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supports your business

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



Financial Results for 1Q ended June 30, 2018

August 1, 2018

LAC Co., Ltd.

1. Outline of Financial Results for 1Q ended June 30, 2018

2. Forecasts for the year ending March 31, 2019

3. References

Highlights of 1Q Consolidated Financial Results (YoY comparison)



Net Sales decreased slightly, and income greatly increased due to growth in service sales
1Q quarterly net income changed to surplus for the first time in 4 terms

(Million yen)

Subject	2018/3 1Q	2019/3 1Q	YoY comparison	
			Difference	Change(%)
Net sales	8,796	8,749	-46	-0.5
Operating income	32	118	+86	+269.0
<i>Operating income ratio (%)</i>	<i>0.4</i>	<i>1.4</i>	<i>+1.0p</i>	<i>-</i>
Ordinary income	20	115	+94	+456.7
<i>Ordinary income ratio (%)</i>	<i>0.2</i>	<i>1.3</i>	<i>+1.1p</i>	<i>-</i>
Net income attributable to owners of parent	-43	17	+61	-

Note: From the first quarter of the current consolidated accounting period, we have incorporated Asian Link Co., Ltd., which became a consolidated subsidiary on April 2, 2018, into consolidated results.

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【Net sales】

SSS segment +897
 (All subsegment increased)
 SIS segment -944
 (Development services increased,
 other subsegment decreased)

【Operating income】

Increase due to growth in service
 sales of both businesses
 Cost of sales -318
 SG&A expenses +186

【Net income attributable to owners of parent】

Ordinary income +94
 (Increase of equity earnings
 of affiliate companies +10)

Business Results by Segment (YoY comparison)

Increase in sales and margin in SSS business, decrease in sales and margin SIS business

(Million yen)

Sales	2018/3 1Q	2019/3 1Q	YoY comparison	
			Difference	Change(%)
Security Solutions Services (SSS) business	2,296	3,194	+897	+39.1
System Integration Services (SIS) business	6,499	5,555	-944	-14.5
Total	8,796	8,749	-46	-0.5

(Million yen)

Segment margin	2018/3 1Q	2019/3 1Q	YoY comparison	
			Difference	Change(%)
Security Solutions Services (SSS) business	167	364	+196	+117.2
System Integration Services (SIS) business	539	548	+9	+1.7
Company-wide common expenses	-674	-794	-119	-
Total	32	118	+86	+269.0

*From the first quarter consolidated accounting period, the results of Asian Link Co., Ltd. are incorporated.

Business Forecasts by Subsegment for 1Q (Apr. - Jun.)

YoY Comparison

(Million yen)

Sales	2018/3		2019/3		YoY Comparison	
	1Q	Composition (%)	1Q	Composition (%)	Deference	Change (%)
Security Solutions Services (SSS) business	2,296	26.1	3,194	36.5	+897	+39.1
Security Consulting Services	495	5.6	576	6.6	+80	+16.2
Security Assessment Services	316	3.6	425	4.9	+109	+34.5
Security Monitoring Services	826	9.4	1,287	14.7	+460	+55.8
Security Product Sales	353	4.0	598	6.8	+245	+69.5
Security Maintenance Services	305	3.5	306	3.5	+1	+0.6
System Integration Services (SIS) business	6,499	73.9	5,555	63.5	-944	-14.5
Development Services	3,591	40.9	3,694	42.2	+102	+2.9
Hardware and Software Sales	1,323	15.0	409	4.7	-913	-69.1
IT Maintenance Services	1,230	14.0	1,119	12.8	-110	-9.0
Solutions Services	354	4.0	332	3.8	-22	-6.3
Total	8,796	100.0	8,749	100.0	-46	-0.5

Highlights of Consolidated Balance Sheet at the end of 1Q



Maintain stable financial base continued from the previous term

(Million yen)

Subject	As of March 31, 2018	As of June 30, 2018	Change
Total Assets	19,909	19,495	-414
Current assets	14,641	13,674	-966
Noncurrent assets	5,268	5,820	+552
Total Liabilities	9,817	9,433	-384
Current liabilities	9,624	9,247	-376
Noncurrent liabilities	193	185	-7
Total net assets	10,092	10,062	-30
Cash and deposit	5,103	5,660	+556
Interest-bearing debt	739	712	-26
Shareholders' equity ratio	50.7%	51.6%	+0.9p

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Assets	
[Current assets]	
Notes and accounts receivable-trade	-2,095
Cash and deposit	+556
Prepaid expenses	+292
Work in process	+188
Merchandise	+148
[Noncurrent assets]	
Goodwill	+589
Net Property, plant and equipment	-43
Liabilities	
[Current liabilities]	
Accounts payable	-696
Advances received	+554
Net assets	
[Net assets]	
Retained earnings	-267
Treasury stock	+48

**1. Outline of Financial Results
for 1Q ended June 30, 2018**

**2. Forecasts for the year ending
March 31, 2019**

3. References

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
Company-wide common expenses	-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

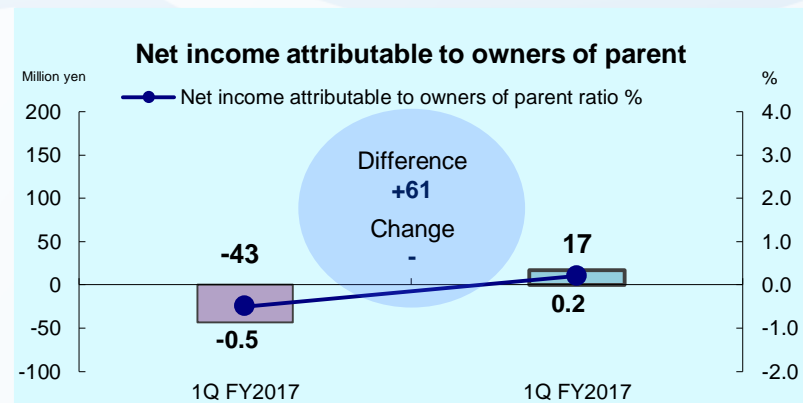
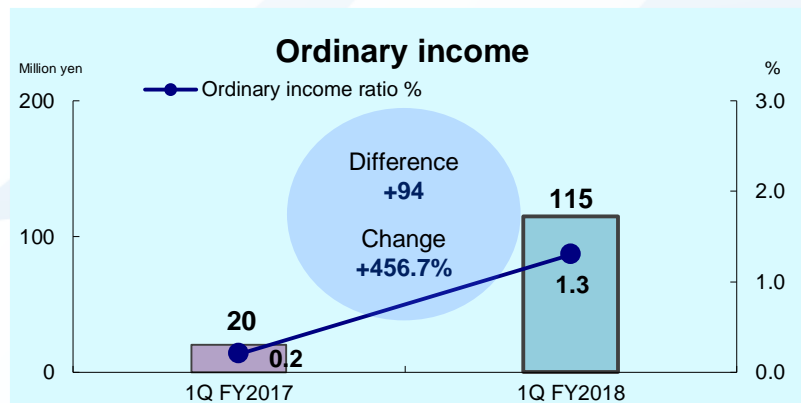
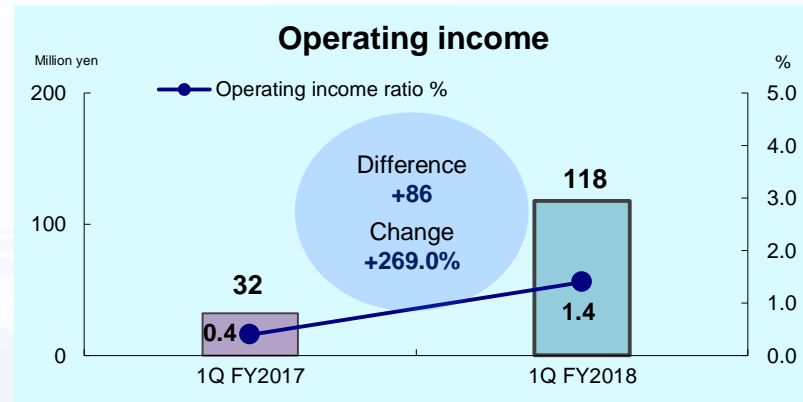
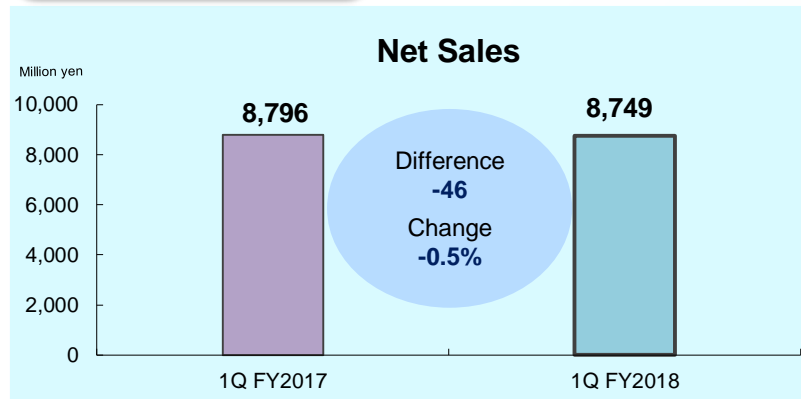
(Million yen)

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

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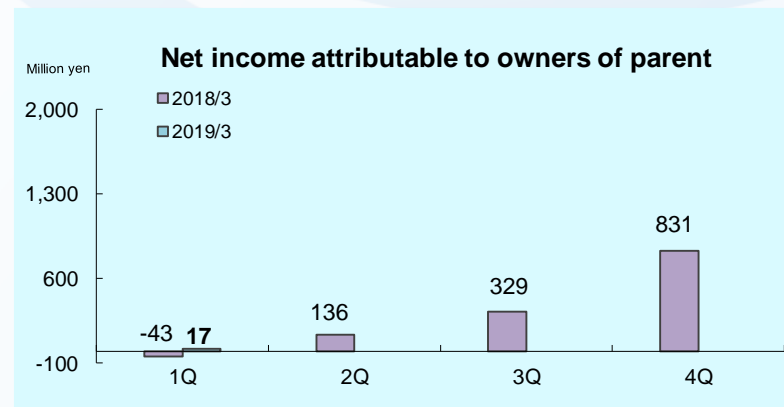
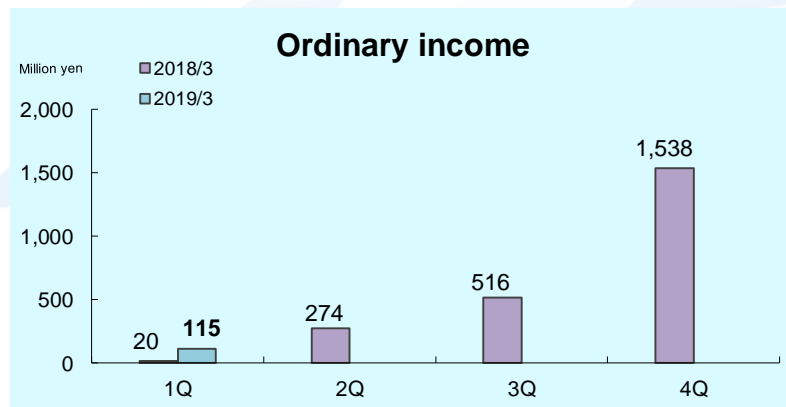
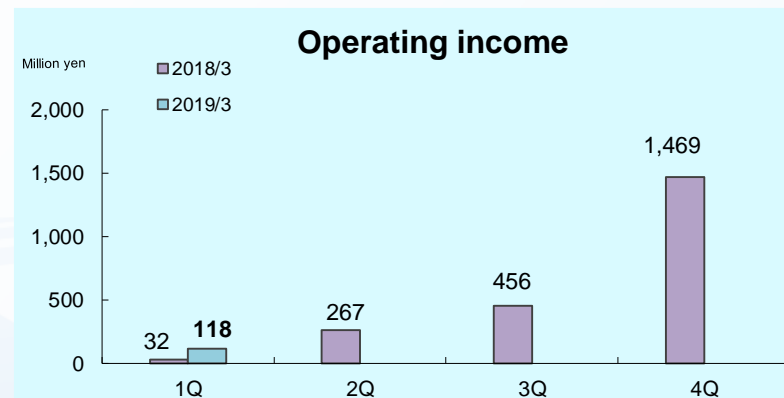
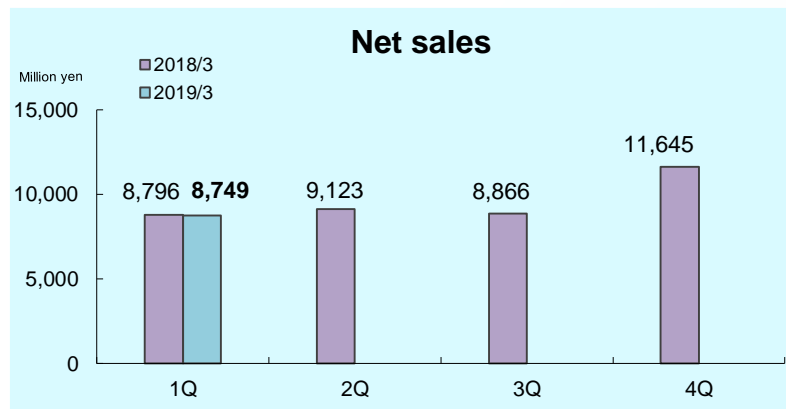
Financial Results for 1Q (Apr. - Jun.)

YoY Comparison

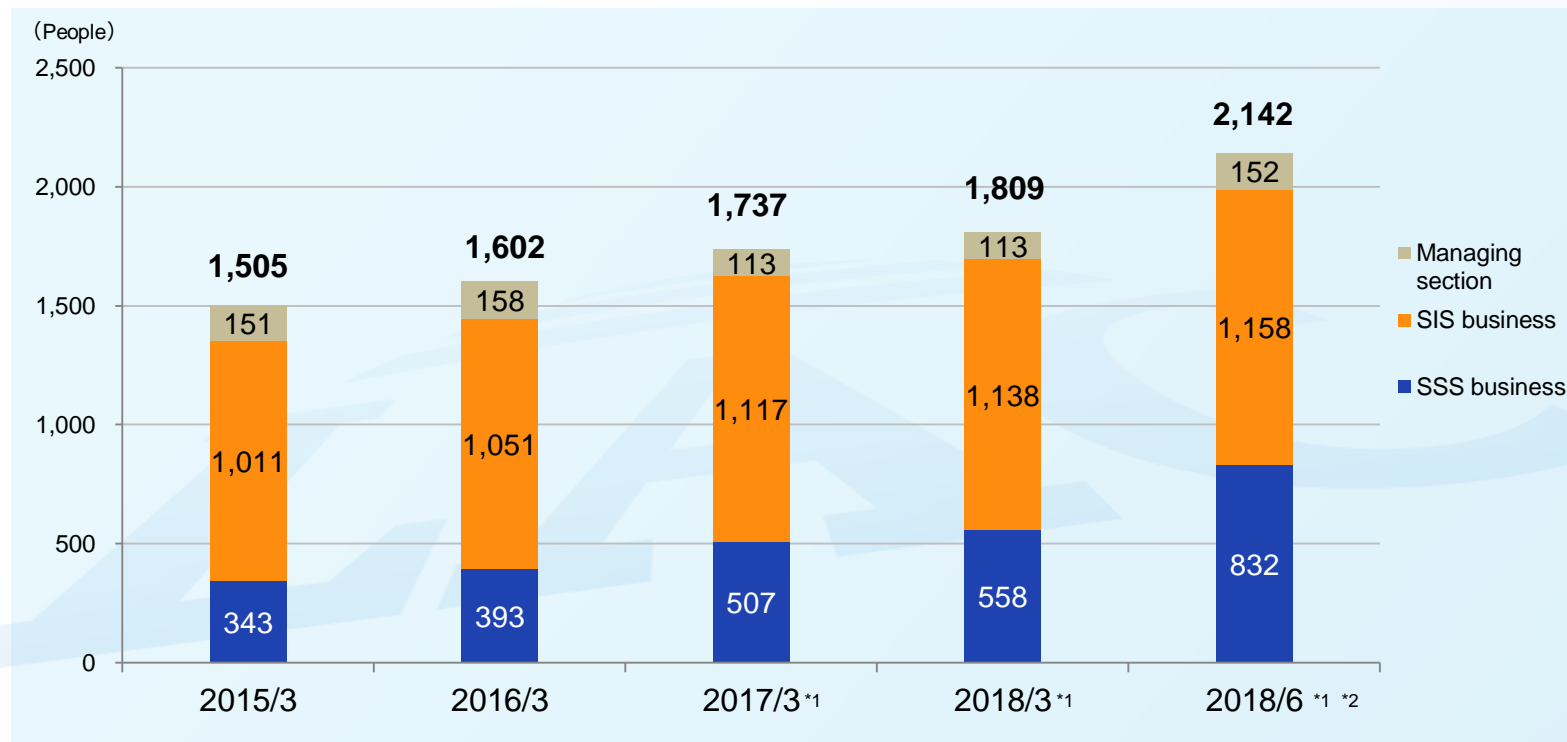


Financial Results for the year ending March 31, 2019 (Quarterly)

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 June, 2018, consolidated employees of SSS business include employees of Asian Link Co., Ltd. Group which became a subsidiary of April 2, 2018.



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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