



LAC Co., Ltd.

Financial Results for 1Q Ended June 30, 2024

August 9, 2024

Agenda

- 1. Outline of Financial Results for 1Q ended June 30, 2024**
- 2. Forecasts for the year ending March 31, 2025**
- 3. References**

Outline of Financial Results for 1Q ended June 30, 2024



Highlights of Consolidated Financial Results (YoY comparison)

Net sales up on growth of Security Business and SI Business

Operating income decreased reflecting the one-time expenses (65 million yen) related to office contract renewal, which is expected to contribute to profit over the medium to long term from the next fiscal year onward

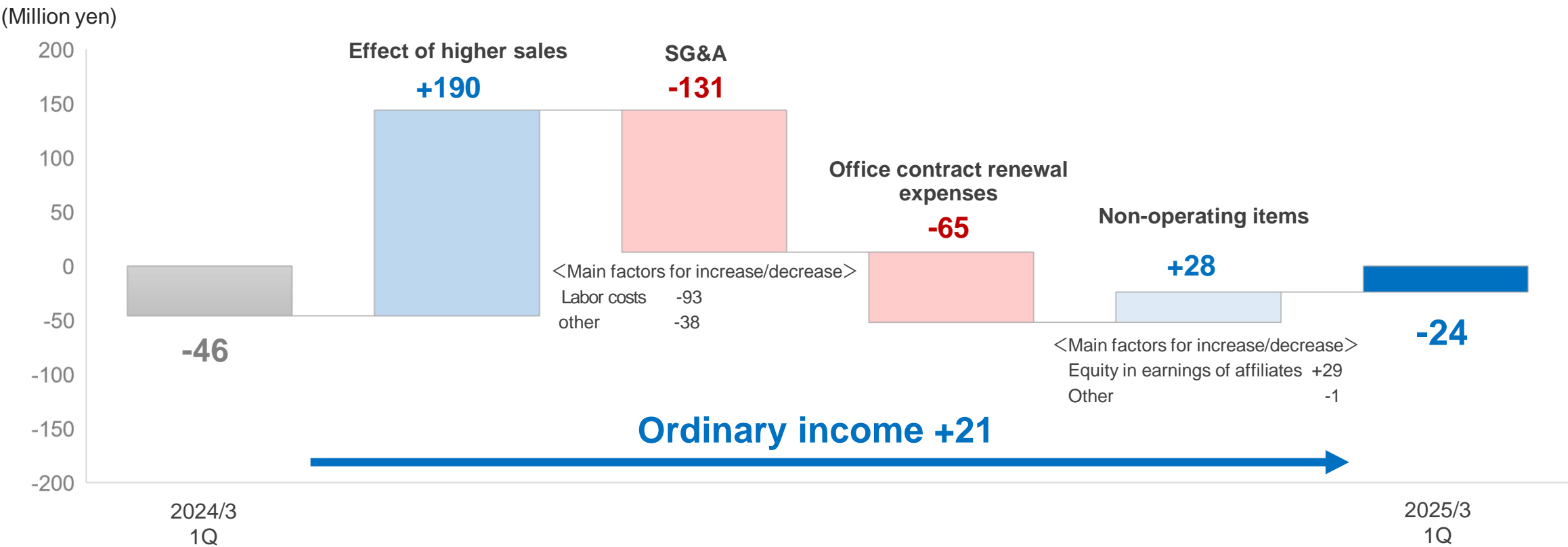
Ordinary income and net income attributable to owners of parent increased partly due to an improvement in equity in losses of affiliates

(Million yen)

Subjects	2024/3 1Q	2025/3 1Q	YoY comparison	
			Difference	Change (%)
Net sales	11,619	13,204	+1,585	+13.6
Operating income	-1	-8	-6	-
Operating income ratio (%)	-0.0	-0.1	-0.0p	-
Ordinary income	-46	-24	+21	-
Ordinary income ratio (%)	-0.4	-0.2	+0.2p	-
Net income attributable to owners of parent	-56	-37	+18	-

Note: One characteristic of Group's business is that earnings in the first quarter tend to be relatively low because the booking of sales, particularly in the Security business, is skewed significantly towards the fourth quarter.

Despite an increase in labor costs due to a rise in base salary, etc. and the recording of expenses related to office contract renewal, ordinary income grew driven by the effect of higher sales and improvement in equity in losses of affiliates



Notes: 1. Office contract renewal expenses resulted from the recognition of assets and liabilities for restoration expenses related to the contract renewal of the Hirakawacho office including the reduction of floor space (lease expires in March 2025) and an increase in depreciation due to a change in the estimate of existing assets. It is included in SG&A expenses but is shown in the chart separately.

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 increased due to the recording of
office renovation-related expenses, etc.**

(Million yen)

Net sales	2024/3 1Q	2025/3 1Q	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	5,062	5,639	+576	+11.4
System Integration Services (SIS) business	6,556	7,565	+1,009	+15.4
Total	11,619	13,204	+1,585	+13.6
Segment margin	2024/3 1Q	2025/3 1Q	YoY comparison	
			Difference	Change (%)
Security Solutions Services (SSS) business	173	85	-87	-50.4
System Integration Services (SIS) business	801	1,012	+211	+26.3
Total	974	1,098	+123	+12.7
Company-wide common	-976	-1,106	-130	-

Note: Segment margin is profit that includes business-related SG&A expenses but before the incorporation of corporate common expenses.

Net sales increased due to expansion of Assessment services and monitoring services
Profit declined due to workforce expansion and other measures for structural reinforcement

Security Consulting Services

Educational and training services increased backed by growth in the targeted mail training business, but a decline in the emergency response service business and other factors resulted in lower sales.

Security Assessment Services

Sales increased driven by the strong performance of our mainstay web application assessment services and platform assessment services as well as an expansion in a penetration testing project that was intended to investigate potential threats.

Security Monitoring Services

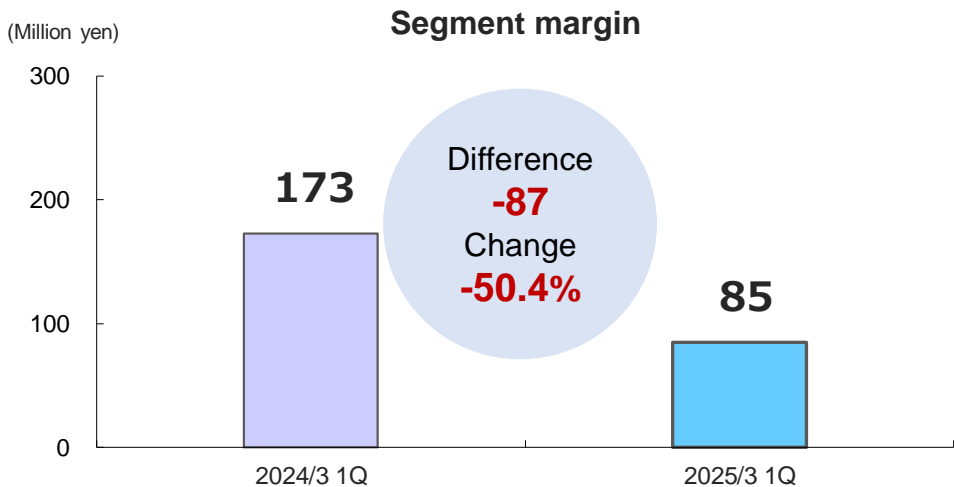
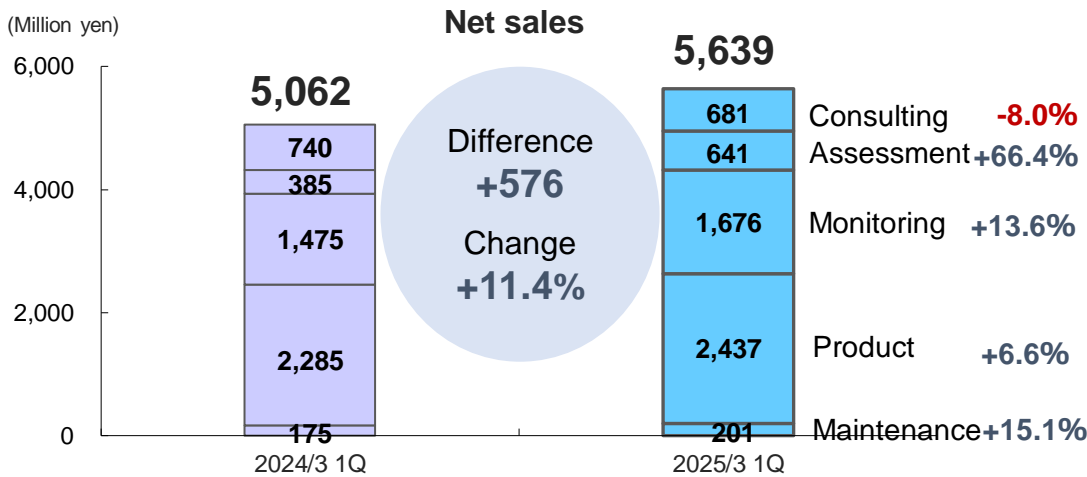
Sales were up thanks to the growth of individual monitoring services, which provide advanced security measures for specific companies, and internal fraud monitoring services, etc.

Security Product Sales

Sales grew, including products for web security against denial-of-service attacks and products for collecting and 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.



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

Development Services

Sales increased thanks to growth in projects for major banks and public-sector, etc.

Hardware and Software Sales

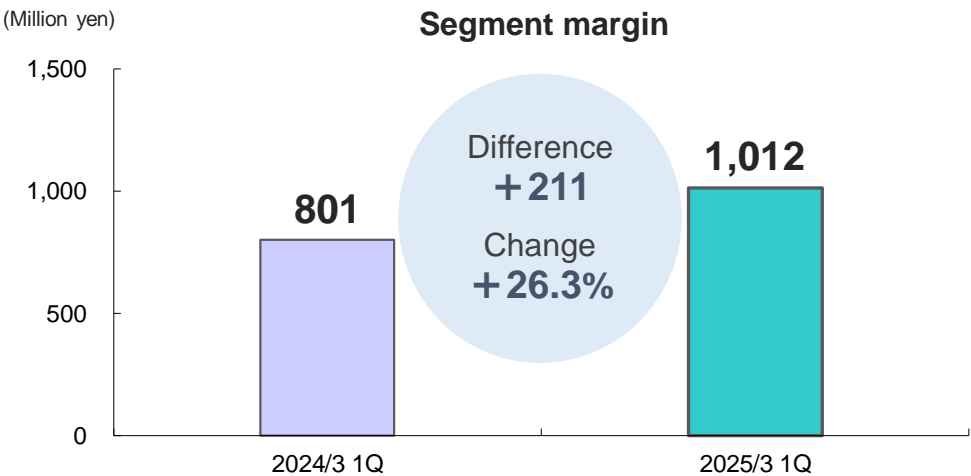
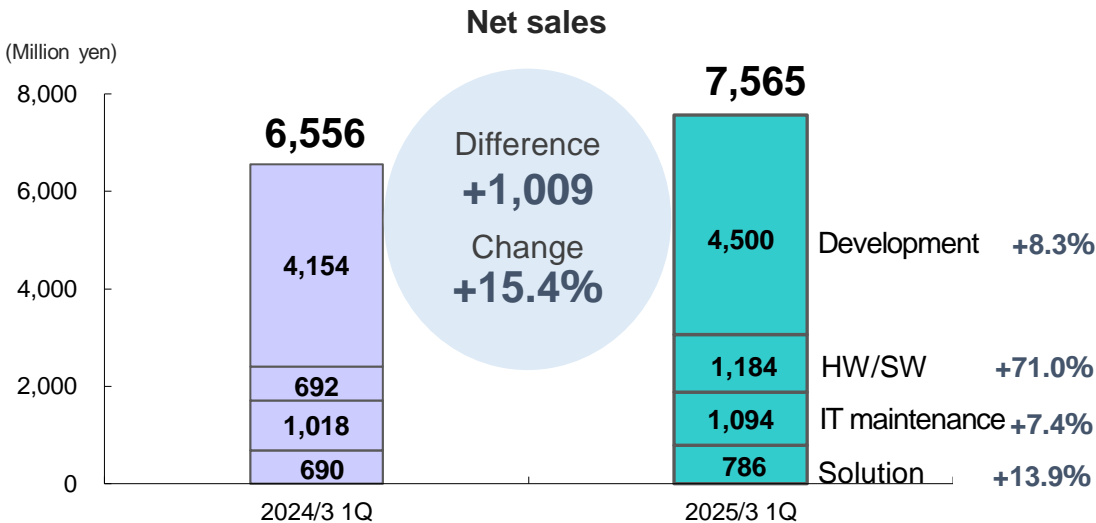
Sales rose thanks to significant growth as a result of winning large projects, etc., although demand has been shrinking partly due to the expansion of cloud services.

IT Maintenance Services

Sales increased as contract renewals, etc. remained strong and grew.

Solutions Services

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



Maintaining stable financial base to enable sustained investment in growth

(Million yen)

Subjects	As of March 31, 2024	As of June 30, 2024	Difference
Total Assets	23,770	22,277	-1,492
Current assets	17,472	16,264	-1,207
Noncurrent assets	6,297	6,013	-284
Total Liabilities	8,365	7,376	-989
Current liabilities	7,903	6,908	-995
Noncurrent liabilities	462	467	+5
Total net assets	15,404	14,901	503
Cash and deposit	5,494	5,115	-379
Interest-bearing debt	124	108	-15
Shareholders' equity ratio	64.8%	66.9%	+2.1p

Point	
Assets	
【Current assets】	
Decrease in Notes and accounts receivable - trade, and contract assets	-2,213
Increase in work in process	+ 508
Liabilities	
【Current liabilities】	
Decrease in accounts receivable-trade	-690
Net assets	
【Net assets】	
Decrease in retained earnings	-471

Forecasts for the year ending March 31, 2025

The Company will not make a change to the announcement made on May 13, 2024, because we believe that our performance in the first three months of the current consolidated fiscal year was generally favorable, and by taking into account the Company's seasonal performance, with a bias toward the fourth quarter of the consolidated fiscal year.

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
Operating income ratio (%)	4.4	4.1	-0.3p	-
Ordinary income	2,153	2,200	+46	+2.1
Ordinary income ratio (%)	4.4	4.2	-0.2p	-
Net income attributable to owners of parent	1,379	1,500	+120	+8.7
ROE (%)	9.1	9.5	+0.4p	-

Business Forecasts by Segment (YoY Comparison)

unchanged from May 13, 2024 announcement



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	2024/3 Results	2025/3 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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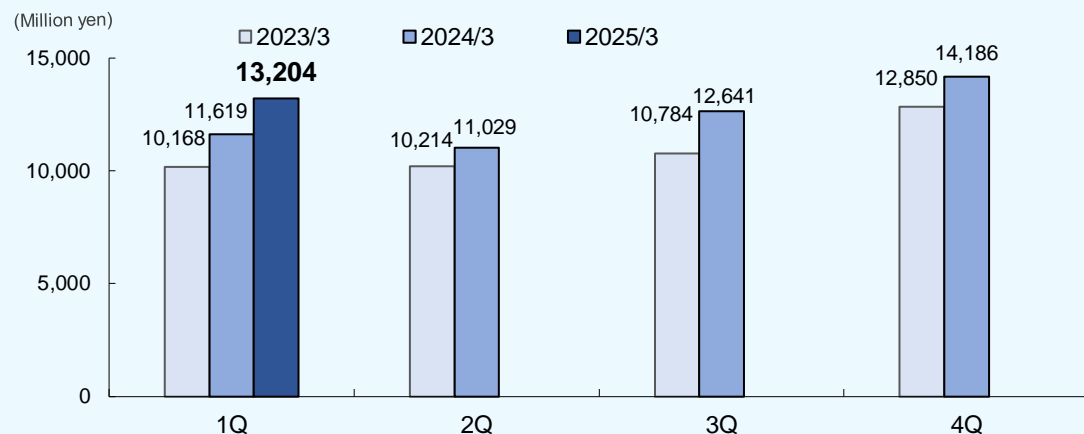
Note: Segment margin is profit that includes business-related SG&A expenses but before the incorporation of corporate common expenses.

References

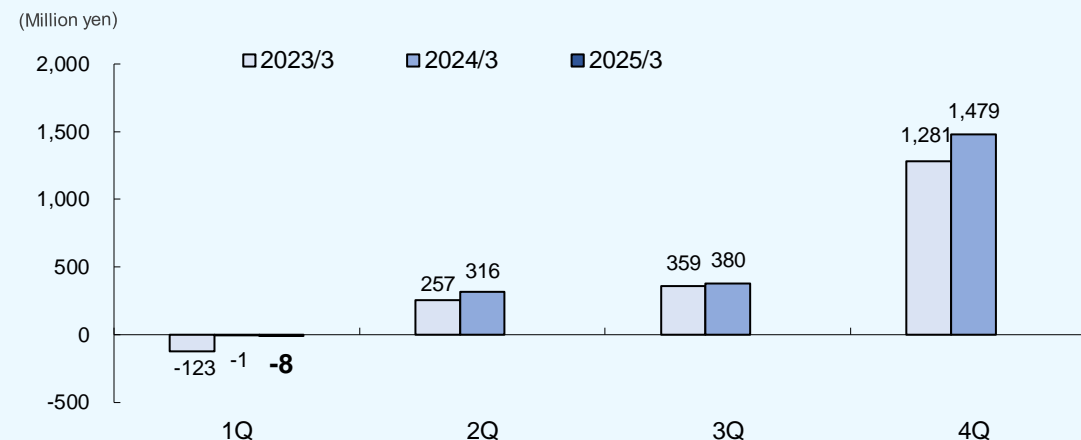


Consolidated Financial Results (Quarterly)

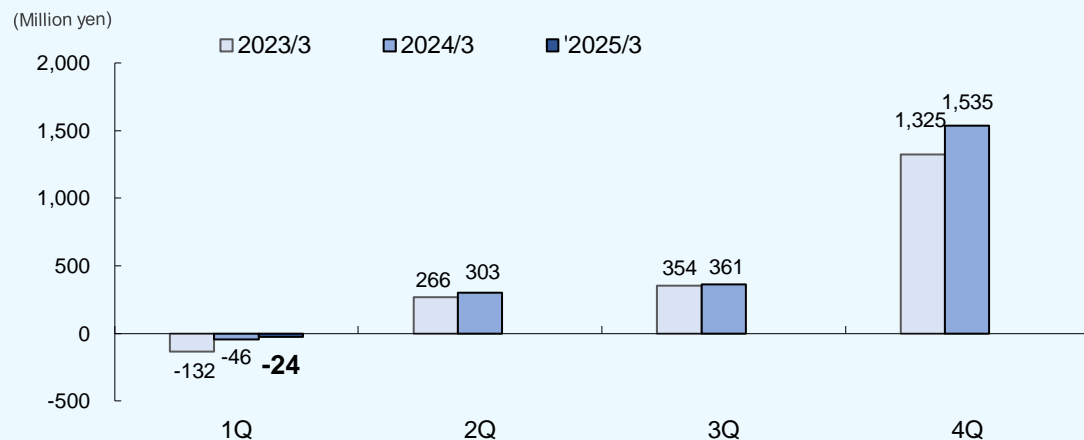
Net Sales



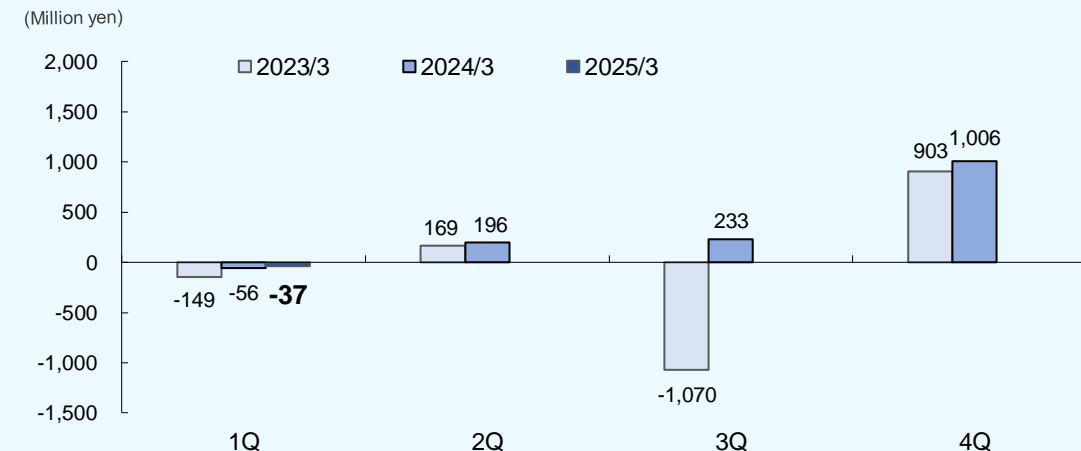
Operating income



Ordinary income



Net income attributable to owners of parent



Consolidated Financial Results and Results by Segment (Quarterly)



(Million yen)

Consolidated Financial Results	2023/3				2024/3				2025/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	10,168	10,214	10,784	12,850	11,619	11,029	12,641	14,186	13,204			
Cost of sales	8,292	7,998	8,497	9,619	9,670	8,837	10,266	10,616	11,065			
Cost of sales / net sales (%)	81.6	78.3	78.8	74.9	83.2	80.1	81.2	74.8	83.8			
Selling, general and administrative expenses	1,999	1,958	1,927	1,949	1,950	1,876	1,995	2,090	2,147			
Selling, general and administrative expenses / net sales (%)	19.7	19.2	17.9	15.2	16.8	17.0	15.8	14.7	16.3			
Operating income	-123	257	359	1,281	-1	316	380	1,479	-8			
Operating income ratio (%)	-1.2	2.5	3.3	10.0	-0.0	2.9	3.0	10.4	-0.1			
Net income attributable to owners of parent	-149	169	-1,070	903	-56	196	233	1,006	-37			
Net income attributable to owners of parent ratio (%)	-1.5	1.7	-9.9	7.0	-0.5	1.8	1.8	7.1	-0.3			

Security Solutions Services (SSS) business												
Net sales	Security Consulting Services	714	922	956	1,268	740	881	995	1,281	681		
	Security Assessment Services	397	556	585	1,036	385	609	558	1,465	641		
	Security Monitoring Services	1,460	1,516	1,511	1,730	1,475	1,572	1,713	1,838	1,676		
	Security Product Sales	1,761	1,361	1,303	1,577	2,285	1,489	1,751	2,246	2,437		
	Security Maintenance Services	164	143	280	271	175	157	254	281	201		
	Total	4,498	4,500	4,638	5,884	5,062	4,709	5,272	7,114	5,639		
Segment margin		201	523	538	1,102	173	384	307	1,395	85		

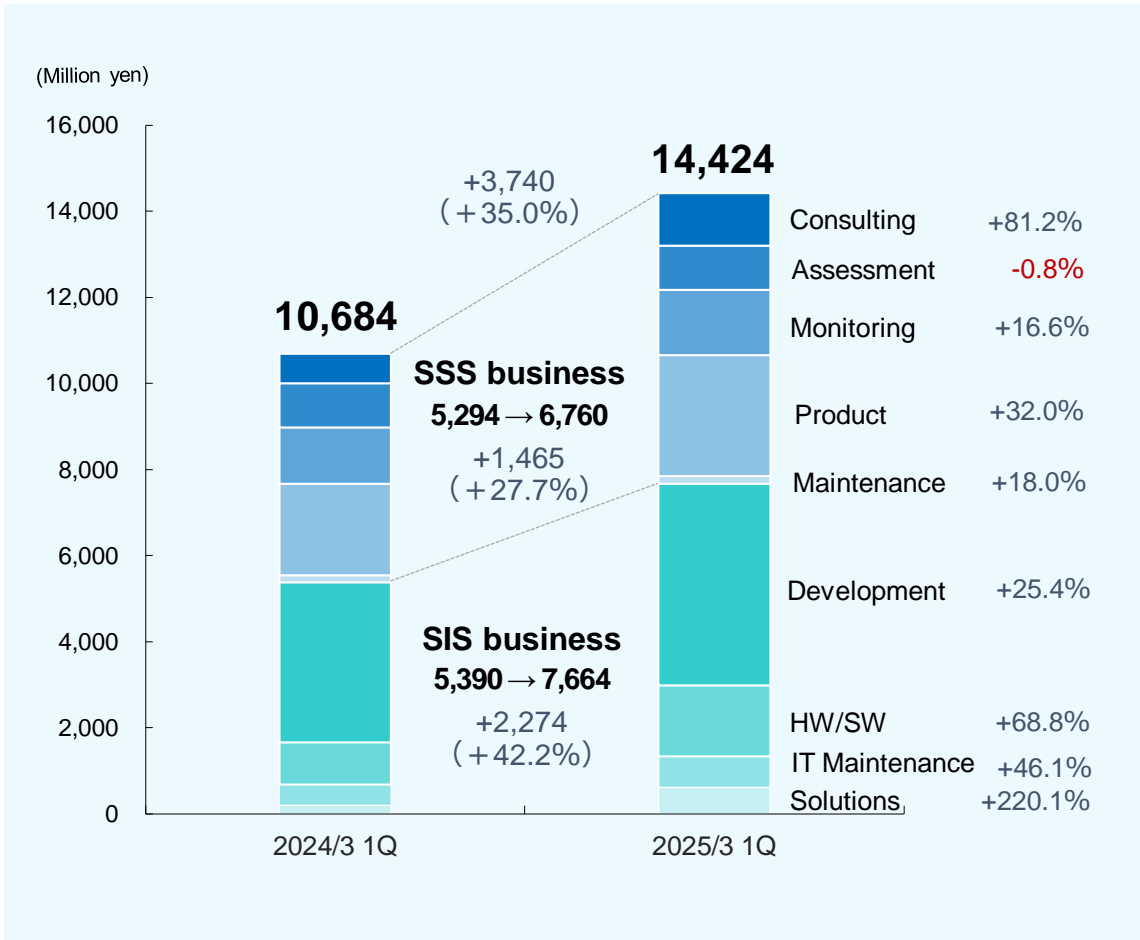
System Integration Services (SIS) business												
Net sales	Development Services	3,731	4,021	4,158	4,443	4,154	4,427	4,828	4,809	4,500		
	Hardware and Software Sales	415	496	603	944	692	685	1,030	1,121	1,184		
	IT Maintenance Services	961	733	909	696	1,018	722	739	612	1,094		
	Solutions Services	560	463	475	882	690	485	771	528	786		
	Total	5,669	5,714	6,146	6,966	6,556	6,320	7,369	7,071	7,565		
Segment margin		731	769	798	1,129	801	861	1,065	1,125	1,012		

Company-wide common expenses	-1,057	-1,035	-977	-950	-976	-930	-993	-1,040	-1,106			
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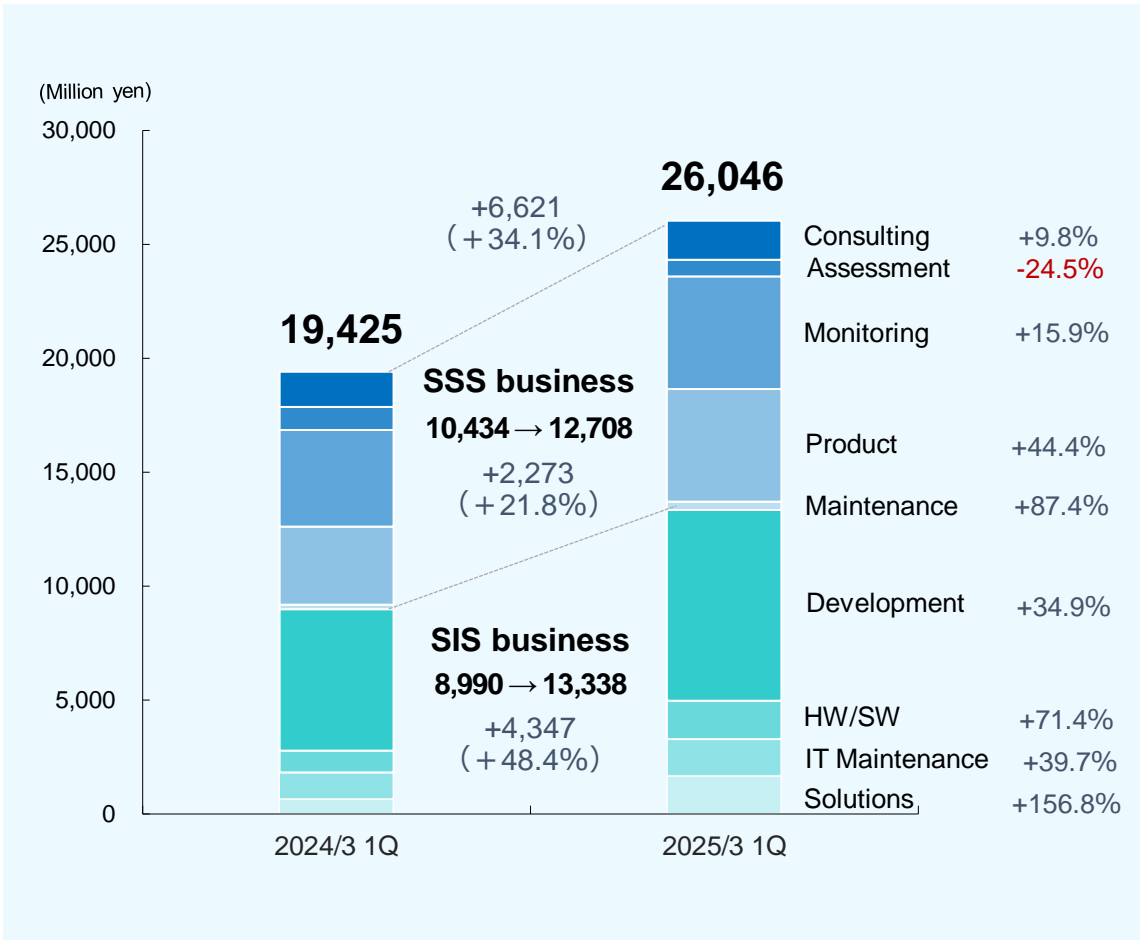
Orders and Balance of Orders by Segment (YoY comparison)



Order received during first quarter

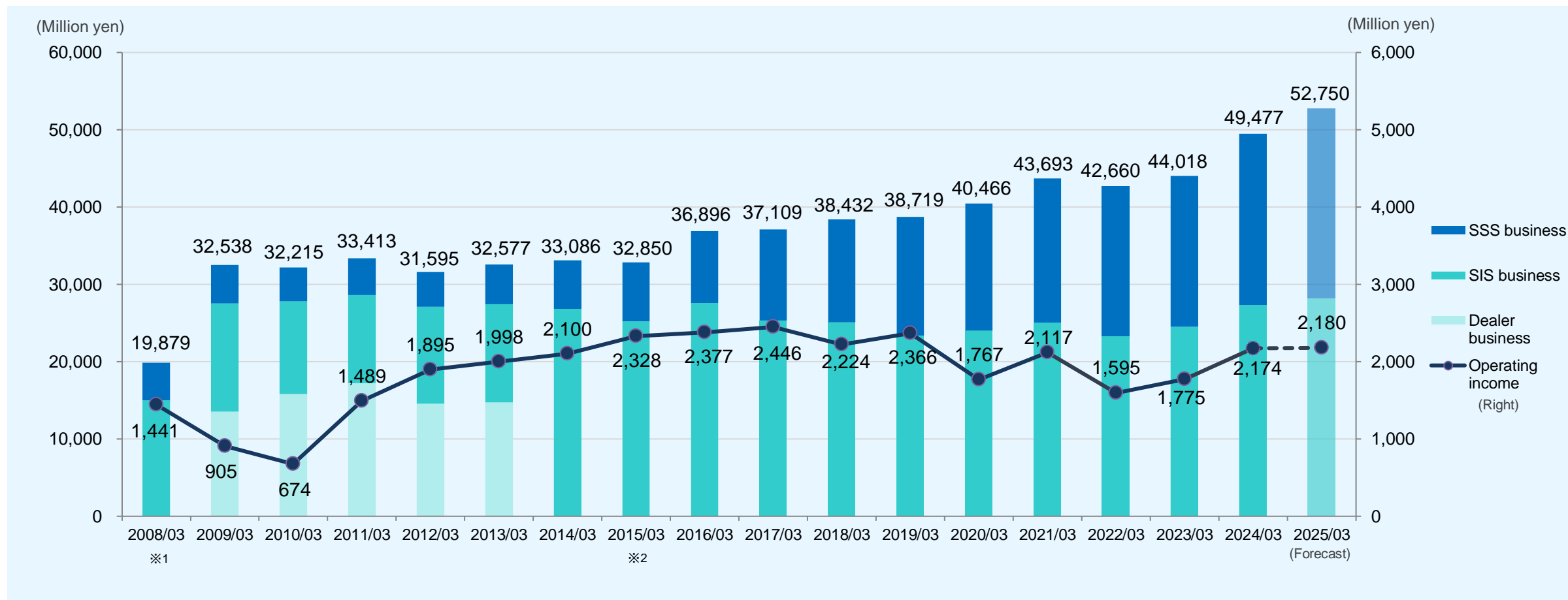


Order backlog at end of first quarter



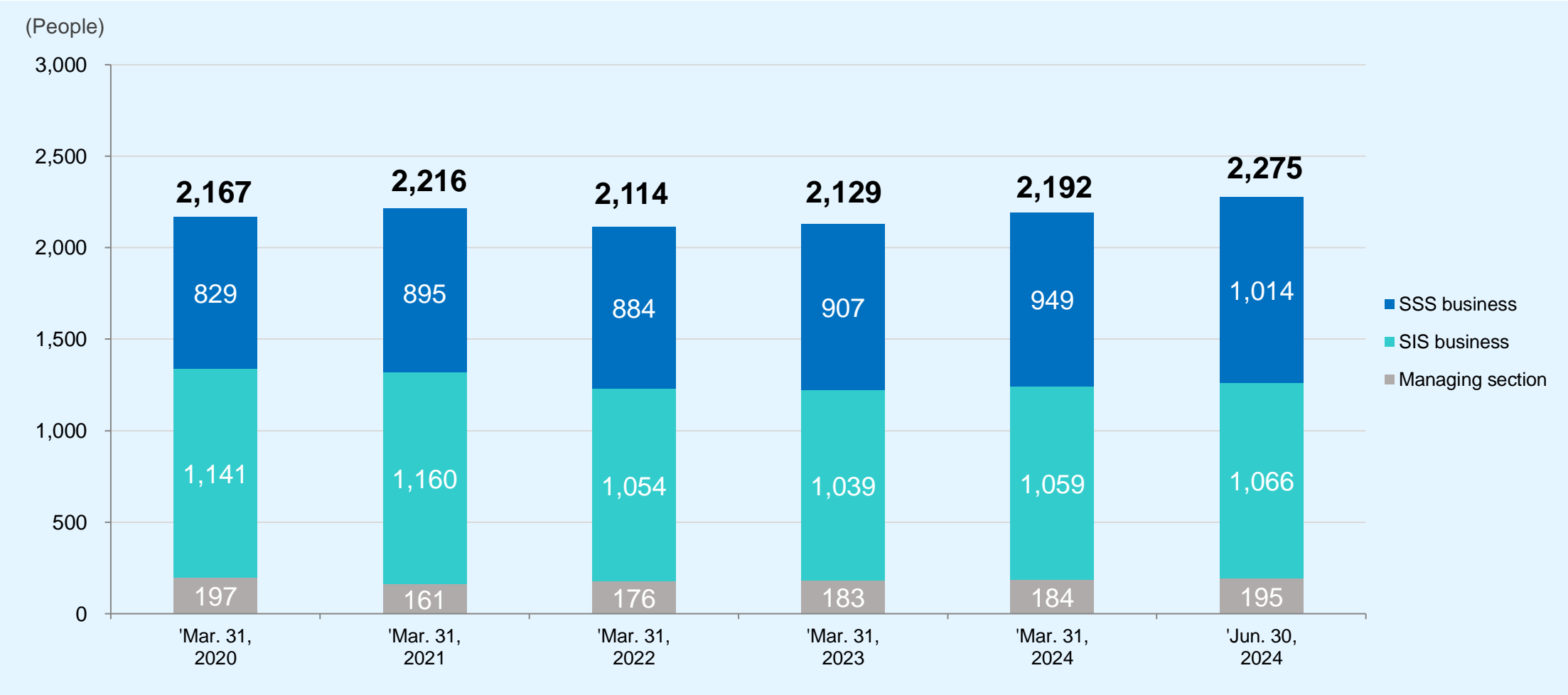
Notes: Orders and balance of orders are for the parent only.

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.



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.



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- ※ 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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