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(Securities code: 3139 TSE Prime Market)

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Notice of Mid-Term Management Plan “NEXT-LJ 2028”

Lacto Japan Co., Ltd. (“the Group”) hereby announces that the company has formulated a new three-year Mid-Term Management Plan that will be implemented from fiscal year 2026. The new plan is titled “NEXT-LJ 2028.”

I. Background

The group is a company that imports and sells food ingredients and products from around the world, mainly dairy ingredients and cheese, but also processed meat products, and works with a sense of mission to support “food culture” and “health”.

Amid growing protectionism and geopolitical uncertainty around the world, price increases in Japan accelerated more than expected, but personal consumption remained resilient due to rising wages, expanding employment, and the wealth effect. On the other hand, the rise in prices is largely due to the increasing pass-on of increased costs to prices, and it is believed that the country is in a transitional period of escaping deflation.

In these circumstances, we will strive to provide a stable supply of price-competitive raw materials by leveraging the diverse supply sources we have developed around the world. We will also strive to expand sales while contributing to the maintenance and improvement of our customers' supply chains.

Furthermore, we aim for sustainable growth and will continue to establish a unique business model that operates a global trading company business and a manufacturing business in Asia.

II. Outlook

We view the period of this mid-term plan as a time to build a foundation for future growth and will expand our current business based on the concept of "tsu-na-gu (to connect)". We will also steadily advance preparations for a leap forward after 2028, when we will celebrate our 30th anniversary.

A. Vision

Building the foundations for Growth.

B. Concept

Three tsu-na-gu (to connect) promises.

1. Connecting Food & Health
2. Connecting Value
3. Connecting Aspirations

C. Basic Policy : Future Growth

- Focus on Growth Areas and enhance Value Creation.
- Maximise return on capital.
- Strengthen Global Talent.

D. Key Strategies

- Domestic: Focus on growth sectors and supply chain resilience.
- Overseas: Accelerate growth through deeper market penetration and expansion. New factory operation.
- Enhance value-add opportunities through initiatives to become a diversified food company.
- Maximise shareholder value by reinforcing financial strength and improved return on capital.
- Solidify growth opportunities through the promotion of People & Talent and Global HR strategies.
- Promote sustainability initiatives.

E. Numerical targets

• Performance Targets

	FY11/2025 (Results)	FY11/2026 (Forecast)	FY11/2028 (Plan)
Consolidated net sales	¥182.8bn	¥193.0bn	¥210.0bn
Consolidated ordinary profit	¥5.79bn	¥4.80bn	¥6.00bn
Profit attributable to owners of parent	¥4.31bn	¥3.45bn	¥4.35bn

- Financial Targets

	FY11/2025 (Results)	FY11/2028 (Plan)
ROE	14.4%	10-12%
Payout ratio	30.5%	35%
Consolidated shareholders' equity ratio	35.9%	35-40%

F. Shareholder Return Policy

- The Group considers appropriate returns to shareholders to be one of its most important management priorities. We will continue to provide proactive shareholder returns while investing in growth and maintaining financial soundness and autonomy, with the aim of improving corporate value and capital efficiency.
- Regarding dividends from surplus, since listing on the Tokyo Stock Exchange in 2015, we have continued to pay stable and increasing dividends, achieving our medium-term target of a dividend payout ratio of approximately 30% by the fiscal year ending November 2025.
- Taking into consideration factors such as past dividend performance, future business outlook, and financial condition, and from the perspective of further clarifying our stance on strengthening shareholder returns, we have decided to raise our target dividend payout ratio to 35% and add a "progressive dividend" to our dividend policy.