	982	1,535	3,500
YoY	221.4%	5.7%	-20.4%	-62.0%	-68.1%	15.9%	200.4%	36.6%
Total net sales	45,984	49,308	42,137	45,385	48,572	49,294	47,019	193,000
YoY	15.8%	10.0%	-3.4%	6.2%	5.6%	-0.0%	11.6%	5.6%

(Amounts of less than one million yen have been omitted)

Effective December 1, 2025, the Functional Food Ingredients Division was renamed the Life Science Business Division.

3. Sales Volume by Business

(tons)	FY11/2025				FY11/2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Forecast (FY)
Dairy Ingredients and Cheese Business	43,972	42,827	37,890	40,811	40,726	41,225	38,594	172,500
YoY	-3.5%	-5.9%	-12.0%	-3.4%	-7.4%	-3.7%	1.9%	4.2%
Meat and Ingredients	6,993	9,187	8,149	8,464	8,176	8,536	8,624	33,600
YoY	-10.0%	13.8%	-1.8%	10.1%	16.9%	-7.1%	5.8%	2.5%
Life Science Business	1,293	1,750	1,792	2,236	2,243	2,029	2,420	8,400
YoY	121.4%	156.1%	53.2%	27.0%	73.5%	15.9%	35.0%	18.8%
Asian Business (Dairy Ingredients)	9,830	10,848	8,235	9,164	10,355	8,587	7,768	41,000
YoY	18.6%	6.0%	-20.5%	-15.6%	5.3%	-20.8%	-5.7%	7.7%
Asian Business (Cheese)	1,444	1,382	1,263	1,550	1,512	1,631	1,514	6,800
YoY	17.5%	5.7%	-6.6%	1.2%	4.7%	18.0%	19.9%	20.5%

(Quantities of less than one ton have been rounded down.)

Effective December 1, 2025, the Functional Food Ingredients Division was renamed the Life Science Business Division.

4. Consolidated Balance Sheets

(Million yen)	End-November 2025	End-August 2026	Difference
Total current assets	83,151	90,376	7,225
Cash and deposits	10,157	11,486	1,328
Notes and accounts receivable	23,951	21,184	-2,766
Inventories	46,160	55,006	8,845
Current assets, other	2,881	2,699	-182
Total non-current assets	7,058	9,790	2,731
Property, plant and equipment	3,550	5,810	2,260
Intangible assets	754	1,004	249
Investments and other assets	2,753	2,975	221
Total assets	90,209	100,166	9,957
Accounts payable	17,179	15,996	-1,183
Interest-bearing liabilities	37,156	48,068	10,912
Liabilities, other	3,426	2,488	-938
Total liabilities	57,761	66,552	8,791
Total net assets	32,448	33,614	1,165
Total liabilities and net assets	90,209	100,166	9,957

POINT
①

POINT
②

POINT
③

Main points for increase/decrease

① Increase in inventories

Dairy Ingredients and Cheese Business Division
(increase in contracted volume)
Life Science Business Division (higher product
unit prices).

② Increase in Property, plant and equipment

The increase is due to the relocation of the head
office and the construction of a new factory in
Singapore.

③ Increase in Interest-bearing liabilities

Interest-bearing debt increased due to working
capital and capital expenditures related to the
construction of the new Singapore factory.

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.