



February 17, 2023

Company Name: LAC Co., Ltd.

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Stock code: 3857 (TSE Standard)

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Notice Regarding Recording of Extraordinary Loss and Revision of Full-Year to Earnings Forecast

LAC Co., Ltd. (hereinafter, “LAC”) announces that, at a meeting of the Board of Directors held on February 13, 2023, it resolved to book an extraordinary loss in the third quarter of the fiscal year ending March 31, 2023, and to revise its full-year consolidated earnings forecasts, as outlined below.

1. Recording of extraordinary loss

In 2012, LAC absorbed three subsidiaries: Little eArth Corporation Co., Ltd., A&I System Co., Ltd., and IT Crew Co., Ltd. In order to integrate the different systems that had been used at each company and upgrade some of the systems that had become obsolete, in 2018 we started planning and developing a new company backbone system with the aim of bringing it online in October 2020.

However, we were subsequently forced to extend the timeline of this project because of additional developments and other factors, and in recent times, the diversification of working styles driven by teleworking and advancements in cloud-based digitalization, etc. are rapidly transforming the socio-economic environment. Even though it is imperative that we flexibly adapt to changes in our operating environment, we decided to suspend the development of the aforementioned system and build a new one instead, because we determined that the system we had been developing would be incapable of delivering the functionality currently needed.

As a result, we intend to book an extraordinary loss of 1,820 million yen in connection with the development of a company backbone system in the third quarter of the fiscal year ending March 31, 2023. Please note that the rebuilding of a new system will have no impact on the Company’s business operations.

2. Revised full-year consolidated financial results forecast for the fiscal year ended March 31, 2023

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Earnings per share (yen)
Previous forecast (A)	50,000	2,100	2,100	1,410	46.73
Revised forecast (B)	43,000	1,600	1,600	(300)	(9.94)
Difference (B - A)	(7,000)	(500)	(500)	(1,710)	-
Change	(14.0%)	(23.8%)	(23.8%)	-	-
(Reference) Consolidated financial results for fiscal year ended March 31, 2022)	42,660	1,595	1,769	1,401	53.60

3. Reasons for revision

Given the current challenging socio-economic situation of a resurgence of COVID-19 case numbers, depreciation in the Japanese yen, global semiconductor shortages, rising crude oil prices, and the prolonged war in Ukraine, etc., we expect full-year consolidated net sales, operating income, and ordinary income to fall short of our previous forecasts because of lackluster sales of products in both the Security Solutions Services business (SSS business) and the System Integration Services business (SIS business), as well as weaker-than-expected growth in the sales of services.

We also forecast a net loss attributable to owners of the parent owing to the booking of the aforementioned extraordinary loss.