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



Financial Results for the year ended March 31, 2018

May 9, 2018

LAC Co., Ltd.

Corporate Communications Department
Corporate Planning Division

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The background of the slide is a faded image of a control room. In the foreground, a curved desk is visible with the "JSOC JAPAN SECURITY OPERATION CENTER" logo on it. Several people are seated at the desk, working on computers. The room has large windows in the background.

1. Outline of Financial Results for the year ended March 31, 2018

2. Forecasts for the year ending March, 2019

Highlights of Consolidated Financial Results (YoY comparison)



(Million yen)

Subject	2017/3	2018/3	YoY comparison	
			Difference	Change (%)
Net sales	37,109	38,432	+1,322	+3.6
Operating income	2,446	2,224	-222	-9.1
Operating income ratio (%)	6.6	5.8	-0.8p	-
Ordinary income	2,464	2,349	-114	-4.6
Ordinary income ratio (%)	6.6	6.1	-0.5p	-
Net income attributable to owners of parent	1,491	1,252	-238	-16.0

Point

【Net sales】

- SSS segment +1,549
(all subsegment increased)
- SIS segment -227
(Sales increased expect for IT maintenance subsegment)

【Operating income】

- Decreased by increase of expenses for expanding strategic investments for growth
- SG&A expenses +219

【Net income attributable to owners of parent】

- Ordinary income -114
(Increase of equity earnings of affiliate companies +58)
- Goodwill impairment loss -158

Business Results by Segment (YoY comparison)

(Million yen)

Sales	2017/3	2018/3	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	11,783	13,333	+1,549	+13.2
System Integration Services (SIS) business	25,326	25,099	-227	-0.9
Total	37,109	38,432	+1,322	+3.6

(Million yen)

Segment margin	2017/3	2018/3	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	2,588	2,239	-349	-13.5
System Integration Services (SIS) business	2,197	2,623	+426	+19.4
Elimination and Corporate (adjustments)	-2,339	-2,639	-299	-
Total	2,446	2,224	-222	-9.1

Highlights of Consolidated Financial Results (Comparison with Forecasts)

(Million yen)

Subject	2018/3 Forecasts	2018/3 Results	Comparison	
			Difference	Change(%)
Net sales	40,000	38,432	-1,567	-3.9
Operating income	2,450	2,224	-225	-9.2
Operating income ratio (%)	6.1	5.8	-0.3p	-
Ordinary income	2,440	2,349	-90	-3.7
Ordinary income ratio (%)	6.1	6.1	+0.0p	-
Net income attributable to owners of parent	1,520	1,252	-267	-17.6

Point

【Net sales】

SSS segment -1,666

Consulting, assessment are less than forecast due to the lack of plan for recruiting carriers. Other subsegments are also less than forecast.

SIS segment +99

Development service, HW/SW exceed forecast. IT maintenance, the solution are less than forecast.

【Operating income】

Gross profit -300 million yen

SG&A expenses -75 million yen

Business Results by Subsegment (YoY Comparison)

Net sales	2017/3		2018/3		YoY Comparison	
	Results	Composition (%)	Results	Composition (%)	Deference	Change (%)
Security Solutions Services (SSS) business	11,783	31.8	13,333	34.7	+1,549	+13.2
Security Consulting Services	2,819	7.6	3,536	9.2	+717	+25.4
Security Assessment Services	1,675	4.5	1,983	5.2	+307	+18.3
Security Monitoring Services	3,580	9.7	3,795	9.9	+215	+6.0
Security Product Sales	2,637	7.1	2,759	7.2	+122	+4.6
Security Maintenance Services	1,070	2.9	1,257	3.2	+187	+17.5
System Integration Services (SIS) business	25,326	68.2	25,099	65.3	-227	-0.9
Development Services	14,825	40.0	15,388	40.0	+562	+3.8
Hardware and Software Sales	2,918	7.9	3,399	8.8	+481	+16.5
IT Maintenance Services	6,166	16.6	4,753	12.4	-1,413	-22.9
Solutions Services	1,415	3.7	1,557	4.1	+142	+10.1
Total	37,109	100.0	38,432	100.0	+1,322	+3.6

Highlights of Consolidated Balance Sheet (YoY Comparison)

(Million yen)

Subject	As of March 31, 2017	As of March 31, 2018	Change
Total Assets	18,722	19,909	+1,187
Current assets	14,345	14,775	+430
Noncurrent assets	4,377	5,134	+756
Total Liabilities	9,082	9,817	+734
Current liabilities	8,291	9,624	+1,332
Noncurrent liabilities	791	193	-598
Total net assets	9,639	10,092	+452
Cash and deposit	4,969	5,103	+134
Interest-bearing debt	1,382	739	-642
Shareholders' equity ratio	51.5%	50.7%	-0.8p

Point	
Assets	
[Current assets]	
Prepaid expenses	+337
Work in process	+259
Cash and deposit	+134
Merchandise	-123
Notes and accounts receivable-trade	-112
[Noncurrent assets]	
Investments and other assets	+1,093
Net Property, plant and equipment	+392
Goodwill	-690
Liabilities	
[Current liabilities]	
Advances received	+1,033
Accounts payable	-118
[Noncurrent liabilities]	
Long-term debt	-531
Net assets	
[Net assets]	
Retained earnings	+451

Highlights of Consolidated Cash Flow



(Million yen)

Subject	2017/3	2018/3
Cash Flows from Operating Activities	2,043	3,451
Cash Flows from Investing Activities	-532	-1,907
Cash Flows from Financing Activities	-1,152	-1,409
Free Cash Flow	1,511	1,543
Net Increase (Decrease) in Cash and Cash Equivalents	359	134
Cash and Cash Equivalents at Beginning of Year	4,609	4,969
Cash and Cash Equivalents at End of Year	4,969	5,103

Point

【Cash Flows from Operating Activities】

Income before income taxes	2,183
Depreciation and amortization	633
Amortization of goodwill	532
Goodwill impairment loss	158
Decrease in other current assets	1,398
Income taxes paid	-895

【Cash Flows from Investing Activities】

Purchase of property, plant and equipment	-687
Purchase of investment securities	-646
Purchase of software	-299

【Cash Flows from Financing Activities】

Repayment of long-term loans payable	-534
Cash dividends paid	-798

The background of the slide is a faded, light blue image of a control room. In the foreground, there are several computer monitors and desks. In the background, several people are seated at their workstations, looking at screens. The overall atmosphere is professional and technical.

**1. Outline of Financial Results for
the year ended March 31, 2018**

**2. Forecasts for the year ending
March, 2019**

Forecasts for the year ending March 31, 2019 (YoY Comparison)

(Million yen)

Subject	2018/3 Results	2019/3 Forecasts	YoY comparison	
			Difference	Change (%)
Net sales	38,432	43,400	+4,967	+12.9
Operating income	2,224	2,500	+275	+12.4
Operating income ratio (%)	5.8	5.8	-0.0p	-
Ordinary income	2,349	2,550	+200	+8.5
Net income attributable to owners of parent	1,252	1,740	+487	+38.9
ROE (%)	12.7	16.1	+3.4p	-

Point

【Net sales】

SSS segment +3,366

Except for consulting, all subsegments are expected to outperform the previous fiscal year

SSS segment +1,600

Expected to exceed the previous fiscal year in all sub-segments except IT maintenance.

【Operating income】

Absorb more costs increase, such as human investment in higher sales

Gross profit +1.5billion yen

SG&A expenses +1.2billion yen

Business Forecasts by Segment (YoY Comparison)

(Million yen)

Sales	2018/3 Results	2019/3 Forecasts	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	13,333	16,700	+3,366	+25.3
System Integration Services (SIS) business	25,099	26,700	+1,600	+6.4
Total	38,432	43,400	+4,967	+12.9

(Million yen)

Segment margin	2018/3 Results	2019/3 Forecasts	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	2,239	2,570	+330	+14.7
System Integration Services (SIS) business	2,623	3,200	+576	+22.0
Elimination and Corporate (adjustments)	-2,639	-3,270	-630	-23.9
Total	2,224	2,500	+275	+12.4

Business Forecasts by Subsegment (YoY Comparison)

(Million yen)

Sales	2018/3		2019/3		YoY Comparison	
	Results	Composition (%)	Forecasts	Composition (%)	Deference	Change (%)
Security Solutions Services (SSS) business	13,333	34.7	16,700	38.5	+3,366	+25.3
Security Consulting Services	3,536	9.2	3,300	7.6	-236	-6.7
Security Assessment Services	1,983	5.2	2,370	5.5	+386	+19.5
Security Monitoring Services	3,795	9.9	6,480	14.9	+2,684	+70.7
Security Product Sales	2,759	7.2	3,240	7.5	+480	+17.4
Security Maintenance Services	1,257	3.2	1,310	3.0	+52	+4.1
System Integration Services (SIS) business	25,099	65.3	26,700	61.5	+1,600	+6.4
Development Services	15,388	40.0	16,720	38.5	+1,331	+8.7
Hardware and Software Sales	3,399	8.8	4,200	9.7	+800	+23.5
IT Maintenance Services	4,753	12.4	4,180	9.6	-573	-12.1
Solutions Services	1,557	4.1	1,600	3.7	+42	+2.7
Total	38,432	100.0	43,400	100.0	+4,967	+12.9

Forecasts for 1H year ending March, 2019

(Million yen)

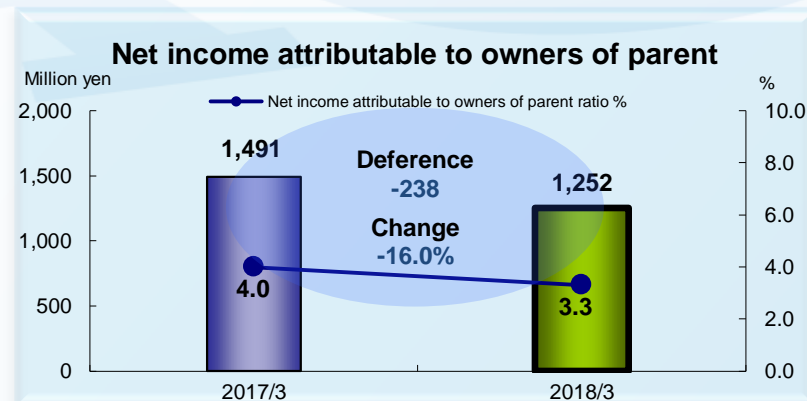
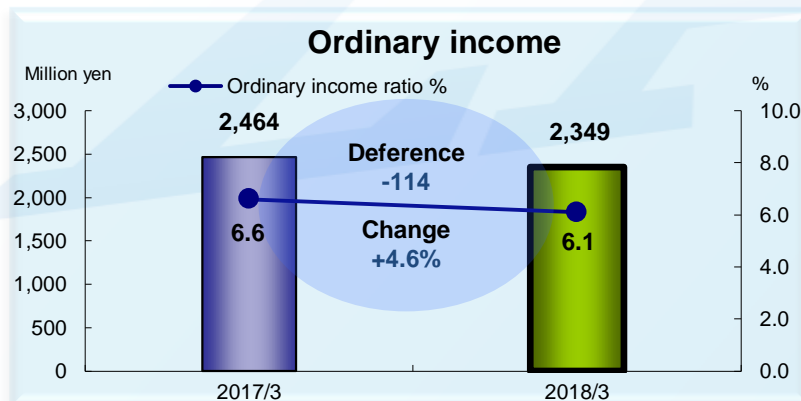
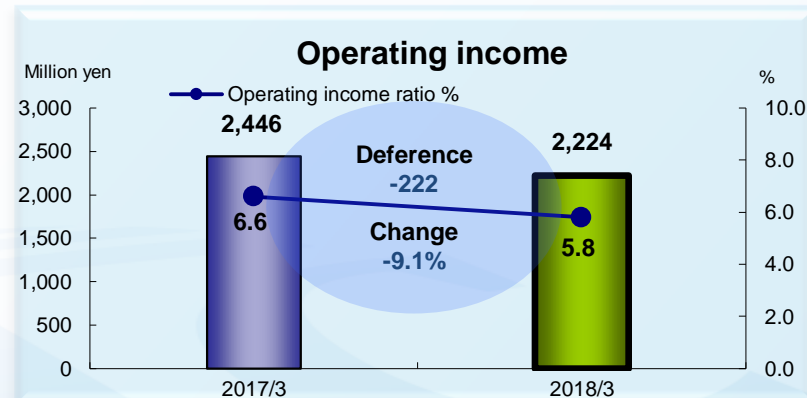
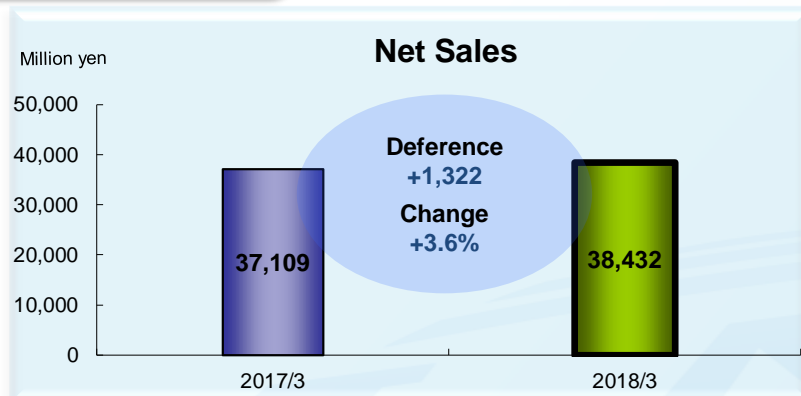
Subject	2018/3 1H results	2019/3 1H forecasts	YoY Comparison	
			Deference	Change (%)
Net sales	17,919	19,900	+1,980	+11.1
Security Solutions Services (SSS) business	5,410	7,120	+1,709	+31.6
System Integration Services (SIS) business	12,509	12,780	+270	+2.2
Operating income	299	500	+200	+67.1
<i>Operating income ratio (%)</i>	<i>1.7</i>	<i>2.5</i>	+0.8pt	-
Ordinary income	295	505	+209	+71.1
Net income attributable to owners of parent	92	270	+177	+190.5

Reference

A large, faint, light blue watermark of the LAC logo is centered on the slide, behind the word "Reference".

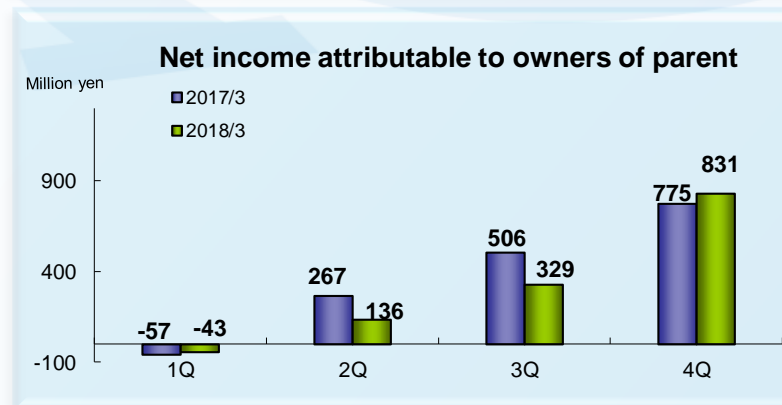
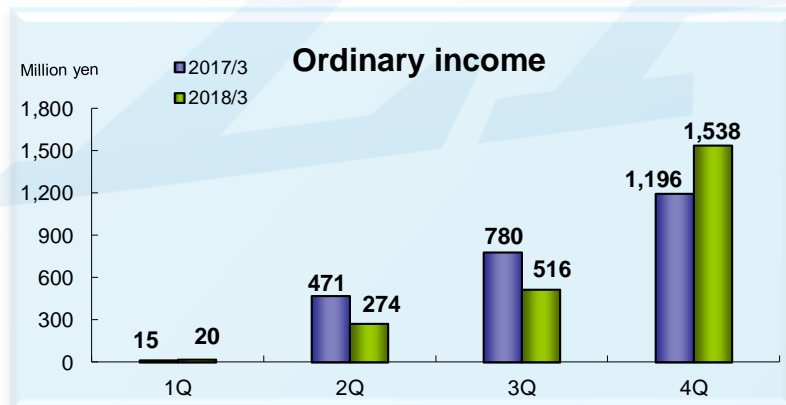
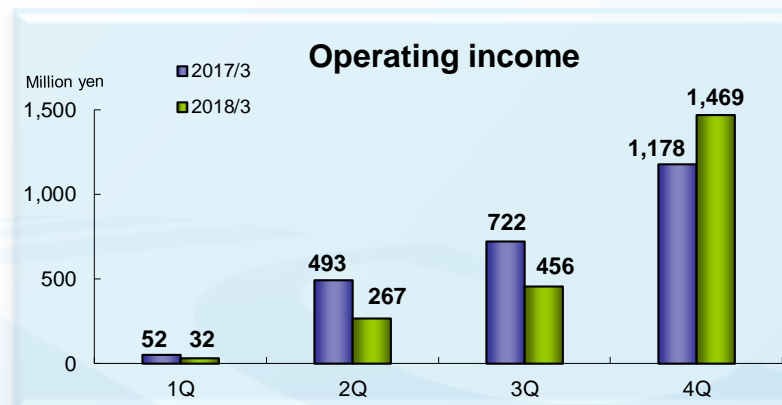
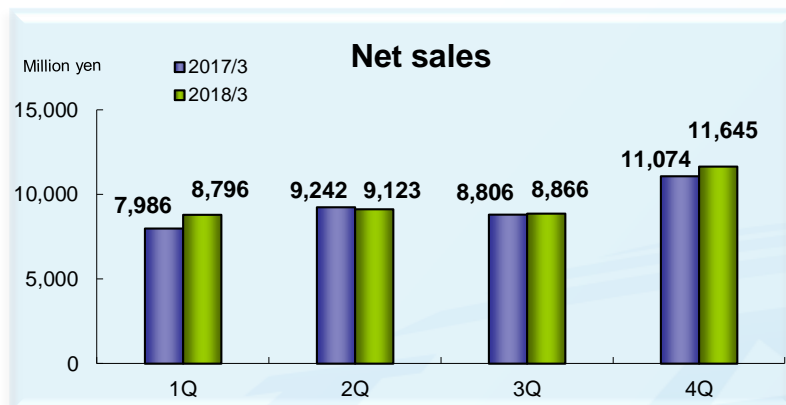
Financial Results for the year ended March 31, 2018

YoY Comparison



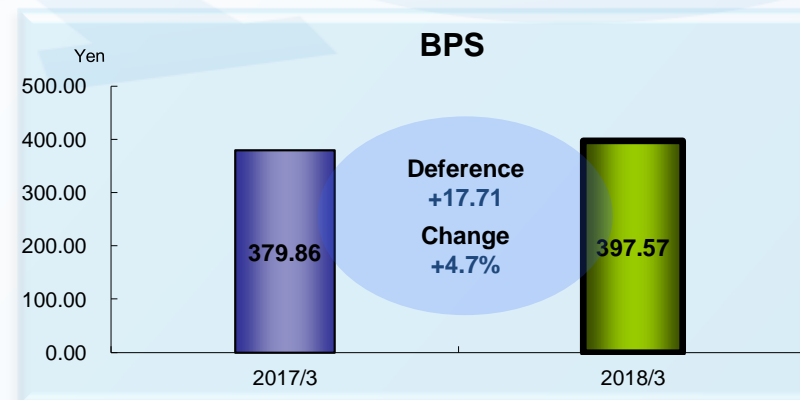
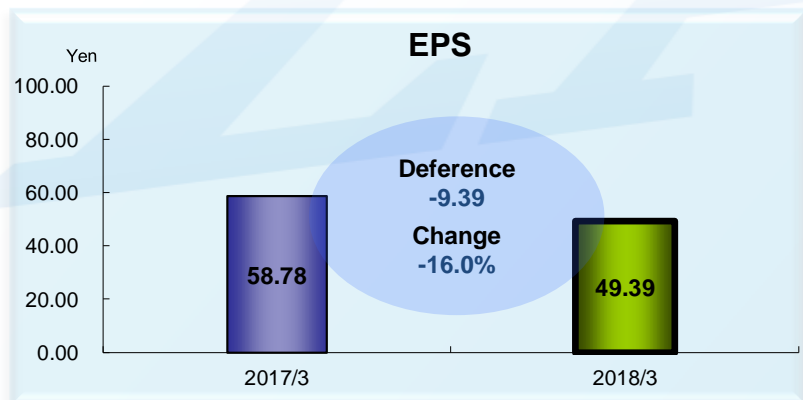
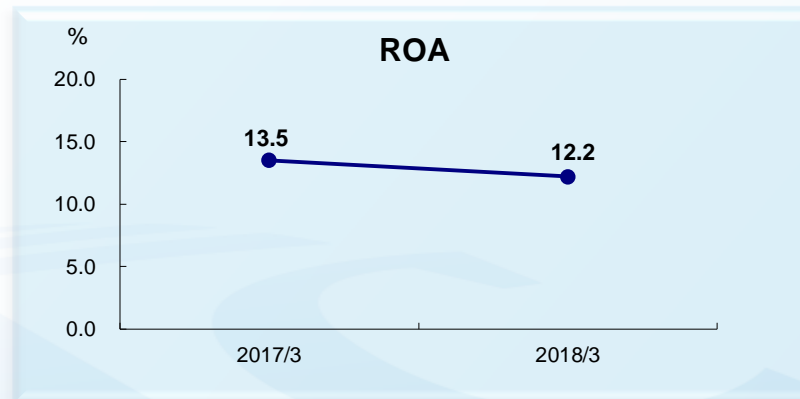
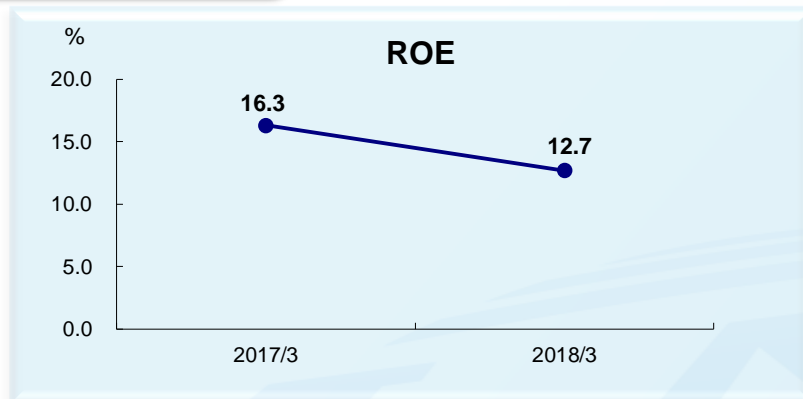
Financial Results for the year ended March 31, 2018 (Quarterly)

YoY Comparison



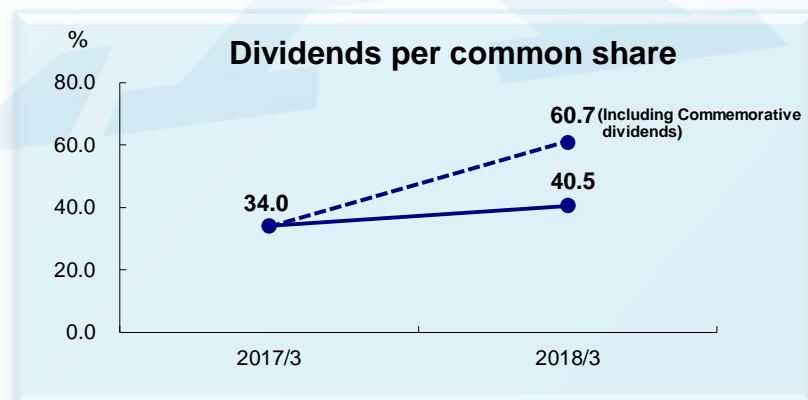
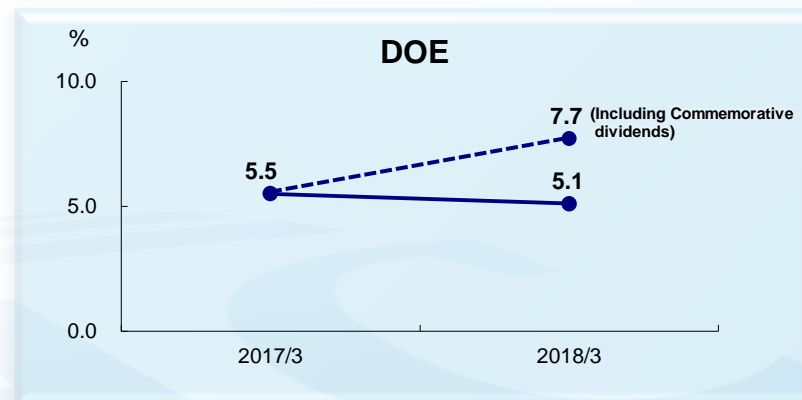
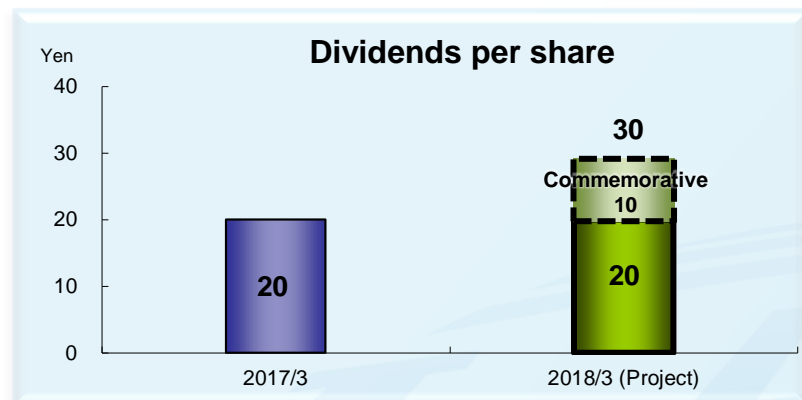
Financial Results for the year ended March 31, 2018 (Main index)

YoY Comparison

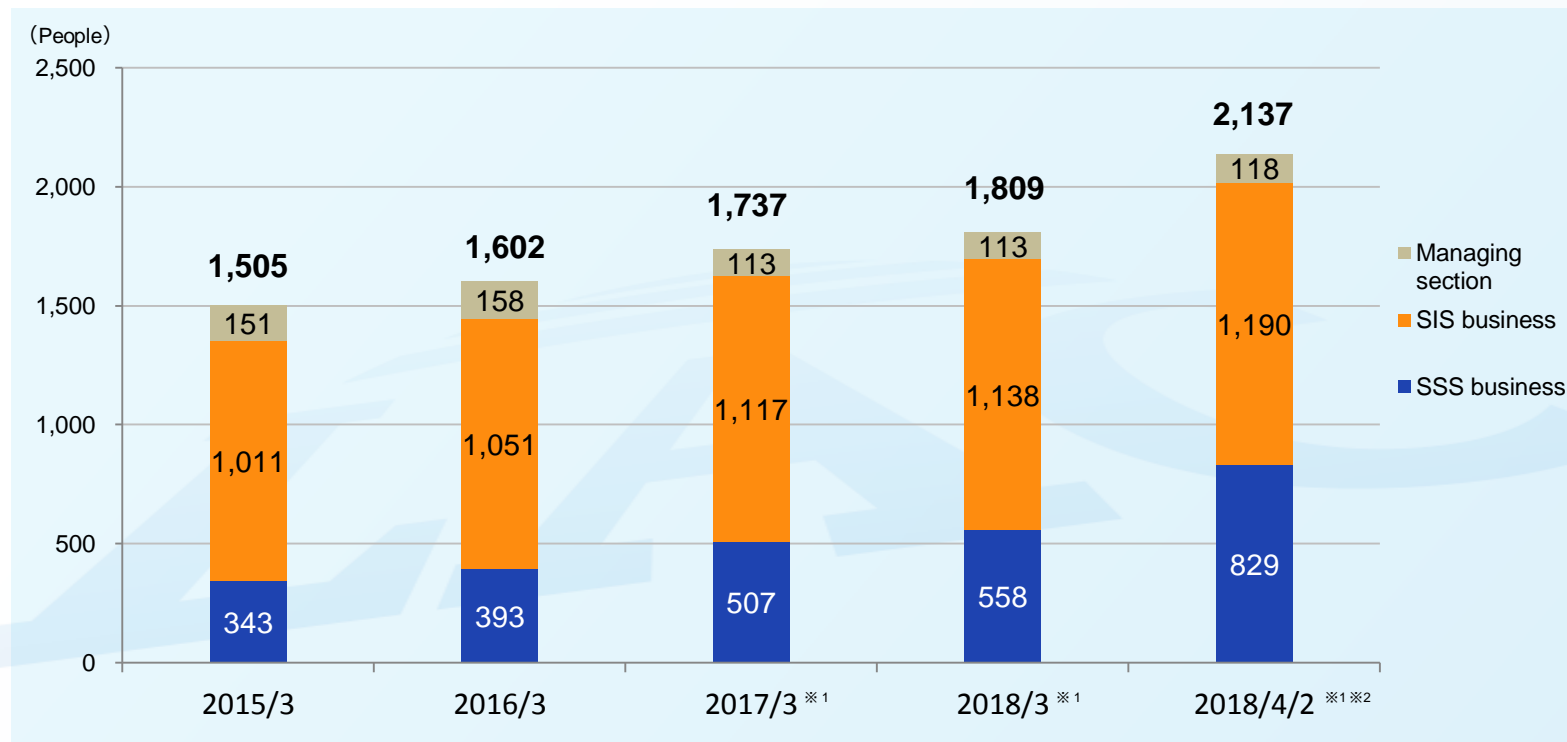


Financial Results for the year ended March 31, 2018 (Dividends)

YoY Comparison



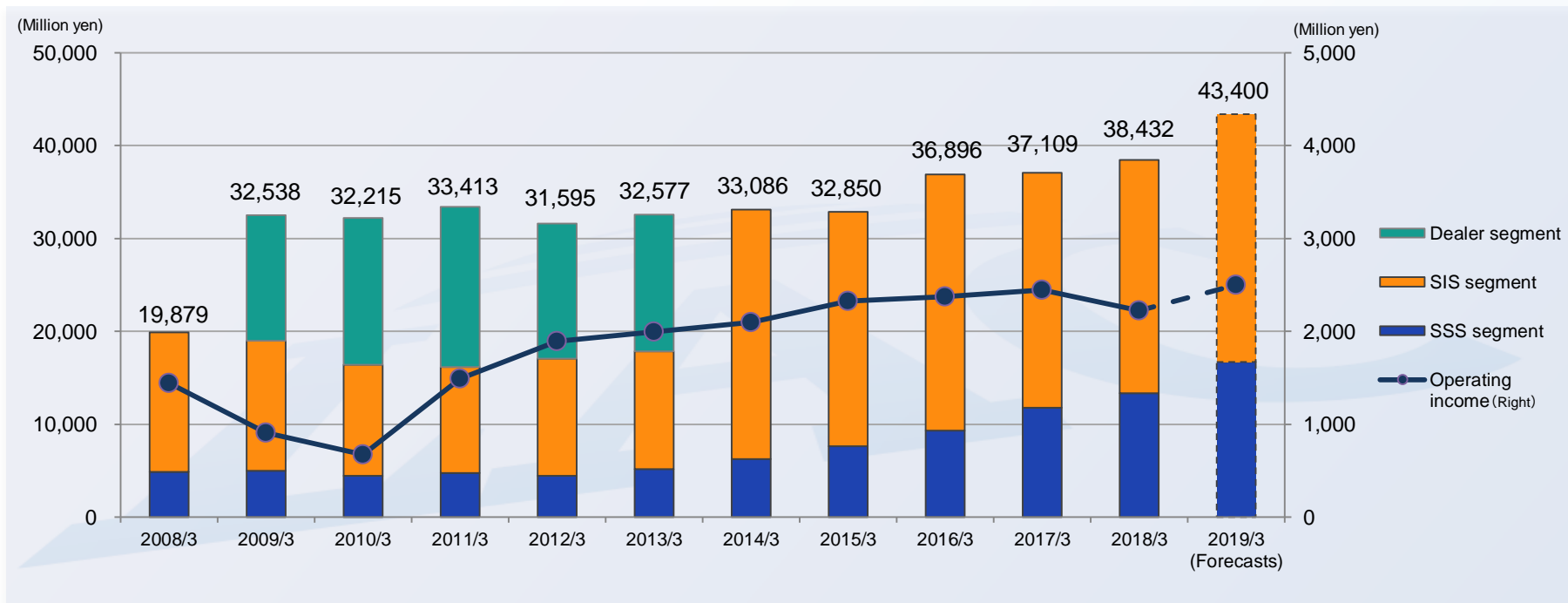
Consolidated Employees



※1 We are changing to standards including contract employees and business classification according to the related business from fiscal year ended March 31, 2017.

※2 As of April 2, 2018, consolidated employees include employees of Asian Link Co., Ltd. Group which became a subsidiary of the same day.

Trends of Business Results





- ※ Statements made in this documents or in the presentation to which they pertain regarding estimates or projections are forward-looking statements based on the company's judgments and assumptions in light of information currently available. Actual results may differ materially from those projected as a result of uncertainties inherent in such judgments and assumptions, as well as changes in business operations or other internal or external conditions. Accordingly, the company gives no guarantee regarding the reliability of any information contained in these forward-looking statements.
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