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May 15, 2025

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2025 (Three Months Ended March 31, 2025) (Under Japanese GAAP)

Company name: LA Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange, Fukuoka Stock Exchange
 Securities code: 2986
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	8,336	5.9	1,175	33.9	956	35.1	673	41.1
March 31, 2024	7,872	75.7	877	132.2	708	218.0	477	226.1

Note: Comprehensive income For the three months ended March 31, 2025: ¥683 million [44.0%]
 For the three months ended March 31, 2024: ¥474 million [215.1%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2025	109.04	107.18
March 31, 2024	76.39	74.77

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	78,424	17,628	22.2
December 31, 2024	71,247	18,131	25.2

Reference: Equity As of March 31, 2025: ¥17,442 million
 As of December 31, 2024: ¥17,956 million

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, 2024	-	0.00	-	292.00	292.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		165.00	-	165.00	330.00

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

3. Consolidated outlook for 2025 (from January 1, 2025 to December 31, 2025)

(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 2025	51,000	14.1	8,200	6.5	7,400	8.1	5,100	8.2	828.09

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - Excluded: -

(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, 2025	6,308,875 shares
As of December 31, 2024	6,308,875 shares

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

As of March 31, 2025	50,229 shares
As of December 31, 2024	150,136 shares

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

Three months ended March 31, 2025	6,175,947 shares
Three months ended March 31, 2024	6,246,639 shares

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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. Overview of Results of Operations, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements.”

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1. Overview of Results of Operations

(1) Results of Operations

In the first quarter of 2025, net sales increased 5.9% year on year to 8,336 million yen, operating profit increased 33.9% to 1,175 million yen, ordinary profit increased 35.1% to 956 million yen and profit attributable to owners of parent increased 41.1% to 673 million yen.

Business segment performance was as follows.

Reportable segments have been reclassified since the first quarter of the fiscal year ending December 31, 2025. Accordingly, figures a year earlier were reclassified in a new segment in the following year-on-year comparison.

Business Segment Sales

Segments	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)	Composition	YoY
	Thousands of yen	Thousands of yen	%	%
DX New Real Estate	839,682	2,152,783	25.8	156.4
DX Revitalized Real Estate	6,712,402	2,459,154	29.5	(63.4)
DX Real Estate Value Improvement	50,253	3,466,630	41.6	-
Real Estate Leasing	231,489	254,006	3.1	9.7
Others	38,991	3,600	0.0	(90.8)
Total	7,872,819	8,336,175	100.0	5.9

Notes: 1. Sales exclude intersegment sales.

2. The year-on-year change for the DX Real Estate Value Improvement is not shown because it exceeds 1,000%.

1) DX New Real Estate

Sales in the first quarter of 2025 in this segment increased by 156.4% year on year to 2,152 million yen, and segment profit increased to 691 million yen, compared with profit of 4 million yen one year earlier. This was primarily driven by sale of the income-producing development category “A*G Shimokitazawa.”

2) DX Revitalized Real Estate

Sales in the first quarter of 2025 in this segment decreased by 63.4% year on year to 2,459 million yen, and segment profit decreased by 69.7% to 316 million yen. The Premium Renovation series of high-end condominiums accounted for a large share of sales and earnings.

3) DX Real Estate Value Improvement

Sales in the first quarter of 2025 in this segment were 3,466 million yen, compared with 50 million yen one year earlier, and segment profit was 314 million yen, compared with a loss of 4 million yen one year earlier. This was mainly due to the completion of a land value improvement project.

4) Real Estate Leasing

Sales in the first quarter of 2025 in this segment increased by 9.7% year on year to 254 million yen, and segment profit increased by 22.4% to 122 million yen. This was mainly due to stable operations at the leased healthcare facilities and other properties owned.

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

(2) Financial Position

Assets totaled 78,424 million yen at the end of the first quarter of 2025, an increase of 7,176 million yen from the end of 2024. This change included a decrease of 3,812 million yen in cash and deposits and increases of 6,922 million yen in real estate for sale and 3,203 million yen in real estate for sale in process.

Liabilities totaled 60,795 million yen at the end of the first quarter of 2025, an increase of 7,679 million yen from the end of 2024. This change included a decrease of 1,722 million yen in income taxes payable and increases of 1,091 million yen in accounts trade payable and 8,052 million yen in the current portion of long-term borrowings.

Net assets totaled 17,628 million yen at the end of the first quarter of 2025, a decrease of 502 million yen from the end of 2024. This change included profit attributable to owners of parent of 673 million yen, a decrease of 1,798 million yen in capital surplus due to dividend payments and a decrease of 434 million yen in treasury shares due to exercise of share acquisition rights.

(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 each year, resulting in fluctuations in sales and earnings from quarter to quarter. First quarter performance was low in relation to the forecast for 2025. However, real estate for sale and other components of inventory totaled about 57,400 million yen at the end of the first quarter of 2025, which we believe is sufficient to achieve sales and earnings consistent with the forecast for 2025. We expect sales and earnings to be in line with the 2025 forecast as progress continues as planned at projects that are to be sold during the last three quarters of 2025. Consequently, there are no revisions to the 2025 forecast that was announced on February 14, 2025 with results of operations for 2024.

In prior years, LA Holdings paid only a year-end dividend. Due to progress in strengthening business operations and financial soundness, the decision has been made to start paying an interim dividend as a way to provide another opportunity to distribute earnings to shareholders. There is no change to the current annual dividend forecast of 330.00 yen per share for 2025. More information is in the press release dated March 28, 2025, (Japanese version only) titled “Notice of Start of Interim Dividend and Dividend Forecast Revision.”

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

	(Thousands of yen)	
	2024	1Q 2025
	(As of Dec. 31, 2024)	(As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	13,545,096	9,733,093
Accounts receivable-trade	398	398
Real estate for sale	18,041,579	24,964,182
Real estate for sale in process	29,317,991	32,521,963
Other	2,236,974	2,658,400
Allowance for doubtful accounts	(900)	(900)
Total current assets	63,141,140	69,877,137
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,364,616	3,867,200
Land	3,100,970	3,100,970
Other, net	271,594	266,168
Total property, plant and equipment	6,737,180	7,234,339
Intangible assets	41,587	41,232
Investments and other assets	1,319,602	1,264,071
Total non-current assets	8,098,370	8,539,643
Deferred assets	8,279	7,343
Total assets	71,247,790	78,424,124

	(Thousands of yen)	
	2024	1Q 2025
	(As of Dec. 31, 2024)	(As of Mar. 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	626,045	1,717,302
Short-term borrowings	11,489,365	12,211,752
Current portion of bonds payable	110,000	105,000
Current portion of long-term borrowings	8,833,842	16,886,516
Income taxes payable	1,949,463	227,125
Provision for bonuses	130,807	-
Provision for bonuses for directors (and other officers)	50,000	-
Other	1,596,364	1,705,188
Total current liabilities	24,785,888	32,852,885
Non-current liabilities		
Bonds payable	620,000	620,000
Long-term borrowings	26,903,181	26,489,102
Asset retirement obligations	114,124	114,277
Other	693,055	719,130
Total non-current liabilities	28,330,361	27,942,510
Total liabilities	53,116,249	60,795,396
Net assets		
Shareholders' equity		
Share capital	1,505,755	1,000,000
Capital surplus	1,766,653	641,226
Retained earnings	15,343,583	16,016,635
Treasury shares	(652,843)	(218,479)
Total shareholders' equity	17,963,149	17,439,382
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,581)	2,915
Deferred gains or losses on hedges	(1,381)	48
Total accumulated other comprehensive income	(6,963)	2,963
Share acquisition rights	175,353	186,382
Total net assets	18,131,540	17,628,727
Total liabilities and net assets	71,247,790	78,424,124

(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 2024	1Q 2025
	(Jan. 1, 2024 – Mar. 31, 2024)	(Jan. 1, 2025 – Mar. 31, 2025)
Net sales	7,872,819	8,336,175
Cost of sales	6,183,449	6,530,934
Gross profit	1,689,369	1,805,241
Selling, general and administrative expenses	811,688	629,990
Operating profit	877,680	1,175,250
Non-operating income		
Interest income	101	3,939
Dividend income	-	50,000
Other	10,119	16,574
Total non-operating income	10,220	70,513
Non-operating expenses		
Interest expenses	147,501	200,151
Commission expenses	12,616	52,041
Share of loss of entities accounted for using equity method	9,313	14,060
Amortization of bond issuance expenses	1,310	936
Other	9,019	21,900
Total non-operating expenses	179,761	289,090
Ordinary profit	708,139	956,674
Profit before income taxes	708,139	956,674
Income taxes-current	199,205	212,519
Income taxes-deferred	31,773	70,735
Total income taxes	230,978	283,254
Profit	477,160	673,419
Profit attributable to owners of parent	477,160	673,419

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

	(Thousands of yen)	
	1Q 2024	1Q 2025
	(Jan. 1, 2024 – Mar. 31, 2024)	(Jan. 1, 2025 – Mar. 31, 2025)
Profit	477,160	673,419
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,870)	8,496
Deferred gains or losses on hedges	1,409	1,429
Total other comprehensive income	(2,460)	9,926
Comprehensive income	474,699	683,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	474,699	683,346
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements**(Changes in Accounting Policies)**

The Accounting Standard for Current Income Taxes, etc. (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) and others have been applied from the beginning of the first quarter of 2025. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been applied from the beginning of the first quarter of 2025. This change in accounting policies was applied retrospectively. Hence, the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year are after retrospective application. This change in accounting policies has no impact on the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year.

(Segment and Other Information)**Segment Information**

I 1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)

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

	Reportable segment					Others (Note)	Total
	DX New Real Estate	DX Revitalized Real Estate	DX Real Estate Value Improvement	Real Estate Leasing	Sub-total		
Net sales							
Sales to customers	839,682	6,712,402	50,253	231,489	7,833,828	38,991	7,872,819
Inter-segment sales or transfers	-	-	-	-	-	198,666	198,666
Total	839,682	6,712,402	50,253	231,489	7,833,828	237,657	8,071,486
Segment profit (loss)	4,251	1,043,805	(4,172)	100,383	1,144,267	235,729	1,379,997

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	1,144,267
Profit classified as “Others”	235,729
Eliminations for inter-segment transactions	(198,666)
Corporate expenses (Note)	(473,191)
Ordinary profit on the quarterly consolidated statement of income	708,139

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 2025 (Jan. 1, 2025 – Mar. 31, 2025)

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

	Reportable segment					Others (Note)	Total
	DX New Real Estate	DX Revitalized Real Estate	DX Real Estate Value Improvement	Real Estate Leasing	Sub-total		
Net sales							
Sales to customers	2,152,783	2,459,154	3,466,630	254,006	8,332,575	3,600	8,336,175
Inter-segment sales or transfers	-	-	-	-	-	93,905	93,905
Total	2,152,783	2,459,154	3,466,630	254,006	8,332,575	97,506	8,430,081
Segment profit	691,213	316,752	314,089	122,895	1,444,951	95,097	1,540,049

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	1,444,951
Profit classified as "Others"	95,097
Eliminations for inter-segment transactions	(93,905)
Corporate expenses (Note)	(489,469)
Ordinary profit on the quarterly consolidated statement of income	956,674

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. Matters related to changes in reportable segment

Change in segment classification

In previous years, there were three reportable segments: New Real Estate, Revitalized Real Estate and Real Estate Leasing. Beginning in the first quarter of 2025, business operations are divided into four reportable segments: DX New Real Estate, DX Revitalized Real Estate, DX Real Estate Value Improvement and Real Estate Leasing.

The LA Group has declared 2025 as a new phase of accelerated growth and is using numerous initiatives to accomplish this goal. The DX Real Estate Value Improvement business has been added as a new separate reportable segment because of the growing scale of business operations involving the planning and sales of land, which was previously included in the former New Real Estate segment, and investment project operations, which were previously included in the former Revitalized Real Estate segment. Other revisions were also made for the purpose of using segments that more accurately reflect business operations.

The segment information for the first quarter of 2024 has been restated in the reportable segments after the revisions.

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

Not applicable.

(Significant Changes in Shareholders' Equity)

Reduction in Share Capital and Capital Reserve

At the 5th Ordinary General Meeting of Shareholders held on March 28, 2025, the directors approved a resolution to reduce share capital and capital reserve, which came into effect on March 28, 2025. As a result, share capital and capital surplus decreased 505,755 thousand yen and 1,516,653 thousand yen, respectively, and other capital surplus increased 2,022,408 thousand yen.

Disposal of Treasury Shares from Exercise of Share Acquisition Rights

Other capital surplus increased 167,170 thousand yen and treasury shares decreased 434,900 thousand yen in the first quarter of 2025 as a result of the disposal of treasury shares from exercise of share acquisition rights.

As a result, share capital, capital surplus and treasury shares were 1,000,000 thousand yen, 641,226 thousand yen and 218,479 thousand yen, respectively, at the end of the first quarter of 2025.

(Going Concern Assumption)

Not applicable.

(Quarterly Consolidated Statement of Cash Flows)

A quarterly consolidated statement of cash flows for the first three months of 2025 has not been prepared. Depreciation (includes amortization expenses related to intangible assets) for the first three months of each year is as follows.

	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)
Depreciation	60,659 thousand yen	48,907 thousand yen

(Subsequent Events)**Issuance of New Shares as Restricted Stock Compensation Plan**

The Board of Directors of LA Holdings approved a resolution on April 10, 2025, to issue new shares as described below. The payment for the new shares was completed on May 9, 2025.

1. Outline of the issuance

(1) Payment date	May 9, 2025
(2) Class and number of shares to be issued	17,000 shares of the Company's common stock
(3) Issue price	6,160 yen per share
(4) Total amount of issued shares	104,720,000 yen
(5) Recipients of restricted stock and number of shares to be allotted	Three Directors (excluding Outside Directors) of the Company: 16,000 shares. Two Operating Officers: 600 shares Two employees: 400 shares
(6) Other items	With respect to the issuance of new shares, LA Holdings has submitted an extraordinary report in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reasons for the issuance of new shares

At the Board of Directors' meeting held on February 14, 2024, the directors approved a resolution to establish a restricted stock compensation plan (the Compensation Plan) for the purposes of giving eligible directors (including the eligible operating officer and employees, same hereafter) an incentive for achieving the sustained growth of LA Holdings' corporate value and of further aligning the interests of eligible directors with the interests of shareholders. Directors who are eligible to receive this remuneration are the members of Board of Directors of LA Holdings other than outside directors, and operating officers who do not concurrently serve as directors of LA Holdings, and employees. In addition, at the 4th Ordinary General Meeting of Shareholders held on March 28, 2024, shareholders approved measures that include the following actions based on the terms of the Compensation Plan as remuneration for the purpose of granting restricted stock to eligible directors. (1) Eligible directors will receive up to 100 million yen of monetary claims each year. (2) Up to 100,000 shares of LA Holdings common stock will be issued and/or treasury stock will be used each year. (3) The period during which restricted stock cannot be sold or transferred is three years, beginning on the day the restricted stock was received.

Acquisition and Cancellation of Rights

On April 22, 2025, the LA Holdings Board of Directors approved a resolution to acquire and immediately cancel all remaining 16th share acquisition rights (with fixed exercise price) that were sold to Macquarie Bank Limited on August 26, 2024, by using a third-party allotment.

1. Share acquisition rights to be acquired and canceled.

(1) Share acquisition rights	LA Holdings 16th Share Acquisition Rights (with fixed exercise price)
(2) Allotment date of share acquisition rights	August 26, 2024
(3) Share acquisition rights issued	1,000
(4) Rights exercised	0
(5) Exercise period	August 27, 2024, to August 27, 2027
(6) Rights to be acquired and canceled	1,000
(7) Acquisition price and total cost	1,240 yen per share acquisition right Total of 1,240,000 yen
(8) Share acquisition rights remaining after cancellation	0

Note: The number of rights to be acquired and canceled and the total cost may differ from the figures in this table if any of these rights are exercised prior to the acquisition date below. This information is correct as of May 14, 2025.

2. Reason for acquisition and cancellation of rights

As was announced on August 9, 2024, in a press release titled “Notice of Third-party Allotment of 15th and 16th Share Acquisition Rights (with fixed exercise price),” LA Holdings issued these share acquisition rights on August 26, 2024, and sold the rights by using a third-party allotment. As of May 14, 2025, none of the 16th share acquisition rights had been exercised. The exercise of all 15th share acquisition rights was completed on March 25, 2025, resulting in total proceeds of 600,000,000 yen.

As was announced on August 9, 2024, LA Holdings has the goal of sustained growth accompanied by the steady growth of sales and earnings and the scale of business operations. Achieving this growth will require using M&A or strategic alliances. Consequently, LA Holdings plans to make substantial investments for M&A deals and strategic alliances to expand the scale of operations and growing consistently. These investments will target companies that have significant potential synergies with the LA Group and companies where business growth can contribute to the economic vitality of the regions where they operate. There have been no revisions to this goal and the measures needed to achieve it. Furthermore, there is no change in the plan to use funds procured from the course of the 15th and 16th to share acquisition rights for investments for growth involving M&A and strategic alliances.

The price of LA Holdings stock has remained above the 6,600-yen exercise price of the 16th share acquisition rights. Due to the relatively impressive performance of the stock, LA Holdings has determined that it is possible to wait for Macquarie Bank to exercise these rights. LA Holdings expects to have many opportunities for investments in companies with excellent prospects for synergies with the LA Group and the ability to contribute to the economic vitality of the regions where they operate. Currently, studies and negotiations are under way concerning several investments. As a result, there is a need for LA Holdings to restructure its financial and capital strategies. Based on current market conditions and other considerations, LA Holdings reached the decision to stop procuring funds from the exercise of the 16th share acquisition rights in order to place priority on determining fund procurement methods that are better suited to supporting the LA Group’s growth strategy. LA Holdings believes that this decision is also in the best interests of current shareholders.

As a result, the conditions for the acquisition of the 16th share acquisition rights, as stipulated in the issuance terms, have been met. Consequently, LA Holdings has determined to acquire and cancel all remaining rights as provided for in Article 273-1 and Article 274-1 of the Companies Act and in the terms for these rights (Paragraph 14 of the issuing terms).

3. Date of acquisition and retirement

May 19, 2025 (tentative)

4. Outlook

The acquisition and cancelation of these share acquisition rights will have a negligible effect on the consolidated financial statements.

There is no change in the LA Group’s plan to make substantial investments for growth that involve M&A deals and strategic alliances. If there is a need to procure additional funds for an M&A deal or strategic alliance, we will consider a variety of procurement methods, including the use of loans or capital markets, and make decisions based on the cost of procurement, market conditions and other factors.