



FY2021 Financial Results (Securities code 6560)

2/2022
LTS, Inc.

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Highlight 1: FY2021 Summary

LTS Group overall

Net sales:	¥7,375 million	(up +32.7% YoY)
Operating profit:	¥600 million	(up +25.4% YoY)
Ordinary profit:	¥579 million	(up +29.6% YoY)

⇒ Record high net sales, operating profit, and ordinary profit

Professional services business

Net sales:	¥7,125 million	(up +32.8% YoY)
Operating profit:	¥550 million	(up +27.1% YoY)

⇒ Strengthened consulting and engineering teams as planned

Platform business

Net sales:	¥323 million	(up +36.1% YoY)
Operating profit:	¥49 million	(up +9.0% YoY)

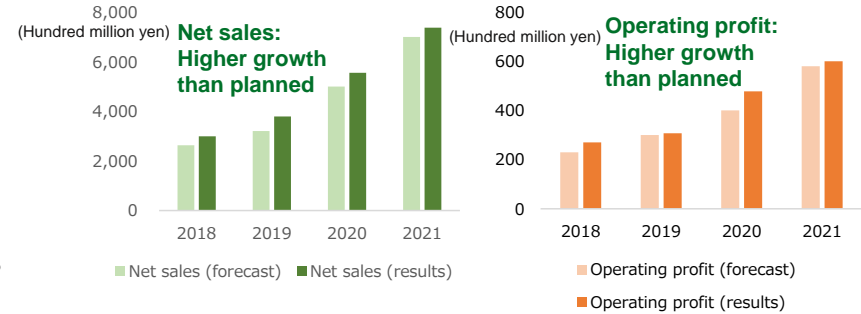
⇒ Continue aggressive investments, including in structural enhancement

* Net sales includes internal sales

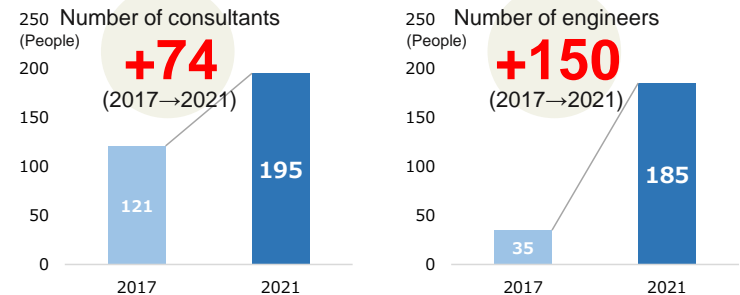
Highlight 2: Reflection on 4 Years Since Listing

- Achieved **greater growth than planned**, including surpassing initial forecasts for four consecutive years following listing in December 2017
- Made decision to transition to **Prime Market** in April 2022
- Through hiring and M&A, we **increased the number of engineers** and built a system for providing comprehensive support for DX projects. There is room for improvement in terms of unit price of engineers (profitability)
- Expansion of the customer base, improvement of hiring and training capabilities, and improvement of operational productivity proceeded according to plan, but we recognize that **the pace of expanding the consultant structure was conservative**
- As a result, **there were cases where we had to turn down requests** from new and existing customers

Estimated and Actual Net Sales and Operating Profit



Trend in number of consultants/engineers



Highlight 3: Upward Revisions to Medium-Term Business Plan

- Through our activities over the 4 years after listing, we are confident that further business growth is achievable. Reviewing the steady growth scenarios to date, we revised the Medium-Term Business Plan upward for rapid growth

▶Net sales compound average growth rate: Staying above 20% ⇒ Staying above 25%

▶2023: Net sales of 10.0 billion yen/Operating profit of 1.2 billion yen ⇒ Net sales of 11.0 billion yen/Operating profit of 1.2 billion yen

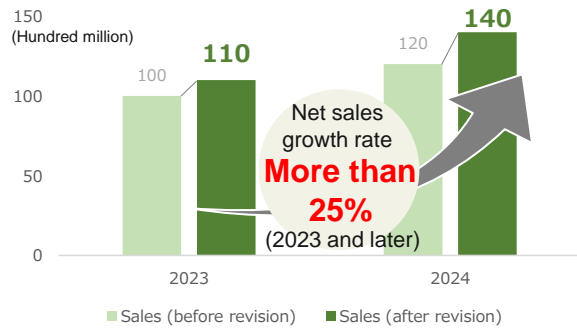
▶2024: Net sales of 12.0 billion yen/Operating profit of 1.8 billion yen ⇒ Net sales of 14.0 billion yen/Operating profit of 2.0 billion yen

- Promoting efforts below for rapid growth
 - Active hiring of consultants and engineers
⇒Growth of professional services

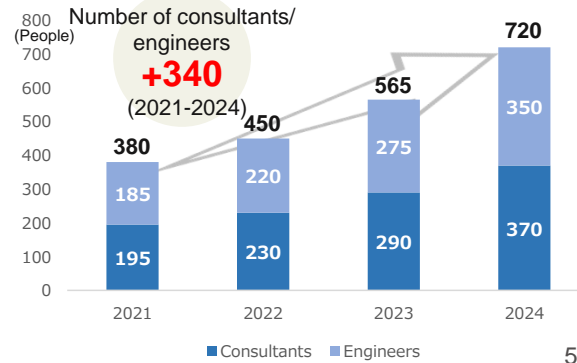
- Enhancement of advertising activities and holding of 20th anniversary events
⇒Growth of platform business and enhancement of branding and hiring capabilities

- Relocation of office and IT-related investment
⇒Expansion of business and organizational foundation for continued growth

Net sales compound average growth rate revised upward



Active Hiring



Highlight 4: Forecasts for FY2022

- Various efforts will be promoted, positioning it as the first year of rapid growth, so the forecast for FY2022 is for **increased revenues but decreased earnings**

(Millions of yen)	FY2021 results	YoY	FY2022 forecast	YoY	FY2023 plan	YoY	FY2024 plan	YoY
Net sales	7,375	+32.7%	8,542	+15.8%	11,000	+28.8%	14,000	+27.3%
Gross profit	2,627	+28.4%	3,246	+23.6%	4,290	+32.1%	5,600	+30.5%
Gross profit margin	35.6%	-1.2 point	38.0%	+2.4 point	39.0%	+1.0 point	40.0%	+1.0 point
SG&A	2,026	+29.3%	2,766	+36.5%	3,090	+11.7%	3,600	+16.5%
SG&A ratio	27.5%	-0.7 point	32.4%	+4.9 point	28.1%	-4.3 point	25.7%	-2.4 point
Operating profit	600	+25.4%	480	-20.0%	1,200	+150.0%	2,000	+66.7%
Operating margin	8.1%	-0.5 point	5.6%	-2.5 point	10.9%	+5.3 point	14.3%	+3.4 point

Recruiting expenses: Up ¥257 million YoY
Advertising expenses: Up ¥147 million YoY

- We will disclose the items below starting in FYE December 2022 for explaining the progress on each undertaking:
 - ▶ Consultant/engineer hiring plan and progress | Gross profit margin plan and trend | SG&A ratio plan, breakdown and trend

Highlight 5: Notice of Purchase of Treasury Shares

- Resolution passed at Board of Directors meeting held on February 10, 2022 to purchase treasury shares

Objective

To implement flexible capital policies, improve capital efficiency, and allow for shareholder return

Some shares will be utilized in new share-based compensation system for executives and employees

Upper limit of purchase

Number of shares: 160,000 shares (Percentage of total outstanding shares [excluding treasury shares]: 3.77%)

Amount: ¥300 million

Period of purchase

Monday, February 14, 2022 to Wednesday, March 16, 2022

Method of purchase

Market purchase on the Tokyo Stock Exchange

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Services

	Service(s)	Mission	Synergy of services	Customers	Profit model	
Professional services business	Strategy establishment / digital utilization	Improvement of corporate customer capabilities to utilize digital technology and adapt to change	<ul style="list-style-type: none"> Establishment of business strategy and business model Data analysis and utilization of AI <p>↑ Creation of new projects</p>	Major corporations (and group companies)	Project-based contracts (high gross profit)	
	Business process management		<ul style="list-style-type: none"> Development, management, and improvement of management/business foundation (business processes) Planning of reform projects <p>Creation of DX projects</p>		Long-term support-based contracts for corporate customer reform/DX	
	Consulting/engineering	DX project implementation/ maximization of value	<ul style="list-style-type: none"> Comprehensive DX project support Development/operation of corporate customer DX platform Training of reform/DX human resources <p>↓ Provision of human resources</p>		Project-based contracts (high gross profit) Long-term contracts for development/operation of digital platforms	
Platform business	Consultant Job		<ul style="list-style-type: none"> Support for activities of independent consultants 	SMEs/communities/public services	Membership dues + service fee-based	
	Assign Navi	IT industry innovation	<ul style="list-style-type: none"> Matching of projects, professionals, and IT companies 			IT service industry/ companies
	CS Clip		<ul style="list-style-type: none"> Matching of operating companies and DX companies Growth support for DX companies 			

Making Reform Routine (Background behind Favorable Performance of Professional Services)

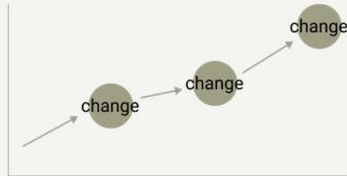
In these times, companies work on various reform, whether large, medium, or small, on a daily basis, and it is necessary not only to promote individual projects but to acquire the ability to respond to change

Before

[Accuracy over speed]

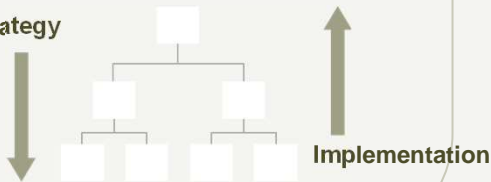
Accurate predictions and steady implementation

One-in-a-decade large-scale reform



Hierarchical organization

Strategy



Implementation

From now on

[Fast course correction]

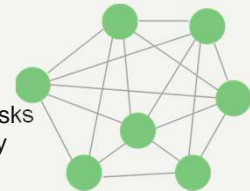
Organizational ability to adapt quickly to changes

Making reform routine
Increase ability to respond to change through daily changes



Network-based organization

- Teams actively implement tasks
- Teams coordinate proactively



Characteristic 1 of Professional Services Business

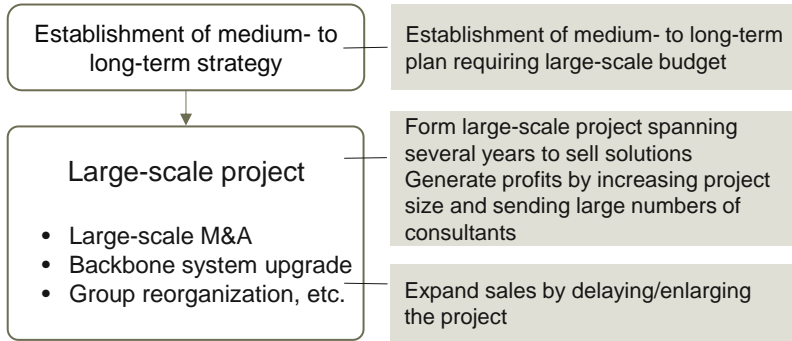
LTS supports the promotion of individual projects and the acquisition of the ability to respond to change

Conventional consulting/IT services

Growth support does not equal support for success of large-scale projects

Corporate customer

Major IT/consulting company



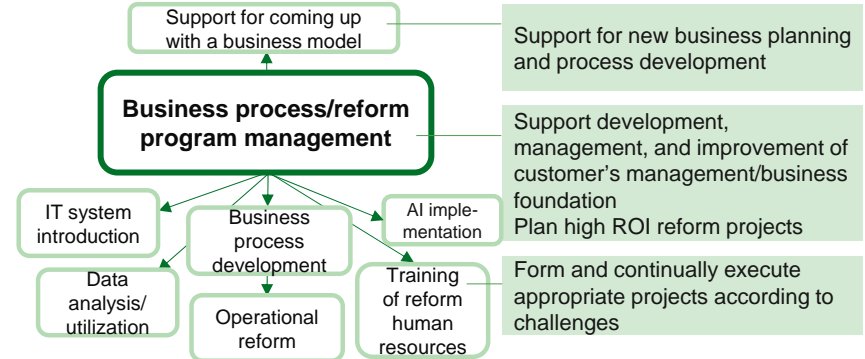
- Large scale of measures makes them easily affected by sudden environmental changes, delaying response
- Withdraws at the end of the project and looks for a new customer with a large project
- Solves customer challenges that conform to its own solutions

LTS professional services

Growth support equals acquiring the ability to respond to change and support for promoting high ROI project planning

Corporate customer

LTS

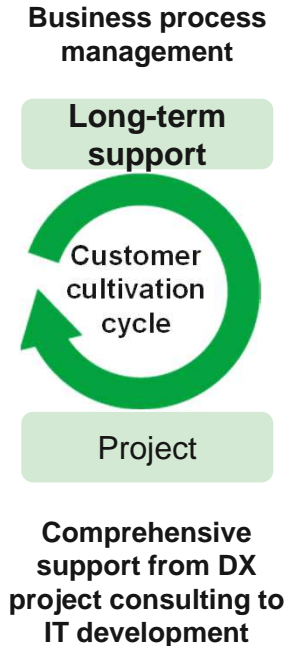


- Can quickly respond to environmental changes with reform planning
- Medium- to long-term relationship with customer that does not end with individual projects
- Launch various projects according to customer challenges and respond with a system that includes platform service members (freelancers and IT/DX companies)

Characteristic 2 of Professional Services Business

Receives a large number of inquiries from new customers by promoting a customer cultivation model and quickly producing a track record of support for advanced topics

Business model



Uniqueness/strengths

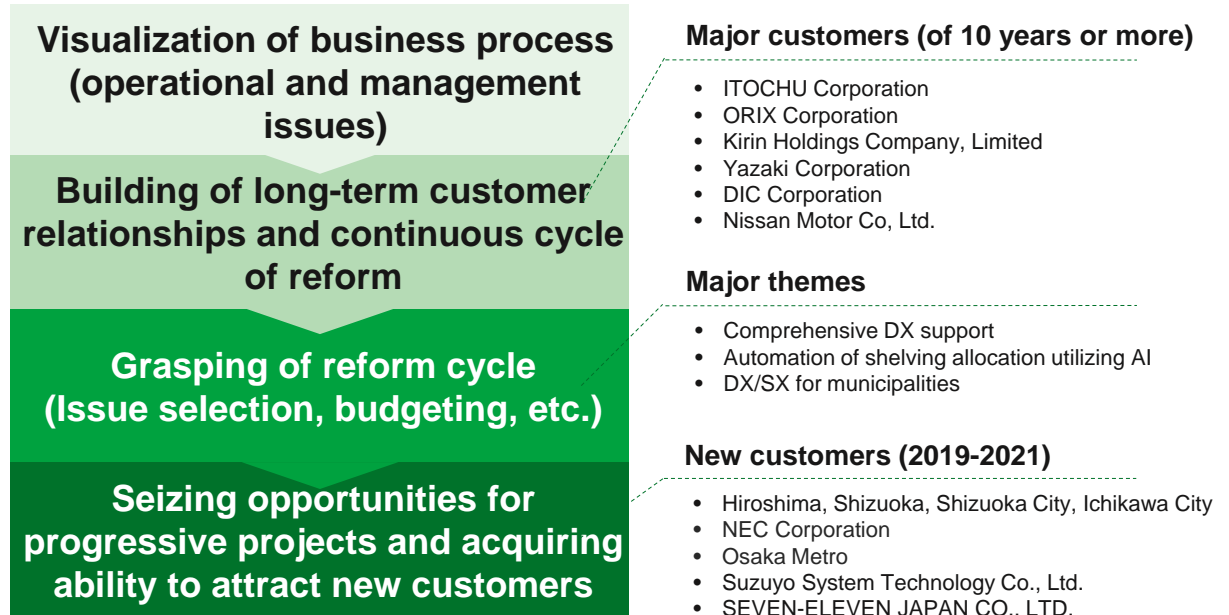


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* Net sales includes internal sales

FY2021 Consolidated Profit and Loss Statement

(Millions of yen)	Q4 2021			FYE				
	Q4 2021	Q4 2020	YoY % change	December 2021	FYE December 2020	YoY % change	2021 forecast	Percentage achievement
Net sales	2,050	1,468	+39.6%	7,375	5,555	+32.7%	7,000	105.4%
Gross profit	725	550	+31.7%	2,627	2,046	+28.4%	-	-
Gross profit margin	35.4%	37.5%	-2.1 point	35.6%	36.8%	-1.2 point	-	-
SG&A	569	460	+23.8%	2,026	1,568	+29.3%	-	-
EBITDA*	177	104	+69.4%	674	527	+27.8%	656	102.8%
EBITDA margin*	8.7%	7.1%	+1.6 point	9.1%	9.5%	-0.4 point	-	-
Operating profit	155	90	+71.8%	600	478	+25.4%	580	103.5%
Operating margin	7.6%	6.2%	+1.4 point	8.1%	8.6%	-0.5 point	-	-
Ordinary profit	155	107	+45.1%	579	447	+29.6%	530	109.4%
Profit before income taxes	142	88	+61.7%	555	428	+29.8%	-	-
Profit attributable to owners of parent	125	51	+146.3%	388	270	+43.7%	341	113.9%

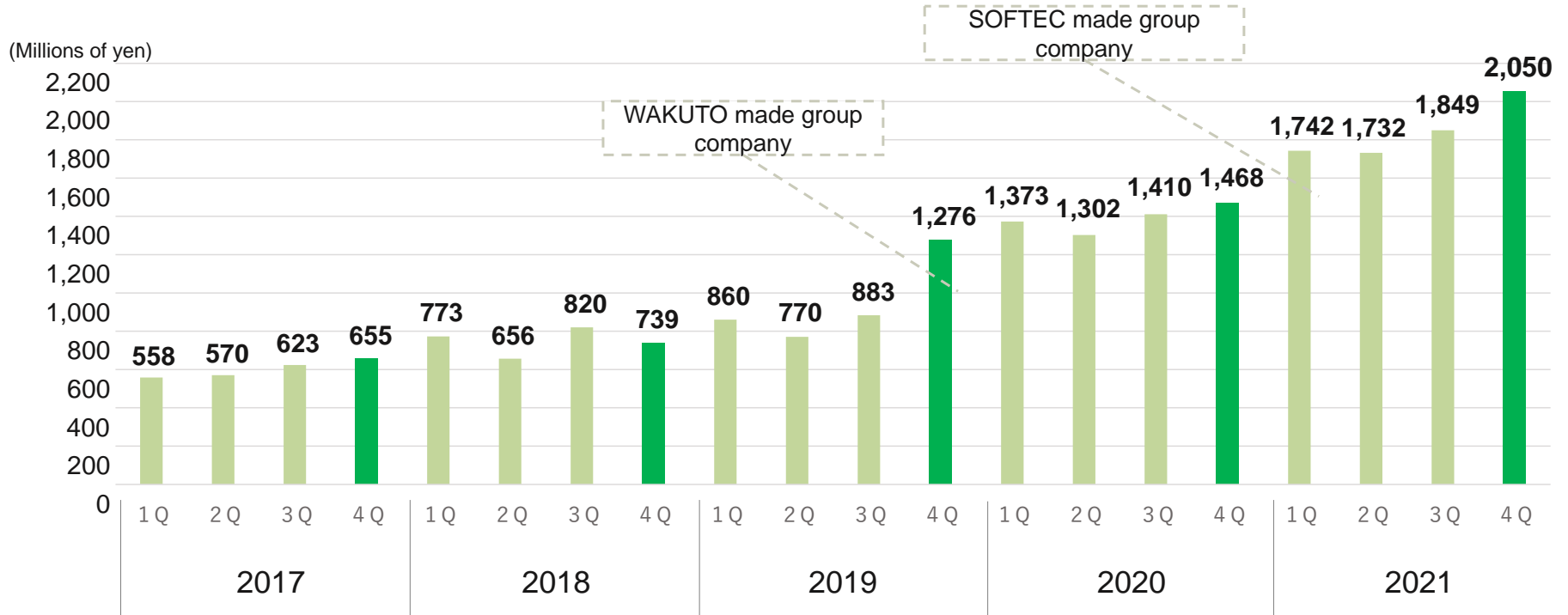
Open Copyright ©2022 LTS Inc. All rights reserved. *EBITDA = Operating profit + depreciation + amortization of goodwill

FY2021 Consolidated Balance Sheet

(Millions of yen)	FY2020	FY2021	Change
Current assets	3,707	4,206	+499
(Cash and deposits)	2,682	2,430	-251
Non-current assets	583	873	+290
Total assets	4,290	5,080	+789
Current liabilities	1,574	2,215	+641
(Income taxes payable)	149	117	-32
Non-current liabilities	983	787	-195
Net assets	1,732	2,076	+344

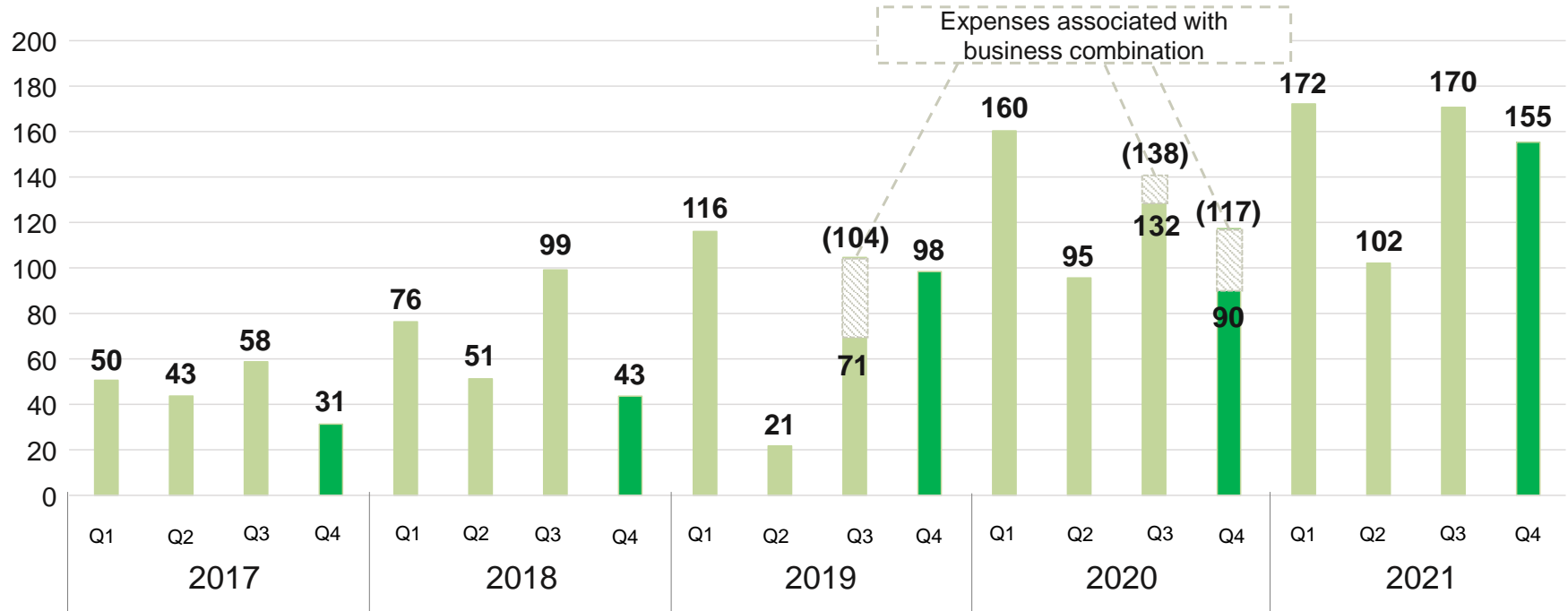
Quarterly Trend in Consolidated Net Sales

+39.6% YoY



Quarterly Trend in Consolidated Operating Profit +71.8% YoY

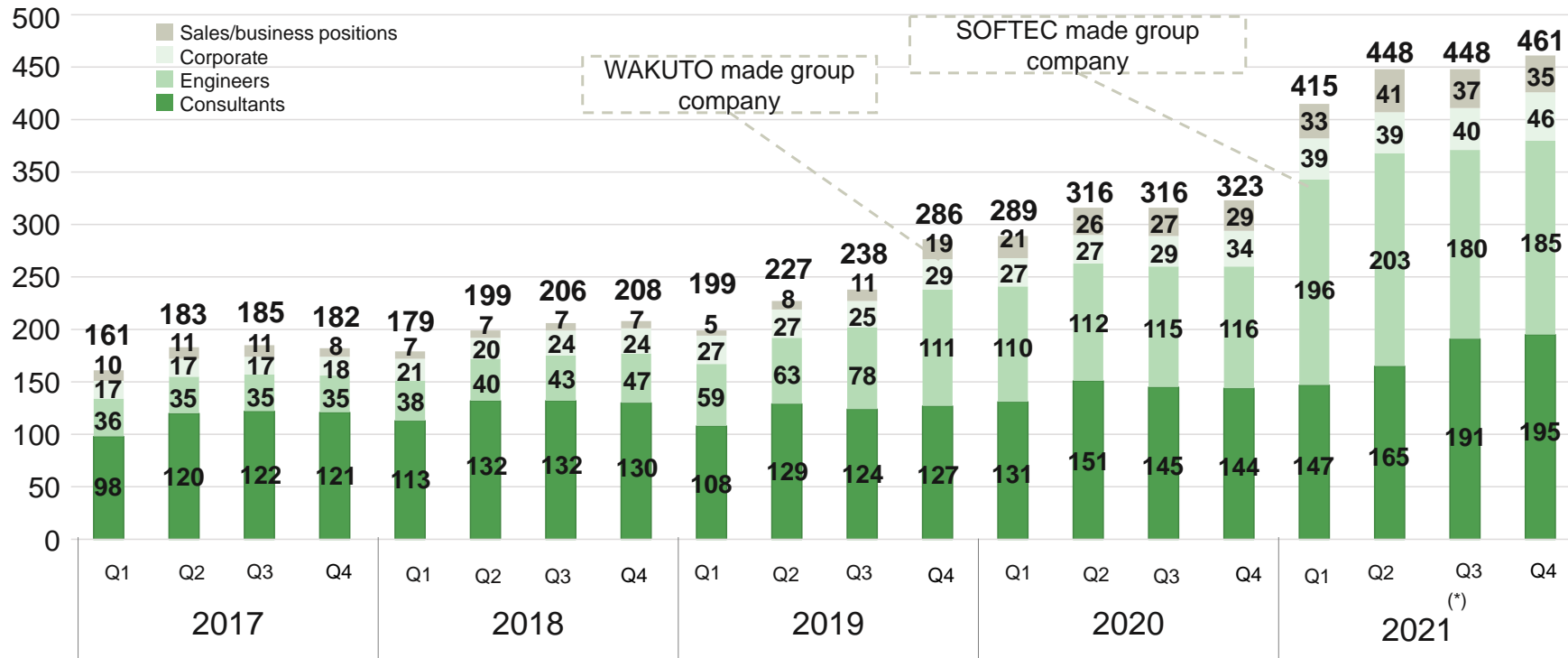
(Millions of yen)



Quarterly Trend in Number of Employees (Consolidated)

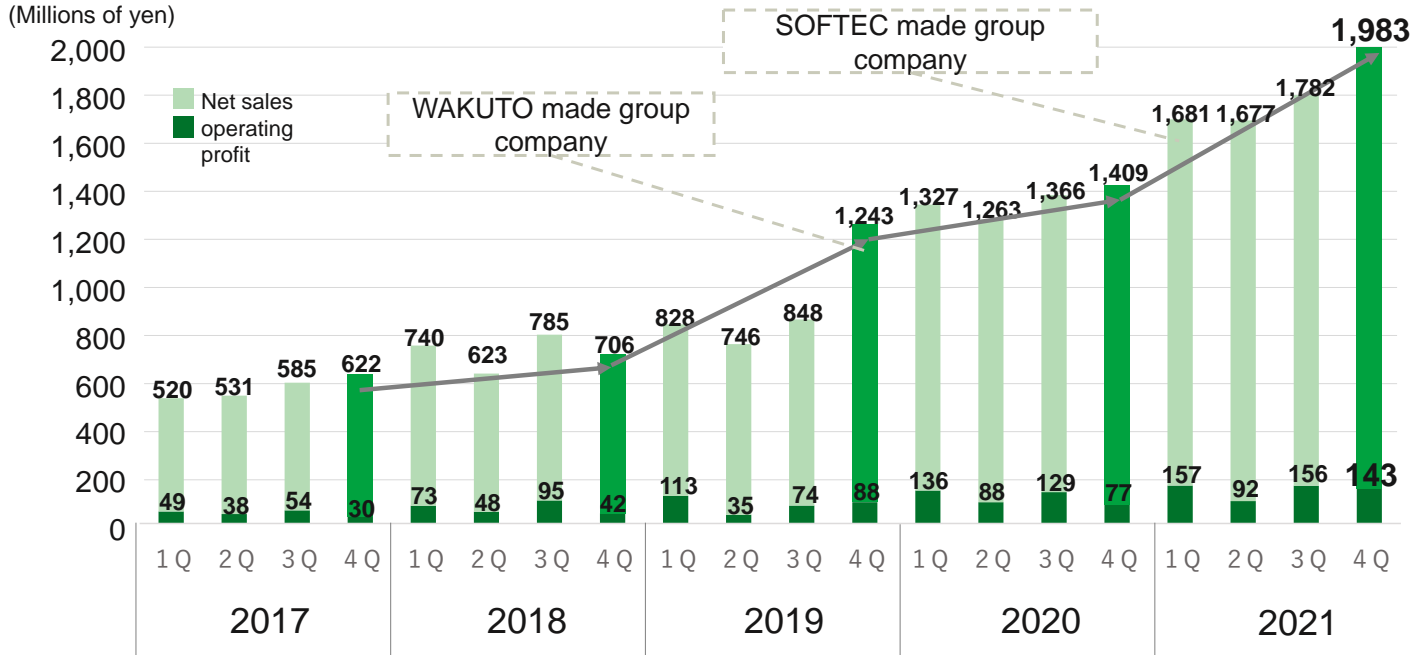
(People)

Hired 75 persons in 2021 (new grads + mid-career)



Quarterly Trend in Professional Services Business Results

Net sales +40.7% YoY, operating profit +84.6% YoY



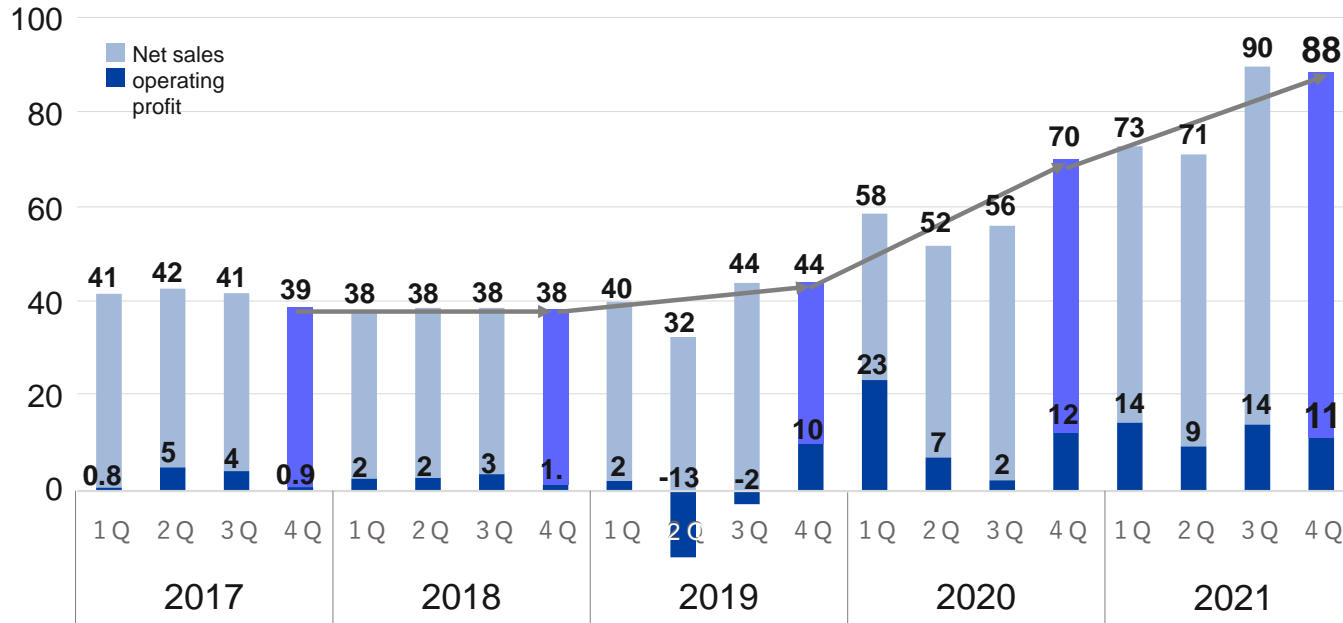
- Active DX demand provided boost for YoY increase in sales and profit
- Expanded consulting and engineering teams as activities to increase hiring paid off
- Continuing to seek out improvement in profit at subsidiaries

* Net sales includes internal sales

Quarterly Trend in Platform Business Results

Net sales +26.1% YoY, operating profit +8.7% YoY

(Millions of yen)



- Number of Assign Navi members increasing
 - 4,498 corporate members
 - 6,938 individual members
- Continued aggressive investment
 - Structural enhancement at Consultant Job
 - Assign Navi marketing expenses
 - Investment in development of CS Clip

* Net sales includes internal sales

Non-Consolidated/Group Company Sales

	Non-consolidated sales	Group company sales *Excluding new sales from M&A during the year	New sales from M&A during the year	Elimination of intra-company transactions
FY20 Results	¥3,910 million	¥1,693 million	¥88 million	-¥137 million
¥5,555 million (+¥1,765 million YoY)				
FY21 Results	¥4,910 million (+¥999 million YoY)	¥1,944 million (+¥250 million YoY)	¥730 million (+¥642 million YoY)	-¥210 million (-¥72 million YoY)
¥7,375 million (+¥1,819 million YoY)				

Factors Behind Change in Consolidated Operating Profit in FY2021

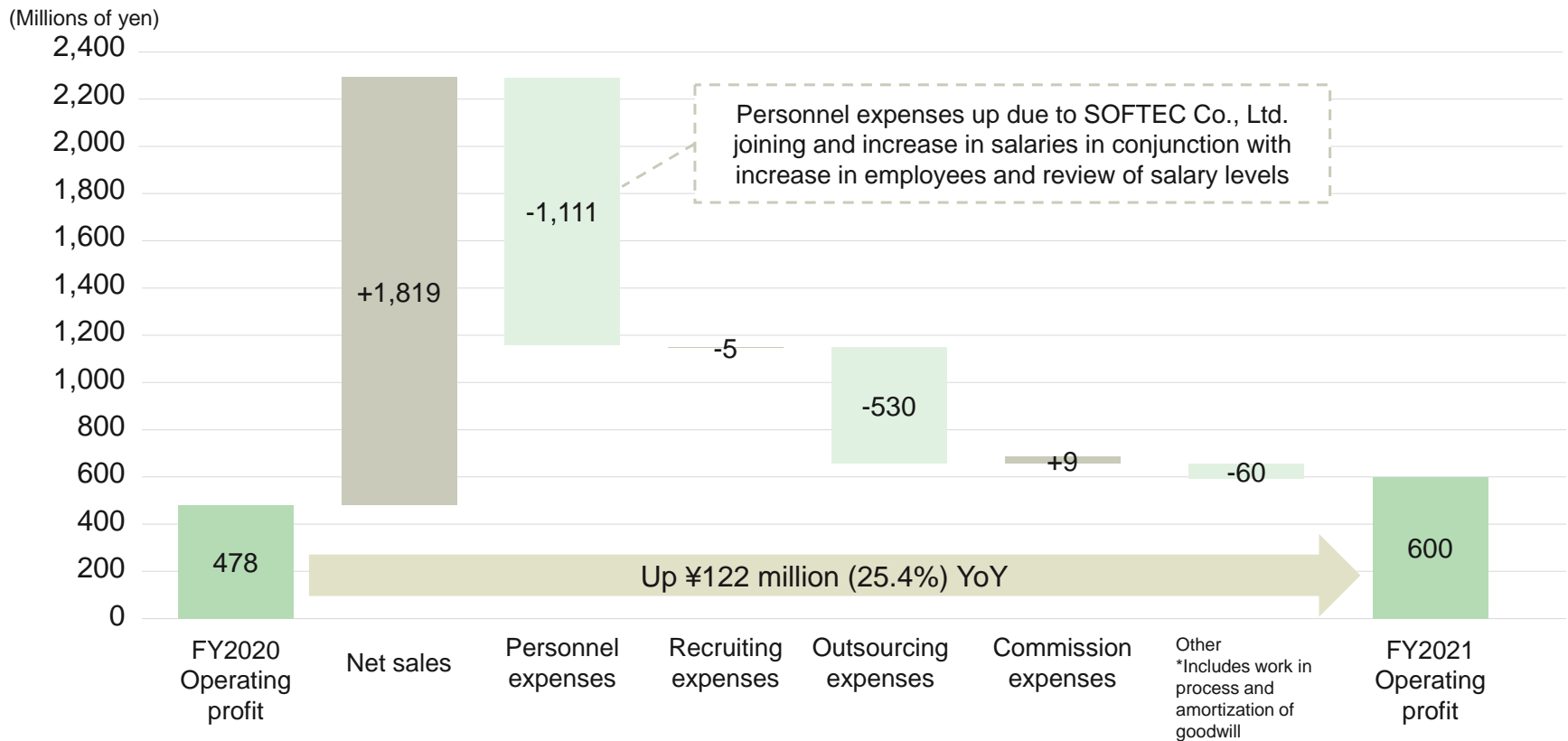


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Vision

Best Partner for the Digital Era

Our society continues to change rapidly with advances in digital technology.

Our customers are all companies looking to address such rapid changes in the social structure.

In the coming era, taking the lead in bringing about change rather than simply adapting to changes in the social structure will be the key to survival.

Shifting to an organizational structure that is better equipped to respond to change and producing human resources that create change by fully leveraging digital technology is essential for surviving and thriving in this era.

Providing support to help customers improve their ability to implement change, we aim to be the best partner for companies that continue to change themselves and take the lead in social changes.

Human resources

Succeeded in strengthening hiring activities and expanded system for consultants and engineers

Consultant unit prices are on the rise. Also working on sharing knowledge across the Group

Enhancement of hiring

- ✓ Aim for net increase of 100 people annually across Group
- ✓ Continue to promote hiring activities separate from M&A

Enhancement of education

- ✓ Enhance educational measures with Group education system and production site initiative
- ✓ Active human resources exchange (including temporary transfers) within Group
- ✓ Enhance opportunities for consultant and engineer career change

Coordination of knowledge

- ✓ Establish special organization for coordinating knowledge within Group
- ✓ Reorganize knowledge, redesign education system, and enhance structure

Number of employees

Individual skills

Organizational ability

2021 Results

- SOFTEC brought into Group
- System expanded for consultants and engineers
- Strengthened hiring team
- Expanded hiring measures, including launch of regional hiring and revamping of referral hiring program
- Average unit price of consultants up approx. 6%
- Development of case studies using Wiki tool and platform for sharing knowledge
- Increased opportunities for sharing knowledge across the Group, including Group conferences and workshops
- Visualized internal information by rebuilding internal portal site
- Released LTS Group information site “CLOVER light.” 15,000 monthly page views (as of December 2021)

Customers

Strengthened relationship with advanced DX companies. Promoted cooperation and tie-ups for each service.

Developed services through industry-academia collaboration and provided programs to municipalities

Strengthening of relationships with progressive companies

- ✓ Further strengthen relationships with progressive companies with strong intent to change through the provision of LTS Group services

Expansion of area

- ✓ Strengthen system in West Japan area
- ✓ Engage in full-scale service provision in Asia and globally (coordination with FPT)

Promotion of industry-academia collaboration and services for municipalities and SMEs

- ✓ Further promotion of industry-academia collaboration involving customers and research institutes
- ✓ Further promotion of services for municipalities and SMEs

Service development

Customer base

Customer base

Service development

Brand improvement

2021 Results

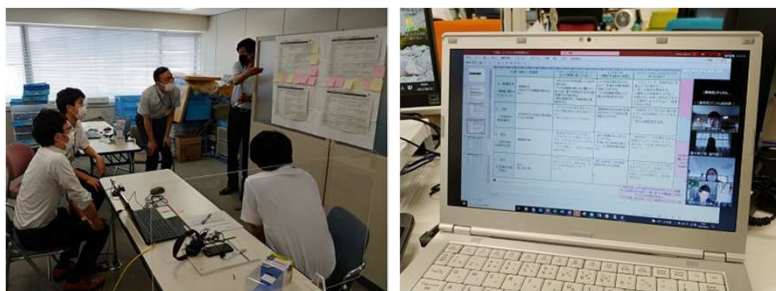
- Launched cooperation with Outlook Consulting for management consulting
- Operational tie-up in back-office DX promotion project with Loglass
- LTS provided support services for introducing RPA at SEVEN-ELEVEN JAPAN CO.,LTD.

- Created a model with Kyoto University for applying effectuation theory to major corporations. Provided a program customizing “Effectuation Boot Camp®” at RING HIROSHIMA, a venue where challengers and assistants can take up challenges to solve social problems developed by the Shizuoka DX Promotion Team and Hiroshima.
- Established a plan for development related to the GIGA school concept in Ichikawa City, Chiba

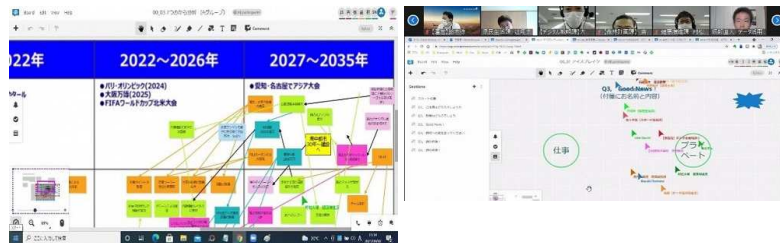
Services for municipalities - Promotion: Municipality DX case study (Shizuoka)

Held 5 workshops for Shizuoka DX Promotion Team

Workshops held online and in-person



Learning the backcasting innovation method

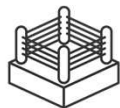


Young prefectural employees proposed administrative services for 10 years in the future as four digital utilization measures

- Customizing Effectuation Boot Camp®, we provided a business concept program for participating prefectural employees to be able to propose **administrative services for 10 years in the future**
- Through workshops that were held both online and in-person, the employees proposed four digital utilization measures for 10 years in the future for things such as living, learning, working, and connecting

Services for municipalities - Promotion: Municipality DX case study (Hiroshima)

With our services for municipalities, we support startup training at Hiroshima Sandbox, a field test venue developed by Hiroshima



INNOVATION CHALLENGE

RING HIROSHIMA

HIROSHIMA
by **SANDBOX**
SOLUTIONS

<https://hiroshima-sandbox.jp/ring/>

A place for open field tests where trial and error can be implemented through co-creation with the theme of solving various industrial and regional challenges, bringing in companies and human resources from inside and outside the prefecture that possess technology and know-how so that companies in Hiroshima can work on creating new added value and improving production efficiency by utilizing the latest technologies such as AI/IoT and big data

We provide a mentoring program at RING HIROSHIMA, a place where challengers and assistants can take up the challenge to solve social problems

- LTS and WAKUTO support solutions to industrial and regional challenges, which is the purpose of Hiroshima Sandbox, through the provision of mentoring programs to train assistants
- This mentoring program utilizes the effectuation theory. We aim to solve more social problems in the future by applying this program.

Currently taking consultations and inquiries for municipality DX

Group management

Increased number of cross-Group project deliveries to improve corporate value

Creation of synergy

- ✓ Optimize sales personnel, improve unit prices, and expand support topics by cultivating customers and acquiring projects utilizing Group assets
- ✓ Increase project delivery across the Group and further promote the provision of value as an all-around team

Increasing value

Streamlining

Enhancement of corporate functions

- ✓ Balance improving functions with optimizing costs by communizing the management functions of group companies
- ✓ Establish new work styles and improve productivity by strengthening the Group's IT infrastructure and relocating offices

Increasing value

Streamlining

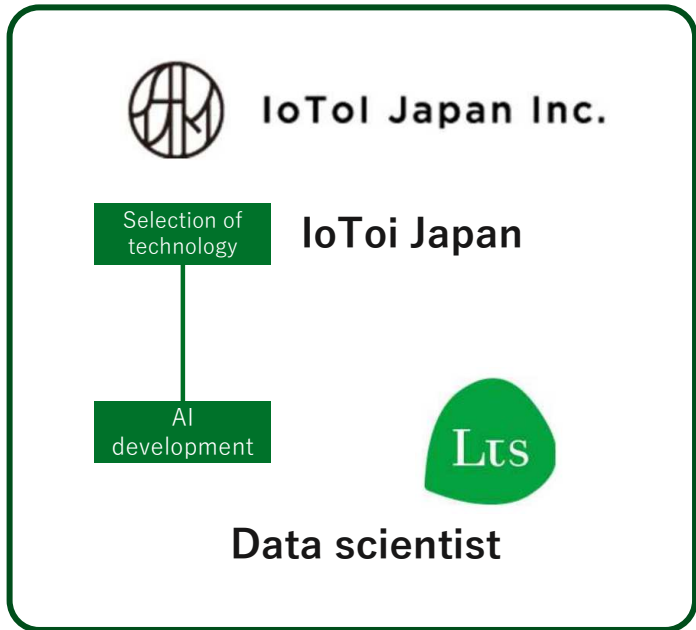
2021 Results

- LTS and IoTol developed AI for Kao
- LTS and WAKUTO provided mentoring program in Hiroshima
- SOFTEC participation in LTS projects and LTS participation in SOFTEC projects
- The number of comprehensive proposals from the LTS Group and cross-Group deliveries is increasing in addition to those above

- Consolidated group company business management functions into the Group Management Promotion Office
- Decided to relocate the office in 2022 for the purpose of group coordination, collaboration, strengthening of hiring capabilities, and creation of an environment where existing employees can play an active role

Creating synergy - Case study: LTS and IoTl develop AI for Kao

LTS and IoTl Japan Inc. together developed an AI-driven automated shelving planning algorithm



Co-developed with Kao Group Customer Marketing Co., Ltd.

Kao Corporation

Developed an **AI-driven algorithm for automatically generating shelving plans** that can prepare small/large patterns automatically following product composition and layouts based on basic patterns prepared manually.

Kao Corporation's release (July 8, 2021)

Kao develops AI-driven automated shelving planning algorithm and begins testing its use for streamlining sales floor operations

<https://www.kao.com/jp/corporate/news/business-finance/2021/20210708-001/>

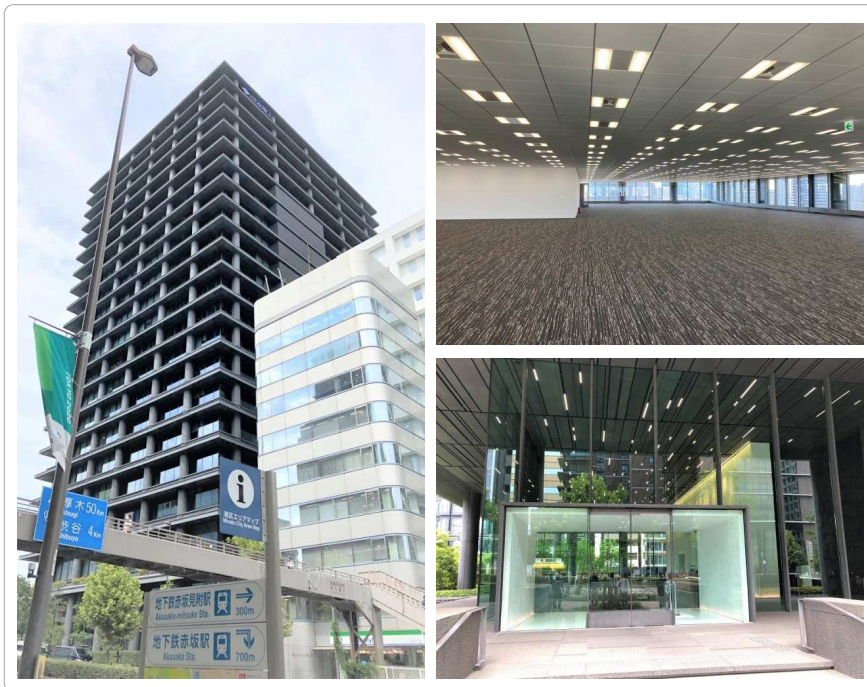
The Nikkei (July 8, 2021)

Kao to test AI-driven solution for shelving planning

<https://www.nikkei.com/article/DGXZQOUC06AX90W1A700C2000000/>

Decided to relocate head office for enhancement of corporate function

Cross-group collaboration, strengthening of hiring capabilities, and creation of an environment where existing employees can play an active role



Relocating to Akasaka Center Building in October 2022

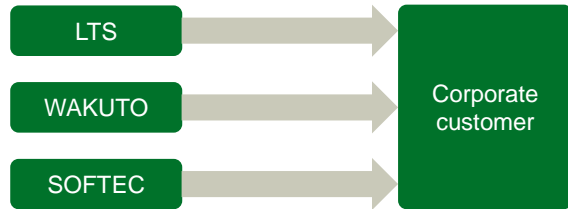
- We plan to maintain and develop **the new work style combining telecommuting and in-person work** even after the office is relocated.
- Considering the new office to be a **place for co-working to maximize the effects and benefits of going to work and being face to face**, we are considering allowing flexibility in choosing work styles, such as working at home or utilizing a shared office

Group management (M&A)

The policy for M&A is to promote it as part of recruiting and team-building efforts

Providing comprehensive proposals as LTS Group, we plan to further boost the profitability of each group company by 2023

Individual project proposal and delivery



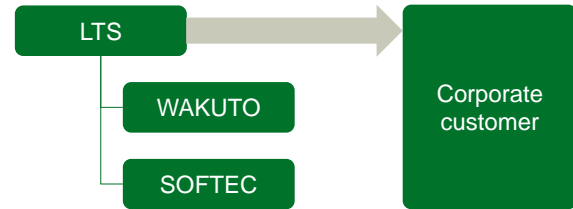
Engineering services tend to face price competition as they entail participation starting from downstream processes with fixed requirements

Sales and back-office functions must be developed and implemented by individual companies

Sales

Cost

Project proposal and delivery as LTS Group



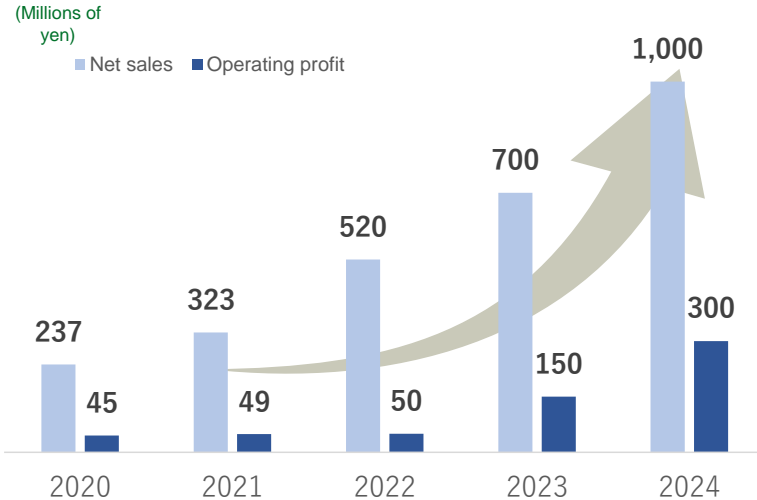
Engineering service subsidiaries can propose appropriate services at appropriate prices while LTS accurately identifies entry requirements starting from upstream processes

Cross-selling and sharing of back-office functions possible

Platforms

Maintain the investment level until 2022 and move to a profit-increasing phase in 2023

Investment and development of current services and growth of profits



Contribution to Group as a whole

- ✓ Provision of independent consultants to Professional Services
- ✓ Provision of information on excellent IT/DX companies to Professional Services
- ✓ Reference for companies considering M&A using member base and various data

Policy on review of Medium-Term Business Plan

Mode change for rapid growth

Through our activities over the four years since listing, we are confident that we can further grow the business.

Starting this year (2022), we will review the steady growth scenario to date and implement a “**mode change**” for rapid growth.

We revised the numerical targets of the Medium-Term Business Plan upward as a scenario for rapid growth.

In addition, we believe that the driving factors for achievement will be expanding personnel and individual growth. By more actively engaging in efforts to that end, we will achieve the post-revision Medium-Term Business Plan and accelerate growth in 2025 and beyond.

Numerical targets: Progress and review

Consolidated net sales and consolidated operating profit both revised upward


Compound average growth rate of net sales

Continuing to exceed 20% through 2022
Exceeding 25% in 2023 and beyond

Operating margin

15% by 2024

	2020		2021		2022	2023	2024	
	Results	Forecast	Results	Forecast	Forecast	Plan	Plan	vs FY2020
Consolidated net sales	¥5,500 million	¥7,000 million	¥7,300 million	¥8,500 million	¥11,000 million +1,000 million	¥14,000 million +¥2,000 million		2.5x
Consolidated operating profit	¥470 million	¥580 million	¥600 million	¥480 million	¥1,200 million	¥2,000 million +200 million		4.3x
Consolidated operating margin	8.6%	8.2%	8.1%	5.6%	10.9%	14.3%		+5.7 point

 Upward revision of figures announced in February 2021

Policy in each year

2022

Promoting efforts below as first year of rapid growth

- Active hiring of consultants and engineers
⇒Growth of professional services
- Enhancement of advertising activities and holding of 20th anniversary events
⇒Growth of platform business and enhancement of branding and hiring capabilities
- Relocation of office and IT-related investment
⇒Expansion of business and organizational foundation for continued growth

The forecast for FY2022 is for **increased revenues but decreased earnings** as we implement various efforts in accordance with the growth scenario

2023-2024

Consolidated net sales and consolidated operating profit both revised upward from figures announced in February 2021

We will continue efforts for ramping up hiring and individual growth and accelerate growth by taking the **consolidated net sales CAGR from over 20% to over 25% starting in 2023**

SG&A ratio will be lower than in 2022 due to the reduction of spot costs and measures to increase efficiency

(Millions of yen)	FY2021 results	YoY	FY2022 forecast	YoY	FY2023 plan	YoY	FY2024 plan	YoY
Net sales	7,375	+32.7%	8,542	+15.8%	11,000	+28.8%	14,000	+27.3%
Gross profit	2,627	+28.4%	3,246	+23.6%	4,290	+32.1%	5,600	+30.5%
Gross profit margin	35.6%	-1.2 point	38.0%	+2.4 point	39.0%	+1.0 point	40.0%	+1.0 point
SG&A	2,026	+29.3%	2,766	+36.5%	3,090	+11.7%	3,600	+16.5%
SG&A ratio	27.5%	-0.7 point	32.4%	+4.9 point	28.1%	-4.3 point	25.7%	-2.4 point
Operating profit	600	+25.4%	480	-20.0%	1,200	+150.0%	2,000	+66.7%
Operating margin	8.1%	-0.5 point	5.6%	-2.5 point	10.9%	+5.3 point	14.3%	+3.4 point

Plan for number of consultants and engineers

Roughly double the number of consultants and engineers over three years

Consultants/engineers Plan for number at year-end (consolidated)						Consultants/engineers Hiring plan (consolidated)			
	2020	2021	2022	2023	2024	2021	2022	2023	2024
	Results	Results	Plan	Plan	Plan	Results	Plan	Plan	Plan
Number of consultants	168	195	230	290	370	39	50	75	100
Number of engineers	93	185	220	275	350	26	50	75	100
Total	261	380	450	565	720	65	100	150	200
Vs. previous year	-	+17.6%	+18.4%	+25.6%	+27.4%				

Comparison is based on number (307 in 2021) prior to SOFTEC (73 engineers) joining the Group in 2021

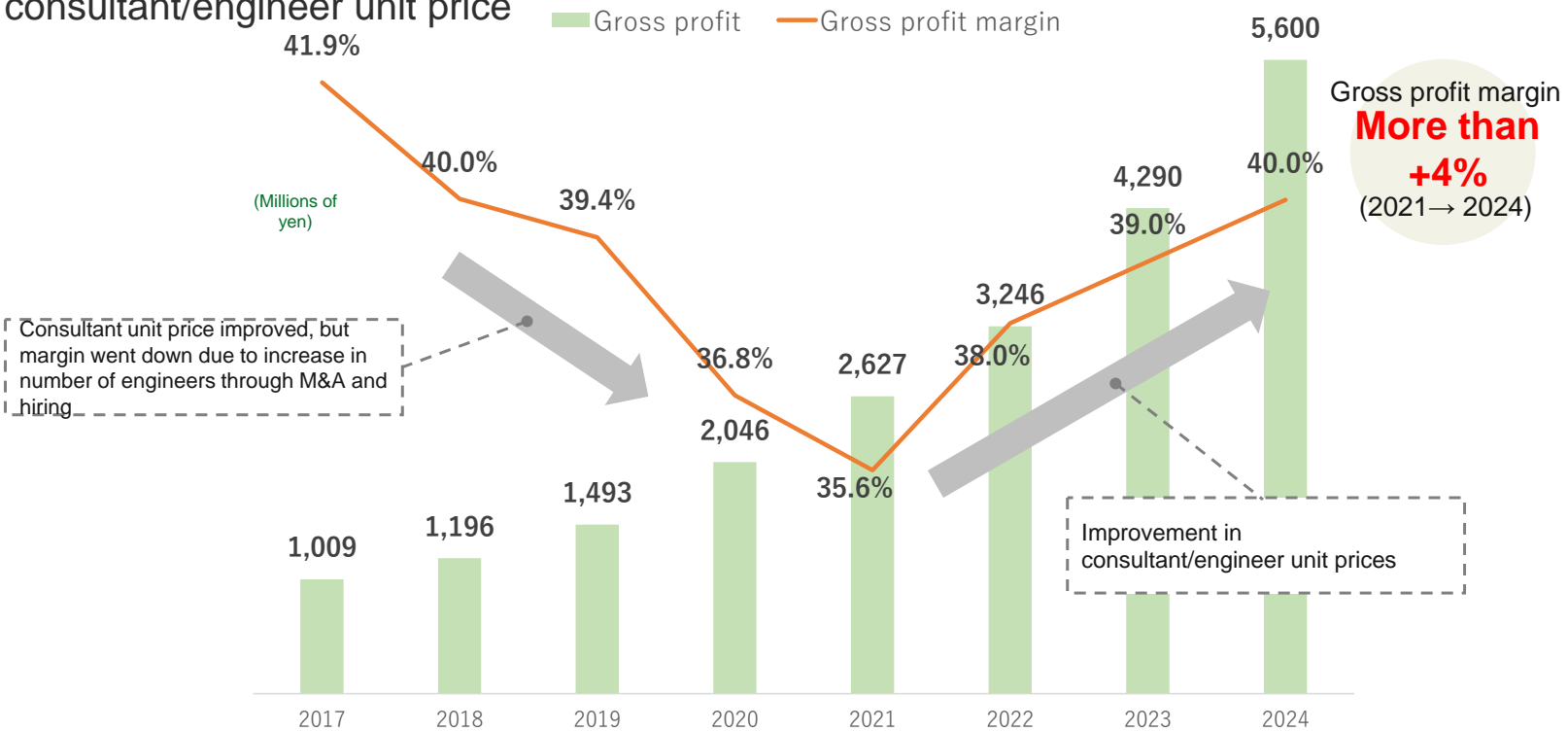
Number of employees

1.9x

(2021-2024)

Gross profit plan

Gross profit margin to be improved by more than 4% over three years by improving consultant/engineer unit price



SG&A plan

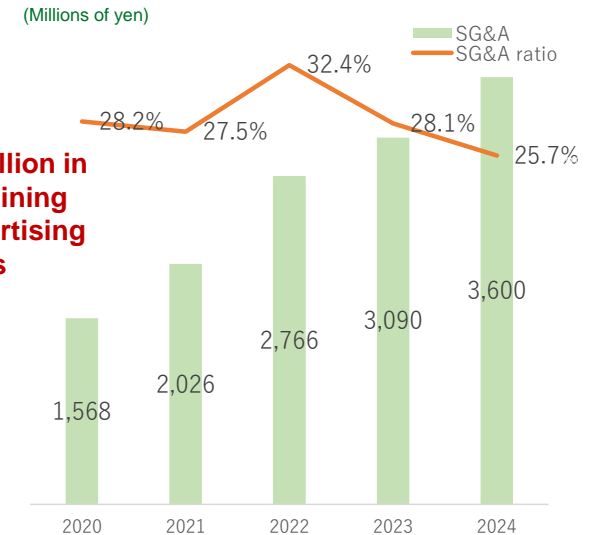
Strengthen hiring training and advertising in particular to achieve growth scenario

SG&A ratio will be lower than in 2022 due to the reduction of spot costs and measures to increase efficiency

SG&A 2021 results and 2022 forecast (by expense item)

(Millions of yen)	2021		2022		Vs. previous year	
	Results	vs. Net sales	Forecas	vs. Net sales	Change	Pct change
Consolidated net sales	7,375	-	8,542	-	1,167	15.8%
SG&A	2,026	27.5%	2,766	32.4%	743	36.5%
Personnel expenses	1,396	18.9%	1,541	18.0%	144	10.3%
Hiring/training expenses	111	1.5%	368	4.3%	257	231.5%
Advertising expense	36	0.5%	183	2.1%	147	408.3%
Land/office rent	55	0.7%	85	1.0%	30	54.5%
IT/operations platform development	64	0.9%	117	1.4%	52	81.3%
Remuneration paid	131	1.8%	207	2.4%	75	57.3%
Amortization of goodwill	44	0.6%	40	0.5%	-4	-9.1%
Depreciation	14	0.2%	48	0.6%	33	235.7%
Outsourcing expenses	81	1.1%	81	0.9%	0	0.4%
Other	89	1.2%	92	1.1%	3	3.4%

SG&A plan through FY2024



Aiming for further growth in 2025 and beyond

We aim to continue growing net sales at a rate of more than 25% in 2025 and later to reach ¥50,000 million in 2030

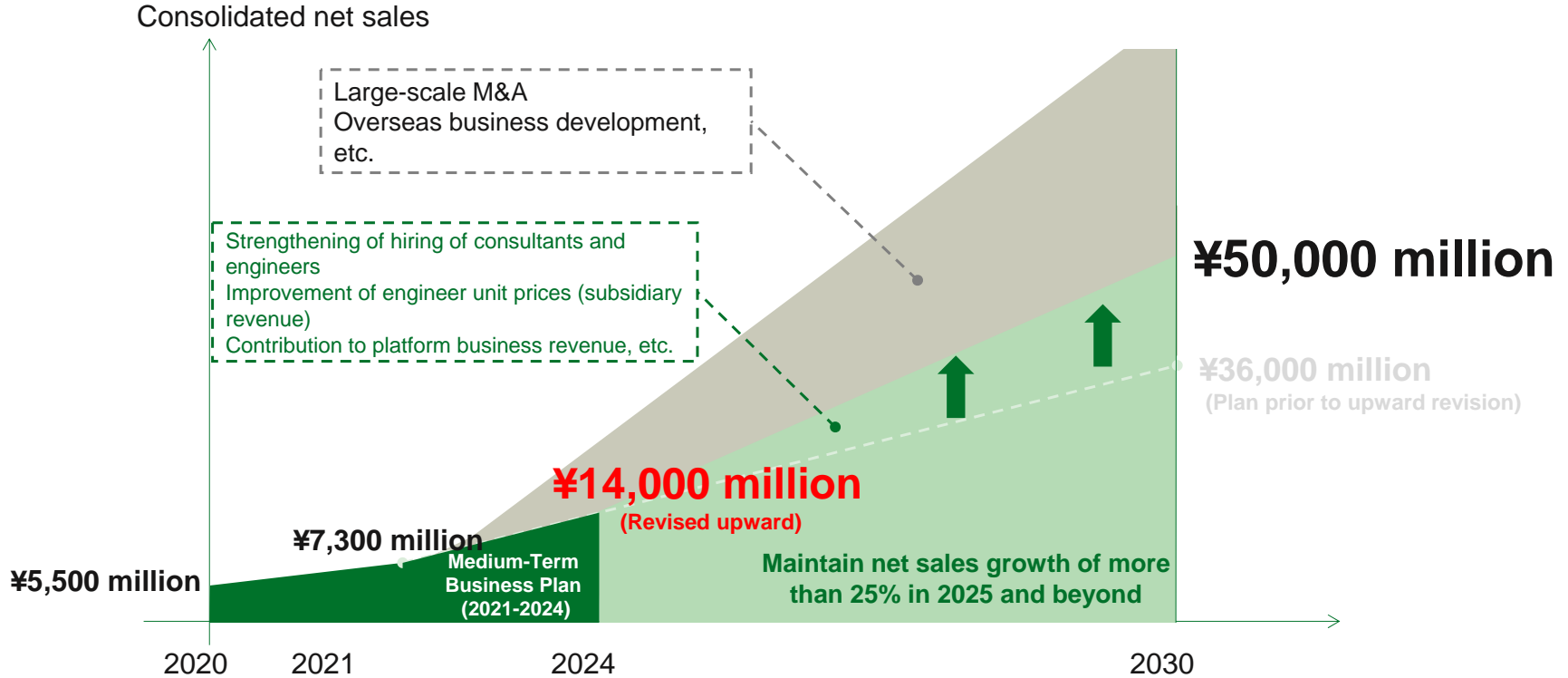


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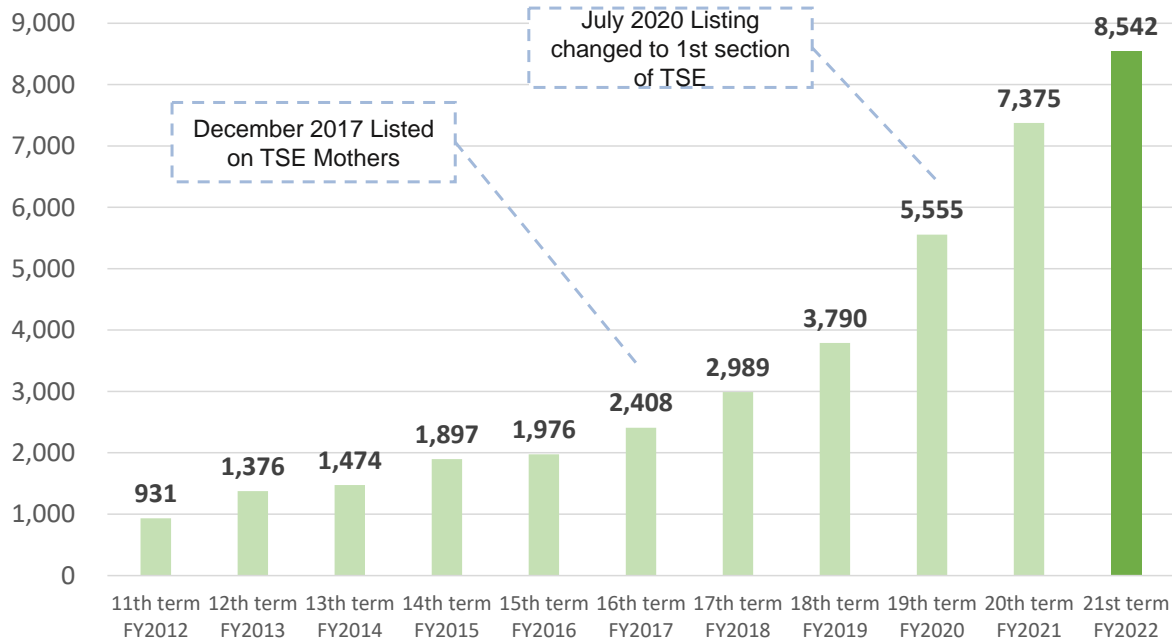
Forecast for FY2022

(Millions of yen)	FY2021 results	FY2022 forecast	YoY change	YoY % change
Net sales	7,375	8,542	+1,167	+15.8%
EBITDA*	674	589	-85	-12.6%
Operating profit	600	480	-120	-20.0%
Ordinary profit	579	460	-119	-20.7%
Profit attributable to owners of parent	388	297	-90	-23.4%

FY2022 Consolidated Net Sales Forecast

Expect to see higher revenue for 11th consecutive year

(Millions of yen)



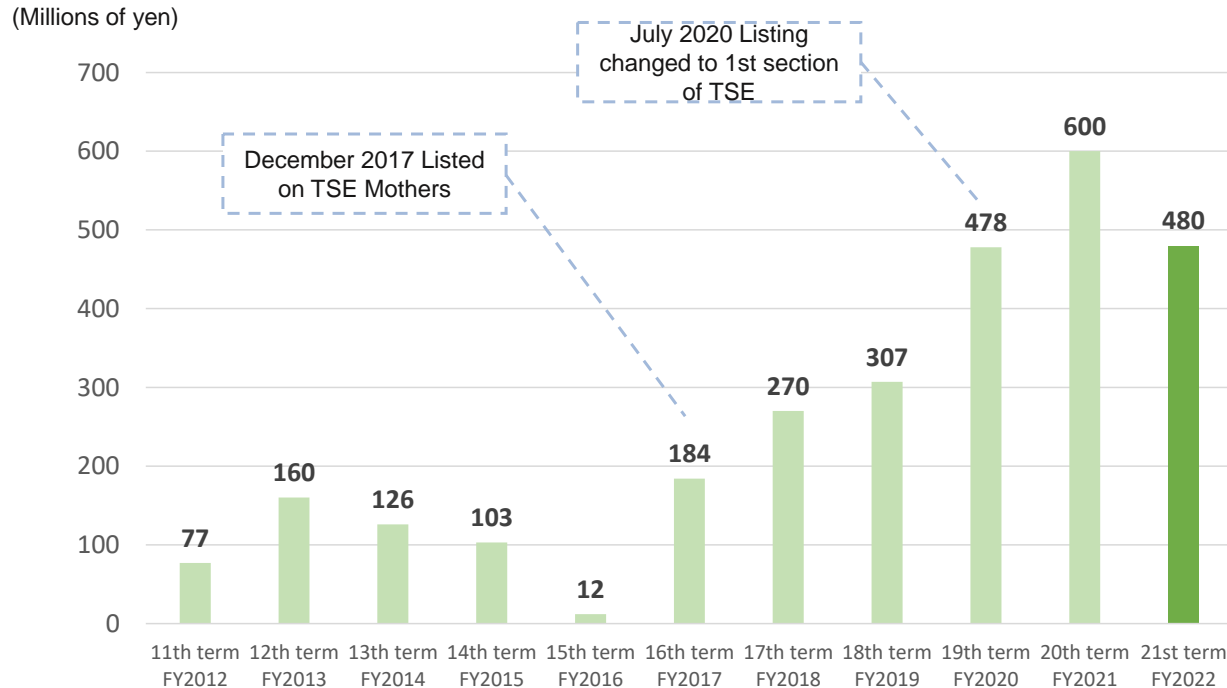
Average Annual growth

+30.5%
(FY2019-FY2022)

+19.7%
(FY2015-FY2018)

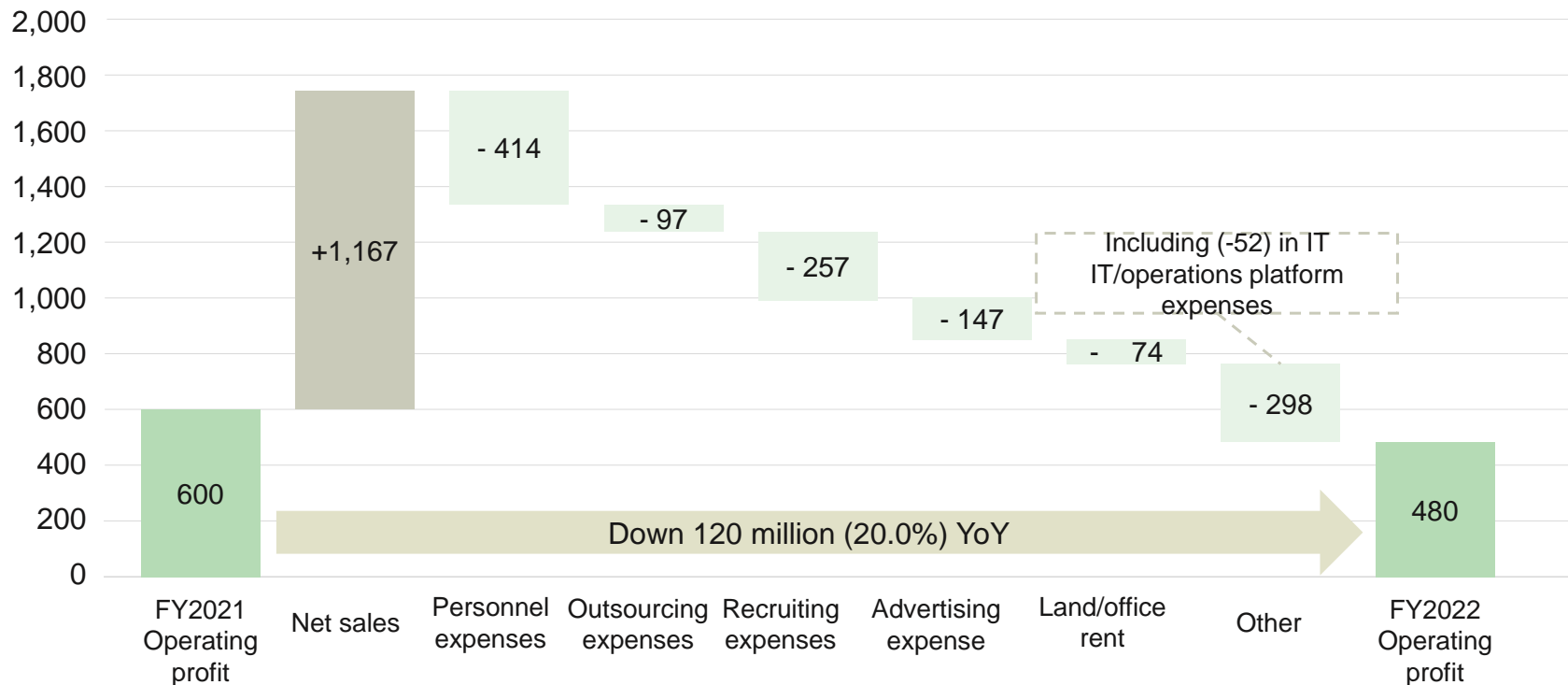
FY2022 Consolidated Operating Profit Forecast

Plan for FYE December 2022 is for lower profit



Factors Behind Change in Consolidated Operating Profit in FY2022

(Millions of yen)



FY2022 Forecasts by Segment

Professional services business

(Millions of yen)	FY2021 results	FY2022 forecast (Initial)	YoY change	YoY % change
Net sales	7,125	8,112	+986	+13.9%
Operating profit	550	430	-120	-21.8%

Platform business

(Millions of yen)	FY2021 results	FY2022 forecast (Initial)	YoY change	YoY % change
Net sales	323	520	+196	+ 60.8%
Operating profit	49	50	+0	+ 0.5%

FY2022 Non-Consolidated/Group Company Sales Forecast

	Non-consolidated sales	Group company sales *Excluding new sales from M&A during the year	New sales from M&A during the year	Elimination of intra-company transactions
FY21 Results	¥ 4,910 million	¥1,944 million	¥730 million	-¥210 million
	¥7,375 million (+¥1,819 million YoY)			
FY22 Forecast	¥5,467 million (+¥556 million YoY)	¥3,285 million (+¥1,341 million YoY)	Not included	-¥210 million (Expect same level as previous year)
	¥8,542 million (+¥1,167 million YoY)			

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Overview of LTS, Inc.

- Representative:** Hiroaki Kabashima, President and CEO
- Foundation:** March 2002
- Capital:** ¥575,000,600 (As of December 31, 2021)
- Address:** KDX Shinjuku 286 Building 4F, 2-8-6 Shinjuku Shinjuku-ku, Tokyo, 160-0022, Japan
- Number of employees:** 331 non-consolidated* / 461 consolidated (As of December 31, 2021)
*Includes borrowed/loaned employees
- Services:** Professional services business
Platform business
- Subsidiaries:** Assign Navi, Inc.
(As of December 31, 2021) LTS ASIA CO., LIMITED (Hong Kong)
WAKUTO Co., Ltd.
IoTol Japan Inc.
SOFTEC Co., Ltd.
- Group company:** FPT CONSULTING JAPAN CO., LTD.
(As of December 31, 2021)
- Memberships:** Japan Users Association of Information Systems
(As of December 31, 2021) Japan Institute of Information Technology
Project Management Institute Japan Chapter
The Open Group
Shizuoka Information Industry Association
Hamamatsu Software / Contents Industry Association

Directors

President and CEO

Representative Director of Assign Navi, Inc.

Hiroaki Kabashima

Graduated Keio University

Director and CSO

Director of IoTol Japan Inc.

Yu Kamemoto

Graduated Keio University

Director

President and Representative Director of SOFTEC Co., Ltd.

Atsushi Tsukahara

Graduated Tsukuba University

1998 Joined ING Life Insurance Co., Ltd. (Now NN Life Insurance Company, Ltd.)
2000 Joined IQ3 Inc.
2001 Joined Learning Technology Consulting Inc.
2002 Founding director of the Company
2002 President and CEO of the Company
2019 Representative Director of Assign Navi, Inc.

2009 Joined Finchjapan Co., Ltd.
2011 Joined the Company
2017 Head of Business Development & Insights of the Company
2018 Executive Officer and Head of Business Development & Insights of the Company
2019 Director, Executive Officer and Head of Strategy & Insights of the Company
2020 Director of IoTol Japan Inc.

1999 Joined Andersen Consulting Ltd. (Now Accenture Japan Ltd.)
2000 Joined IQ3 Inc.
2001 Joined Learning Technology Consulting Inc.
2002 Founding director of the Company
2005 Resigned as director, joined the Company
2014 Head of EA-IT Business Unit of the Company
2015 Executive Officer and Assistant to Business Consulting Division of the Company
2018 Executive Officer and Head of ICT Engineering Department of the Company
2020 Director, Executive Officer and Head of ICT Engineering Department of the Company
President and Representative Director of SOFTEC Co., Ltd

Executive Vice President

Director of IoTol Japan Inc.
Corporate Auditor of WAKUTO Inc.

Sungil Lee

Graduated The University of Tokyo

Director and COO

Ryosuke Ueno

Graduated Tsukuba University and Advanced Institute of Industrial Technology

Director

Yuichi Kanagawa

Graduated Waseda University

1998 Joined Andersen Consulting Ltd. (Now Accenture Japan Ltd.)
2000 Joined IQ3 Inc.
2001 Joined Learning Technology Consulting Inc.
2002 Founding director of the Company
2005 Executive Vice President of the Company
2021 Director of IoTol Japan Inc.

2008 Joined the Company
2017 Head of Business Consulting Division II of the Company
2018 Executive Officer and Head of Business Consulting Division II of the Company
2019 Director, Executive Officer and Head of Business Consulting Division II of the Company

1982 Joined Yokogawa Electric Works, Inc. (Now Yokogawa Electric Corporation)
1996 Founding President and Representative Director of Yokogawa Multimedia Co., Ltd.
2001 Chairman and Representative Director of Yokogawa Q&A Corporation (Now Q&A Corporation)
2003 President and Representative Director of Yokogawa Q&A Corporation
2015 Chairman and Representative Director of Q&A Corporation
2016 Director (part-time) of Yokogawa Rental & Lease Corporation
President and Representative Director of Yokogawa Rental & Lease Corporation
2020 Chairman and Representative Director of Yokogawa Rental & Lease Corporation
Outside Director of SMN Corporation (current position)
2021 Outside Director of the Company
2021 Director of the Company

Directors

Outside Director

(Audit and Supervisory
Committee Member)

**Fumio
Takemura**

1973 Joined IBM Japan, Ltd.
2004 Executive Officer of IBM Japan, Ltd.
2007 Senior Managing Director of IBM Japan Services
Company Ltd.
2008 President and Representative Director of JAL
Information Technology Co., Ltd.
2011 Advisor to IBM Japan, Ltd.
2014 Adjunct Lecturer at Tokyo City University Faculty of
Knowledge Engineering
2018 Statutory Auditor of the Company
2019 Outside Director of the Company
(Audit and Supervisory Committee Member)

Outside Director

(Audit and Supervisory
Committee Member)

**Naoki
Takahashi**

1985 Joined Nissan Motor Co., Ltd.
1993 Licensed as an attorney at law in New York, USA
1995 Joined Tokyo Office of White & Case LLP
2001 Joined American International Group, Inc.
2009 Director and Managing Executive Officer of AIG Japan
Holdings Kabushiki Kaisha
2016 Auditor of the Company
2019 Outside Director of the Company
(Audit and Supervisory Committee Member)
2020 Auditor of IoTol Japan Inc.

Outside Director

(Audit and Supervisory
Committee Member)

Toshio Awata

1972 Joined MITSUI & CO., LTD.
2007 Managing Executive Officer and President of
Chubu Office of MITSUI & CO., LTD.
2015 Auditor of the Company
2019 Outside Director of the Company
(Audit and Supervisory Committee Member)

List of Customers

Trade/Retail

ITOCHU Corporation
Inabata & Co., Ltd.
SEVEN-ELEVEN JAPAN CO., LTD.
Mitsubishi Corporation
Mitsubishi Shokuhin Co., Ltd.
Metal One Corporation

Energy

i BUSINESS PARTNERS Corp. (Idemitsu Kosan Group)
Idemitsu Kosan Co., Ltd.
SHOWA SHELL SEKIYU K. K.
Taiyo Oil Company, Limited
TOKYO GAS i NET CORP. (TOKYO GAS Group)
Tokyo Gas Co., Ltd.
Tokyo Gas Urban Development Co., Ltd. (TOKYO GAS Group)
Tokyo Gas Auto Service Co, Ltd. (TOKYO GAS Group)

Plant Engineering

Chiyoda Corporation

Manufacturing

IHI Corporation
ISHIDA TEC Co., Ltd.
Oki Electric Industry Co., Ltd.
Canon Software Inc. (Canon Group)
Canon Business Support Inc. (Canon Group)
KOKUYO Co., Ltd.
GE Healthcare Japan Corporation
Siemens Japan KK
NIPPON STEEL & SUMITOMO METAL CORPORATION
(Now: NIPPON STEEL CORPORATION)
TATSUNO Corporation
DIC Corporation
NEC Corporation
BANDAI CO., LTD.
Hitachi Solutions, Ltd. (Hitachi Group)
FUSO Corporation
Yamaha Motor Co., Ltd.

Transportation

Osaka Metro Co., Ltd. (Osaka Metro)
JALPAK Co., Ltd. (JAL Group)
Japan Airlines Co., Ltd. (JAL)
West Japan Railway Company (JR WEST)
East Japan Railway Company (JR EAST)

Automotive

SHIZUOKA TOYOPET CO., LTD.
Nissan Motor Co., Ltd.
Nissan Buhin Chuo Sales Co., Ltd.
Yazaki Corporation

Food/Restaurant/Agriculture/Medical/Pharmaceutical

Kirin Holdings Company, Limited
KIRIN BUSINESS SYSTEM COMPANY, LIMITED (KIRIN Group)
TAKANAWAKAI (Dental Cruise)
The Nisshin Oillio Group, Ltd.
Japan Tobacco Inc.
NIHON CHOUZAI Co., Ltd.
JAPAN NUTRITION Co., Ltd. (ITOCHU Group)
NH Foods Ltd.
ROYAL HOLDINGS Co., Ltd.

Service

NTT Communications Corporation
The Board Director Training Institute of Japan
KOSAIIDO Co., Ltd.
Jiji Press Ltd.
Sony Network Communications Inc.
Technology Networks Inc. (J: COM Group)
TV Asahi Corporation
JAPAN POST HOLDINGS Co., Ltd.
JAPAN POST Co., Ltd.
famima.com Co., Ltd.
Benesse Corporation
MonotaRO Co., Ltd.
Yuko Yuko Co., Ltd.
Recruit Jobs Co., Ltd.
Relia, Inc.

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Financial/Securities/Insurance

Aioi Nissay Dowa Insurance Co., Ltd.
ORIX Corporation
ORIX Business Center Okinawa Corporation
SUMITOMO LIFE INSURANCE COMPANY
Nisshin Fire & Marine Insurance Co., Ltd.
Mitsui Life Insurance Company Limited

Government

Ichikawa City
Ministry of Economy, Trade and Industry
Shizuoka Prefecture
Shizuoka City Hall
Ministry of Internal Affairs and Communications

Consulting/IT

ABeam Consulting Ltd.
ITOCHU Techno-Solutions Corporation (ITOCHU Group)
SAP Japan Co., Ltd.
EDISON CO., LTD.
CRESCO LTD.
SATORI Inc.
JFE Systems, Inc.
SIGMAXYZ Inc.
Suzuyo System Technology Co., Ltd.
IBM Japan, Ltd.
IBM Japan Services Company Ltd.(IBM Japan Group)
Oracle Corporation Japan
Tata Consultancy Services Japan Limited
Hewlett-Packard Japan, Ltd.
Microsoft Japan Co., Ltd.
PricewaterhouseCoopers LLP
MARUBENI INFORMATION SYSTEMS CO., LTD. (MARUBENI Group)

* Company names published with permission
(hiragana order by industry; some not listed).

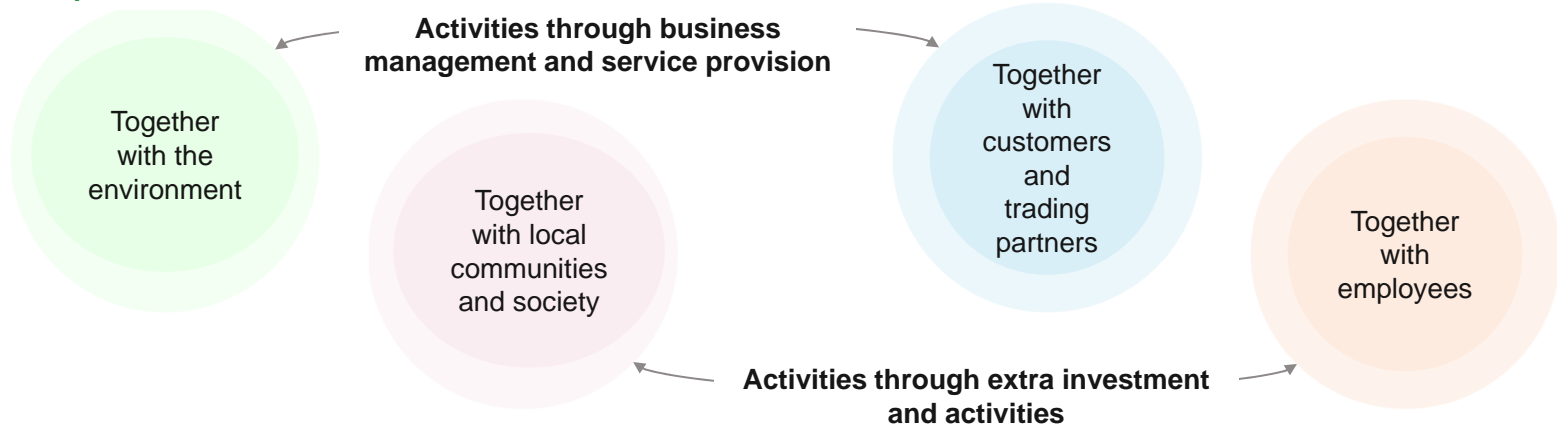
ESG investments/SDG initiatives

We believe that it is necessary to fulfill our social responsibility by building better relationships with customers, employees, shareholders, local communities, and the global environment.

As a member of society, we will contribute to solutions to social problems to achieve a sustainable society together with everyone and engage in activities to remain an excellent company that creates new value.

— **Contribution to solutions to social problems**

— **Continued existence as an excellent company that creates new value**



Introduction of activities for contributing to solutions to social problems



Visiting lectures at universities



Connections to local communities



and more...

Pro bono



Support solutions to problems provided by NPOs and NGOs leveraging our business skills



Family Day



Expand possibilities for children by thinking about and working on social problems together with them



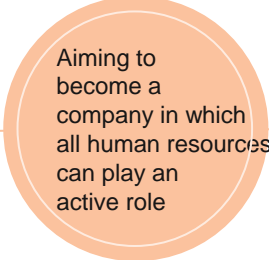
Introduction of activities for remaining an excellent company that creates new value



Health management



Diversity & gender equality



Development of rewarding workplace



Skill/career development



Culture of mutual learning



and more...

Enhancement of health examinations



Infection control measures



Health events



Improvement of employee satisfaction



Culture of mutual gratitude and praise

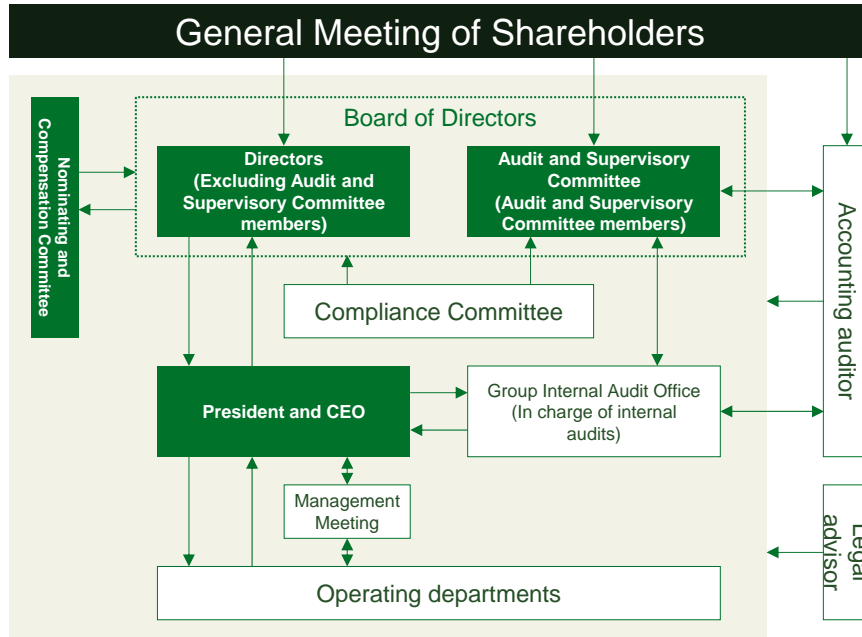


Development of a participatory company



Corporate governance structure

We consider strengthening of corporate governance to be an important management issue and are working on the necessary measures in order to expand our corporate value, ensure our continued existence, and contribute to society



Efforts to date

- ✓ Transition to company with audit and supervisory committee
- ✓ Increased number of outside directors
- ✓ Establishment of Nominating and Compensation Committee
- ✓ Disclosure of summaries of financial results and briefing material in English

Themes being considered for future efforts

- ✓ Analysis and evaluation of effectiveness of Board of Directors utilizing third-party agency
- ✓ Ensuring of diversity of Board of Directors
- ✓ Establishment and implementation of succession plan for chief executive officer

Disclaimer and Note

● Disclaimer

- LTS, Inc. (“the Company”) provides financial information, management indicators, and other information only as a reference. No representations or warranties are made, express or implied, with regard to the content herein.
- The Company prepared this material using current generally known information about social and economic conditions and certain assumptions that we deemed to be reasonable. The information found in this material is subject to change without notice due to changes in business conditions or for other reasons.

● Note on Forward-Looking Statements

- The material and information provided with this announcement contain forward-looking statements. These forward-looking statements are based on current expectations, forecasts, and assumptions that are subject to risks and include uncertainties, which may cause actual results to differ substantially from these statements.
- These risks and uncertainties include general industry and market conditions as well as general Japanese and international economic conditions such as changes in interest rates and exchange rates.
- The Company has no obligation to update or correct the forward-looking statements contained in this material, regardless of any new information, future events, etc.



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