

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

August 10, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 [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: | August 12, 2022 | | |
| Scheduled date of payment of dividend: | - | | |
| Preparation of supplementary materials for financial results: | Yes | | |
| Holding of quarterly financial results meeting: | None | | |

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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 | % |
| June 30, 2022 | 10,168 | 2.6 | (123) | - | (132) | - | (149) | - |
| June 30, 2021 | 9,913 | 7.9 | (226) | - | (208) | - | (19) | - |

Note: Comprehensive income: 1st Quarter of FY2022 (As of June 30, 2022) (143) millions of yen (-%)
1st Quarter of FY2021 (As of June 30, 2021) 719 millions of yen (-%)

| | Net income per share | Diluted net income per share |
|---------------|----------------------|------------------------------|
| | Yen | Yen |
| June 30, 2022 | (4.96) | - |
| June 30, 2021 | (0.76) | - |

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 |
| June 30, 2022 | 23,450 | 15,229 | 64.9 | 504.72 |
| March 31, 2022 | 25,306 | 15,769 | 62.3 | 522.65 |

Reference: Shareholders' equity: As of June 30, 2022 15,229 millions of yen
As of March 31, 2022 15,769 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, 2022 | - | 11.00 | - | 13.00 | 24.00 |
| March 31, 2023 | - | - | - | - | - |
| March 31, 2023 (Forecast) | - | 12.00 | - | 14.00 | 26.00 |

Note: Revisions to the most recently announced forecast: None

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 |

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 June 30, 2022 | 31,293,120 shares |
| As of March 31, 2022 | 31,293,120 shares |

2) Number of treasury stocks:

| | |
|----------------------|------------------|
| As of June 30, 2022 | 1,120,029 shares |
| As of March 31, 2022 | 1,121,429 shares |

3) Number of average shares during the period:

| | |
|----------------------------------|-------------------|
| Three months ended June 30, 2022 | 30,172,327 shares |
| Three months ended June 30, 2021 | 25,560,717 shares |

Note: The number of treasury shares at the end of the period includes the 472,400 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.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2022 | As of June 30, 2022 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,785,552 | 8,633,645 |
| Notes and accounts receivable - trade, and contract assets | 5,843,976 | 4,368,758 |
| Merchandise | 926,504 | 860,836 |
| Work in process | 171,045 | 401,374 |
| Other | 1,146,271 | 1,196,922 |
| Total current assets | 17,873,350 | 15,461,537 |
| Non-current assets | | |
| Property, plant and equipment | 1,948,252 | 1,942,797 |
| Intangible assets | | |
| Goodwill | 433,541 | 415,477 |
| Software | 1,402,455 | 1,229,972 |
| Software in progress | 1,087,907 | 1,230,803 |
| Other | 9,767 | 9,387 |
| Total intangible assets | 2,933,672 | 2,885,641 |
| Investments and other assets | | |
| Deferred tax assets | 255,713 | 312,168 |
| Other | 2,295,681 | 2,848,098 |
| Total investments and other assets | 2,551,395 | 3,160,267 |
| Total non-current assets | 7,433,320 | 7,988,705 |
| Total assets | 25,306,670 | 23,450,243 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 3,559,157 | 2,859,353 |
| Current portion of long-term borrowings | 1,332,000 | 1,332,000 |
| Income taxes payable | 307,727 | 39,910 |
| Provision for bonuses | 172,795 | 76,275 |
| Provision for loss on order received | 17,211 | 35,283 |
| Other | 2,568,636 | 2,948,601 |
| Total current liabilities | 7,957,527 | 7,291,425 |
| Non-current liabilities | | |
| Long-term borrowings | 1,336,000 | 670,000 |
| Net defined benefit liabilities | 8,441 | 14,321 |
| Provision for directors' share-based remuneration | 31,616 | 31,616 |
| Provision for employees' share-based remuneration | 150,660 | 166,776 |
| Other | 53,095 | 47,049 |
| Total non-current liabilities | 1,579,813 | 929,763 |
| Total liabilities | 9,537,341 | 8,221,188 |

(Thousands of yen)

| | As of March 31, 2022 | As of June 30, 2022 |
|---|----------------------|---------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,648,075 | 2,648,075 |
| Capital surplus | 5,659,036 | 5,659,036 |
| Retained earnings | 8,019,596 | 7,471,649 |
| Treasury shares | (614,562) | (613,247) |
| Total shareholders' equity | 15,712,145 | 15,165,513 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 41,509 | 39,451 |
| Foreign currency translation adjustment | 15,674 | 24,090 |
| Total accumulated other comprehensive income | 57,183 | 63,541 |
| Total net assets | 15,769,329 | 15,229,054 |
| Total liabilities and net assets | 25,306,670 | 23,450,243 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

| | Three months ended June 30, 2021 | Three months ended June 30, 2022 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 9,913,471 | 10,168,168 |
| Cost of sales | 8,094,474 | 8,292,953 |
| Gross profit | 1,818,997 | 1,875,215 |
| Selling, general and administrative expenses | 2,045,371 | 1,999,103 |
| Operating income (loss) | (226,374) | (123,888) |
| Non-operating income | | |
| Interest income | 134 | 269 |
| Dividend income | 7,374 | — |
| Commission income | 717 | 722 |
| Equity in earnings of affiliates | 15,767 | 8,416 |
| Subsidy income | 3,002 | 1,728 |
| Other | 727 | 1,478 |
| Total non-operating income | 27,724 | 12,614 |
| Non-operating expenses | | |
| Interest expenses | 3,445 | 1,680 |
| Foreign exchange losses | 319 | 14,807 |
| Commission fees | 5,099 | 4,558 |
| Other | 1,437 | 645 |
| Total non-operating expenses | 10,302 | 21,691 |
| Ordinary income (loss) | (208,952) | (132,965) |
| Extraordinary income | | |
| Gain on sale of shares of subsidiaries | 219,231 | — |
| Total extraordinary income | 219,231 | — |
| Extraordinary losses | | |
| Loss on disposal of noncurrent assets | 271 | 66,975 |
| Office transfer expenses | 124 | — |
| Total extraordinary losses | 395 | 66,975 |
| Income (loss) before income taxes | 9,883 | (199,941) |
| Income taxes - current | 42,258 | 5,126 |
| Income taxes - deferred | (12,799) | (55,511) |
| Total income taxes | 29,459 | (50,385) |
| Net income (loss) | (19,575) | (149,555) |
| Net income (loss) attributable to non-controlling interests | (227) | — |
| Net income (loss) attributable to owners of the parent | (19,347) | (149,555) |

Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | Three months ended June 30, 2021 | Three months ended June 30, 2022 |
|--|-------------------------------------|-------------------------------------|
| Net income (loss) | (19,575) | (149,555) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 738,536 | (2,058) |
| Foreign currency translation adjustment | 921 | 8,415 |
| Total other comprehensive income | 739,457 | 6,357 |
| Comprehensive income | 719,882 | (143,198) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 720,109 | (143,198) |
| Comprehensive income attributable to non-controlling interests | (227) | — |