

Translation

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May 13, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [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 Ordinary General Meeting of Shareholders:	June 25, 2024		
Scheduled date of payment of dividend:	June 26, 2024		
Scheduled date of filing of Japanese annual securities report:	June 25, 2024		
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 Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	%
March 31, 2023	49,477	12.4	2,174	22.5	2,153	18.8	1,379	-
March 31, 2022	44,018	3.2	1,775	11.3	1,813	2.5	(147)	-

Note: Comprehensive income: Fiscal Year Ended (As of March 31, 2024) 1,383 millions of yen (-%)
Fiscal Year Ended (As of March 31, 2023) (184) millions of yen (-%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%	%	%
March 31, 2024	45.73	-	9.1	9.3	4.4
March 31, 2023	(4.88)	-	(1.0)	7.6	4.0

Reference: Equity in earnings (losses) of affiliates: Fiscal Year Ended (As of March 31, 2024) (2) millions of yen
Fiscal Year Ended (As of March 31, 2023) 44 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) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	23,770	15,404	64.8	510.51
March 31, 2023	22,572	14,820	65.7	491.17

Reference: Shareholders' equity: As of March 31, 2024 15,404 millions of yen
As of March 31, 2023 14,820 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

	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, 2024	2,177	(708)	(2,134)	5,494
March 31, 2023	136	(1,634)	(2,147)	6,144

2. Dividends

	Dividend per share					Amounts of dividend (total)	Dividend ratio	Dividend on equity
	1Q	2Q	3Q	Fiscal Year-End	Total			
March 31,2023	Yen -	Yen 12.00	Yen -	Yen 14.00	Yen 26.00	Millions of yen 796	% -	% 5.1
March 31,2024	-	12.00	-	14.00	26.00	805	56.9	5.2
March 31,2025 (Forecast)	-	12.00	-	15.00	27.00		54.3	

Note: The total amount of dividends includes the dividends paid (12 millions of yen in the fiscal year ended March 31, 2023; 20 millions of yen in the fiscal year ended March 31, 2024) 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, 2025 (from April 1, 2024 to March 31, 2025)

(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	52,750	6.6	2,180	0.3	2,200	2.1	1,500	8.7	49.71

* Notes

(1) Changes of important subsidiaries during the period

(Changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards: None

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

3) Changes in accounting estimates: Yes

4) Restatements: None

(3) Number of shares issued (common shares)

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

As of March 31, 2024	31,293,120 shares
As of March 31, 2023	31,293,120 shares

2) Number of treasury stocks:

As of March 31, 2024	1,117,999 shares
As of March 31, 2023	1,119,399 shares

3) Number of average shares during the period:

Fiscal year ended March 31, 2024	30,174,597 shares
Fiscal year ended March 31, 2023	30,173,064 shares

Note: The number of treasury shares at the end of the period includes the 793,200 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.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,144,725	5,494,909
Accounts receivable	6,723,341	8,110,491
Merchandise	1,247,095	2,024,081
Work in process	194,679	355,768
Other	1,621,653	1,487,343
Total current assets	15,931,494	17,472,594
Non-current assets		
Property, plant and equipment		
Buildings	1,719,935	1,996,189
Accumulated depreciation	(1,077,570)	(1,294,766)
Buildings, net	642,364	701,422
Structures	45,733	45,733
Accumulated depreciation	(32,845)	(34,361)
Structures, net	12,887	11,371
Tools, furniture and fixture	3,422,820	3,310,012
Accumulated depreciation	(2,457,285)	(2,598,157)
Tools, furniture and fixture, net	965,535	711,855
Land	64,918	64,918
Leased assets	18,889	20,685
Accumulated depreciation	(5,638)	(6,663)
Leased assets, net	13,250	14,022
Construction in progress	1,309	4,000
Total property, plant and equipment	1,700,264	1,507,590
Intangible assets		
Goodwill	361,284	289,027
Software	1,022,962	812,632
Software in progress	9,011	85,491
Leased assets	58,884	77,757
Other	7,533	7,442
Total intangible assets	1,459,678	1,272,352
Investments and other assets		
Investment securities	1,701,121	1,640,661
Leasehold and guarantee deposits	1,157,510	1,224,343
Deferred tax assets	445,370	440,343
Retirement benefit asset	-	4,511
Other	185,211	212,457
Allowance for doubtful accounts	(8,296)	(4,300)
Total investments and other assets	3,480,918	3,518,017
Total non-current assets	6,640,861	6,297,960
Total assets	22,572,356	23,770,554

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	3,303,118	4,006,312
Current portion of long-term borrowings	1,336,000	—
Lease obligations	40,945	64,741
Income taxes payable	190,628	595,405
Contract Liabilities	937,476	1,245,054
Provision for bonuses	164,877	24,907
Provision for loss on order received	87,690	32,280
Asset retirement obligations	—	232,544
Other	1,349,397	1,702,594
Total current liabilities	7,410,134	7,903,839
Non-current liabilities		
Lease obligations	83,997	59,997
Net defined benefit liabilities	7,267	—
Provision for management board benefit trust	31,616	54,762
Provision for employee stock ownership plan trust	219,055	347,254
Total non-current liabilities	341,936	462,014
Total liabilities	7,752,070	8,365,854
Net assets		
Shareholders' equity		
Share capital	2,648,075	2,648,075
Capital surplus	5,659,036	5,816,621
Retained earnings	7,106,213	7,685,432
Treasury shares	(612,633)	(768,951)
Total shareholders' equity	14,800,691	15,381,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,188	(12,915)
Foreign currency translation adjustment	17,406	36,439
Total accumulated other comprehensive income	19,594	23,523
Total net assets	14,820,286	15,404,700
Total liabilities and net assets	22,572,356	23,770,554

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

(Thousands of yen)

	Period ended March 31, 2023	Period ended March 31, 2024
Net sales	44,018,530	49,477,141
Cost of sales	34,407,795	39,390,282
Gross profit	9,610,735	10,086,858
Selling, general and administrative expenses	7,835,733	7,912,313
Operating income	1,775,002	2,174,544
Non-operating income		
Interest income	3,994	5,846
Commission income	2,915	3,003
Subsidy income	15,425	7,302
Penalty income	—	5,560
Equity in earnings of affiliates	44,501	—
Insurance dividend	4,236	4,985
Gain on investments in partnership	6,826	—
Other	8,699	4,795
Total non-operating income	86,600	31,494
Non-operating expenses		
Interest expenses	5,633	1,133
Commission fees	18,148	15,674
Foreign exchange losses	22,696	26,319
Equity in losses of affiliates	—	2,955
Loss on investments in investment partnership	—	3,698
Other	1,725	2,329
Total non-operating expenses	48,204	52,110
Ordinary income	1,813,397	2,153,927
Extraordinary income		
Gain on sales of non-current assets	—	1,899
Gain on sales of investment securities	—	61,265
Total extraordinary income	—	63,165
Extraordinary losses		
Loss on disposal of noncurrent assets	68,082	52
Impairment loss	—	148,811
Loss on system development	1,854,462	—
Loss on valuation of investment securities	27,917	58,569
Loss on valuation of shares of subsidiaries and associates	5,519	—
Loss on valuation of golf club membership	—	4,880
Total extraordinary losses	1,955,981	212,313
Income (loss) before income taxes	(142,584)	2,004,779
Income taxes - current	177,384	613,085
Income taxes - deferred	(172,720)	11,822
Total income taxes	4,663	624,907
Net income (loss)	(147,247)	1,379,872
Net income (loss) attributable to owners of the parent	(147,247)	1,379,872

(3) Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Period ended March 31, 2023	Period ended March 31, 2024
Net income (loss)	(147,247)	1,379,872
Other comprehensive income		
Valuation difference on available-for-sale securities	(39,321)	(15,103)
Foreign currency translation adjustment	1,731	19,033
Total other comprehensive income	(37,589)	3,929
Comprehensive income	(184,836)	1,383,801
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(184,836)	1,383,801

(4) Consolidated Statement of Cash Flow

(Thousands of yen)

	Period ended March 31, 2023	Period ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(142,584)	2,004,779
Depreciation	918,841	1,023,212
Impairment loss	—	148,811
Amortization of goodwill	72,256	72,256
Increase (decrease) in allowance for doubtful accounts	—	(3,996)
Increase (decrease) in provision for bonuses	(7,917)	(139,969)
Increase (decrease) in Provision for loss on order received	70,479	(55,410)
Increase (decrease) in retirement benefit liability	(1,173)	(7,267)
Increase (decrease) in provision for directors' share-based remuneration	—	23,146
Increase (decrease) in provision for employees' share-based remuneration	70,460	129,465
Interest and dividend income	(3,994)	(5,846)
Share of loss (profit) of entities accounted for using equity method	(44,501)	2,955
Interest expenses	5,633	1,133
Foreign exchange losses (gains)	(3,295)	(241)
Loss (gain) on investments in investment partnerships	(6,826)	3,698
Loss (gain) on valuation of investment securities	27,917	58,569
Loss on valuation of shares of subsidiaries and associates	5,519	—
Loss (gain) on sale of investment securities	—	(61,265)
Loss associated with system development	1,854,462	—
Gain on sales of non-current assets	—	(1,899)
Loss on disposal of noncurrent assets	68,082	52
Decrease (increase) in trade receivables	(878,982)	(1,385,558)
Decrease (increase) in inventories	(343,841)	(938,007)
Decrease (increase) in other current assets	(339,933)	(120,988)
Increase (decrease) in notes and accounts payable—trade	(256,039)	703,194
Increase (decrease) in accrued consumption taxes	(180,020)	86,709
Increase (decrease) in other current liabilities	(217,305)	635,411
Other, net	(46,773)	(54,128)
Subtotal	620,463	2,118,817
Interest and dividends received	55,449	52,273
Interest paid	(7,754)	(3,345)
Income taxes paid	(531,478)	(247,350)
Income taxes refund	—	257,130
Net cash provided by (used in) operating activities	136,679	2,177,526

(Thousands of yen)

	Period ended March 31, 2023	Period ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(260,083)	(184,841)
Purchases of software	(602,990)	(442,204)
Purchase of investment securities	(791,070)	(135,000)
Proceeds from sales of investments in securities	—	111,265
Proceeds from share of profits on investments in capital	21,440	12,040
Payments of leasehold and guarantee deposits	(1,567)	(66,640)
Proceeds from refund of leasehold and guarantee deposits	72	1,652
Other	—	(5,100)
Net cash provided by (used in) investing activities	(1,634,200)	(708,828)
Cash flows from financing activities		
Repayments of lease obligations	(22,902)	—
Repayments of long-term borrowings	(1,332,000)	(1,336,000)
Proceeds from sales of treasury stock	—	242,250
Purchase of treasury shares	(136)	(242,250)
Payments for Commission fees	(28,000)	—
Cash dividends paid	(764,927)	(798,982)
Net cash provided by (used in) financing activities	(2,147,966)	(2,134,982)
Effect of exchange rate change on cash and cash equivalents	4,660	16,468
Net increase (decrease) in cash and cash equivalents	(3,640,827)	(649,815)
Cash and cash equivalents at beginning of period	9,785,552	6,144,725
Cash and cash equivalents at end of period	6,144,725	5,494,909