

LAC
supports your **B**usiness

*We provide IT total solutions
based on advanced security technologies.*



Financial Results for 3Q ended December 31, 2017

JSOC JAPAN SECURITY OPERATION CENTER

February 5, 2018

LAC Co., Ltd.

Corporate Communications Department
Corporate Planning Division

A background image showing the interior of the Japan Security Operation Center (JSOC). It features several operators in white uniforms working at computer workstations. The room has large windows and modern equipment. A curved white desk in the foreground has the JSOC logo and name on it.

1. Outline of Financial Results for 3Q ended December 31, 2017

2. Forecast for Fiscal 2017

Highlights of 3 Q(Apr.-Dec.) Consolidated Financial Results (YoY comparison)



(Million yen)

Subject	2017/3	2018/3	YoY comparison	
	3Q	3Q	Difference	Change(%)
Net sales	26,034	26,786	+ 751	+ 2.9
Operating income	1,268	755	-513	-40.5
Operating income ratio (%)	4.9	2.8	-2.1p	-
Ordinary income	1,267	811	-456	-36.0
Ordinary income ratio (%)	4.9	3.0	-1.8p	-
Net income attributable to owners of parent	716	421	-294	-41.1

Point

【Net sales】

- SSS segment +823
(all subsegment increased)
- SIS segment -132
(Sales increased expect for IT maintenance subsegment)

【Operating income】

- Decreased by increase of expenses for expanding strategic investments for growth
- Gross profit -166
 - SG&A expenses +80

【Net income attributable to owners of parent】

- Ordinary income -191
(Increase of equity earnings of affiliate companies + 38)

Business Results by Segment for 3Q(Apr. - Dec.) (YoY comparison)



(Million yen)

Sales	2017/3	2018/3	YoY comparison	
	3Q	3Q	Difference	Change(%)
Security Solutions Services (SSS) business	7,497	8,425	+927	+12.4
System Integration Services (SIS) business	18,536	18,361	-175	-0.9
Total	26,034	26,786	+751	+2.9

(Million yen)

Segment margin	2017/3	2018/3	YoY comparison	
	3Q	3Q	Difference	Change(%)
Security Solutions Services (SSS) business	1,453	994	-459	-31.6
System Integration Services (SIS) business	1,524	1,680	+155	+10.2
Elimination and Corporate (adjustments)	-1,710	-1,919	-208	-
Total	1,268	755	-513	-40.5

Consolidated Balance Sheet at the end of 3Q



(Million yen)

Subject	As of March 31, 2017	As of December 31, 2017	Change from March 31, 2017
Total Assets	18,722	18,285	-437
Current assets	14,345	13,462	-883
Noncurrent assets	4,377	4,823	+446
Total Liabilities	9,082	9,014	-68
Current liabilities	8,291	8,543	+252
Noncurrent liabilities	791	471	-320
Total net assets	9,639	9,270	-369
Cash and deposit	4,969	3,931	-1,037
Interest-bearing debt	1,382	1,034	-348
Shareholders' equity ratio	51.5%	50.7%	-0.8p

Point

Assets

【Current assets】

•Notes and accounts receivable-trade	-1,548
•Cash and deposit	-1,037
•Work in process	+651
•Prepaid expenses	+558
•Merchandise	+393

【Noncurrent assets】

•Investments and other assets	+592
•Net Property, plant and equipment	+326
•Goodwill	-399

Liabilities

【Current liabilities】

•Advances received	+1,091
•Accounts payable	-691

【Noncurrent liabilities】

•Long-term debt	-267
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net assets

【net assets】

•Retained earnings	-379
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A background image showing a control room with several people working at computer monitors. The room has large windows and a modern, professional appearance. The text "1. Outline of Financial Results for the 3Q ended December 31, 2017" is overlaid in a large, white, serif font.

1. Outline of Financial Results
for the 3Q ended December
31, 2017

2. Forecast for Fiscal 2017

No Revisions to the Forecast Announced on
May 10, 2017

Forecast for Fiscal 2017 (YoY Comparison)



(Million yen)

Subject	2017/3	2018/3	YoY comparison	
	Results	Forecast	Difference	Change(%)
Net sales	37,109	40,000	+2,890	7.8
Operating income	2,446	2,450	+3	0.1
Operating income ratio (%)	6.6	6.1	-0.5 p	-
Ordinary income	2,464	2,440	-24	-1.0
Net income attributable to owners of parent	1,491	1,520	+28	1.9
ROE (%)	16.3	15.0	-1.3p	-

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【Net sales】

・SSS segment +3,216

→All subsegment increase YoY

・SIS segment -326

→Increase YoY expect for IT maintenance subsegment

【Operating income】

・Gross profit +0.3billion yen

・SG&A expenses +0.3billion yen

Business forecast by Segment (YoY Comparison)



(Million yen)

Sales	2017/3	2018/3	YoY comparison	
	Results	Forecast	Difference	Change(%)
Security Solutions Services (SSS) business	11,783	15,000	3,216	27.3
System Integration Services (SIS) business	25,326	25,000	-326	-1.3
Total	37,109	40,000	2,890	7.8

(Million yen)

Segment margin	2017/3	2018/3	YoY comparison	
	Results	Forecast	Difference	Change(%)
Security Solutions Services (SSS) business	2,588	2,660	71	2.8
System Integration Services (SIS) business	2,197	2,435	237	10.8
Elimination and Corporate (adjustments)	-2,339	-2,645	-306	-
Total	2,446	2,450	+3	0

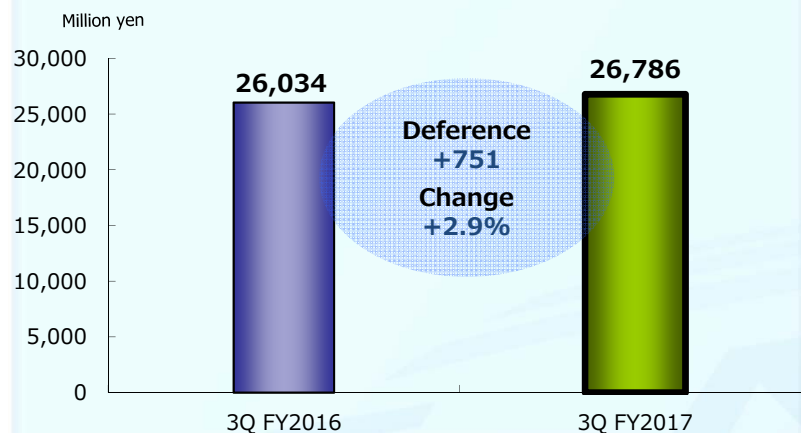
Reference

Financial Results for 3Q (Apr. - Dec.)

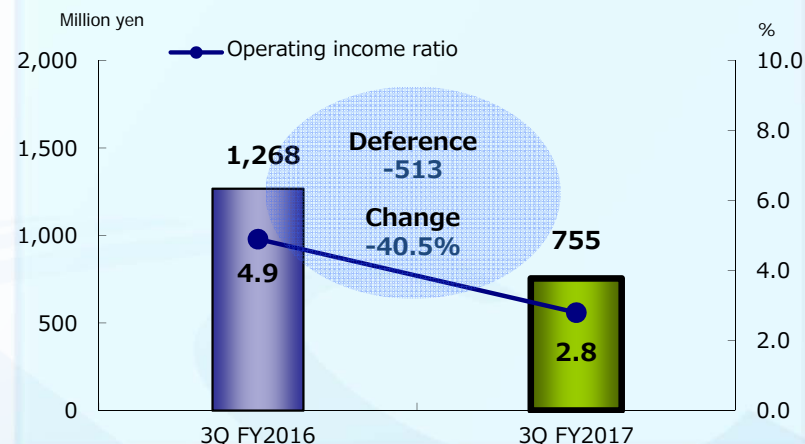


YoY

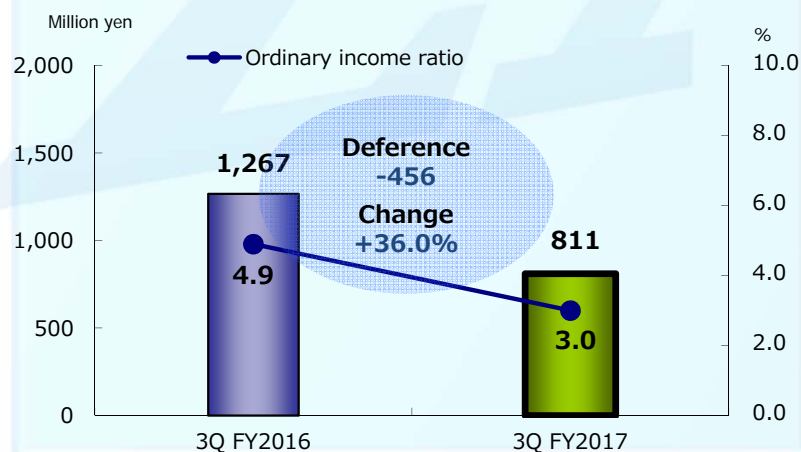
Net sales



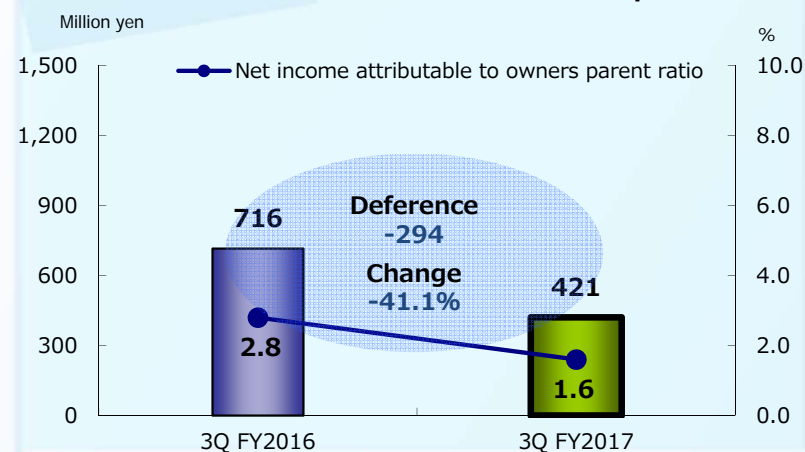
Operating income



Ordinary income



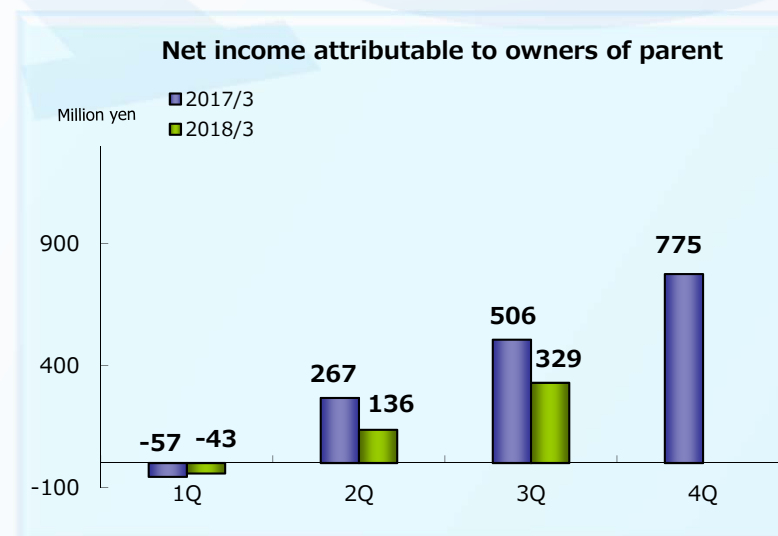
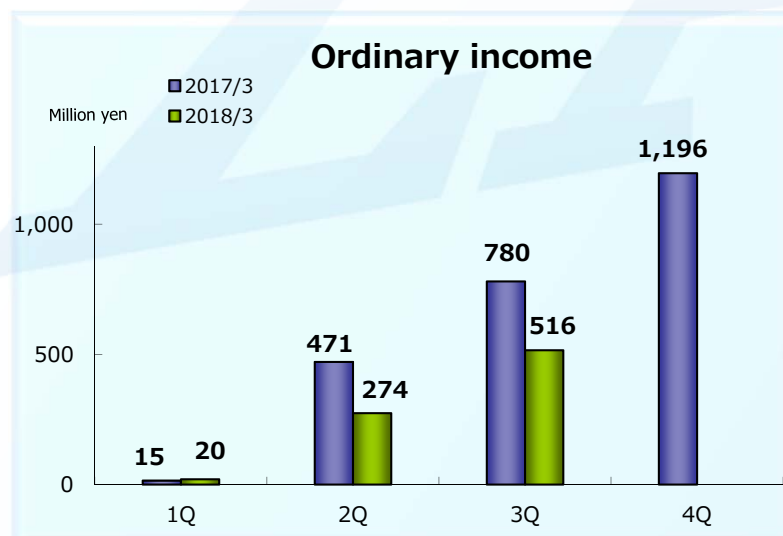
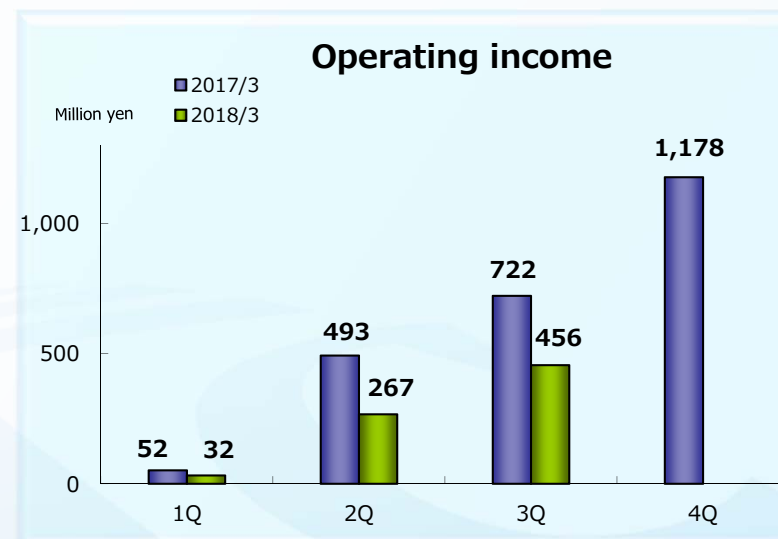
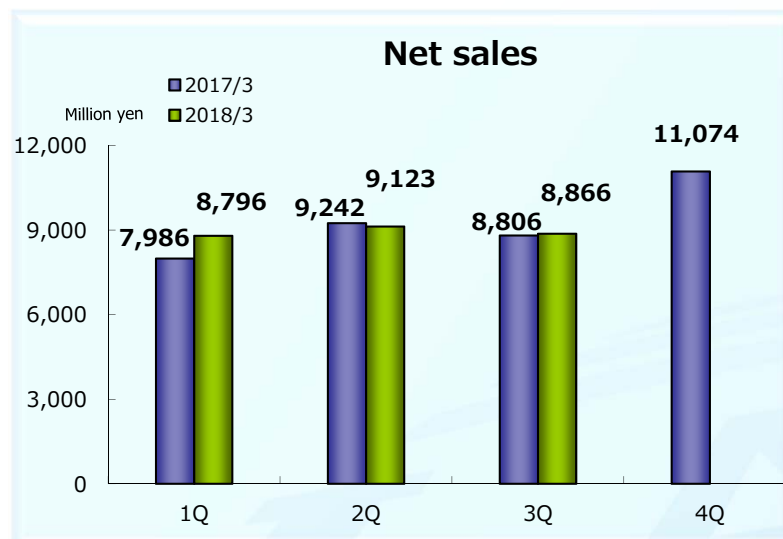
Net income attributable to owners of parent



Financial Results for 3Q (Quarterly)



YoY



Financial Results by segment for 3Q (Apr. - Dec.)



YoY

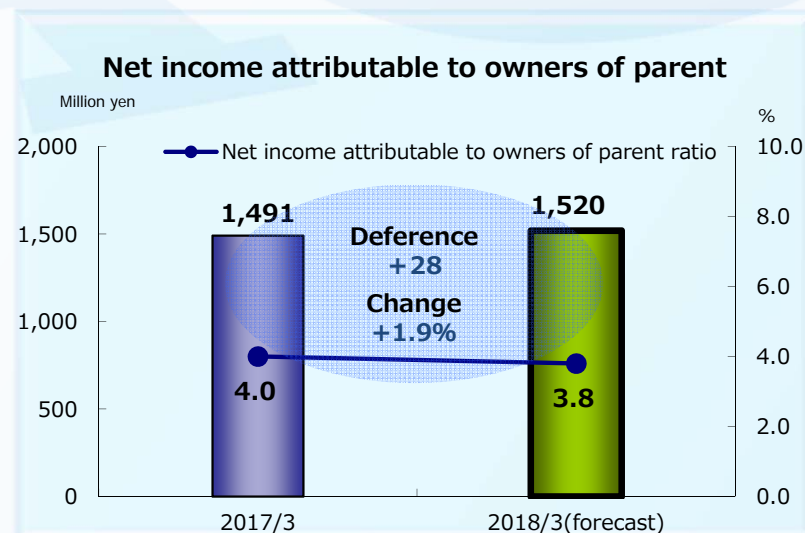
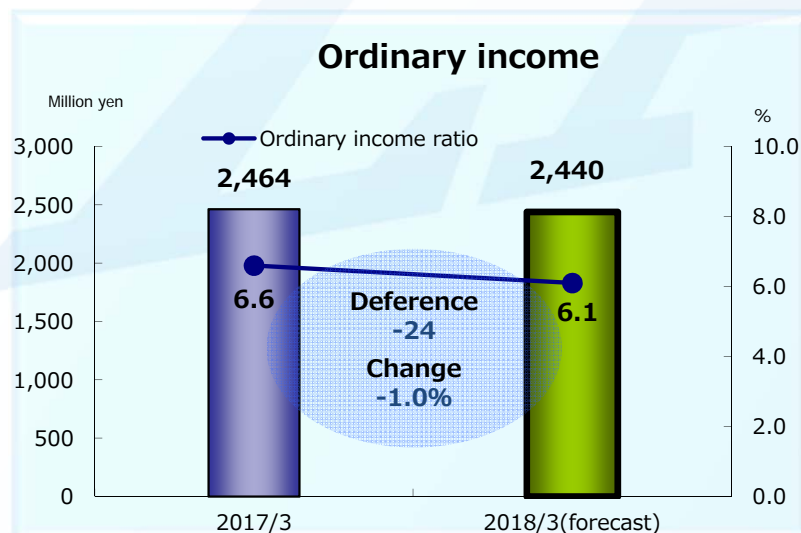
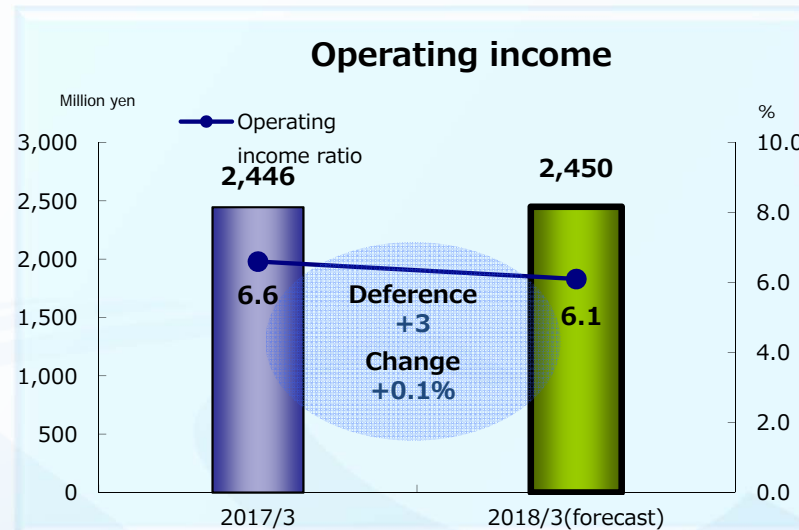
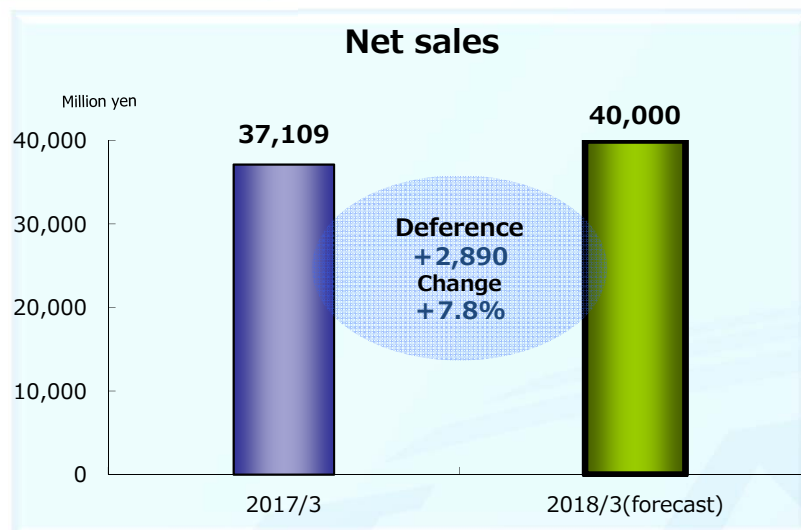
(Million yen)

Sales	2017/3		2018/3		YoY Comparison	
	3Q	Composition (%)	3Q	Composition (%)	Deference	Change (%)
Security Solutions Services (SSS) business	7,497	28.8	8,425	31.5	+927	+12.4
Security Consulting Services	1,725	6.6	1,956	7.3	+231	+13.4
Security Assessment Services	983	3.8	1,170	4.4	+186	+19.0
Security Monitoring Services	2,465	9.4	2,610	9.8	+145	+5.9
Security Product Sales	1,551	6.0	1,753	6.5	+202	+13.1
Security Maintenance Services	772	3.0	933	3.5	+161	+20.9
System Integration Services (SIS) business	18,536	71.2	18,361	68.5	-175	-0.9
Development Services	10,543	40.5	10,888	40.7	+344	+3.3
Hardware and Software Sales	2,231	8.6	2,860	10.7	+629	+28.2
IT Maintenance Services	4,824	18.5	3,539	13.2	-1,284	-26.6
Solutions Services	937	3.6	1,072	3.9	+135	+14.4
Total	26,034	100.0	26,786	100.0	+751	+2.9

Forecast for Fiscal 2017



YoY



Forecast for Fiscal 2017 by segment



Sales by segment

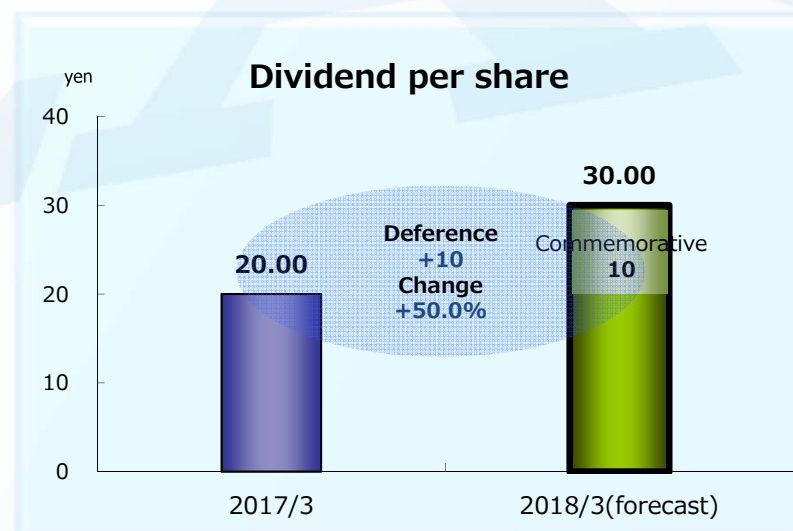
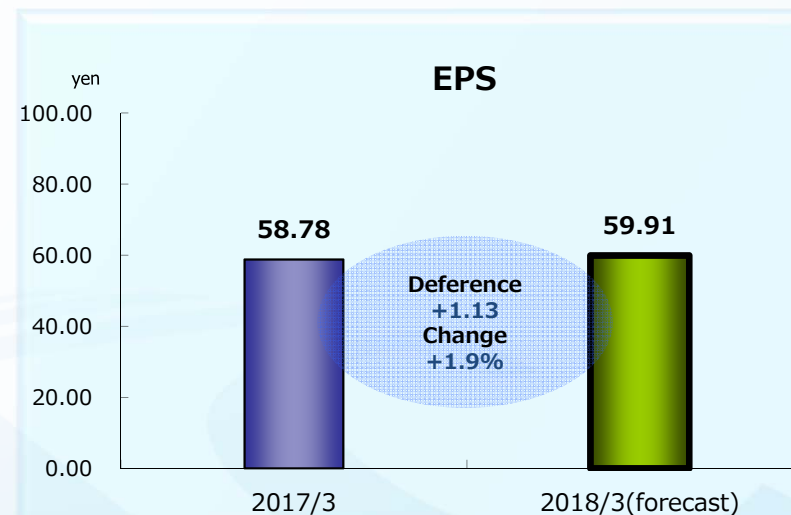
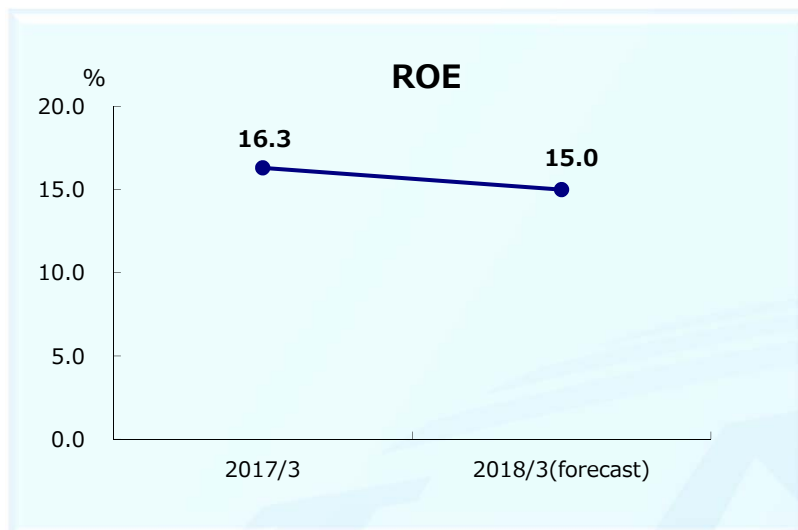
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Sales	2017/3		2018/3		YoY Comparison	
	Results	Composition (%)	forecast	Composition (%)	Deference	Change (%)
Security Solutions Services (SSS) business	11,783	31.8	15,000	37.5	3,216	27.3
Security Consulting Services	2,819	7.6	4,030	10.1	1,210	42.9
Security Assessment Services	1,675	4.5	2,130	5.3	454	27.1
Security Monitoring Services	3,580	9.7	4,220	10.6	639	17.9
Security Product Sales	2,637	7.1	3,270	8.2	632	24.0
Security Maintenance Services	1,070	2.9	1,350	3.3	279	26.1
System Integration Services (SIS) business	25,326	68.2	25,000	62.5	-326	-1.3
Development Services	14,825	40.0	15,120	37.8	294	2.0
Hardware and Software Sales	2,918	7.9	3,110	7.8	191	6.6
IT Maintenance Services	6,166	16.6	4,960	12.4	-1,206	-19.6
Solutions Services	1,415	3.7	1,810	4.5	394	27.9
Total	37,109	100.0	40,000	100.0	2,890	7.8

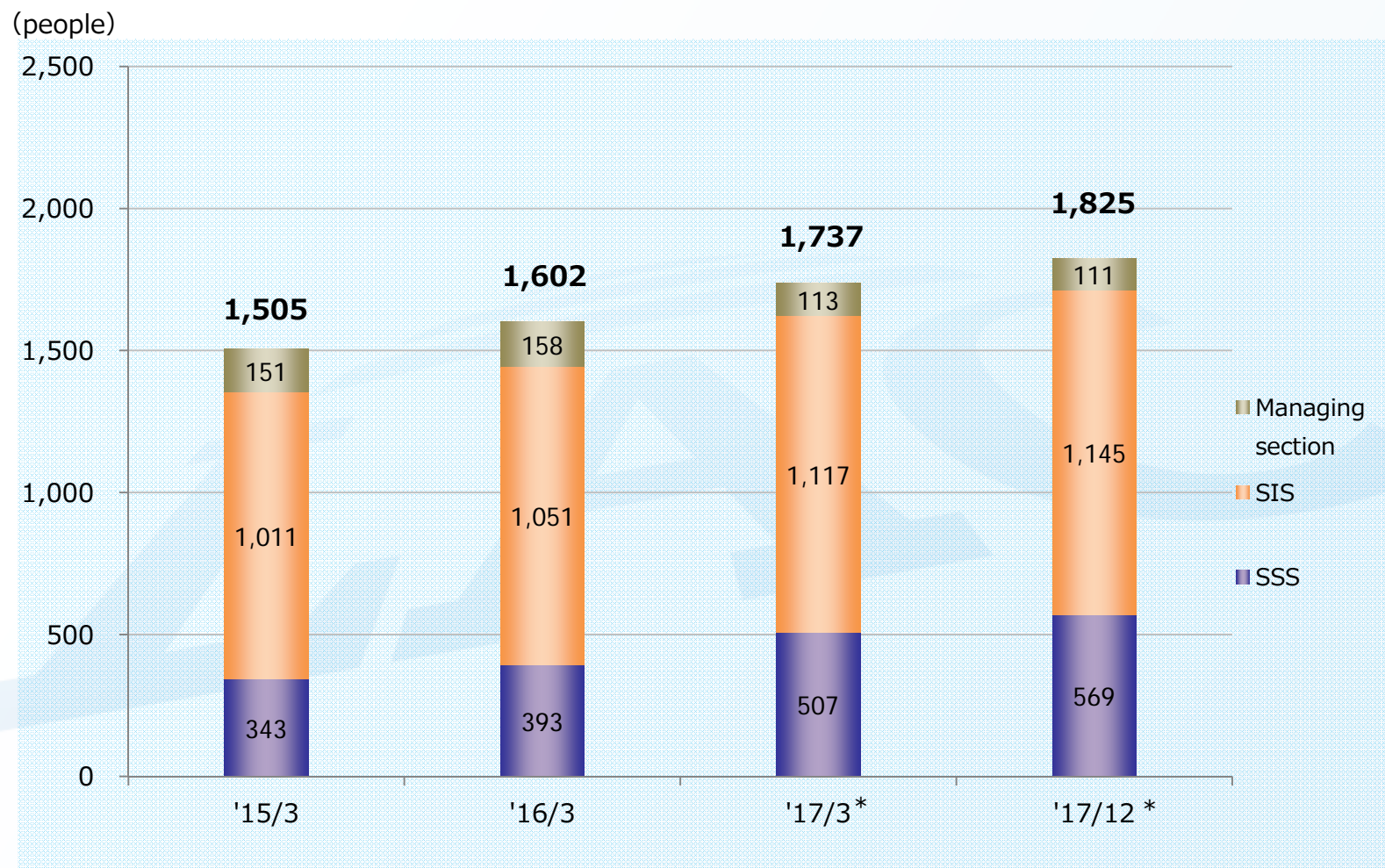
Forecast for Fiscal 2017(main index)



YoY



Number of Employees



* We are changing to standards including contract employees and business classification according to the related business from FY2017.

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LAC Co., Ltd.

Mori tower 16-1, hirakawa-cho 2-chome,
Chiyoda-ku, Tokyo 102-0093, Japan.

Tel +81-3-6757-0107

ir@lac.co.jp

www.lac.co.jp