



LAC Co., Ltd.
Financial Results for the Year
Ended March 31, 2024

May 13, 2024

Agenda

- 1. Outline of Financial Results for the Year Ended March 31, 2024**
- 2. Forecasts for the year ending March 31, 2025**
- 3. Shareholder Returns**
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Outline of Financial Results for the Year Ended March 31, 2024

Net sales and profit grew year on year in both Security business and SI business

While the Security business posted a sales increase, profit decreased mainly due to the effect of upfront investment in reinforcing an emergency-response system and boosting the service capability for operational monitoring

(Although there was a delay in strengthening the system and the impact of additional measures, these measures are expected to contribute to earnings in the next fiscal year and beyond.)

SI business increased both sales and profit due to strong performance mainly by development services

Both net sales and profit achieved the initial forecast

Despite the recording of expenses related to office contract renewal that had not been factored in, both net sales and profit exceeded the initial forecast primarily due to strong progress in SI business and the effect of expense reductions

The year-end dividend will be 14 yen per share as planned, and the annual dividend is planned to be 26 yen per share

Net sales up on growth of Security business and SI business Sharp increase in operating income, ordinary income, and net income attributable to owners of parent

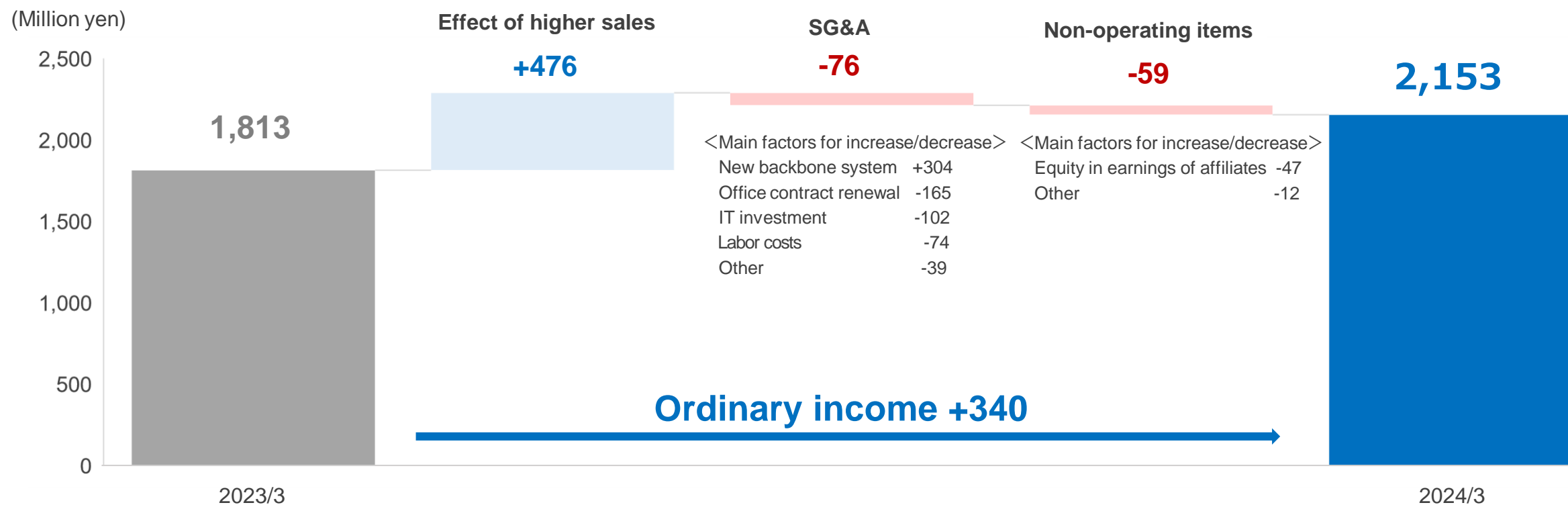
(Million yen)

Subjects	2023/3 Results	2024/3 Results	YoY comparison	
			Difference	Change (%)
Net sales	44,018	49,477	+5,458	+12.4
Operating income	1,775	2,174	+399	+22.5
<i>Operating income ratio (%)</i>	<i>4.0</i>	<i>4.4</i>	<i>+0.4pt</i>	<i>-</i>
Ordinary income	1,813	2,153	+340	+18.8
<i>Ordinary income ratio (%)</i>	<i>4.1</i>	<i>4.4</i>	<i>+0.2pt</i>	<i>-</i>
Net income attributable to owners of parent	-147	1,379	+1,527	-
ROE (%)	-1.0	9.1	+10.1pt	-

Note: An extraordinary loss of 1,854 million yen was recorded in the fiscal year ended March 31, 2023, related to the discontinued development of an internal mission-critical system.

Ordinary Income: Analysis of Factors for Change (YoY comparison)

Despite the recording of expenses related to office contract renewal and increases in IT investments and equity in net loss of affiliates, ordinary profit increased due to the effect of increased sales and a decrease in expenses for the development of the internal mission-critical system



Notes: 1. Office contract renewal expenses resulted from the recognition of assets and liabilities for restoration expenses related to the contract extension of the Hirakawacho office (lease expires in March 2025) and an increase in depreciation due to a change in the estimate of existing assets.

2. Equity method affiliates are two companies; KDDI Digital Security, Inc. and Nuligen Security Co., Ltd.

Business Results by Segment (YoY comparison)



**Security business net sales up, profit down SI business net sales up, profit up
Company-wide common expenses fell mainly
because of a decrease in company backbone system expenses**

(Million yen)

Net sales	2023/3 Results	2024/3 Results	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	19,521	22,159	+2,637	+13.5
System Integration Services (SIS) business	24,497	27,317	+2,820	+11.5
Total	44,018	49,477	+5,458	+12.4

Segment margin	2023/3 Results	2024/3 Results	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	2,366	2,260	-105	-4.5
System Integration Services (SIS) business	3,429	3,854	+425	+12.4
Total	5,795	6,115	+319	+5.5

Company-wide common	-4,020	-3,940	+79	-
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Note: Segment margin is profit that includes business-related SG&A expenses but before the incorporation of corporate common expenses.

Business Results of Security Solution Service (SSS) segment



**Net sales grew due in large part to expanded product sales and assessment services
Profit declined mainly due to upfront investment in ramping up a business system and service capabilities**

Security Consulting Services

Despite a decline in the Emergency Response Service business, sales grew due to an increase in the consulting business to strengthen frameworks and countermeasures, and growth in educational services such as targeted mail training

Security Assessment Services

Sales increased due to the recording of sales from large projects undertaken throughout the year and an expansion in a penetration testing project that was intended to investigate potential threats

Security Monitoring Services

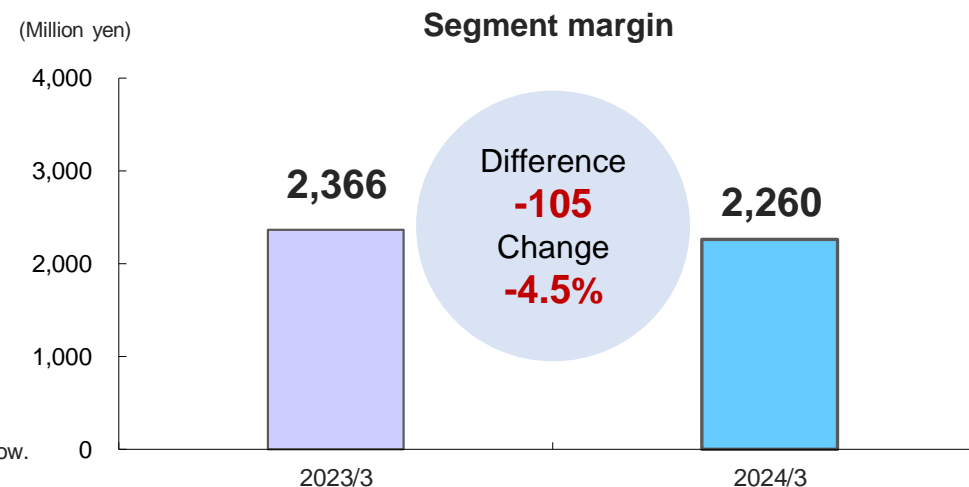
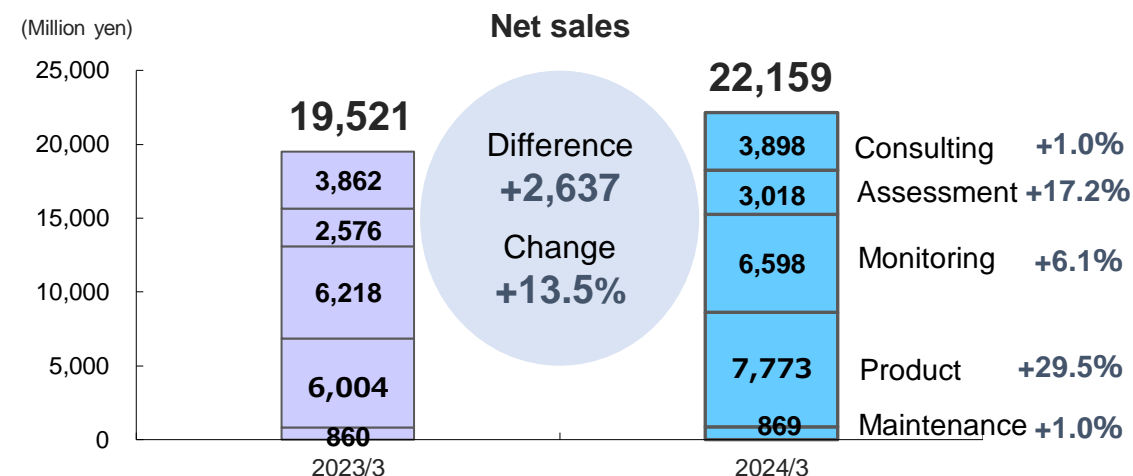
Sales increased thanks to the growth of individual monitoring services, which provide advanced security measures for specific companies, and internal fraud monitoring services, and thanks to the expansion of endpoint security support services

Security Product Sales

Strong sales growth, including cloud-enabled products for endpoint protection and for web security against denial-of-service attacks, as well as products for analyzing potential threat information

Security Maintenance Services

Sales decreased due to a decline in existing business as demand is shrinking in the wake of expansion in cloud-enabled products



Note: From Financial Results for the Fiscal year Ended March 31, 2024, businesses were reclassified among subsegments as shown below.

Then, the figures for the same period of the previous fiscal year were also reclassified to conform to this change.

- Endpoint security support services: Consulting services Monitoring services
- Targeted mail training services: Assessment services Consulting services

Net sales and profit increased thanks to growth in sales of development services and hardware/software

Development Services

Sales increased thanks to significant growth in public-sector projects as well as projects for financial business such as major banks and credit cards.

Hardware and Software Sales

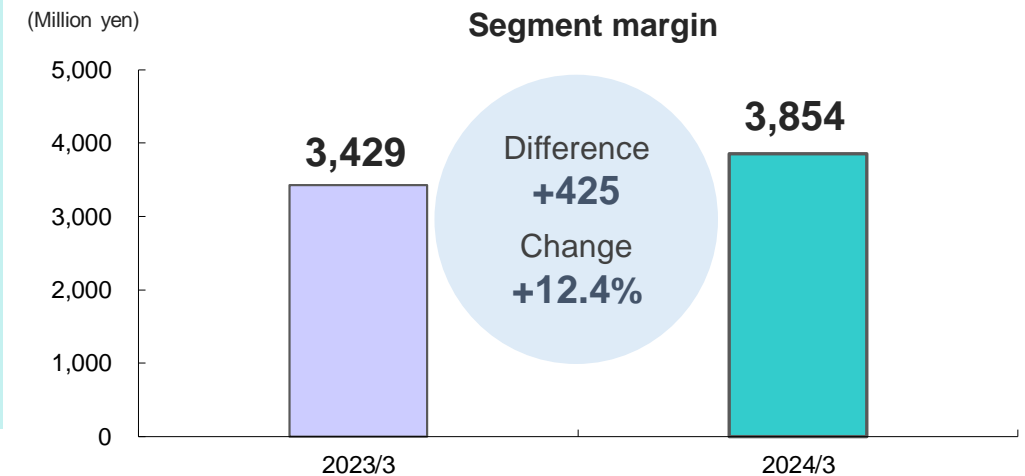
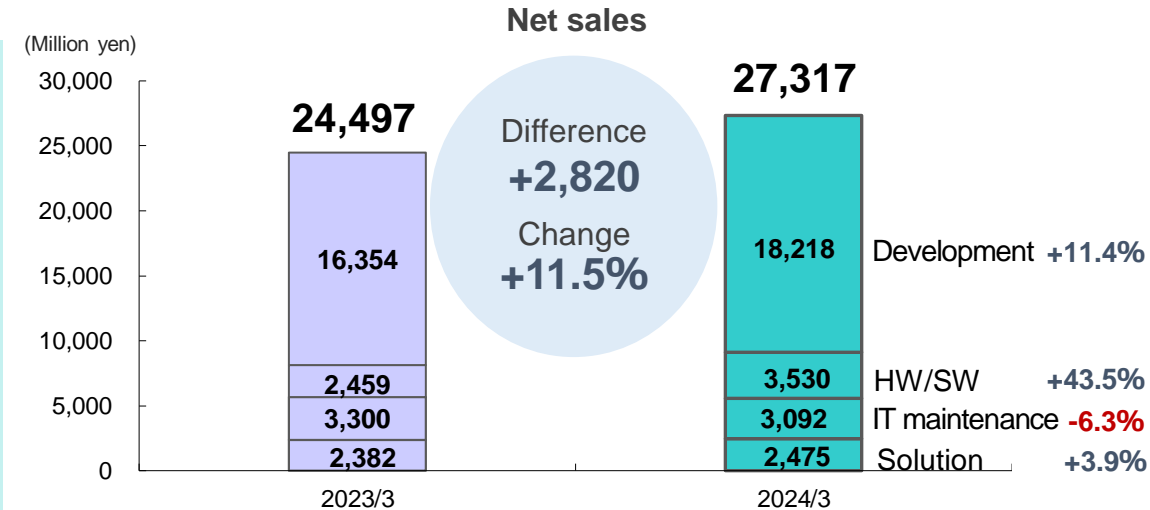
Sales increased thanks to significant growth as a result of winning contract renewals, etc. although demand has been shrinking partly due to the expansion of cloud services.

IT Maintenance Services

Sales decreased due to fewer renewals, etc.

Solutions Services

Sales grew thanks to an increase in sales of cloud solution products that also contribute to cybersecurity.



Highlights of Consolidated Balance Sheet (YoY comparison)



Maintaining stable financial base to enable sustained investment in growth

(Million yen)

Subjects	As of March 31, 2023	As of March 31, 2024	Difference
Total Assets	22,572	23,770	+1,198
Current assets	15,931	17,472	+1,541
Noncurrent assets	6,640	6,297	-342
Total Liabilities	7,752	8,365	+613
Current liabilities	7,410	7,903	+493
Noncurrent liabilities	341	462	+120
Total net assets	14,820	15,404	+584
Cash and deposit	6,144	5,494	-649
Interest-bearing debt	1,460	124	-1,336
Shareholders' equity ratio	65.7%	64.8%	-0.9p

Point	
Assets	
【Current assets】	
Decrease in cash and deposit	-649
Increase in accounts receivable	+1,387
Increase in merchandise	+776
Liabilities	
【Current liabilities】	
Increase in accounts receivable-trade	+703
Decrease in current portion of long -terms loans	-1,336
Increase in income taxes payable	+404
Increase in contract Liabilities	+307
Net assets	
【Net assets】	
Increase in retained earnings	+579

Highlights of consolidated Cash Flow



Cash flows from operating activities significantly increased due to profit expansion despite higher working capital. Free cash flows also improved considerably amid business foundation investments under way

(Million yen)

Subjects	2023/3	2024/3
Cash Flows from Operating Activities	136	2,177
Cash Flows from Investing Activities	-1,634	-708
Cash Flows from Financing Activities	-2,147	-2,134
Free Cash Flows	-1,497	1,468
Net Increase(Decrease) in cash and Cash Equivalents	-3,640	-649
Cash and Cash Equivalents at Beginning of Year	9,785	6,144
Cash and Cash Equivalents at End of Year	6,144	5,494

Point	
Cash Flows from Operating Activities	
Profit before income taxes	2,004
Depreciation	1,023
Amortization of goodwill	72
Increase in trade receivables	-1,385
Increase in Inventories	-938
Increase in notes and accounts payable-trade	703
Cash Flows from Investing Activities	
Purchases Software	-442
Cash Flows from Financing Activities	
Repayment of long-term loans payable	-1,336
Cash dividends paid	-798

Both net sales and profit exceeded the initial forecasts, absorbing expenses related to office contract renewal that had not been not included in the forecast

(Million yen)

Subjects	2024/3 Forecast (May 12, 2023)	2024/3 Results	Difference from forecast	
			Difference	Change (%)
Net sales	46,500	49,477	+2,977	+6.4
Operating income	1,900	2,174	+274	+14.4
<i>Operating income ratio (%)</i>	<i>4.1</i>	<i>4.4</i>	<i>+0.3pt</i>	<i>-</i>
Ordinary income	1,900	2,153	+253	+13.4
<i>Ordinary income ratio (%)</i>	<i>4.1</i>	<i>4.4</i>	<i>+0.3pt</i>	<i>-</i>
Net income attributable to owners of parent	1,250	1,379	+129	+10.4
ROE (%)	8.3	9.1	+0.8pt	-

Business Results by Segment (comparison with forecast)

Both net sales and profit exceeded the forecast in the SI business. The Security business saw profit fail to reach the forecast due to the effect of upfront investment including additional measures although net sales surpassed it.

(Million yen)

Net sales	2024/3 Forecast (May 12, 2023)	2024/3 Results	Difference from forecast	
			Difference	Change (%)
Security Solutions Services (SSS) business	21,270	22,159	+889	+4.2
System Integration Services (SIS) business	25,230	27,317	+2,087	+8.3
Total	46,500	49,477	+2,977	+6.4

Segment margin	2024/3 Forecast (May 12, 2023)	2024/3 Results	Difference from forecast	
			Difference	Change (%)
Security Solutions Services (SSS) business	2,520	2,260	-259	-10.3
System Integration Services (SIS) business	3,360	3,854	+494	+14.7
Total	5,880	6,115	+235	+4.0

Company-wide common	-3,980	-3,940	+39	-
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Note: Segment margin is profit that includes business-related SG&A expenses but before the incorporation of corporate common expenses.

Forecasts for the year ending March 31, 2025

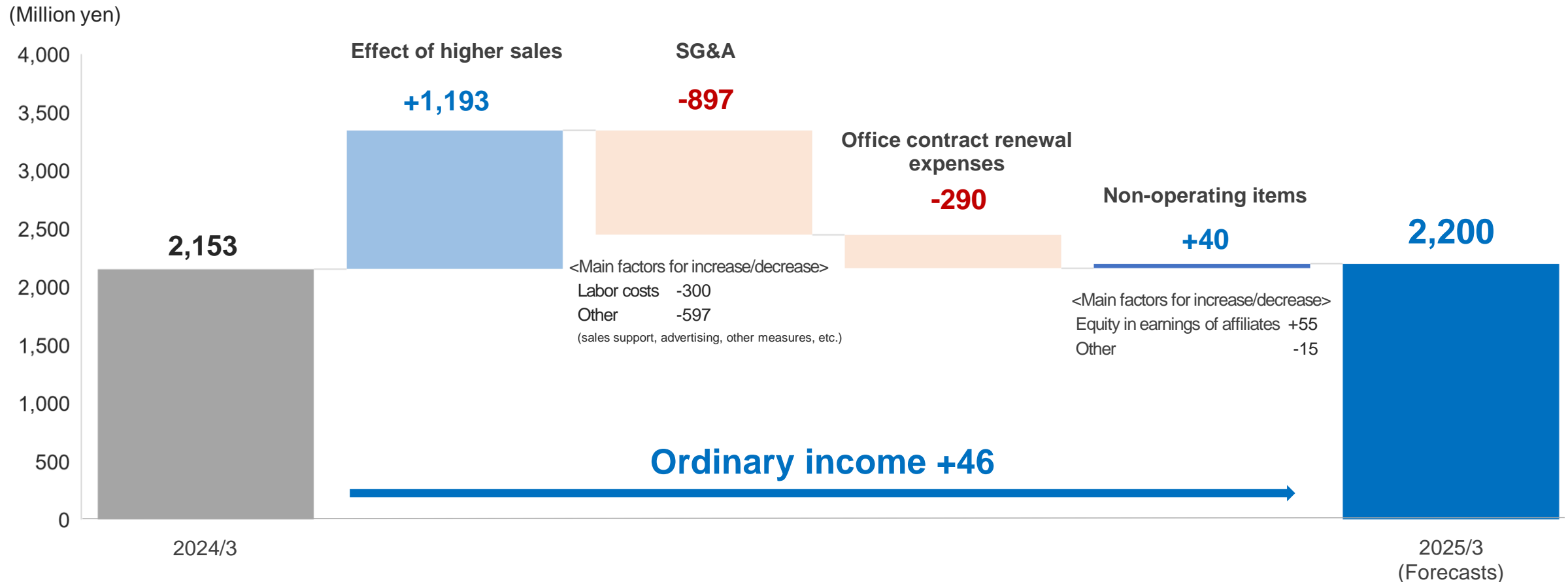
The background of the slide is a solid dark blue. Overlaid on this background is a white wireframe illustration of a city skyline. The buildings are represented by a grid of lines, creating a 3D effect. The skyline is composed of several buildings of varying heights and widths, with the tallest building on the right side of the frame. The lines are thin and white, contrasting sharply with the blue background.

Both net sales and profit are expected to increase
Operating income will stay almost flat due to one-time expenses
for an office contract renewal that will contribute to cost reductions in the next
fiscal year and beyond

(Million yen)

Subjects	2024/3 Results	2025/3 Forecasts	YoY comparison	
			Difference	Change (%)
Net sales	49,477	52,750	+3,272	+6.6
Operating income	2,174	2,180	+5	+0.3
<i>Operating income ratio (%)</i>	<i>4.4</i>	<i>4.1</i>	<i>-0.3pt</i>	<i>-</i>
Ordinary income	2,153	2,200	+46	+2.1
<i>Ordinary income ratio (%)</i>	<i>4.4</i>	<i>4.2</i>	<i>-0.2pt</i>	<i>-</i>
Net income attributable to owners of parent	1,379	1,500	+120	+8.7
ROE (%)	9.1	9.5	<i>+0.4pt</i>	<i>-</i>

Ordinary income is forecast to increase primarily due to the effect of higher sales despite increases in labor costs, including improving the treatment of workers, and in expenses associated with an office contract renewal



Business Forecasts by Segment (YoY Comparison)



Both the Security business and SI business are expected to increase net sales and profits due to the expansion of service business

Corporate common expenses are expected to rise due in large part to an office contract renewal and an increase in labor costs

(Million yen)

Net sales	2024/3 Results	2025/3 Forecasts	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	22,159	24,560	+2,400	+10.8
System Integration Services (SIS) business	27,317	28,190	+872	+3.2
Total	49,477	52,750	+3,272	+6.6

Segment margin	2023/3 Results	2024/3 Forecasts	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	2,260	2,780	+519	+23.0
System Integration Services (SIS) business	3,854	4,260	+405	+10.5
Total	6,115	7,040	+924	+15.1

Company-wide common	-3,940	-4,860	-919	-
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Note: Segment margin is profit that includes business-related SG&A expenses but before the incorporation of corporate common expenses.

Reference: Forecasts by Subsegment (YoY comparison)

(Million yen)

Net sales	2024/3 Results	2025/3 Forecasts	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	22,159	24,560	+2,400	+10.8
Security Consulting Services	3,898	4,380	+481	+12.3
Security Assessment Services	3,018	3,150	+131	+4.3
Security Monitoring Services	6,598	7,830	+1,231	+18.7
Security Product Sales	7,773	8,430	+656	+8.5
Security Maintenance Services	869	770	-99	-11.4
System Integration Services (SIS) business	27,317	28,190	+872	+3.2
Development Services	18,218	18,950	+731	+4.0
Hardware and Software Sales	3,530	3,550	+19	+0.5
IT Maintenance Services	3,092	2,980	-112	-3.7
Solutions Services	2,475	2,710	+234	+9.5
Total	49,477	52,750	+3,272	+6.6

Shareholder Returns

The background of the slide is a solid blue color. Overlaid on this background is a white wireframe illustration of a city skyline. The buildings are represented by a grid of lines, creating a 3D effect. The buildings vary in height and are arranged in a way that suggests a perspective view of a city street. The overall aesthetic is clean, modern, and professional.

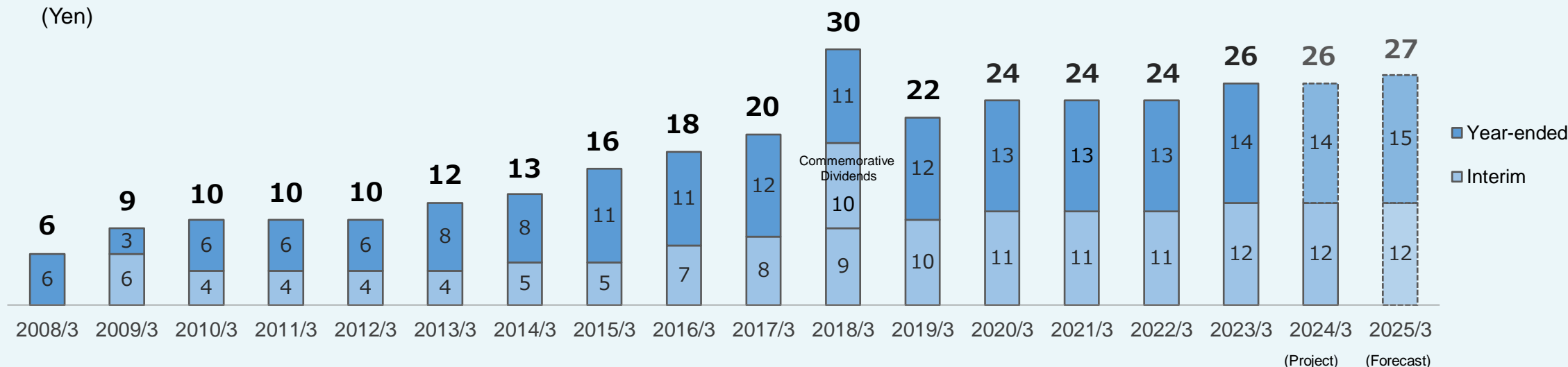
The annual dividend will be 26 yen per share. We expect dividends for the current year to be 27 yen, an increase of 1 yen.

Dividend policy

- Maintain stable dividend on ongoing basis to attract stable long-term shareholders
- Target 5% DOE(dividend-to-equity ratio) as core metric

Dividends

(Yen)

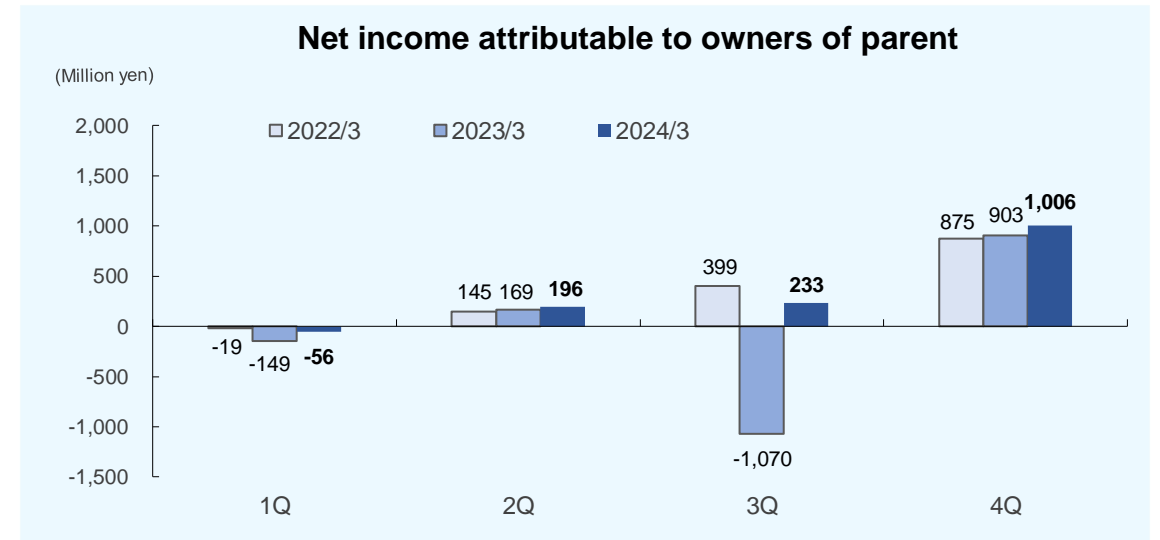
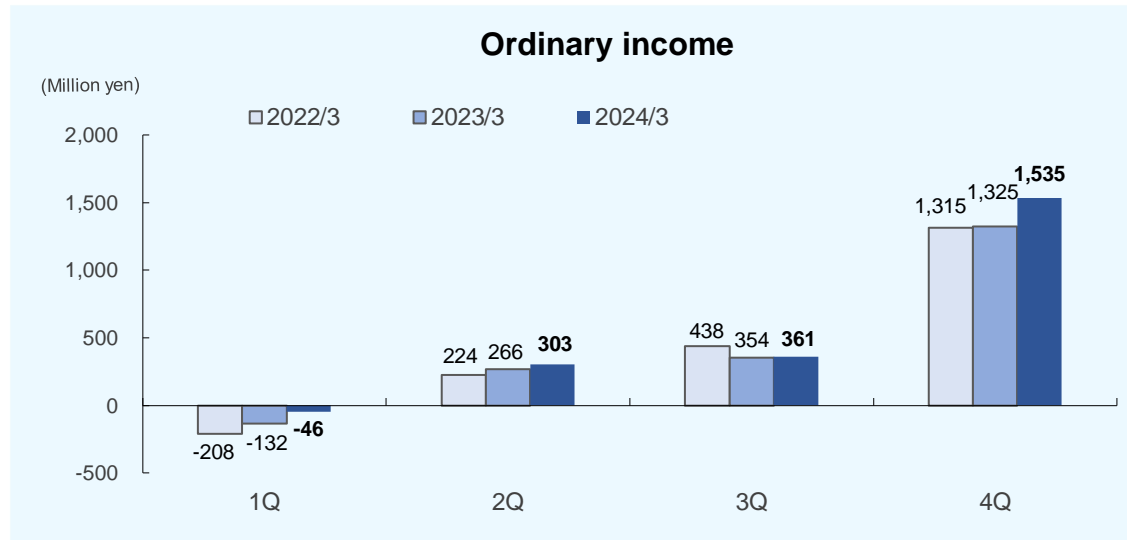
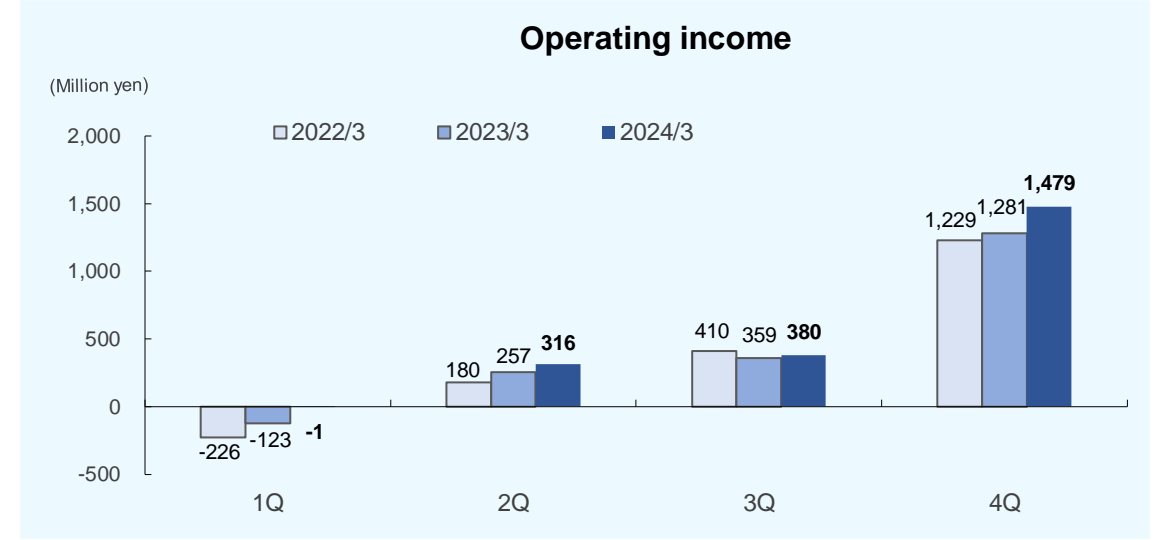
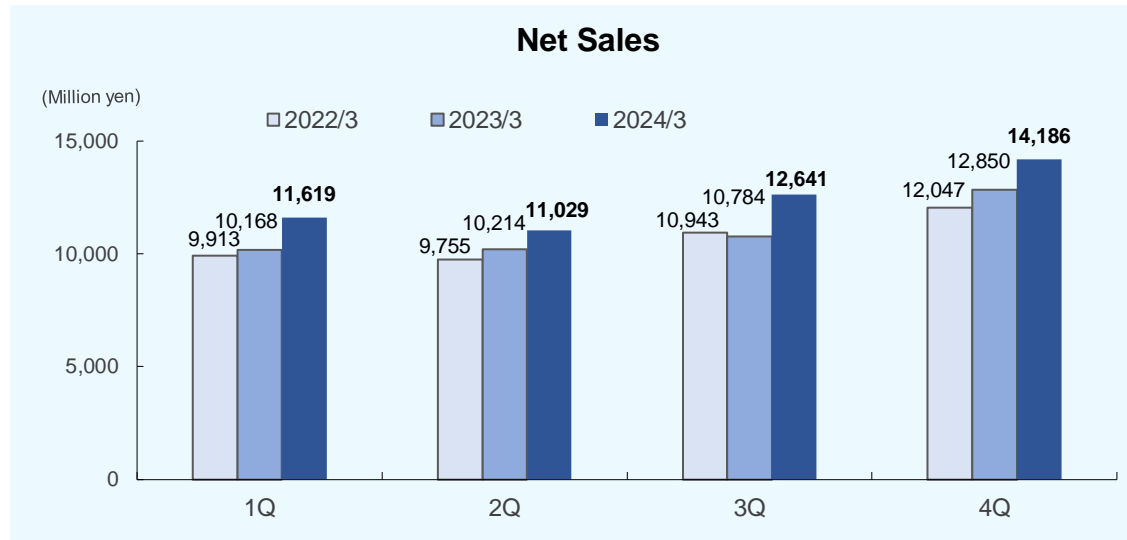


	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
DOE	2.8%	4.2%	5.1%	5.2%	4.8%	5.2%	5.0%	5.5%	5.5%	5.5%	5.1% (Commemorative Dividends not included)	5.2%	5.3%	5.2%	4.9%	5.1%	5.2%	5.2%
Dividend payout ratio	18.2%	98.7%	-	38.9%	45.0%	34.3%	32.7%	32.3%	31.6%	34.0%	40.5% (Commemorative Dividends not included)	36.3%	56.2%	201.3%	44.8%	-	56.9%	54.3%

References



Consolidated Financial Results (Quarterly)



Consolidated Financial Results and Results by Segment (Quarterly)



(百万円)

Consolidated Financial Results	2022/3				2023/3				2024/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	9,913	9,755	10,943	12,047	10,168	10,214	10,784	12,850	11,619	11,029	12,641	14,186
Cost of sales	8,094	7,670	8,581	8,858	8,292	7,998	8,497	9,619	9,670	8,837	10,266	10,616
Cost of sales / net sales (%)	81.7	78.6	78.4	73.5	81.6	78.3	78.8	74.9	83.2	80.1	81.2	74.8
Selling, general and administrative expenses	2,045	1,904	1,951	1,959	1,999	1,958	1,927	1,949	1,950	1,876	1,995	2,090
Selling, general and administrative expenses / net sales (%)	20.6	19.5	17.8	16.3	19.7	19.2	17.9	15.2	16.8	17.0	15.8	14.7
Operating income	-226	180	410	1,229	-123	257	359	1,281	-1	316	380	1,479
Operating income ratio (%)	-2.3	1.9	3.8	10.2	-1.2	2.5	3.3	10.0	-0.0	2.9	3.0	10.4
Net income attributable to owners of parent	-19	145	399	875	-149	169	-1,070	903	-56	196	233	1,006
Net income attributable to owners of parent ratio (%)	-0.2	1.5	3.6	7.3	-1.5	1.7	-9.9	7.0	-0.5	1.8	1.8	7.1

Security Solutions Services (SSS) business

Net sales	Security Consulting Services	740	905	881	1,209	714	922	956	1,268	740	881	995	1,281
	Security Assessment Services	411	504	464	1,072	397	556	585	1,036	385	609	558	1,465
	Security Monitoring Services	1,405	1,385	1,507	1,524	1,460	1,516	1,511	1,730	1,475	1,572	1,713	1,838
	Security Product Sales	1,555	1,261	1,570	1,661	1,761	1,361	1,303	1,577	2,285	1,489	1,751	2,246
	Security Maintenance Services	311	194	430	381	164	143	280	271	175	157	254	281
	Total	4,425	4,251	4,854	5,849	4,498	4,500	4,638	5,884	5,062	4,709	5,272	7,114
Segment margin		208	383	542	1,185	201	523	538	1,102	173	384	307	1,395

System Integration Services (SIS) business

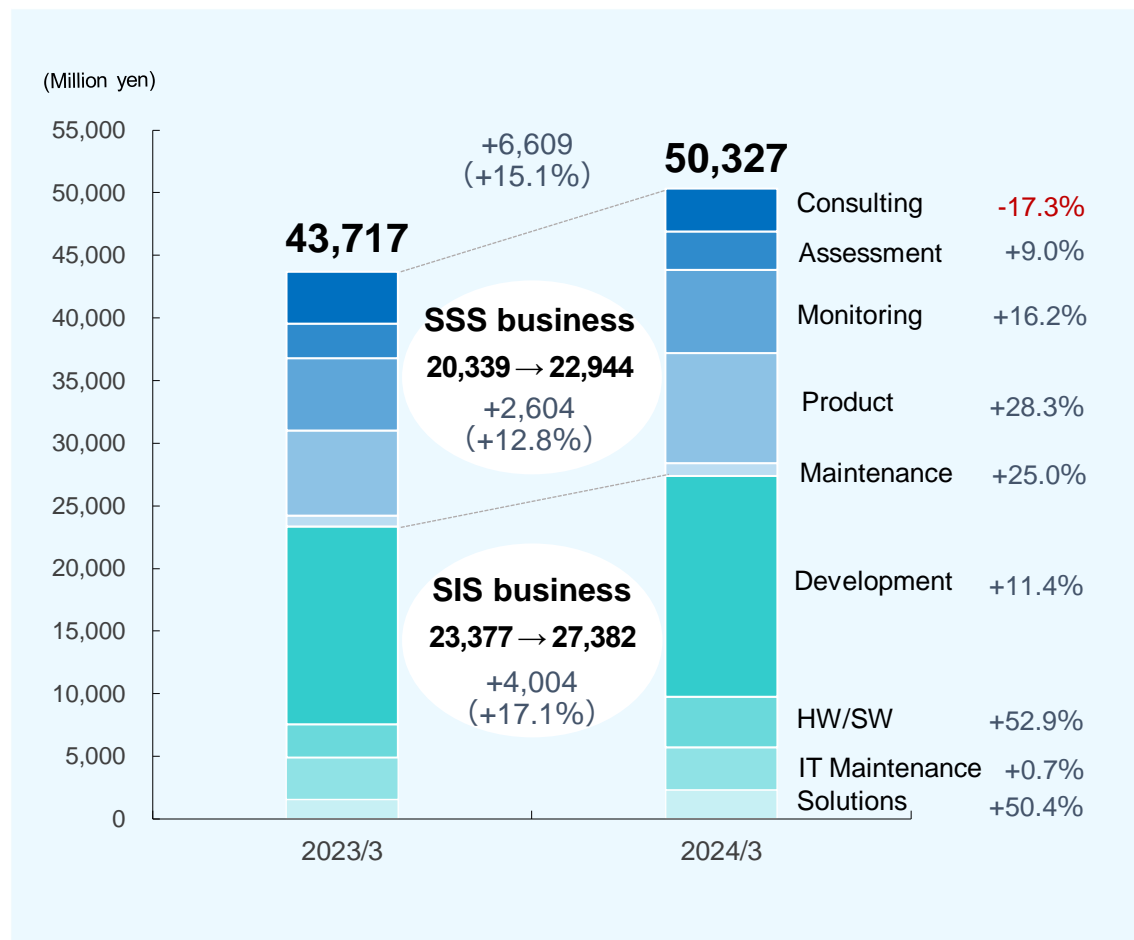
Net sales	Development Services	3,343	3,821	4,007	4,184	3,731	4,021	4,158	4,443	4,154	4,427	4,828	4,809
	Hardware and Software Sales	440	551	799	701	415	496	603	944	692	685	1,030	1,121
	IT Maintenance Services	1,171	711	903	641	961	733	909	696	1,018	722	739	612
	Solutions Services	532	419	378	671	560	463	475	882	690	485	771	528
	Total	5,488	5,503	6,089	6,198	5,669	5,714	6,146	6,966	6,556	6,320	7,369	7,071
Segment margin		507	694	778	1,005	731	769	798	1,129	801	861	1,065	1,125

Company-wide common expenses	-942	-896	-909	-960	-1,057	-1,035	-977	-950	-976	-930	-993	-1,040
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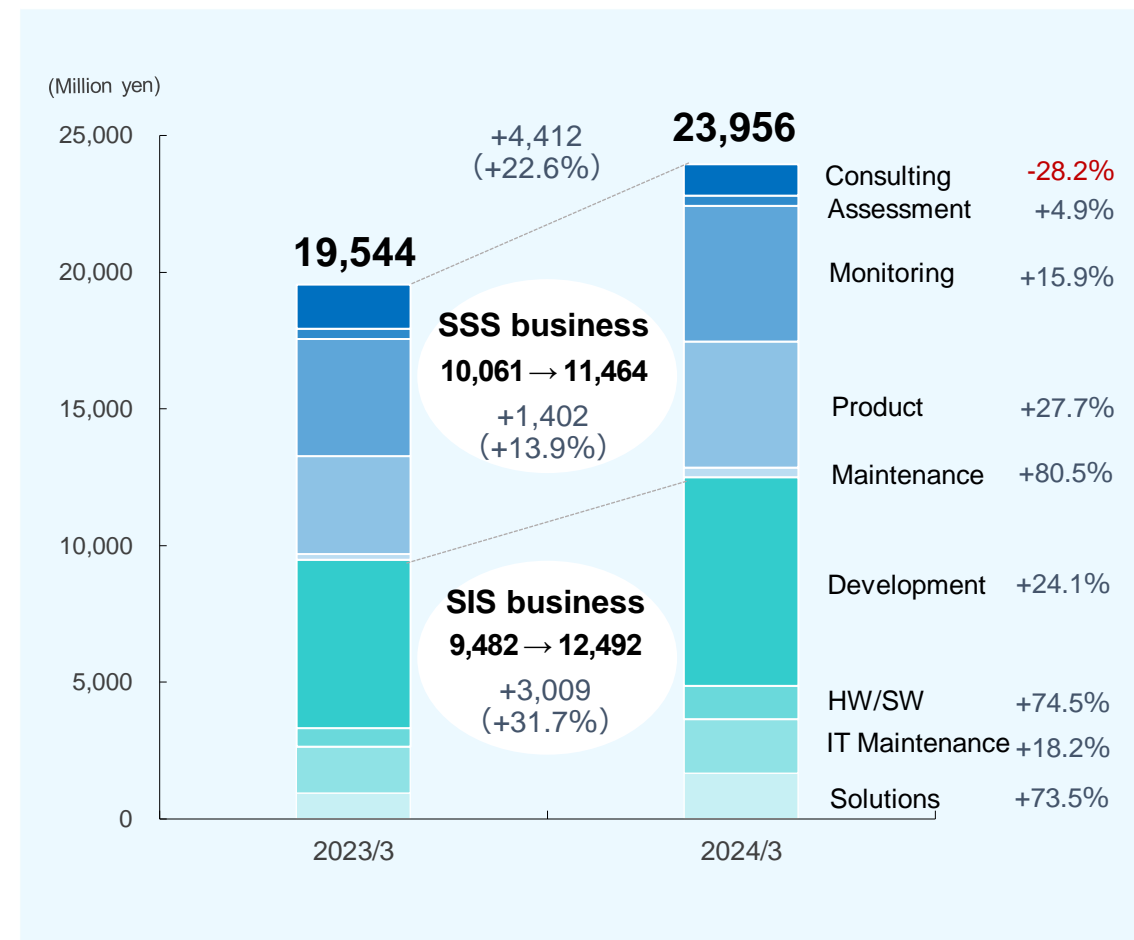
Note : Regarding the reclassification of business among subsegments (consulting, assessment, and monitoring services) of the SSS business from the first quarter of the fiscal year ending March 31, 2024, the figures for the fiscal year ended March 31, 2023, were reclassified, but the figures for the fiscal year ended March 31, 2022, were not.

Orders and Balance of Orders by Segment (YoY comparison)

Order received during full-year



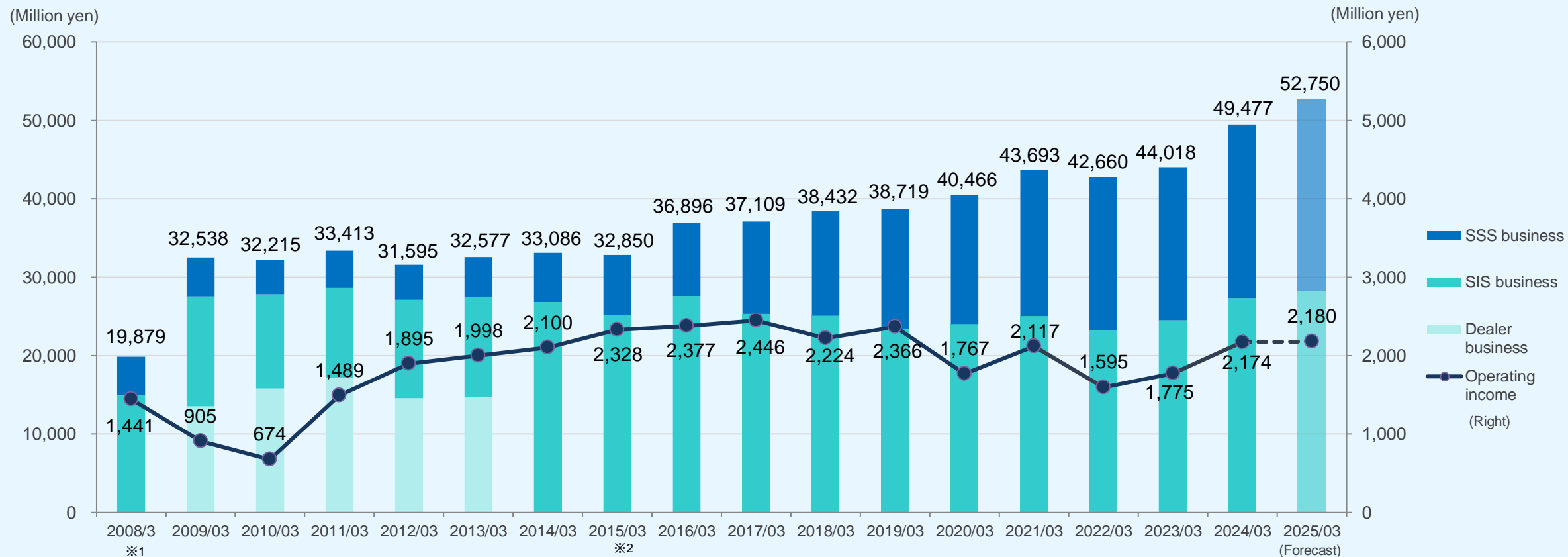
Order backlog at end of fourth quarter



Notes: 1. Orders and balance of orders are for the parent only.

2. Regarding the reclassification of business among subsegments (consulting, assessment, and monitoring services) of the SSS business from the first quarter, order backlog for the fiscal year ended March 31, 2023 was reclassified, but order received were not.

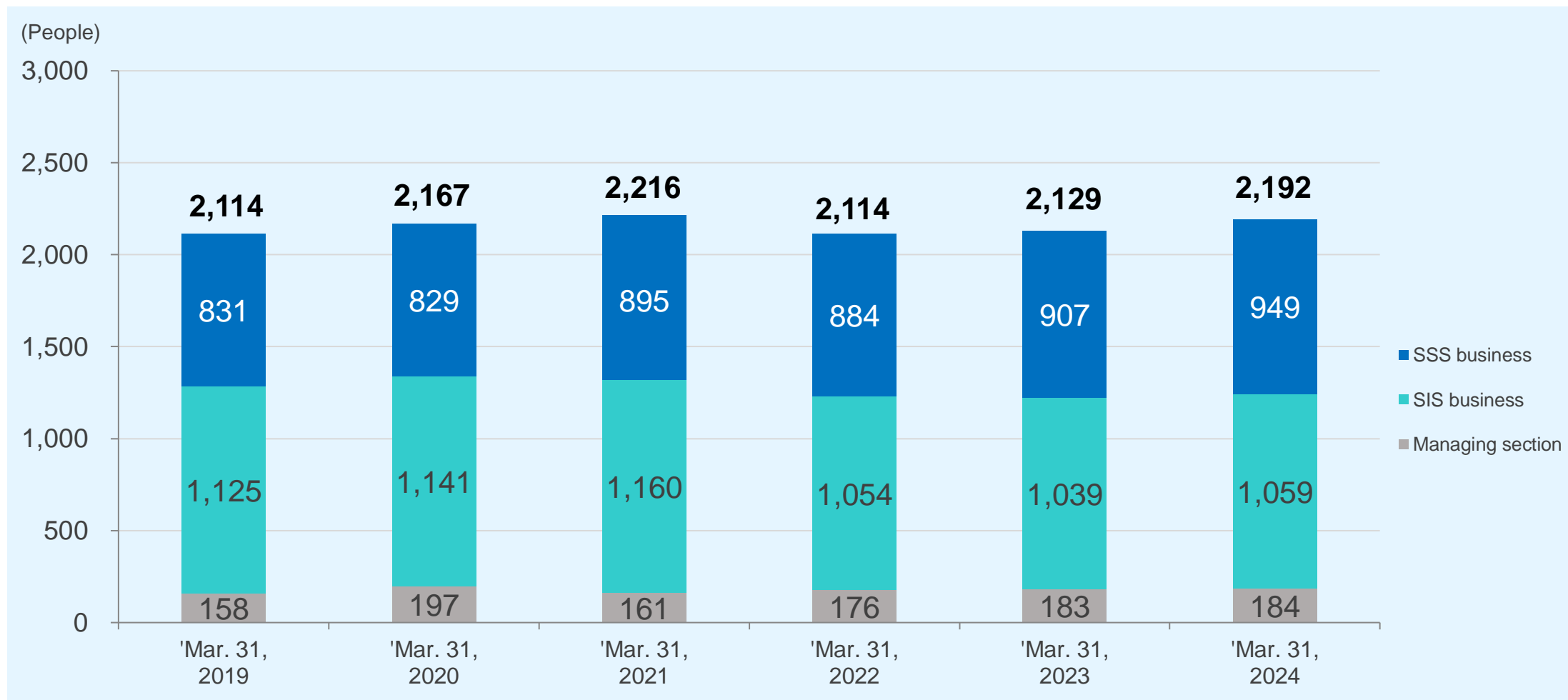
Consolidated Financial Results (Subsegment)



※1 Earnings for the fiscal year ended March 31, 2008, the fiscal year in which Little eArth Corporation Co., Ltd, and A&I System Co., Ltd., initiated their management integration, include Little eArth Corporation's net sales and operating income for the 15 months from January 2007 through March 2008 because Little eArth Corporation changed its fiscal year-end from December to March. Little eArth Corporation's nonconsolidated earnings for the three months ended March 31, 2007, are deducted from the earnings data herein to present annualized pro forma data for the sake of like-for-like comparability.

※2 Business segments were revised from the fiscal year ended March 31, 2015. The data plotted above for the preceding fiscal year (ended March 31, 2014) are adjusted to reflect the re-segmentation to present pro forma data for the sake of segment-by-segment earnings comparability.

Consolidated Employees



Note: There was a decrease of 30 employees (compared to March 31, 2021) in the SSS business, due to the absorption-type merger of Asian Resurrection with LAC CyberLink as the surviving company, in the 1st quarter.

The employees of I Net Rely Corporation (97 employees as of June 30, 2021) were excluded from the number of SIS employees as of September 30, 2021.

This is because I Net Rely Corporation was excluded from the scope of consolidation following the sale of all shares in said company on June 28, 2021.



- ※ This document was prepared based on information available as of May 13, 2024 and is subject to change without notice.
- ※ The earnings targets, future forecasts, and other statements presented in this document are based on forecasts or assumptions based on information available at the time this document was prepared by the Group and are subject to direct or indirect impacts from various changes in the operating environment, including economic conditions and social trends. Accordingly, actual results, strategies, or other information may differ considerably from the forecasts or assumptions
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