

Mid-Term Management Plan

『TRY 2021 Stage 2』

May 9, 2018



Little
eArth
Corporation



Mid-Term Management Plan

『TRY 2021 Stage 2』



- 1. 『TRY 2021 Stage 1』 Review**
- 2. 『TRY 2021 Stage 2』**
- 3. Shareholders Returns**

1. 『TRY 2021 Stage 1』 Review

Tackle new business challenges, solidify foundation, and further strengthen Security Business

March 2016 Period~
M&A and New Business Growth, Strengthen
Company-Wide System

March 2018 Period~
Towards Security-Focused Growth

New Business Challenges

- **NetAgent Subsidiary**
Security Product Development
- **Dynatrace Business Started**
Application Performance Management
- **Established Japan Current**
Digital Marketing

Strengthen Management Foundation

- **Enhance Management as the Company Personnel Expands**
(Admin, Legal, HR etc.)
- **Increase salary of engineers and other improvement of benefits**

Further Strengthen Security Business

M&A Promotion

- **Made Asian Link a Subsidiary**
Security personnel such as Monitoring Center staff ensured*
- **Establish KDDI Digital Security**
KDDI Group expand Security Business for Customer

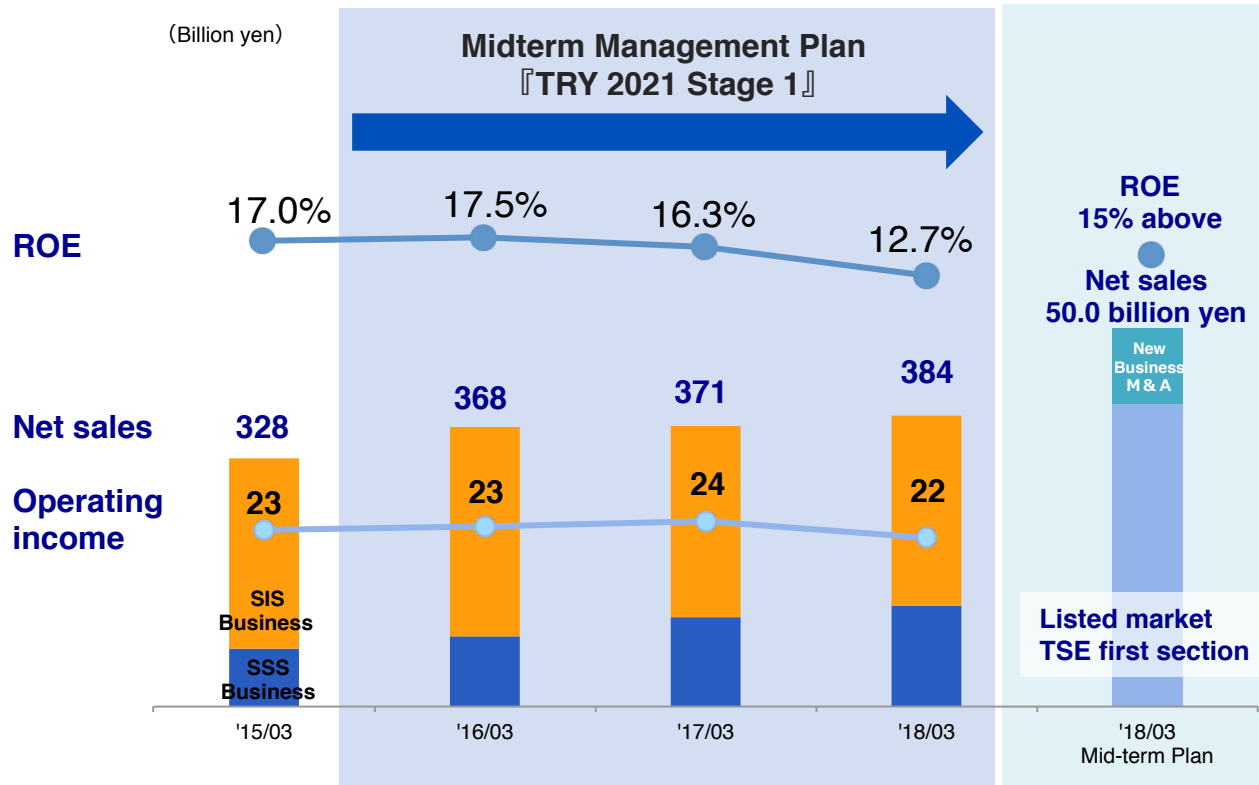
Strengthen Business Foundation

- **Strengthen/Expand Security Monitoring Service**
 - ➔ Started service for major manufacturing group of companies in the Chubu region
 - ➔ Developed new cloud support service
 - ➔ Renovation of Monitoring Center (JSOC)
- **Ensure Security Human Resources**
 - ➔ Total 507 (End of March 2017) ➔ Total 558 (End of March 2018)
 - ➔ Total 829 (As of April 2018: ※Including Asian Link)

『TRY 2021 Stage 1』 Review : Company Objectives & Results

Strengthen Security-Focused Business, Prioritize Structural Changes

(Billion yen)



Goals and Results

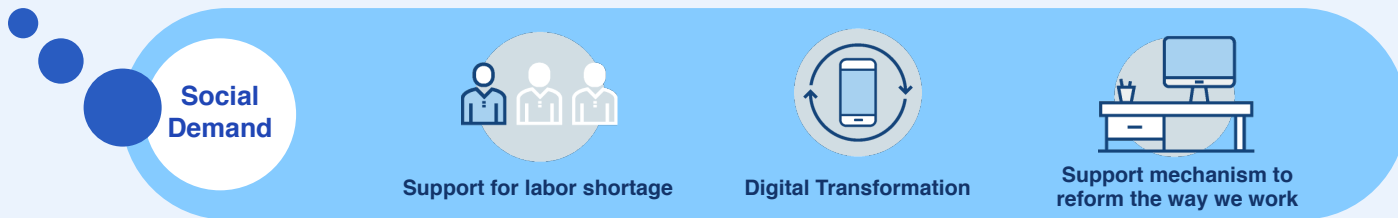
- Security for sustainable growth
Strategic investment for strengthening business
To be achieved by end of fiscal year
- M&A conditions and timing mismatch,
New business progress delays, unachieved HW/SW sales due to sluggish performance
- Prioritize business structure changes,
To apply within the target date postponed for now

2. 『TRY 2021 Stage 2』

Market Recognition

Social Transformation brought by Advanced Technology (US and China taking the lead)

Japan lagging behind in social transformation of Information Technology



Solution · Realization from IT Transformation

RPA*

IoT

AI

Cloud

※Robotic Process Transformation

Cyberspace and Real Society are closely-related worlds

Focus on handing cyber attacks wherein the social infrastructure itself causes malfunction



More companies entering the cybersecurity field intensifying the competition

In order to cope with the market environment, we need to change to a business model that
makes use of the Company's Strengths

Business Model Transformation

Develop Value Creation Type of Business from Security Perspective



Transition to support Business Division System with Integrated Production and Sales (LAC from April 1, 2018)



4 Basic Policies



1.

**Be the customer's true partner
to support business as a professional**



2.

**Spread widely into the market competitive
and unique services**



3.

**Take environmental changes as
opportunities and challenges for growth**



4.

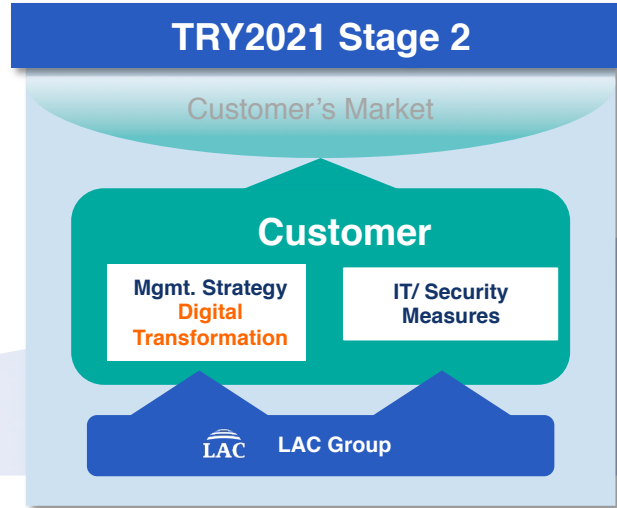
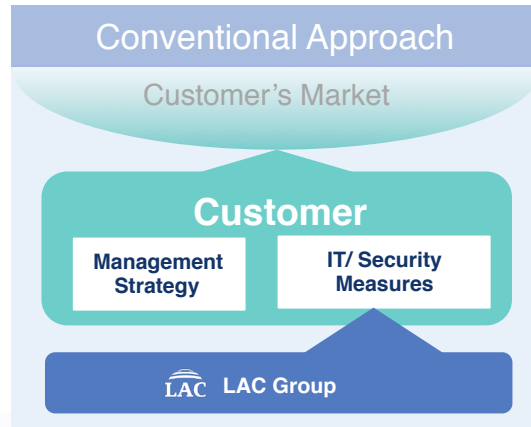
Attract people to gather into the group



4 Basic Policies :

1. Be the customer's true partner to support business as a professional

Contribute even more directly to the customer's business growth



Focus in Industry Features

Implement Division System

Strengthen Partnership

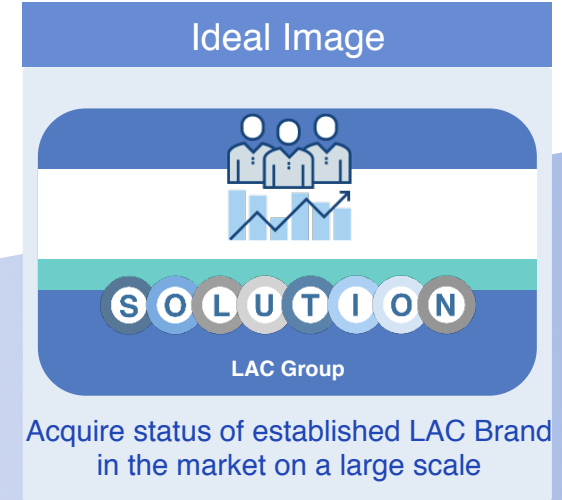
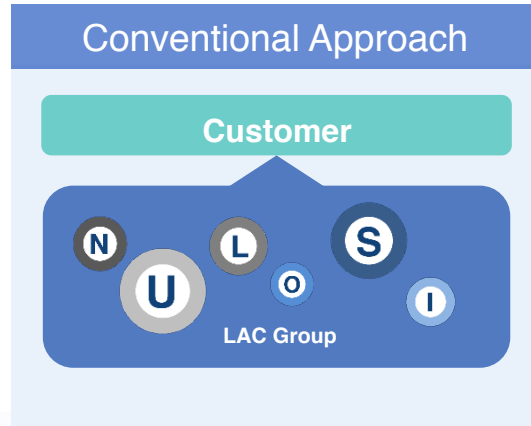
Established the KDDI Digital Security Corp.
Expand business in the Chubu Area mainly in major
manufacturing groups



4 Basic Policies :

2. Spread widely into the market competitive and unique services

Propose unique services that make maximum use of the company's strengths and spread widely into the market



Menu Enhancement

Develop expandable/saleable services
Package existing services

Improve Service Awareness

Restructure Organization with special marketing group
Strengthen Marketing foundation



4 Basic Policies :

3. Take environmental changes as opportunities and challenges for growth

Capture Environmental Change as "Trigger for Change" or Challenge to Transform

Various environmental changes surrounding the LAC Group



**Destructive
environmental
changes brought by
technology**



Labor Shortage



Intense Competition



**Cycle of Needs for
Security Measures**

**Improve productivity through
Business transformation**

Automation by RPA and AI,
Improvement of internal IT environment

Develop new markets

Cultivate small/medium-sized market overseas

Create new business

Revitalize open innovation making full use of the LAC group's
comprehensive capabilities



4 Basic Policies :

4. Attract people to gather into the group

**Continue to grow, nurture talented people, business partners, investors,
Aim to be an attractive group of companies where everyone gathers**



**Work Style Reform
Business Transformation**



**Improve measures, client/
partner satisfaction survey**



**Revitalize internal/external
communication activities**



**Work with industrial/govt.
academic on security
awareness activities**



Business Objectives

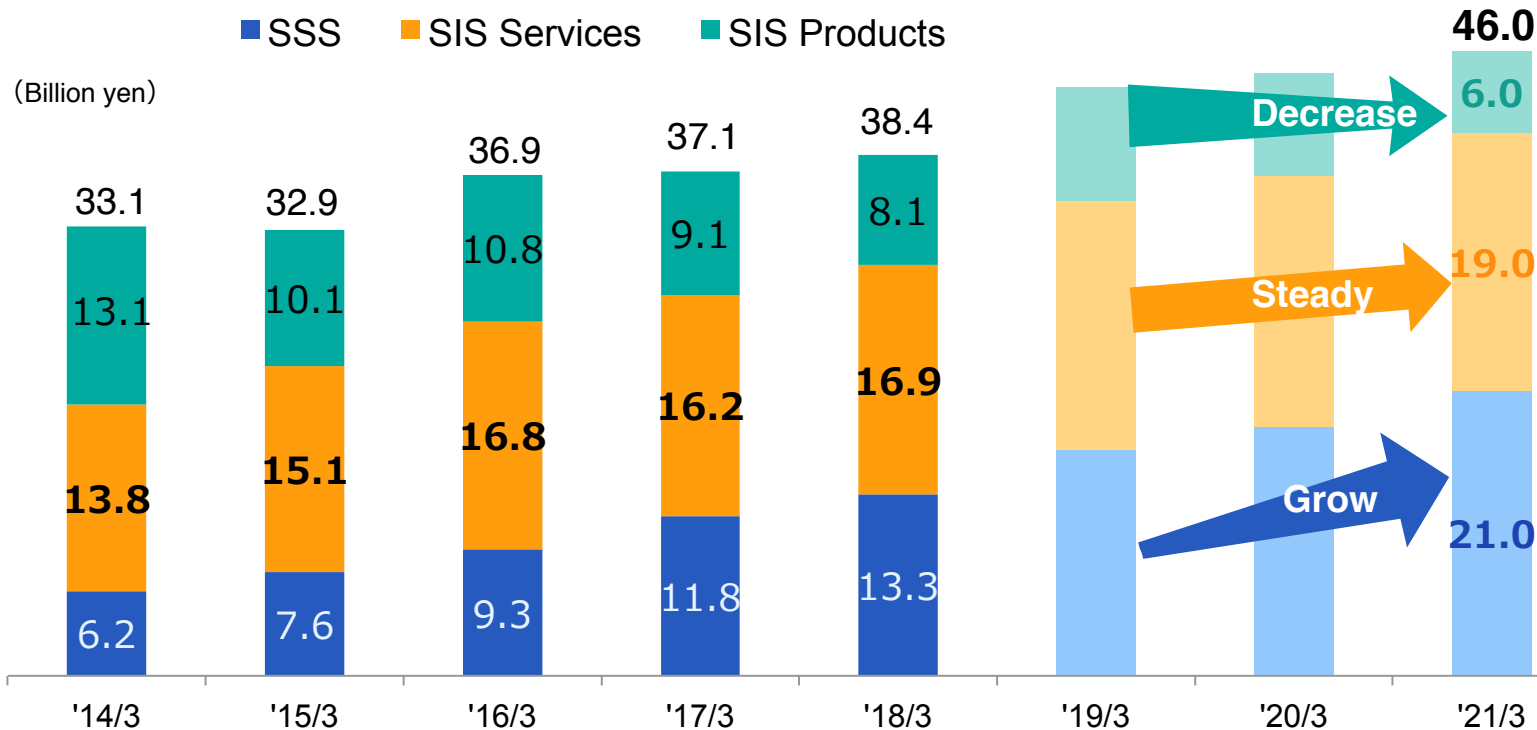
Net sales 46.0 billion yen, Ordinary income 3.0 billion yen, ROE more than 15%
~ LAC Group's Equity Method Investment Profit ~

(Billion yen)

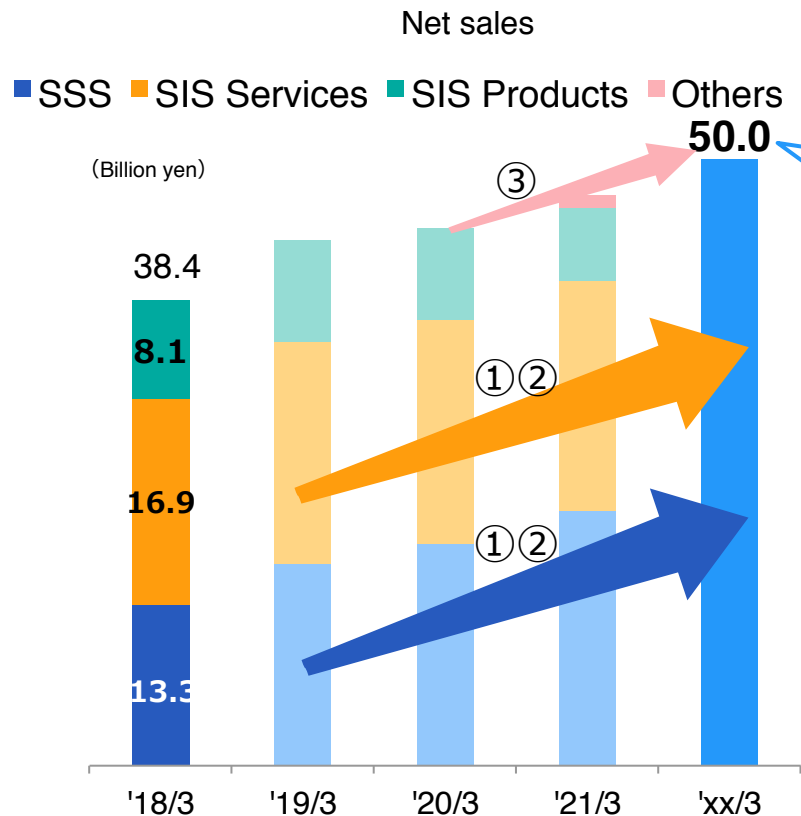
Subject	2018/3 Results	2021/3 Mid-term Plan	Increase/Decrease	
			Difference	Rate
Net sales	38.4	46.0	+7.6	+20%
Operating income	2.2	2.9	+0.7	+31%
<i>Operating income ratio</i>	<i>5.8%</i>	<i>6.3%</i>	+0.5pt	-
Ordinary income	2.3	3.0	+0.7	+28%
<i>Ordinary income ratio</i>	<i>6.1%</i>	<i>6.5%</i>	+0.4pt	-
Net income attributable to owners of parent	1.2	2.0	+0.8	+60%
ROE	12.7%	15% above	+2.3pt above	-

Net Sales Trend and Forecast

While the SSS business will continue to grow, the trend of product shrinkage continues in the SIS business, it is predicted that it will be a factor that may hinder growth



Toward Further Growth



Goal Milestone

- Net Sales 50.0 billion yen
- Tokyo Stock Exchange Part of the Main Market

Recognized by society both in name and reality
Continue to be needed company in the industry

① Scale/Organization Expansion

Build a framework with an eye on demand trends after the Tokyo Olympic/Paralympic Games

② Further Business Growth

Expand target market, Develop partnerships

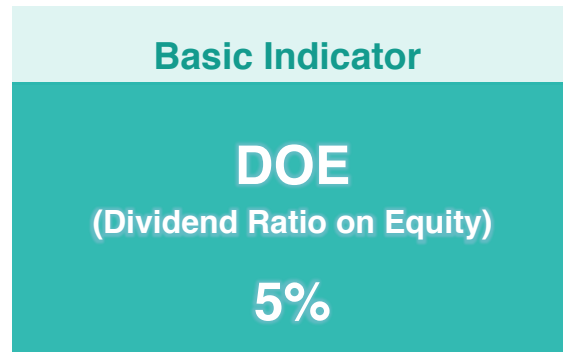
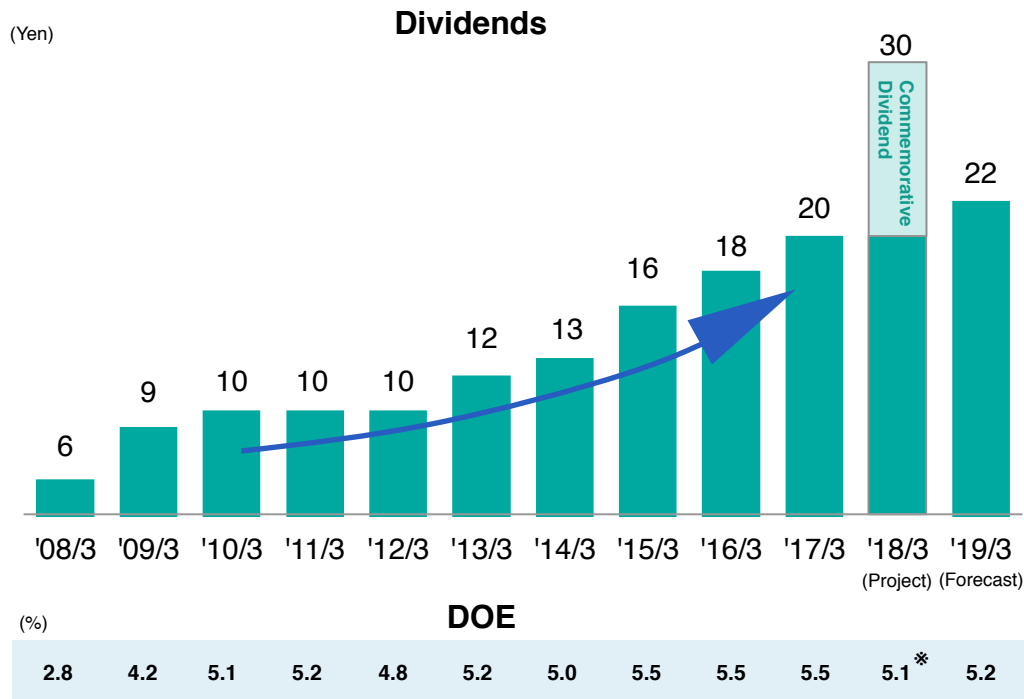
③ New Business Challenges

Develop market for research results, venture companies collaboration, advanced technology such as AI, implement next-generation integrator

3. Shareholders Returns

Shareholders Returns

For the purpose of keeping it stable on a long-term basis, continue to maintain the dividends level



**Increase Dividends Amount
by Increasing Profits**

*Commemorative Dividends not Included



LAC Co., Ltd
Hirakawacho Mori Tower,
2-16-1, Hirakawacho, Chiyoda, Tokyo 102-0093
Tel 03-6757-0107 Fax 03-6757-0101
ir@lac.co.jp
www.lac.co.jp

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