

Translation

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November 9, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

Company name:	LAC Co., Ltd.	Stock exchange listings:	TSE
Securities code:	3857	URL:	https://www.lac.co.jp/english/
Representative:	Itsuro Nishimoto, President and Representative Director		
Contact:	Takayuki Morozumi, Executive Officer		
Scheduled date of filing of Quarterly Report:	November 13, 2023		
Scheduled date of payment of dividend:	-		
Preparation of supplementary materials for financial results:	Yes		
Holding of quarterly financial results meeting:	Yes		

(All amounts are rounded down to the nearest millions of yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	22,648	11.1	314	135.8	257	92.8	139	589.0
September 30, 2022	20,382	3.6	133	-	133	778.1	20	(83.9)

Note: Comprehensive income: 2nd Quarter of FY2023 (As of June 30, 2023) 224 millions of yen (-%)
2nd Quarter of FY2022 (As of June 30, 2022) (67) millions of yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
September 30, 2023	4.63	-
September 30, 2022	0.67	-

Note: The Company has introduced a stock benefit trust and an employee stock ownership plan. The Company's shares remaining in these trusts are recorded as treasury shares under shareholders' equity and, when calculating earnings per share, these shares are deducted from the average number of shares outstanding during the period.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2023	21,094	14,616	69.3	484.40
March 31, 2023	22,572	14,820	65.7	491.17

Reference: Shareholders' equity: As of September 30, 2023 14,616 millions of yen
As of March 31, 2023 14,820 millions of yen

Note: The Company's shares remaining in the stock benefit trust and employee stock ownership plan, which are recorded as treasury shares under shareholders' equity, are, when calculating earnings per share, deducted from the number of shares outstanding at the end of the period.

2. Dividends

	Dividend per share				
	1st Quarter-End	2nd Quarter-End	3rd Quarter-End	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2023	-	12.00	-	14.00	26.00
March 31, 2024	-	12.00	-	-	-
March 31, 2024 (Forecast)	-	-	-	14.00	26.00

Note: Revisions to the most recently announced forecast: None

3. Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	46,500	5.6	1,900	7.0	1,900	4.8	1,250	-	41.43

Note: Revisions to the most recently announced forecast: None

* Notes

- (1) Changes of important subsidiaries during the period
(Changes of specific subsidiaries in accordance with changes in the scope of consolidation): None
- (2) Adoption of specific accounting treatments to the preparation of consolidated quarterly financial statements: None
- (3) Changes in accounting policies and accounting estimates, and restatements
- 1) Changes in accounting policies due to revisions in accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: Yes
 - 4) Restatements: None
- (4) Number of shares issued (common shares)

1) Number of shares issued (including treasury stock):

As of September 30, 2023	31,293,120 shares
As of March 31, 2023	31,293,120 shares

2) Number of treasury stocks:

As of September 30, 2023	1,118,499 shares
As of March 31, 2023	1,119,399 shares

3) Number of average shares during the period:

Six months ended September 30, 2023	30,174,238 shares
Six months ended September 30, 2022	30,172,769 shares

Note: The number of treasury shares at the end of the period includes the 793,700 shares held by Custody Bank of Japan, Ltd. (Trust Account E) as assets in trust of the stock benefit trust and employee stock ownership plan.

*** This financial report is outside the scope of the audit by certified public accountants or auditing firms.**

* Explanation of the proper use of forecast and other notes

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Accordingly, the Company cannot make promises to achieve such forecasts. Actual business and other results may differ substantially due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	6,144,725	5,699,357
Notes and accounts receivable - trade, and contract assets	6,723,341	5,272,511
Merchandise	1,247,095	1,669,709
Work in process	194,679	588,662
Other	1,621,653	1,074,244
Total current assets	15,931,494	14,304,487
Non-current assets		
Property, plant and equipment	1,700,264	1,754,646
Intangible assets		
Goodwill	361,284	325,156
Software	1,022,962	1,105,905
Software in progress	9,011	21,272
Other	66,418	59,155
Total intangible assets	1,459,678	1,511,489
Investments and other assets		
Deferred tax assets	445,370	324,940
Other	3,035,548	3,198,661
Total investments and other assets	3,480,918	3,523,602
Total non-current assets	6,640,861	6,789,738
Total assets	22,572,356	21,094,225
Liabilities		
Current liabilities		
Accounts payable - trade	3,303,118	3,321,113
Current portion of long-term borrowings	1,336,000	—
Income taxes payable	190,628	86,181
Provision for bonuses	164,877	25,622
Provision for loss on order received	87,690	63,492
Other	2,327,818	2,391,093
Total current liabilities	7,410,134	5,887,504
Non-current liabilities		
Net defined benefit liabilities	7,267	13,840
Provision for directors' share-based remuneration	31,616	28,050
Provision for employees' share-based remuneration	219,055	249,056
Asset retirement obligations	—	232,544
Other	83,997	66,538
Total non-current liabilities	341,936	590,031
Total liabilities	7,752,070	6,477,535

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	2,648,075	2,648,075
Capital surplus	5,659,036	5,816,621
Retained earnings	7,106,213	6,816,954
Treasury shares	(612,633)	(769,386)
Total shareholders' equity	14,800,691	14,512,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,188	65,388
Deferred gains (losses) on hedges	—	5,490
Foreign currency translation adjustment	17,406	33,547
Total accumulated other comprehensive income	19,594	104,426
Total net assets	14,820,286	14,616,690
Total liabilities and net assets	22,572,356	21,094,225

(2) Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	20,382,773	22,648,923
Cost of sales	16,291,287	18,507,252
Gross profit	4,091,485	4,141,670
Selling, general and administrative expenses	3,957,910	3,826,696
Operating income (loss)	133,575	314,974
Non-operating income		
Interest income	613	637
Commission income	1,451	1,488
Insurance dividend	3,702	4,371
Subsidy income	3,728	1,326
Equity in earnings of affiliates	8,865	—
Gain on investments in investment partnership	6,108	—
Other	6,376	3,322
Total non-operating income	30,844	11,146
Non-operating expenses		
Interest expenses	3,378	1,133
Commission fees	9,071	8,752
Foreign exchange losses	17,719	16,725
Equity in losses of affiliates	—	36,095
Loss on investments in investment partnership	—	3,576
Other	645	2,300
Total non-operating expenses	30,814	68,583
Ordinary income (loss)	133,605	257,536
Extraordinary losses		
Loss on disposal of noncurrent assets	66,975	38
Total extraordinary losses	66,975	38
Income (loss) before income taxes	66,629	257,498
Income taxes - current	69,008	27,469
Income taxes - deferred	(22,664)	90,254
Total income taxes	46,343	117,723
Net income (loss)	20,286	139,774
Net income (loss) attributable to owners of the parent	20,286	139,774

(3) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net income (loss)	20,286	139,774
Other comprehensive income		
Valuation difference on available-for-sale securities	(87,694)	(63,200)
Deferred gains (losses) on hedges	—	5,490
Foreign currency translation adjustment	213	16,141
Total other comprehensive income	(87,480)	84,832
Comprehensive income	(67,194)	224,607
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(67,194)	224,607

(4) Consolidated Statement of Cash Flow

(Thousands of yen)

	Period ended September 30, 2022	Period ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	66,629	257,498
Depreciation	462,174	465,122
Amortization of goodwill	36,128	36,128
Increase (decrease) in provision for bonuses	(2,215)	(139,254)
Increase (decrease) in Provision for loss on order received	47,833	(24,198)
Increase (decrease) in retirement benefit liability	7,384	6,573
Increase (decrease) in provision for share awards for directors	—	(3,565)
Increase (decrease) in provision for employees' share-based remuneration	35,305	30,833
Interest and dividend income	(613)	(637)
Share of loss (profit) of entities accounted for using equity method	(8,865)	36,095
Interest expenses	3,378	1,133
Foreign exchange losses (gains)	(3,207)	1,242
Loss(gain) on investments in investment partnerships	(6,108)	3,576
Loss on disposal of noncurrent assets	66,975	38
Decrease (increase) in trade receivables	828,435	1,452,094
Decrease (increase) in inventories	(509,110)	(816,453)
Decrease (increase) in other current assets	(110,335)	579,565
Increase (decrease) in notes and accounts payable—trade	(238,237)	17,995
Increase (decrease) in accrued consumption taxes	(309,998)	(103,686)
Increase (decrease) in other current liabilities	96,672	174,115
Other, net	(22,591)	(22,025)
Subtotal	439,635	1,952,191
Interest and dividends received	52,068	47,065
Interest paid	(4,341)	(3,345)
Income taxes paid	(255,583)	(164,296)
Net cash provided by (used in) operating activities	231,778	1,831,614

(Thousands of yen)

	Period ended September 30, 2022	Period ended September 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(145,421)	(96,766)
Purchases of software	(348,565)	(303,009)
Purchase of investment securities	(612,121)	(135,000)
Proceeds from share of profits on investments in capital	16,080	9,440
Payments of leasehold and guarantee deposits	(30)	(968)
Proceeds from refund of leasehold and guarantee deposits	72	458
Net cash provided by (used in) investing activities	(1,089,986)	(525,846)
Cash flows from financing activities		
Repayments of lease obligations	(12,820)	—
Repayments of long-term borrowings	(666,000)	(1,336,000)
Payments for Commission fees	(28,000)	—
Purchase of treasury shares	(96)	(242,250)
Proceeds from sales of treasury stocks	—	242,250
Cash dividends paid	(397,543)	(427,954)
Net cash provided by (used in) financing activities	(1,104,459)	(1,763,954)
Effect of exchange rate change on cash and cash equivalents	3,332	12,818
Net increase (decrease) in cash and cash equivalents	(1,959,334)	(445,367)
Cash and cash equivalents at beginning of period	9,785,552	6,144,725
Cash and cash equivalents at end of period	7,826,217	5,699,357