

## Translation

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November 10, 2021

# Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]

Company name:	LAC Co., Ltd.	Stock exchange listings:	TSE
Securities code:	3857	URL:	<a href="https://www.lac.co.jp/english/">https://www.lac.co.jp/english/</a>
Representative:	Itsuro Nishimoto, President and Representative Director		
Contact:	Hideaki Hanabusa, Senior Managing Executive Officer		
Scheduled date of filing of Quarterly Report:			November 12, 2021
Scheduled date of payment of dividend:			December 2, 2021
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, 2021 (from April 1, 2021 to September 30, 2021)

### (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, 2021	19,668	0.8	(45)	-	15	604.4	126	191.0
September 30, 2020	19,504	3.6	11	(80.7)	2	(98.1)	43	(25.6)

Note: Comprehensive income: 2nd Quarter of FY2021 (As of September 30, 2021) 529 millions of yen (-%)  
2nd Quarter of FY2020 (As of September 30, 2020) 41 millions of yen (24.4%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
September 30, 2021	4.94	-
September 30, 2020	1.70	-

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, 2021	22,373	11,855	53.0	463.72
March 31, 2021	24,626	11,661	47.3	456.12

Reference: Shareholders' equity: As of September 30, 2021 11,853 millions of yen  
As of March 31, 2021 11,658 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, 2021	-	11.00	-	13.00	24.00
March 31, 2022	-	11.00	-	-	-
March 31, 2022 (Forecast)	-	-	-	13.00	24.00

Note: Revisions to the most recently announced forecast: None

### 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		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	47,200	8.0	2,100	(0.8)	2,075	(7.4)	1,390	356.1	54.38

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: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (common shares)

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

As of September 30, 2021	26,683,120 shares
As of March 31, 2021	26,683,120 shares

2) Number of treasury stocks:

As of September 30, 2021	1,121,779 shares
As of March 31, 2021	1,122,479 shares

3) Number of average shares during the period:

Six months ended September 30, 2021	25,560,851 shares
Six months ended September 30, 2020	25,559,787 shares

Note: The number of treasury shares at the end of the period includes the 474,200 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, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	6,367,346	5,833,368
Notes and accounts receivable - trade	6,988,580	—
Notes and accounts receivable - trade, and contract assets	—	4,623,618
Merchandise	1,376,234	1,857,125
Work in process	173,596	542,819
Other	1,443,357	1,150,392
Total current assets	16,349,114	14,007,324
Non-current assets		
Property, plant and equipment	2,214,212	2,088,748
Intangible assets		
Goodwill	505,798	469,670
Other	2,615,693	2,573,988
Total intangible assets	3,121,492	3,043,658
Investments and other assets		
Deferred tax assets	317,021	133,870
Other	2,624,965	3,100,306
Total investments and other assets	2,941,986	3,234,177
Total non-current assets	8,277,691	8,366,584
<b>Total assets</b>	<b>24,626,806</b>	<b>22,373,909</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,821,819	3,713,623
Current portion of long-term borrowings	2,068,000	1,702,000
Income taxes payable	460,893	101,597
Provision for bonuses	164,943	163,624
Provision for loss on order received	13,272	28,867
Provision for loss on office transfer	70,186	—
Other	3,433,336	2,492,686
Total current liabilities	10,032,451	8,202,399
Non-current liabilities		
Long-term borrowings	2,668,000	2,002,000
Net defined benefit liabilities	5,994	4,323
Provision for directors' share-based remuneration	31,616	31,616
Provision for employees' share-based remuneration	153,380	182,127
Other	74,068	95,981
Total non-current liabilities	2,933,060	2,316,048
<b>Total liabilities</b>	<b>12,965,512</b>	<b>10,518,447</b>

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	1,000,000	1,000,000
Capital surplus	4,010,943	4,010,943
Retained earnings	7,241,209	7,031,074
Treasury shares	(615,548)	(614,891)
Total shareholders' equity	11,636,604	11,427,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,214	420,999
Foreign currency translation adjustment	9,799	5,135
Total accumulated other comprehensive income	22,013	426,135
Non-controlling interests	2,676	2,199
Total net assets	11,661,294	11,855,461
Total liabilities and net assets	24,626,806	22,373,909

(2) Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	19,504,722	19,668,573
Cost of sales	15,689,115	15,764,815
Gross profit	3,815,607	3,903,757
Selling, general and administrative expenses	3,804,573	3,949,380
Operating profit (loss)	11,033	(45,623)
Non-operating income		
Interest income	318	254
Dividend income	—	7,879
Commission income	1,415	1,429
Insurance dividend	3,158	—
Subsidy income	34,015	19,133
Equity in earnings of affiliates	—	35,854
Gain on investments in partnership	12,503	9,284
Other	6,015	7,325
Total non-operating income	57,426	81,162
Non-operating expenses		
Interest expenses	10,280	6,678
Commission fees	7,920	10,210
Share of loss of entities accounted for using equity method	41,537	—
Foreign exchange losses	5,294	1,978
Other	1,267	1,455
Total non-operating expenses	66,300	20,322
Ordinary income	2,160	15,216
Extraordinary income		
Gain on sale of shares of subsidiaries	—	219,231
Gain on sales of investment securities	27,895	—
Total extraordinary income	27,895	219,231
Extraordinary losses		
Loss on disposal of noncurrent assets	1,601	271
Office transfer expenses	340	123
Total extraordinary losses	1,941	394
Profit before income taxes	28,114	234,053
Income taxes - current	101,283	95,017
Income taxes - deferred	(115,922)	13,186
Total income taxes	(14,638)	108,203
Profit	42,752	125,850
Loss attributable to non-controlling interests	(651)	(476)
Profit attributable to owners of the parent	43,404	126,326

(3) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	42,752	125,850
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,525)	408,785
Foreign currency translation adjustment	3,511	(4,663)
Total other comprehensive income	(1,013)	404,122
Comprehensive income	41,739	529,972
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	42,390	530,448
Comprehensive income attributable to non-controlling interests	(651)	(476)

(4) Consolidated Statement of Cash Flow

(Thousands of yen)

	Period ended September 30, 2020	Period ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	28,114	234,053
Depreciation	423,179	476,717
Amortization of goodwill	36,128	36,128
Increase (decrease) in allowance for doubtful accounts	(10)	-
Increase (decrease) in provision for bonuses	28,773	10,780
Increase (decrease) in Provision for loss on order received	10,049	15,594
Increase (decrease) in retirement benefit liability	1,088	(1,671)
Increase (decrease) in provision for employees' share-based remuneration	23,512	29,404
Interest and dividend income	(318)	(8,134)
Share of loss (profit) of entities accounted for using equity method	41,537	(35,854)
Interest expenses	10,280	6,678
Foreign exchange losses (gains)	37	294
Loss(gain) on investments in investment partnerships	(12,503)	(9,284)
Loss(gain) on sale of investment securities	(27,895)	-
Office transfer expenses	340	123
Loss on disposal of noncurrent assets	1,601	271
Loss (gain) on sales of investments in subsidiaries	-	(219,231)
Decrease (increase) in trade receivables	719,481	2,217,846
Decrease (increase) in inventories	(745,660)	(849,257)
Decrease (increase) in other current assets	(50,451)	256,799
Increase (decrease) in notes and accounts payable-trade	516,500	(63,400)
Increase (decrease) in accrued consumption taxes	(132,282)	(360,675)
Increase (decrease) in other current liabilities	(15,949)	(173,784)
Other, net	50,231	14,693
Subtotal	905,784	1,578,091
Interest and dividends received	37,264	22,155
Interest paid	(5,748)	(8,175)
Office transfer expenses paid	(4,840)	(69,807)
Income taxes paid	(181,270)	(427,017)
Net cash provided by (used in) operating activities	751,189	1,095,246

(Thousands of yen)

	Period ended September 30, 2020	Period ended September 30, 2021
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(216,739)	(474,951)
Purchases of software	(774,354)	(141,133)
Purchase of investment securities	(30,626)	—
Proceeds from sales of investments in securities	34,710	5,959
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	242,974
Proceeds from share of profits on investments in capital	23,969	13,680
Payments of loans receivable	(20,000)	—
Collection of loans receivable	—	20,000
Payments of leasehold and guarantee deposits	(3,309)	(904)
Proceeds from refund of leasehold and guarantee deposits	350	100,094
Net cash provided by (used in) investing activities	(985,999)	(234,281)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(24,900)	(21,171)
Net increase (decrease) in Short-term loans payable	2,400,000	—
Repayments of long-term borrowings	(366,000)	(1,032,000)
Payments for Commission fees	(10,000)	—
Proceeds from sales of treasury shares	36	—
Cash dividends paid	(337,405)	(337,577)
Net cash provided by (used in) financing activities	1,661,730	(1,390,749)
Effect of exchange rate change on cash and cash equivalents	2,521	(4,193)
Net increase (decrease) in cash and cash equivalents	1,429,441	(533,977)
Cash and cash equivalents at beginning of period	4,653,692	6,367,346
Cash and cash equivalents at end of period	6,083,134	5,833,368