

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.

February 13, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 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:	February 14, 2023		
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 Nine Months Ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
December 31, 2022	31,167	1.8	493	35.0	487	7.5	(1,050)	-
December 31, 2021	30,612	1.1	365	(13.1)	453	(1.0)	525	121.7

Note: Comprehensive income: 3rd Quarter of FY2022 (As of December 31, 2022) (1,146) millions of yen (-%)
3rd Quarter of FY2021 (As of December 31, 2021) 779 millions of yen (219.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2022	(34.81)	-
December 31, 2021	20.56	-

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
December 31, 2022	21,484	13,857	64.5	459.27
March 31, 2022	25,306	15,769	62.3	522.65

Reference: Shareholders' equity: As of December 31, 2022 13,857 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	-	12.00	-	-	-
March 31, 2023 (Forecast)	-	-	-	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	43,000	0.8	1,600	0.3	1,600	(9.6)	(300)	-	(9.94)

Note: Revisions to the most recently announced forecast: Yes

* 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 December 31, 2022	31,293,120 shares
As of March 31, 2022	31,293,120 shares

2) Number of treasury stocks:

As of December 31, 2022	1,119,749 shares
As of March 31, 2022	1,121,429 shares

3) Number of average shares during the period:

Nine months ended December 31, 2022	30,172,962 shares
Nine months ended December 31, 2021	25,561,068 shares

Note: The number of treasury shares at the end of the period includes the 472,000 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	9,785,552	6,287,010
Notes and accounts receivable - trade, and contract assets	5,843,976	4,801,358
Merchandise	926,504	1,282,873
Work in process	171,045	609,301
Other	1,146,271	1,518,804
Total current assets	17,873,350	14,499,348
Non-current assets		
Property, plant and equipment	1,948,252	1,800,675
Intangible assets		
Goodwill	433,541	379,349
Software	1,402,455	948,431
Software in progress	1,087,907	86,487
Other	9,767	70,091
Total intangible assets	2,933,672	1,484,358
Investments and other assets		
Deferred tax assets	255,713	809,486
Other	2,295,681	2,890,683
Total investments and other assets	2,551,395	3,700,170
Total non-current assets	7,433,320	6,985,204
Total assets	25,306,670	21,484,552
Liabilities		
Current liabilities		
Accounts payable - trade	3,559,157	3,158,947
Current portion of long-term borrowings	1,332,000	1,336,000
Income taxes payable	307,727	77,003
Provision for bonuses	172,795	74,189
Provision for loss on order received	17,211	67,771
Other	2,568,636	2,579,994
Total current liabilities	7,957,527	7,293,906
Non-current liabilities		
Long-term borrowings	1,336,000	—
Net defined benefit liabilities	8,441	6,409
Provision for directors' share-based remuneration	31,616	31,616
Provision for employees' share-based remuneration	150,660	201,993
Other	53,095	92,826
Total non-current liabilities	1,579,813	332,846
Total liabilities	9,537,341	7,626,753

(Thousands of yen)

	As of March 31, 2022	As of December 31, 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	6,202,999
Treasury shares	(614,562)	(612,968)
Total shareholders' equity	15,712,145	13,897,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,509	(62,991)
Foreign currency translation adjustment	15,674	23,649
Total accumulated other comprehensive income	57,183	(39,342)
Total net assets	15,769,329	13,857,799
Total liabilities and net assets	25,306,670	21,484,552

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

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	30,612,278	31,167,563
Cost of sales	24,346,323	24,788,602
Gross profit	6,265,955	6,378,961
Selling, general and administrative expenses	5,900,700	5,885,895
Operating income	365,254	493,065
Non-operating income		
Interest income	401	1,168
Dividend income	7,879	—
Commission income	2,157	2,183
Insurance dividend	4,212	4,236
Subsidy income	29,257	7,233
Equity in earnings of affiliates	63,465	3,726
Gain on investments in partnership	9,284	6,108
Other	4,825	7,768
Total non-operating income	121,484	32,425
Non-operating expenses		
Interest expenses	9,201	4,525
Commission fees	15,321	13,779
Foreign exchange losses	7,026	18,488
Other	1,455	787
Total non-operating expenses	33,005	37,580
Ordinary income	453,733	487,910
Extraordinary income		
Gain on sale of shares of subsidiaries	219,231	—
Gain on sales of investment securities	55,915	—
Total extraordinary income	275,146	—
Extraordinary losses		
Loss on disposal of noncurrent assets	271	66,975
Impairment loss	27,971	—
Loss on system development	—	1,820,028
Office transfer expenses	123	—
Total extraordinary losses	28,366	1,887,003
Income (loss) before income taxes	700,514	(1,399,093)
Income taxes - current	240,233	159,416
Income taxes - deferred	(64,529)	(508,048)
Total income taxes	175,704	(348,631)
Net income (loss)	524,809	(1,050,461)
Net income (loss) attributable to non-controlling interests	(761)	—
Net income (loss) attributable to owners of the parent	525,570	(1,050,461)

(3) Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income (loss)	524,809	(1,050,461)
Other comprehensive income		
Valuation difference on available-for-sale securities	255,133	(104,501)
Foreign currency translation adjustment	(471)	7,975
Total other comprehensive income	254,661	(96,526)
Comprehensive income	779,471	(1,146,987)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	780,232	(1,146,987)
Comprehensive income attributable to non-controlling interests	(761)	—