

**Translation**

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May 13, 2022

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [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:	Takayuki Morozumi, Executive Officer		
Scheduled date of Ordinary General Meeting of Shareholders:	June 22, 2022		
Scheduled date of payment of dividend:	June 23, 2022		
Scheduled date of filing of Japanese annual securities report:	June 22, 2022		
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, 2022 (from April 1, 2021 to March 31, 2022)

#### (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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	42,660	(2.4)	1,595	(24.7)	1,769	(21.1)	1,401	359.8
March 31, 2021	43,693	8.0	2,117	19.8	2,242	19.9	304	(72.1)

Note: Comprehensive income: Fiscal Year Ended (As of March 31, 2022) 1,435 millions of yen [346.5%]  
Fiscal Year Ended (As of March 31, 2021) 321 millions of yen [(70.0%)]

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, 2022	53.60	—	10.2	7.1	3.7
March 31, 2021	11.92	—	2.6	9.5	4.8

Reference: Equity in earnings (losses) of affiliates: Fiscal Year Ended (As of March 31, 2022) 123 millions of yen  
Fiscal Year Ended (As of March 31, 2021) 22 millions of 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
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	25,306	15,769	62.3	522.65
March 31, 2021	24,626	11,661	47.3	456.12

Reference: Shareholders' equity: As of March 31, 2022 15,769 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.

#### (3) Cash Flow

Fiscal Year Ended	Operating Activities	Investing Activities	Financing Activities	Cash and Cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	2,956	(105)	562	9,785
March 31, 2021	1,969	(1,358)	1,091	6,367

## 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	Millions of yen	%	%
March 31,2021	—	11.00	—	13.00	24.00	624	201.3	5.2
March 31,2022	—	11.00	—	13.00	24.00	684	44.8	4.9
March 31,2023 (Forecast)	—	12.00	—	14.00	26.00		55.6	

Note: The total amount of dividends includes the dividends paid (11 million yen in the fiscal year ended March 31, 2021; 11 million yen in the fiscal year ended March 31, 2022) 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, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages represent year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	50,000	17.2	2,100	31.6	2,100	18.7	1,410	0.6	46.73

### \*Notes

#### (1) Significant changes in scope of consolidation

(Changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes  
1 company removed from scope of consolidation (Japan Current Co., Ltd.)

#### (2) 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

#### (3) Number of shares issued (common shares)

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

As of March 31, 2022	31,293,120 shares
As of March 31, 2021	26,683,120 shares

##### 2) Number of treasury stocks:

As of March 31, 2022	1,121,429 shares
As of March 31, 2021	1,122,479 shares

##### 3) Number of average shares during the period:

Fiscal year ended March 31, 2022	26,142,193 shares
Fiscal year ended March 31, 2021	25,559,935 shares

Note: The number of treasury shares at the end of the period includes the 473,800 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 March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	6,367,346	9,785,552
Notes and accounts receivable-trade	6,988,580	—
Accounts receivable	—	5,843,976
Merchandise	1,376,234	926,504
Work in process	173,596	171,045
Other	1,443,357	1,146,271
Total current assets	16,349,114	17,873,350
Non-current assets		
Property, plant and equipment		
Buildings	1,640,868	1,709,196
Accumulated depreciation	(940,819)	(974,703)
Buildings, net	700,048	734,493
Structures	40,453	45,733
Accumulated depreciation	(29,995)	(31,281)
Structures, net	10,457	14,451
Tools, furniture and fixture	3,248,795	3,335,873
Accumulated depreciation	(1,806,490)	(2,204,116)
Tools, furniture and fixture, net	1,442,304	1,131,757
Land	54,392	64,918
Leased assets	339,065	4,986
Accumulated depreciation	(332,056)	(2,354)
Leased assets, net	7,009	2,631
Total property, plant and equipment	2,214,212	1,948,252
Intangible assets		
Goodwill	505,798	433,541
Software	1,688,814	1,402,455
Software in progress	914,101	1,087,907
Leased assets	5,194	1,936
Other	7,583	7,831
Total intangible assets	3,121,492	2,933,672
Investments and other assets		
Investment securities	1,203,797	1,021,730
Leasehold and guarantee deposits	1,283,849	1,155,720
Deferred tax assets	317,021	255,713
Other	145,614	126,526
Allowance for doubtful accounts	(8,296)	(8,296)
Total investments and other assets	2,941,986	2,551,395
Total non-current assets	8,277,691	7,433,320
Total assets	24,626,806	25,306,670

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,821,819	3,559,157
Current portion of long-term borrowings	2,068,000	1,332,000
Lease obligations	33,443	25,702
Income taxes payable	460,893	307,727
Contract Liabilities	—	1,183,630
Provision for bonuses	164,943	172,795
Provision for loss on order received	13,272	17,211
Provision for loss on office transfer	70,186	—
Other	3,399,892	1,359,304
<b>Total current liabilities</b>	<b>10,032,451</b>	<b>7,957,527</b>
Non-current liabilities		
Long-term borrowings	2,668,000	1,336,000
Lease obligations	74,068	53,095
Net defined benefit liabilities	5,994	8,441
Provision for directors' share-based remuneration	31,616	31,616
Provision for employees' share-based remuneration	153,380	150,660
<b>Total non-current liabilities</b>	<b>2,933,060</b>	<b>1,579,813</b>
<b>Total liabilities</b>	<b>12,965,512</b>	<b>9,537,341</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,000,000	2,648,075
Capital surplus	4,010,943	5,659,036
Retained earnings	7,241,209	8,019,596
Treasury shares	(615,548)	(614,562)
<b>Total shareholders' equity</b>	<b>11,636,604</b>	<b>15,712,145</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,214	41,509
Foreign currency translation adjustment	9,799	15,674
<b>Total accumulated other comprehensive income</b>	<b>22,013</b>	<b>57,183</b>
Non-controlling interests	2,676	—
<b>Total net assets</b>	<b>11,661,294</b>	<b>15,769,329</b>
<b>Total liabilities and net assets</b>	<b>24,626,806</b>	<b>25,306,670</b>

(2) Consolidated Statement of Income

(Thousands of yen)

	Period ended March 31, 2021	Period ended March 31, 2022
Net sales	43,693,332	42,660,125
Cost of sales	34,115,483	33,204,780
Gross profit	9,577,848	9,455,345
Selling, general and administrative expenses	7,460,554	7,860,178
Operating profit	2,117,294	1,595,166
Non-operating income		
Interest income	1,547	1,481
Dividend income	7,011	7,879
Commission income	2,853	2,889
Subsidy income	96,623	62,086
Equity in earnings of affiliates	22,635	123,483
Insurance dividend	3,449	4,212
Gain on investments in partnership	36,405	29,741
Other	9,261	5,212
Total non-operating income	179,788	236,987
Non-operating expenses		
Interest expenses	20,959	11,462
Commission fees	17,791	19,868
Foreign exchange losses	14,747	12,136
Stock issuance cost	—	17,669
Other	1,569	1,455
Total non-operating expenses	55,067	62,592
Ordinary profit	2,242,014	1,769,561
Extraordinary income		
Gain on sales of investment securities	183,480	224,145
Gain on sale of shares of subsidiaries	—	219,231
Total extraordinary income	183,480	443,376
Extraordinary losses		
Loss on disposal of noncurrent assets	6,963	317
Loss on sales of non-current assets	921	—
Impairment loss	97,103	27,971
Loss on valuation of investment securities	—	151,033
Loss on valuation of shares of subsidiaries and associates	—	1,456
Loss on sales of investments in subsidiaries	—	2,589
Loss on valuation of golf club membership	—	9,300
Office transfer expenses	70,719	123
Valuation loss on slow-moving work in process	1,248,317	—
Total extraordinary losses	1,424,025	192,791
Profit before income taxes	1,001,470	2,020,146
Income taxes - current	690,232	591,272
Income taxes - deferred	7,307	28,394
Total income taxes	697,540	619,667
Profit	303,929	1,400,479
Loss attributable to non-controlling interests	(815)	(761)
Profit attributable to owners of parent	304,745	1,401,240

(3) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Period ended March 31, 2021	Period ended March 31, 2022
Net income	303,929	1,400,479
Other comprehensive income		
Valuation difference on available-for-sale securities	1,302	29,295
Foreign currency translation adjustment	16,338	5,874
Total other comprehensive income	17,640	35,170
Comprehensive income	321,570	1,435,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	322,385	1,436,410
Comprehensive income attributable to non-controlling interests	(815)	(761)

(4) Consolidated Statement of Cash Flow

(Thousands of yen)

	Period ended March 31, 2021	Period ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,001,470	2,020,146
Depreciation	860,185	950,193
Impairment loss	97,103	27,971
Amortization of goodwill	72,256	72,256
Increase (decrease) in allowance for doubtful accounts	(18)	—
Increase (decrease) in provision for bonuses	7,864	19,951
Increase (decrease) in Provision for loss on order received	9,834	3,938
Increase (decrease) in retirement benefit liability	5,994	2,446
Increase (decrease) in provision for employees' share-based remuneration	43,219	(1,687)
Interest and dividend income	(8,558)	(9,360)
Share of loss (profit) of entities accounted for using equity method	(22,635)	(123,483)
Interest expenses	20,959	11,462
Foreign exchange losses (gains)	518	(402)
Loss(gain) on investments in investment partnerships	(36,405)	(29,741)
Office transfer expenses	70,719	123
Loss (gain) on valuation of investment securities	—	151,033
Loss on valuation of shares of subsidiaries and associates	—	1,456
Loss(gain) on sale of investment securities	(183,480)	(224,145)
Loss (gain) on sales of investments in subsidiaries	—	(216,642)
Loss on sales of non-current assets	921	—
Loss on disposal of noncurrent assets	6,963	317
Valuation loss on slow-moving work in process	1,248,317	—
Decrease (increase) in trade receivables	(1,010,769)	979,718
Decrease (increase) in inventories	(279,448)	452,180
Decrease (increase) in other current assets	410,039	265,522
Increase (decrease) in notes and accounts payable—trade	170,803	(215,255)
Increase (decrease) in accrued consumption taxes	177,686	(66,827)
Increase (decrease) in other current liabilities	(213,896)	(317,737)
Other, net	20,233	20,350
<b>Subtotal</b>	<b>2,469,877</b>	<b>3,773,787</b>
Interest and dividends received	45,365	23,382
Interest paid	(14,599)	(14,294)
Office transfer expenses paid	(4,840)	(69,807)
Income taxes paid	(526,587)	(756,554)
<b>Net cash provided by (used in) operating activities</b>	<b>1,969,216</b>	<b>2,956,512</b>

(Thousands of yen)

	Period ended March 31, 2021	Period ended March 31, 2022
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(453,491)	(596,429)
Proceeds from sales of property, plant and equipment	293	—
Purchase of intangible assets	—	(500)
Purchases of software	(1,074,588)	(341,999)
Purchase of investment securities	(60,626)	(60,000)
Proceeds from sales of investments in securities	194,713	671,784
Proceeds from withdrawal of investment securities	—	9,700
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	243,560
Purchase of shares of subsidiaries and associates	—	(200,000)
Proceeds from share of profits on investments in capital	56,789	36,440
Payments of loans receivable	(20,000)	—
Collection of loans receivable	—	20,000
Payments of leasehold and guarantee deposits	(8,231)	(2,903)
Proceeds from refund of leasehold and guarantee deposits	6,212	114,475
Net cash provided by (used in) investing activities	(1,358,928)	(105,872)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(44,047)	(34,240)
Net increase (decrease) in Short-term loans payable	(1,500,000)	(8,385)
Repayments of long-term borrowings	(732,000)	(2,068,000)
Proceeds from long-term loans payable	4,000,000	—
Proceeds from issuance of shares	—	3,296,150
Proceeds from sales of treasury stock	57	25
Payments for Commission fees	(10,000)	—
Purchase of treasury shares	(232)	(53)
Cash dividends paid	(622,751)	(622,902)
Net cash provided by (used in) financing activities	1,091,024	562,592
Effect of exchange rate change on cash and cash equivalents	12,342	4,972
Net increase (decrease) in cash and cash equivalents	1,713,653	3,418,206
Cash and cash equivalents at beginning of period	4,653,692	6,367,346
Cash and cash equivalents at end of period	6,367,346	9,785,552