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May 11, 2023

**Summary of Consolidated Financial Results for the  
First Quarter of the Fiscal Year Ending December 31, 2023  
(Three Months Ended March 31, 2023)  
(Under Japanese GAAP)**

Company name: LA Holdings Co., Ltd.  
Listing: Tokyo Stock Exchange  
Securities code: 2986  
URL: <https://www.lahd.co.jp/>  
Representative: Eiichi Wakita, President and Representative Director  
Inquiries: Kazunari Kurihara, Board Director  
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Scheduled date to file quarterly securities report: May 11, 2023  
Scheduled date to commence dividend payments: -  
Preparation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

**1. Consolidated financial results for the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)**

**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2023	4,480	128.1	377	107.5	222	596.6	146	358.2
March 31, 2022	1,964	(42.9)	182	(47.7)	31	(90.3)	31	(85.1)

Note: Comprehensive income For the three months ended March 31, 2023: ¥150 million [230.5%]  
For the three months ended March 31, 2022: ¥45 million [(79.2)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2023	25.19	24.53
March 31, 2022	5.93	5.75

**(2) Consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2023	53,131	10,432	19.4
December 31, 2022	50,669	11,417	22.3

Reference: Equity

As of March 31, 2023: ¥10,287 million

As of December 31, 2022: ¥11,286 million

Note: The provisional accounting treatment for a business combination has been finalized in the first quarter of 2023. All figures as of December 31, 2022 reflect the finalized figures.

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	-	0.00	-	200.00	200.00
Fiscal year ending December 31, 2023	-				
Fiscal year ending December 31, 2023 (Forecast)		0.00	-	210.00	210.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated Outlook for Fiscal Year 2023 (January 1, 2023 – December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year 2023	30,000	64.4	5,500	30.1	4,800	28.7	3,400	0.1	586.79

Note: Revisions to the most recently announced consolidated outlook: None

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: -

Excluded: 1 company (FAN STYLE HD Co., Ltd.)

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period)” on page 8 for further information.

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 8 for further information.

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	5,812,275 shares
As of December 31, 2022	5,794,275 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	- shares
As of December 31, 2022	- shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2023	5,808,717 shares
Three months ended March 31, 2022	5,387,175 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Cautionary statement with respect to forward-looking statements

The above projections are based on information available at the time of release of this report. Actual results could differ significantly from these projections due to a variety of factors. For further details regarding the projections, please refer to page 3, “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements.”

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

A provisional accounting treatment was used in the 2022 consolidated financial statements concerning the acquisition of FAN STYLE HD Co., Ltd. on December 30, 2022. The accounting treatment was finalized in the first quarter of 2023. As a result, comparisons in the first quarter financial statements reflect the reexamination of the allocation of the cost of this acquisition. Comparisons and analysis concerning the end of 2022 are based on monetary figures that reflect the reexamination of the initial allocation of the cost of the acquisition due to the finalization of the provisional accounting treatment.

In the first quarter of 2023, net sales increased 128.1% year on year to 4,480 million yen, the operating profit increased 107.5 % to 377 million yen, the ordinary profit increased 596.6% to 222 million yen and profit attributable to owners of parent increased 358.2% to 146 million yen.

Business segment performance was as follows.

#### Business Segment Sales

Segments	1Q 2022	1Q 2023	Composition	YoY
	(Jan. 1, 2022 – Mar. 31, 2022)	(Jan. 1, 2023 – Mar. 31, 2023)		
	Thousands of yen	Thousands of yen	%	%
Real Estate Sales	1,750,236	4,225,872	94.3	141.4
[New Real Estate Sales]	[1,035,887]	[1,985,760]	44.3	91.7
[Revitalized Real Estate Sales]	[714,349]	[2,240,111]	50.0	213.6
Real Estate Leasing	213,893	245,102	5.5	14.6
Others	-	9,702	0.2	-
Total	1,964,130	4,480,677	100.0	128.1

Note: Sales exclude intersegment sales.

#### (1) New Real Estate Sales

First quarter sales in this segment increased 91.7% year on year to 1,985 million yen and segment profit increased 38.7% to 248 million yen mainly due to completions of sales of condominium units.

#### (2) Revitalized Real Estate Sales

First quarter sales in this segment increased 213.6% year on year to 2,240 million yen and segment profit increased 400.3% to 241 million yen. Sales and earnings were higher mainly because of strong sales of Premium Renovation Series properties, which have sales prices of more than 100 million yen.

#### (3) Real Estate Leasing

First quarter sales in this segment increased 14.6% year on year to 245 million yen and segment profit increased 30.3% to 93 million yen mainly because of the start of leasing income at newly constructed healthcare and other properties.

Note: Segment profit is the segment gross profit minus the segment selling expenses and non-operating expenses.

### (2) Explanation of Financial Position

Assets totaled 53,131 million yen at the end of the first quarter of 2023, an increase of 2,462 million yen from the end of 2022. The factors included a decrease of 2,758 million yen in cash and deposits, an increase of 6,315 million yen in real estate for sale due to purchases of real estate for business operations and the completion of three income-producing development projects.

Liabilities totaled 42,698 million yen at the end of the first quarter of 2023, an increase of 3,447 million yen from the end of 2022. This change included a decrease of 1,044 million yen in income taxes payable, increases of 2,033 million yen in short-term borrowings, 1,372 million yen in current portion of long-term borrowings and 1,634 million yen in long-term borrowings due to the procurement of funds to purchase real estate for business operations and land for real

estate developments.

Net assets totaled 10,432 million yen at the end of the first quarter of 2023, a decrease of 985 million yen from the end of 2022. This change included first quarter profit attributable to owners of parent of 146 million yen and a decrease of 765 million yen in capital surplus mainly due to dividend payments.

### **(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements**

The LA Holdings Group recognizes revenue when the ownership of a project is transferred to a buyer. The size of projects and timing of these transfers of ownership vary during every year, resulting in variations in sales and earnings from quarter to quarter. In the first quarter of 2023, projects where ownership was transferred to buyers were relatively small and there was a small number of these sales. As a result, first quarter performance was low in relation to the forecast for 2023. However, real estate for sale and other components of inventory totaled about 34,700 million yen at the end of the first quarter, which we believe is sufficient for sales and earnings consistent with the forecast for 2023. We expect sales and earnings to be in line with the 2023 forecast as progress continues as planned at projects that are to be sold during the last three quarters of 2023. Consequently, there are no revisions to the 2023 forecast that was announced on February 14, 2023 with results of operations for 2022.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	Fiscal Year 2022 (As of Dec. 31, 2022)	1Q 2023 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	9,482,711	6,724,497
Accounts receivable-trade	4,730	3,083
Real estate for sale	12,495,968	18,811,353
Real estate for sale in process	16,343,214	15,987,721
Other	991,851	837,212
Allowance for doubtful accounts	(1,507)	(900)
Total current assets	39,316,970	42,362,968
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,651,472	5,487,639
Land	4,622,908	4,347,742
Other, net	94,179	107,691
Total property, plant and equipment	10,368,560	9,943,072
Intangible assets	39,913	39,688
Investments and other assets	935,212	777,291
Total non-current assets	11,343,686	10,760,052
Deferred assets	8,580	8,224
Total assets	50,669,236	53,131,245

	(Thousands of yen)	
	Fiscal Year 2022 (As of Dec. 31, 2022)	1Q 2023 (As of Mar. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	547,830	424,705
Short-term borrowings	4,197,600	6,231,200
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	8,948,282	10,320,480
Income taxes payable	1,082,636	37,999
Provision for bonuses	54,650	-
Provision for bonuses for directors (and other officers)	22,200	-
Other	1,205,329	929,051
<b>Total current liabilities</b>	<b>16,068,527</b>	<b>17,953,436</b>
<b>Non-current liabilities</b>		
Bonds payable	920,000	965,000
Long-term borrowings	21,321,997	22,956,793
Asset retirement obligations	112,909	113,061
Other	828,152	710,350
<b>Total non-current liabilities</b>	<b>23,183,060</b>	<b>24,745,205</b>
<b>Total liabilities</b>	<b>39,251,588</b>	<b>42,698,641</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	613,926	618,847
Capital surplus	1,645,001	879,745
Retained earnings	9,043,265	8,800,896
<b>Total shareholders' equity</b>	<b>11,302,193</b>	<b>10,299,489</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(27,064)	(27,372)
Deferred gains or losses on hedges	(6,955)	(6,315)
Foreign currency translation adjustment	18,148	22,142
<b>Total accumulated other comprehensive income</b>	<b>(15,870)</b>	<b>(11,545)</b>
Share acquisition rights	131,324	144,660
<b>Total net assets</b>	<b>11,417,648</b>	<b>10,432,604</b>
<b>Total liabilities and net assets</b>	<b>50,669,236</b>	<b>53,131,245</b>



**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**  
**(Quarterly Consolidated Statement of Income)**  
**(For the Three-month Period)**

	(Thousands of yen)	
	1Q 2022	1Q 2023
	(Jan. 1, 2022 – Mar. 31, 2022)	(Jan. 1, 2023 – Mar. 31, 2023)
Net sales	1,964,130	4,480,677
Cost of sales	1,402,546	3,564,727
Gross profit	561,583	915,950
Selling, general and administrative expenses	379,448	537,993
Operating profit	182,135	377,956
Non-operating income		
Interest income	996	411
Dividend income	-	52
Foreign exchange gains	47,626	6,156
Other	18,644	22,963
Total non-operating income	67,266	29,583
Non-operating expenses		
Interest expenses	91,735	125,102
Commission expenses	52,448	54,739
Amortization of bond issuance expenses	1,134	1,310
Other	72,116	3,708
Total non-operating expenses	217,435	184,860
Ordinary profit	31,967	222,679
Extraordinary income		
Gain on sale of investment securities	-	7,475
Total extraordinary income	-	7,475
Profit before income taxes	31,967	230,155
Income taxes-current	9,495	34,595
Income taxes - deferred	(9,456)	49,251
Total income taxes	39	83,847
Profit	31,927	146,308
Profit attributable to owners of parent	31,927	146,308

**(Quarterly Consolidated Statement of Comprehensive Income)**  
**(For the Three-month Period)**

	(Thousands of yen)	
	1Q 2022 (Jan. 1, 2022 – Mar. 31, 2022)	1Q 2023 (Jan. 1, 2023 – Mar. 31, 2023)
Profit	31,927	146,308
Other comprehensive income		
Valuation difference on available-for-sale securities	1,773	(308)
Deferred gains or losses on hedges	728	639
Foreign currency translation adjustment	11,150	3,993
Total other comprehensive income	13,651	4,324
Comprehensive income	45,579	150,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	45,579	150,632
Comprehensive income attributable to non-controlling interests	-	-

**(3) Notes to Quarterly Consolidated Financial Statements****(Going Concern Assumption)**

Not applicable.

**(Significant Changes in Shareholders' Equity)**

Not applicable.

**(Changes in Significant Subsidiaries during the Period)**

In the first quarter of 2023, consolidated subsidiary FAN STYLE HD Co., Ltd. was dissolved and removed from the scope of consolidation following its merger with consolidated subsidiary FAN STYLE Co., Ltd., which is the surviving company of this absorption-type merger.

**(Changes in Accounting Policies)**

(Application of the Implementation Guidance on the Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Implementation Guidance on the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures in Paragraph 27-2 of the Implementation Guidance on the Accounting Standard for Fair Value Measurement. There is no effect of the application of this guidance on the quarterly consolidated financial statements.

**(Segment Information)**

I 1Q 2022 (Jan. 1, 2022 – Mar. 31, 2022)

1. Information related to sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Others (Note)	Total
	New Real Estate Sales	Revitalized Real Estate Sales	Real Estate Leasing	Sub-total		
Net sales						
Sales to customers	1,035,887	714,349	213,893	1,964,130	-	1,964,130
Inter-segment sales or transfers	-	-	-	-	20,521	20,521
Total	1,035,887	714,349	213,893	1,964,130	20,521	1,984,652
Segment profit	178,836	48,315	71,987	299,139	20,521	319,661

Note: Others represent the businesses which are not included in any of the reportable segments and consist of the brokerage business.

2. Difference between total amounts for reportable segments and amounts recorded in the quarterly consolidated financial statements, and primary items of such difference (items related to the difference adjustments)

(Thousands of yen)

Profit	Amount
Total for reportable segments	299,139
Profit classified as "Others"	20,521
Eliminations for inter-segment transactions	(20,521)
Corporate expenses (Note)	(267,172)
Ordinary profit on the quarterly consolidated statement of income	31,967

Note: Corporate expenses consist mainly of general and administrative expenses, and non-operating expenses that cannot be attributed to any of the reportable segments.

3. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Not applicable.

II 1Q 2023 (Jan. 1, 2023 – Mar. 31, 2023)

## 1. Information related to sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Others (Note)	Total
	New Real Estate Sales	Revitalized Real Estate Sales	Real Estate Leasing	Sub-total		
Net sales						
Sales to customers	1,985,760	2,240,111	245,102	4,470,975	9,702	4,480,677
Inter-segment sales or transfers	-	-	-	-	86,496	86,496
Total	1,985,760	2,240,111	245,102	4,470,975	96,198	4,567,173
Segment profit	248,041	241,725	93,819	583,585	95,070	678,655

Note: Others represent the businesses which are not included in any of the reportable segments and consist of the brokerage business.

## 2. Difference between total amounts for reportable segments and amounts recorded in the quarterly consolidated financial statements, and primary items of such difference (items related to the difference adjustments)

(Thousands of yen)

Profit	Amount
Total for reportable segments	583,585
Profit classified as "Others"	95,070
Eliminations for inter-segment transactions	(86,496)
Corporate expenses (Note)	(369,479)
Ordinary profit on the quarterly consolidated statement of income	222,679

Note: Corporate expenses consist mainly of general and administrative expenses, and non-operating expenses that cannot be attributed to any of the reportable segments.

## 3. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Not applicable.

**Subsequent Events**

## Issuance of Stock Options

## a. LA Holdings No. 13 Share Acquisition Rights

On April 13, 2023, the LA Holdings Board of Directors approved a resolution to issue number 13 share acquisition rights for use as stock options for remuneration of directors in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act. The share acquisition rights were issued on April 28, 2023.

## 1. Reason for the issuance of share acquisition rights as stock options

The issuance of stock options for use as stock remuneration for directors is for the purposes of increasing motivation to achieve medium to long-term growth of sales and earnings and of conducting business operations with even greater emphasis on the interests of shareholders.

## 2. Terms and conditions of issuance of share acquisition rights

## (1) Individuals to receive the share acquisition rights

Three directors of LA Holdings

## (2) Number of share acquisition rights

350

## (3) Class and number of shares to be issued upon exercise of share acquisition rights

35,000 shares of common stock of LA Holdings

## (4) Payment for share acquisition rights

The issue price for one share acquisition right is 276,300 yen. (2,763 yen per share)

This issue price is the fair value of a share acquisition right based on the Black-Scholes model as of the allotment date. LA Holdings will pay persons who receive these share acquisition rights an amount equal to the amount to be paid for the rights they receive. The right to receive this remuneration will be offset by the obligation to pay the amount due for the share acquisition rights received.

(5) Allotment date of share acquisition rights  
April 28, 2023

b. LA Holdings No. 14 Share Acquisition Rights

On April 13, 2023, the LA Holdings Board of Directors approved a resolution to issue number 14 share acquisition rights for use as stock options for remuneration of employees of LA Holdings (including Executive Officers) and a director and employees of an LA Holdings subsidiary in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act. The share acquisition rights were issued on April 28, 2023.

1. Reason for the issuance of share acquisition rights as stock options

The issuance of stock options for use as stock remuneration for employees of LA Holdings and a director and employees of an LA Holdings subsidiary is for the purposes of increasing motivation to achieve the earnings targets of the medium-term business plan, using the stock price to strengthen the awareness of involvement in management, and giving these individuals the same potential benefit of a higher stock price and risk of a lower stock price as for other shareholders. The overall objective is to further increase their motivation to contribute to the medium to long-term growth of corporate value. The stock options can be exercised beginning three years after the allotment date. We believe this will provide an incentive to contribute to long-term increases in the LA Holdings Group's sales and earnings and stock price as well as help retain key personnel.

2. Terms and conditions of issuance of share acquisition rights

(1) Individuals to receive the share acquisition rights

Three employees of LA Holdings

One director of a LA Holdings subsidiary

Five employees of a LA Holdings subsidiary

(2) Number of share acquisition rights

37

(3) Class and number of shares to be issued upon exercise of share acquisition rights

3,700 shares of common stock of LA Holdings

(4) Payment for share acquisition rights

The issue price for one share acquisition right is 269,200 yen. (2,692 yen per share)

This issue price is the fair value of a share acquisition right based on the Black-Scholes model as of the allotment date. LA Holdings will pay its employees who receive these share acquisition rights an amount equal to the amount to be paid for the rights they receive. The right to receive this remuneration will be offset by the obligation to pay the amount due for the share acquisition rights received. The director and employees of a subsidiary who receive share acquisition rights will receive from the subsidiary an amount equal to the amount to be paid for the rights they receive. The subsidiary's obligation to make this payment will be assumed by LA Holdings and the right to receive this remuneration will be offset by the obligation to pay the amount due for the share acquisition rights received.

(5) Allotment date of share acquisition rights

April 28, 2023

*\* This financial report is solely a translation of summary of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*