

Translation

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May 12, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [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:	Hideaki Hanabusa, Senior Managing Executive Officer		
Scheduled date of Ordinary General Meeting of Shareholders:	June 23, 2021		
Scheduled date of payment of dividend:	June 24, 2021		
Scheduled date of filing of Japanese annual securities report:	June 23, 2021		
Preparation of supplementary materials for financial results:	Yes		
Holding of quarterly financial results meeting:	Yes		

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Operating Results

(% of change from previous year)

Fiscal Year Ended	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	43,693	8.0	2,117	19.8	2,242	19.9	304	(72.1)
March 31, 2020	40,466	4.5	1,767	(25.3)	1,869	(22.5)	1,091	(29.4)

(Note)

Comprehensive income: Fiscal Year Ended (As of March 31, 2021) 321 million yen (-70.0%)
Fiscal Year Ended (As of March 31, 2020) 1,070 million yen (-30.5%)

Fiscal Year Ended	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
March 31, 2021	11.92	—	2.6	9.5	4.8
March 31, 2020	42.71	—	9.4	8.3	4.4

(Reference)

Equity in earnings (losses) of affiliates: Fiscal Year Ended (As of March 31, 2021) 22 million yen
Fiscal Year Ended (As of March 31, 2020) 78 million yen

(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) Financial Position

Fiscal Year Ended	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
March 31, 2021	24,626	11,661	47.3	456.12
March 31, 2020	22,383	11,963	53.4	467.93

(Reference)

Shareholders' equity: As of March 31, 2021 11,658 million yen
As of March 31, 2020 11,959 million 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.

(3) Cash Flow

Fiscal Year Ended	Operating Activities	Investing Activities	Financing Activities	Cash and Cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
March 31, 2021	1,969	(1,358)	1,091	6,367
March 31, 2020	2,693	(2,445)	79	4,653

2. Dividends

Fiscal Year ended or ending	Dividend per Share					Amounts of Dividend (total)	Dividend Ratio	Dividend on Equity
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
March 31, 2020	—	11.00	—	13.00	24.00	624	56.2	5.3
March 31, 2021	—	11.00	—	13.00	24.00	624	201.3	5.2
March 31, 2022 (Forecast)	—	11.00	—	13.00	24.00		44.1	

(Note)

The total amount of dividends includes the dividends paid (11 million yen in the fiscal year ended March 31, 2020; 11 million yen in the fiscal year ended March 31, 2021) on the Company's treasury shares held by the Custody Bank of Japan, Ltd. (Trust Account E) as assets in trust of the stock benefit trust and employee stock ownership plan.

3. Forecast for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages represent year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	47,200	8.0	2,100	(0.8)	2,075	(7.4)	1,390	356.1	54.38

*Notes

(1) Significant changes in scope of consolidation

(Changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) 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

(3) Number of shares issued (common shares)

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

As of March 31, 2021	26,683,120 shares
As of March 31, 2020	26,683,120 shares

2) Number of treasury stocks:

As of March 31, 2021	1,122,479 shares
As of March 31, 2020	1,123,733 shares

3) Number of average shares during the period:

Fiscal year ended March 31, 2021	25,559,935 shares
Fiscal year ended March 31, 2020	25,558,953 shares

(Note)

The number of treasury shares at the end of the period includes the 474,900 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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,653,692	6,367,346
Notes and accounts receivable-trade	5,976,888	6,988,580
Merchandise	1,155,991	1,376,234
Work in process	1,287,049	173,596
Other	1,903,047	1,443,357
Allowance for doubtful accounts	(18)	—
Total current assets	14,976,651	16,349,114
Non-current assets		
Property, plant and equipment		
Buildings	1,639,009	1,640,868
Accumulated depreciation	(852,123)	(940,819)
Buildings, net	786,886	700,048
Structures	40,664	40,453
Accumulated depreciation	(31,073)	(29,995)
Structures, net	9,590	10,457
Tools, furniture and fixture	2,542,841	3,248,795
Accumulated depreciation	(1,446,174)	(1,806,490)
Tools, furniture and fixture, net	1,096,666	1,442,304
Land	55,126	54,392
Leased assets	392,359	339,065
Accumulated depreciation	(379,968)	(332,056)
Leased assets, net	12,390	7,009
Construction in progress	1,518	—
Total property, plant and equipment	1,962,177	2,214,212
Intangible assets		
Goodwill	578,055	505,798
Software	1,901,744	2,602,916
Leased assets	14,079	5,194
Other	7,831	7,583
Total intangible assets	2,501,710	3,121,492
Investments and other assets		
Investment securities	1,193,180	1,203,797
Leasehold and guarantee deposits	1,279,565	1,283,849
Deferred tax assets	324,870	317,021
Net defined benefit asset	13,611	—
Other	140,383	145,614
Allowance for doubtful accounts	(8,296)	(8,296)
Total investments and other assets	2,943,315	2,941,986
Total non-current assets	7,407,204	8,277,691
Total assets	22,383,856	24,626,806

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	3,651,041	3,821,819
Short-term loans payable	1,500,000	—
Current portion of long-term borrowings	732,000	2,068,000
Lease obligations	40,052	33,443
Income taxes payable	287,095	460,893
Provision for bonuses	157,079	164,943
Provision for loss on order received	3,438	13,272
Provision for loss on office transfer	—	70,186
Other	3,144,920	3,399,892
Total current liabilities	9,515,627	10,032,451
Non-current liabilities		
Long-term borrowings	736,000	2,668,000
Lease obligations	25,694	74,068
Net defined benefit liabilities	—	5,994
Provision for directors' share-based remuneration	31,616	31,616
Provision for employees' share-based remuneration	111,476	153,380
Total non-current liabilities	904,786	2,933,060
Total liabilities	10,420,413	12,965,512
Net assets		
Shareholders' equity		
Share capital	1,000,000	1,000,000
Capital surplus	4,010,905	4,010,943
Retained earnings	7,561,321	7,241,209
Treasury shares	(616,649)	(615,548)
Total shareholders' equity	11,955,577	11,636,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,911	12,214
Foreign currency translation adjustment	(6,538)	9,799
Total accumulated other comprehensive income	4,372	22,013
Non-controlling interests	3,492	2,676
Total net assets	11,963,442	11,661,294
Total liabilities and net assets	22,383,856	24,626,806

(2) Consolidated Statement of Income

(Thousands of yen)

	Period ended March 31, 2020	Period ended March 31, 2021
Net sales	40,466,028	43,693,332
Cost of sales	31,522,162	34,115,483
Gross profit	8,943,865	9,577,848
Selling, general and administrative expenses	7,176,856	7,460,554
Operating profit	1,767,009	2,117,294
Non-operating income		
Interest income	3,514	1,547
Dividend income	—	7,011
Commission income	2,872	2,853
Subsidy income	5,801	96,623
Equity in earnings of affiliates	78,395	22,635
Insurance dividend	3,465	3,449
Gain on investments in partnership	38,998	36,405
Refund of premium for cancelled insurance	3,345	—
Other	6,889	9,261
Total non-operating income	143,281	179,788
Non-operating expenses		
Interest expenses	11,000	20,959
Commission fees	15,267	17,791
Foreign exchange losses	13,237	14,747
Other	1,103	1,569
Total non-operating expenses	40,608	55,067
Ordinary profit	1,869,682	2,242,014
Extraordinary income		
Gain on sales of investment securities	626	183,480
Other	6	—
Total extraordinary income	633	183,480
Extraordinary losses		
Loss on disposal of noncurrent assets	9,356	6,963
Loss on sales of non-current assets	—	921
Impairment loss	—	97,103
Loss on valuation of investment securities	214,127	—
Extra retirement payments	6,919	—
Office transfer expenses	8,500	70,719
Valuation loss on slow-moving work in process	—	1,248,317
Total extraordinary losses	238,904	1,424,025
Profit before income taxes	1,631,412	1,001,470
Income taxes - current	706,380	690,232
Income taxes - deferred	(165,516)	7,307
Total income taxes	540,864	697,540
Profit	1,090,547	303,929
Loss attributable to non-controlling interests	(1,109)	(815)
Profit attributable to owners of parent	1,091,657	304,745

(3) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Period ended March 31, 2020	Period ended March 31, 2021
Net income	1,090,547	303,929
Other comprehensive income		
Valuation difference on available-for-sale securities	(432)	1,302
Foreign currency translation adjustment	(19,444)	16,338
Total other comprehensive income	(19,877)	17,640
Comprehensive income	1,070,670	321,570
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,071,780	322,385
Comprehensive income attributable to non-controlling interests	(1,109)	(815)

(4) Consolidated Statement of Cash Flow

(Thousands of yen)

	Period ended March 31, 2020	Period ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,631,412	1,001,470
Depreciation	793,633	860,185
Impairment loss	—	97,103
Amortization of goodwill	72,256	72,256
Increase (decrease) in allowance for doubtful accounts	(3,709)	(18)
Increase (decrease) in provision for bonuses	6,515	7,864
Increase (decrease) in Provision for loss on order received	(64,258)	9,834
Increase (decrease) in retirement benefit liability	(5,284)	5,994
Increase (decrease) in provision for employees' share-based remuneration	(1,929)	43,219
Interest and dividend income	(3,514)	(8,558)
Share of loss (profit) of entities accounted for using equity method	(78,395)	(22,635)
Interest expenses	11,000	20,959
Foreign exchange losses (gains)	344	518
Loss(gain) on investments in investment partnerships	(38,998)	(36,405)
Office transfer expenses	8,500	70,719
Loss (gain) on valuation of investment securities	214,127	—
Loss(gain) on sale of investment securities	(626)	(183,480)
Loss on sales of non-current assets	—	921
Loss on disposal of noncurrent assets	9,356	6,963
Valuation loss on slow-moving work in process	—	1,248,317
Decrease (increase) in trade receivables	862,202	(1,010,769)
Decrease (increase) in inventories	(312,224)	(279,448)
Decrease (increase) in other current assets	(287,294)	410,039
Increase (decrease) in notes and accounts payable—trade	747,740	170,803
Increase (decrease) in accrued consumption taxes	163,697	177,686
Increase (decrease) in other current liabilities	(113,699)	(213,896)
Other, net	48,349	20,233
Subtotal	3,659,203	2,469,877
Interest and dividends received	25,149	45,365
Interest paid	(11,488)	(14,599)
Office transfer expenses paid	—	(4,840)
Income taxes paid	(979,417)	(526,587)
Net cash provided by (used in) operating activities	2,693,446	1,969,216

(Thousands of yen)

	Period ended March 31, 2020	Period ended March 31, 2021
Cash flows from investing activities		
Purchase of shares of subsidiaries and associates	(32,000)	—
Purchase of property, plant and equipment	(792,998)	(453,491)
Proceeds from sales of property, plant and equipment	—	293
Purchases of software	(1,454,412)	(1,074,588)
Purchase of investment securities	(202,736)	(60,626)
Proceeds from sales of investments in securities	780	194,713
Proceeds from share of profits on investments in capital	73,500	56,789
Payments of loans receivable	(35,000)	(20,000)
Collection of loans receivable	65,000	—
Payments of leasehold and guarantee deposits	(80,788)	(8,231)
Proceeds from refund of leasehold and guarantee deposits	12,737	6,212
Net cash provided by (used in) investing activities	(2,445,919)	(1,358,928)
Cash flows from financing activities		
Repayments of lease obligations	(61,404)	(44,047)
Net increase (decrease) in Short-term loans payable	1,500,000	(1,500,000)
Repayments of long-term borrowings	(732,000)	(732,000)
Proceeds from long-term loans payable	—	4,000,000
Proceeds from sales of treasury stock	11	57
Payments for Commission fees	(30,000)	(10,000)
Purchase of treasury shares	(332)	(232)
Cash dividends paid	(596,978)	(622,751)
Net cash provided by (used in) financing activities	79,296	1,091,024
Effect of exchange rate change on cash and cash equivalents	(16,467)	12,342
Net increase (decrease) in cash and cash equivalents	310,355	1,713,653
Cash and cash equivalents at beginning of period	4,343,336	4,653,692
Cash and cash equivalents at end of period	4,653,692	6,367,346