



# **Q3 FY2022 Financial Results (Securities code 6560)**

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**11/2022  
LTS, Inc.**

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- 3. Medium-Term Business Plan (2021-2024)**
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# Services

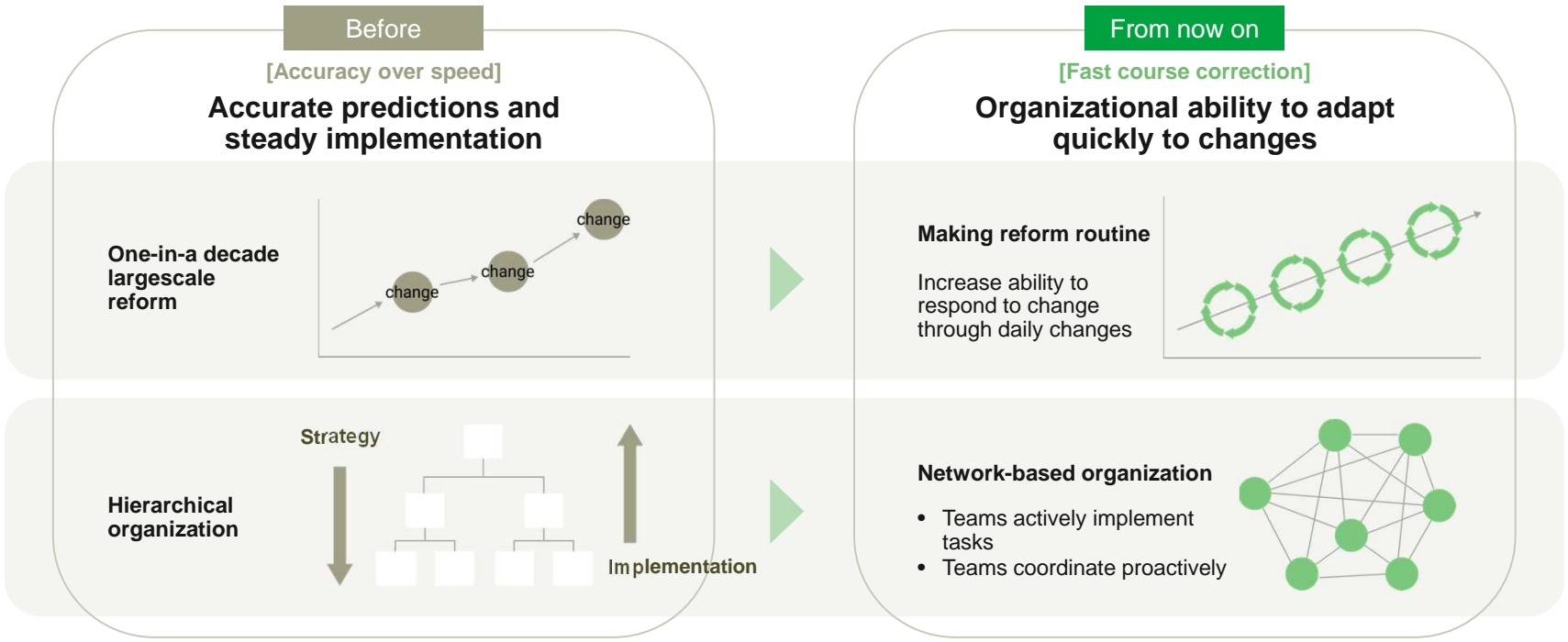


	Service(s)	Mission	Synergy of services	Customers	Profit model
Professional services business	Strategy establishment / digital utilization	Improvement of corporate customer capabilities to utilize digital technology and adapt to change	<ul style="list-style-type: none"> <li>Establishment of business strategy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

# 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

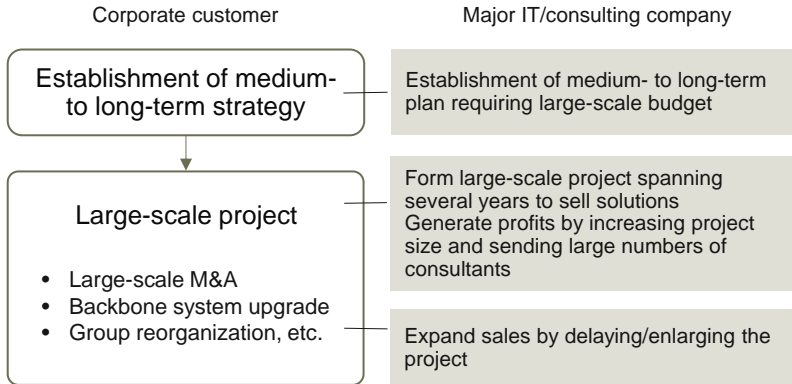


# Characteristic 1 of Professional Services Business

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

## Conventional consulting/IT services

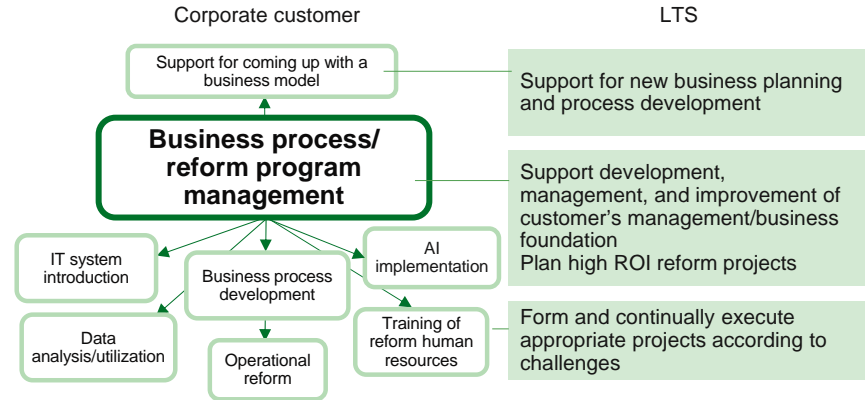
**Growth support does not equal support for success of large-scale projects**



- 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**



- Can quickly respond to environmental changes with reform planning
- Medium- to long-term relationship with a 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

Business process management

Long-term support



Project

Comprehensive support from DX project consulting to IT development

## Uniqueness/strengths

Visualization of business process (operational and management issues)

Building of long-term customer relationships and continuous cycle of reform

Grasping of reform cycle (Issue selection, budgeting, etc.)

Seizing opportunities for progressive projects and acquiring ability to attract new customers

### Major customers (of 10 years or more)

- ITOCHU Corporation
- ORIX Corporation
- Kirin Holdings Company, Limited
- Yazaki Corporation
- DIC Corporation
- Nissan Motor Co, Ltd.

### Major themes

- Comprehensive DX support
- Automation of shelving allocation utilizing AI
- DX/SX for municipalities

### New customers (2019-2021)

- Hiroshima Prefecture, Shizuoka Prefecture, Shizuoka City, Ichikawa City (Chiba Prefecture)
- NEC Corporation
- Osaka Metro Co., Ltd.
- Suzuyo System Technology Co., Ltd.
- SEVEN-ELEVEN JAPAN CO., LTD.

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## Change to Accounting Standard for Revenue Recognition Change to Classification of Consultant Job Transactions in Platform Business (Agent -> Principal)

The Group's Consultant Job service in its platform business is derived from Assign Navi, which matches IT human resources with IT projects, and its purpose is to refer personnel. For this reason, even when acting as an intermediary between the corporate customer and the personnel in response to a request from the corporate customer, **on the statement of income, we netted the sales order and purchase order amounts from the agreement and recorded the difference as a referral fee. However, the Group concluded separate operating agreements with the corporate customer and the personnel.**

The Accounting Standard for Revenue Recognition has been applied as of the 21st fiscal term (January 1, 2022 - December 31, 2022). In regard to the Consultant Job service, in accordance with the purpose of the service, **the sales order and purchase order amounts were netted to record sales in the first quarter of the 21st fiscal term (January 1, 2022 - March 31, 2022) assuming that the agreements would be changed to agent transactions.**

However, most services competing with Consultant Job have agreements based on principal transactions, so there are some corporate customers that wish to maintain the previous agreement type. As such, in the second quarter, progress on making specific changes to agreements with corporate customers was not made as expected. We have determined that even if we continue working on making changes to agreements, not all corporate customers will accept the changes. Accordingly, we have withdrawn the policy of changing the agreements to agent transactions based in part on consideration of future business relations. In conjunction with this, **we determined that gross net sales should be recorded for the Consultant Job service as principal transactions with emphasis placed on contractual rights and obligations. Net sales related to the Consultant Job service have been revised going back to when the Accounting Standard for Revenue Recognition was first applied.**

Net sales and cost of sales increase by the same amount when changing from agent transactions to principal transactions, so **there is no impact on profit and loss.**



# Q3 FY2022 Summary

## LTS Group overall

<b>Net sales:</b>	<b>¥7,014 million</b>
	Old standard*1: ¥6,356 million (up +19.4% YoY)
<b>Operating profit:</b>	<b>¥426 million (down 4.1% YoY)</b>
<b>Ordinary profit:</b>	<b>¥419 million (down 1.1% YoY)</b>
<b>⇒Net sales remained strong, and profit was as expected</b>	

## Professional services business

<b>Net sales:</b>	<b>¥6,151 million (up 19.6% YoY)</b>
<b>Operating profit:</b>	<b>¥405 million (down 0.3% YoY)</b>
<b>⇒Net sales remained strong, and profit was as expected</b>	

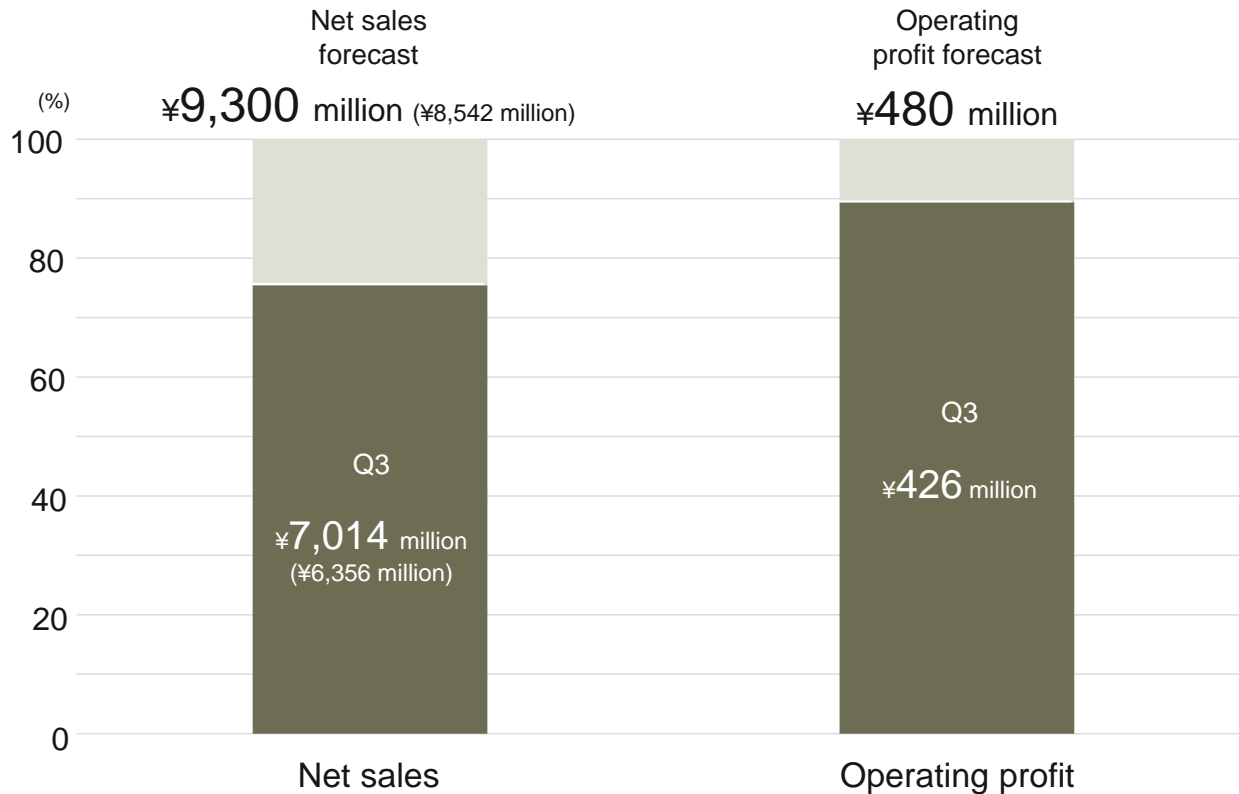
## Platform business

<b>Net sales:</b>	<b>¥1,197 million</b>
	Old standard*1: ¥317 million (up 35.2% YoY)
<b>Operating profit:</b>	<b>¥21 million (down 44.0% YoY)</b>
<b>⇒Sales and profit up with continued aggressive investments (increased cost), including for structural enhancement</b>	

\* Net sales includes internal sales

\*1 Old standard: Figures prior to change of agent/principal transaction classification (refer to p.8 for details)

# Full-year Progress in 3Q FY2022



Sales progress

**75.4%** (74.4%)

Operating profit progress

**88.9%**

# Q3 FY2022 Consolidated Profit and Loss Statement

\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

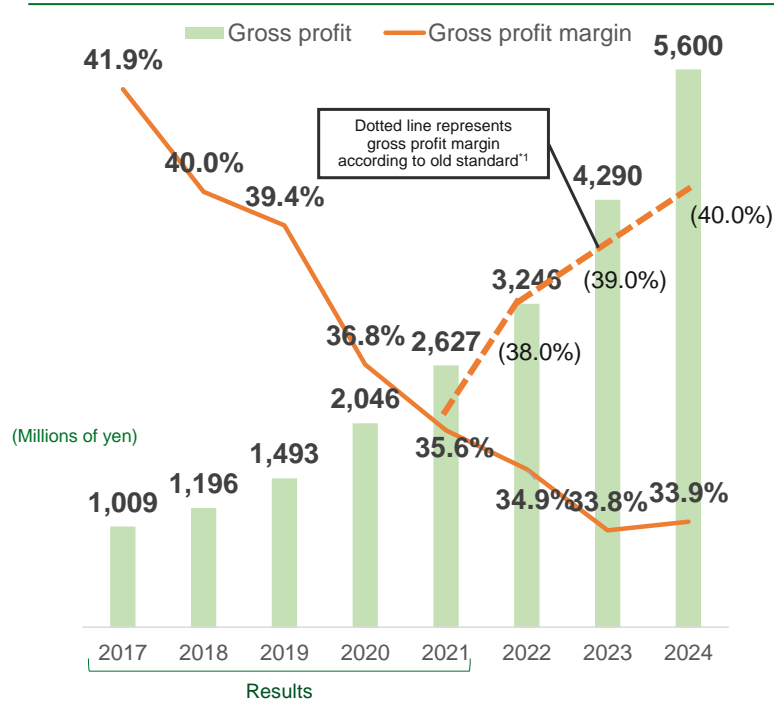
	Q3 FY2022			FY2022			FY2022 forecast	Percentage achievement
	Q3 FY2022	Q3 FY2021	YoY % change	Total for first nine months	FY2021 Total for first nine months	YoY % change		
Unit: Millions of yen								
<b>Net sales</b>	<b>2,366</b> (2,146)	<b>1,849</b>	<b>—</b> (+ 16.0%)	<b>7,014</b> (6,356)	<b>5,324</b>	<b>—</b> (+ 19.4%)	<b>9,300</b> (8,542)	<b>75.4%</b> (74.4%)
<b>Gross profit</b>	<b>761</b>	<b>676</b>	<b>+ 12.7%</b>	<b>2,340</b>	<b>1,902</b>	<b>+ 23.1%</b>	-	-
<b>Gross profit margin</b>	<b>32.2%</b> (35.5%)	<b>36.6%</b>	<b>—</b> (- 1.1point)	<b>33.4%</b> (36.8%)	<b>35.7%</b>	<b>—</b> (+ 1.1point)	-	-
<b>SG&amp;A</b>	<b>686</b>	<b>505</b>	<b>+ 35.8%</b>	<b>1,913</b>	<b>1,457</b>	<b>+ 31.3%</b>	-	-
<b>EBITDA*</b>	<b>103</b>	<b>188</b>	<b>- 45.3%</b>	<b>493</b>	<b>496</b>	<b>- 0.7%</b>	<b>589</b>	<b>83.7%</b>
<b>EBITDA margin</b>	<b>4.4%</b> (4.8%)	<b>10.2%</b>	<b>—</b> (- 5.4point)	<b>7.0%</b> (7.8%)	<b>9.3%</b>	<b>—</b> (- 1.5point)	-	-
<b>Operating profit</b>	<b>75</b>	<b>170</b>	<b>- 55.9%</b>	<b>426</b>	<b>444</b>	<b>- 4.1%</b>	<b>480</b>	<b>88.9%</b>
<b>Operating margin</b>	<b>3.2%</b> (3.5%)	<b>9.2%</b>	<b>—</b> (- 5.7point)	<b>6.1%</b> (6.7%)	<b>8.4%</b>	<b>—</b> (- 1.7point)	-	-
<b>Ordinary profit</b>	<b>71</b>	<b>165</b>	<b>- 57.0%</b>	<b>419</b>	<b>424</b>	<b>- 1.1%</b>	<b>460</b>	<b>91.3%</b>
<b>Profit before income taxes</b>	<b>71</b>	<b>154</b>	<b>- 53.9%</b>	<b>419</b>	<b>413</b>	<b>+ 1.6%</b>	-	-
<b>Profit attributable to owners of parent</b>	<b>33</b>	<b>95</b>	<b>- 64.5%</b>	<b>273</b>	<b>262</b>	<b>+ 4.2%</b>	<b>297</b>	<b>92.2%</b>

\* EBITDA = Operating profit + depreciation + amortization of goodwill

# Gross profit

The gross profit margin was lower than initially expected due to a lower percentage of profitable projects than initially expected as a result of a higher percentage of outsourcing, the execution of some strategic projects with lower profit margins (including public sector projects), and an increase in activities other than projects for customers undertaken from a medium- to long-term perspective, such as the promotion of capital and business alliances.

## Past gross profit and forecast



## 3Q FY2022 results

\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

Unit: Millions of yen	2022 forecast	Results for first nine months
Net sales	9,300 (8,542)	7,014 (6,356)
<b>Gross profit</b>	<b>3,246</b>	<b>2,340</b>
<b>Gross profit margin</b>	<b>34.9% (38.0%)</b>	<b>33.4% (36.8%)</b>
SG&A	2,766	1,913
SG&A ratio	29.7% (32.4%)	27.3% (30.1%)
Operating profit	480	426
Operating margin	5.2% (5.6%)	6.1% (6.7%)

\*1. Old standard: Figures prior to change of agent/principal transaction classification (refer to p. 8 for details)

# Breakdown of SG&A

Due to difficulties in mid-career hiring and changes in the timing of advertising activities, the use of recruiting, training, and advertising expenses is expected to be lower than the forecast at the beginning of the year

## Breakdown of SG&A

\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

Unit: Millions of yen	2022		Total for first nine months of 2022	
	Forecast	vs. net sales	Results	vs. net sales
Consolidated net sales	9,300(8,542)	-	7,014(6,358)	-
<b>SG&amp;A</b>	<b>2,766</b>	29.7%(32.4%)	<b>1,913</b>	27.3%(30.1%)
Personnel expenses	1,541	16.6%(18.0%)	1,301	18.5%(20.5%)
Hiring/training expenses	368	4.0%(4.3%)	123	1.8%(1.9%)
Advertising expense	183	2.0%(2.1%)	66	0.9%(1.0%)
Land/office rent	85	0.9%(1.0%)	53	0.8%(0.8%)
IT/operations platform development	117	1.3%(1.4%)	88	1.3%(1.4%)
Remuneration paid	207	2.2%(2.4%)	87	1.3%(1.4%)
Amortization of goodwill	40	0.4%(0.5%)	30	0.4%(0.5%)
Depreciation and amortization	48	0.5%(0.6%)	12	0.2%(0.2%)
Outsourcing expenses	81	0.8%(0.9%)	66	0.9%(1.0%)
Other	92	1.0%(1.1%)	84	1.2%(1.3%)

### Hiring/training expenses

Implementing or will implement efforts below

- Hiring points for hiring new graduates
- Expansion of structure for mid-career hiring members
- Increase in hiring fee

### Advertising expense

Will implement efforts below in H2

- Promotion of platform business
- 20th anniversary events
- Hiring PR/brand enhancement

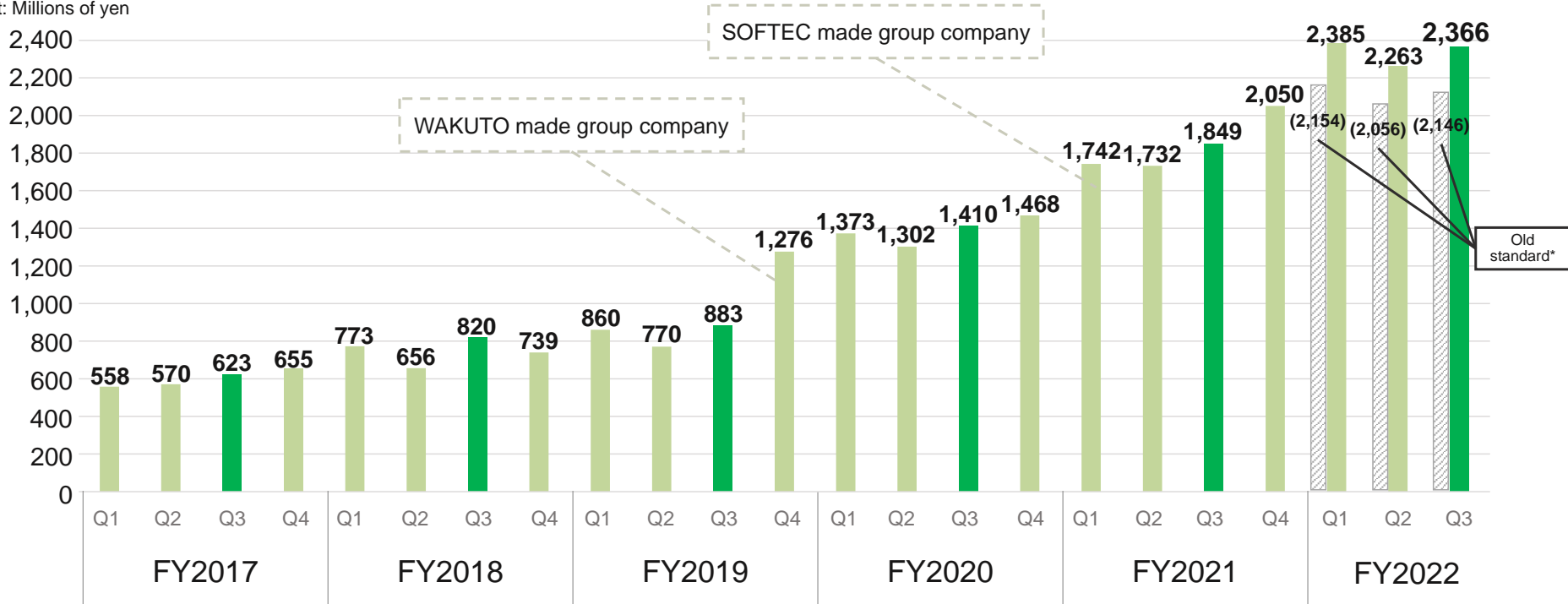
# Q3 FY2022 Consolidated Balance Sheet

Unit: Millions of yen	FY2021	Q3 FY2022	Change
<b>Current assets</b>	4,206	<b>3,938</b>	<b>- 267</b>
(Cash and deposits)	2,430	<b>2,438</b>	<b>+ 7</b>
<b>Non-current assets</b>	873	<b>864</b>	<b>- 9</b>
<b>Total assets</b>	5,080	<b>4,803</b>	<b>- 277</b>
<b>Current liabilities</b>	2,215	<b>1,642</b>	<b>- 573</b>
(Income taxes payable)	117	<b>22</b>	<b>- 94</b>
<b>Non-current liabilities</b>	787	<b>582</b>	<b>- 205</b>
<b>Net assets</b>	2,076	<b>2,577</b>	<b>+ 501</b>

# Quarterly Trend in Consolidated Net Sales

+¥516 million YoY (Old standard\*: +¥296 million, +16.0%)

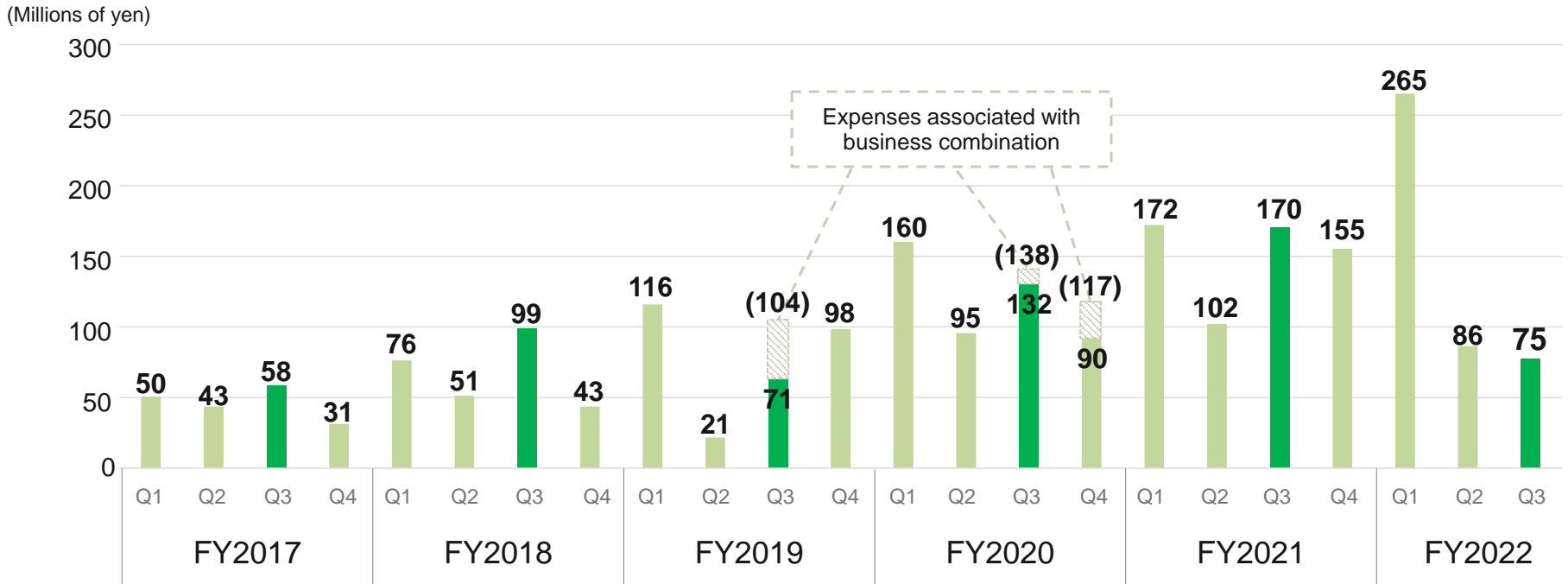
Unit: Millions of yen



\* Old standard: Figures prior to change of agent/principal transaction classification (refer to p. 8 for details)

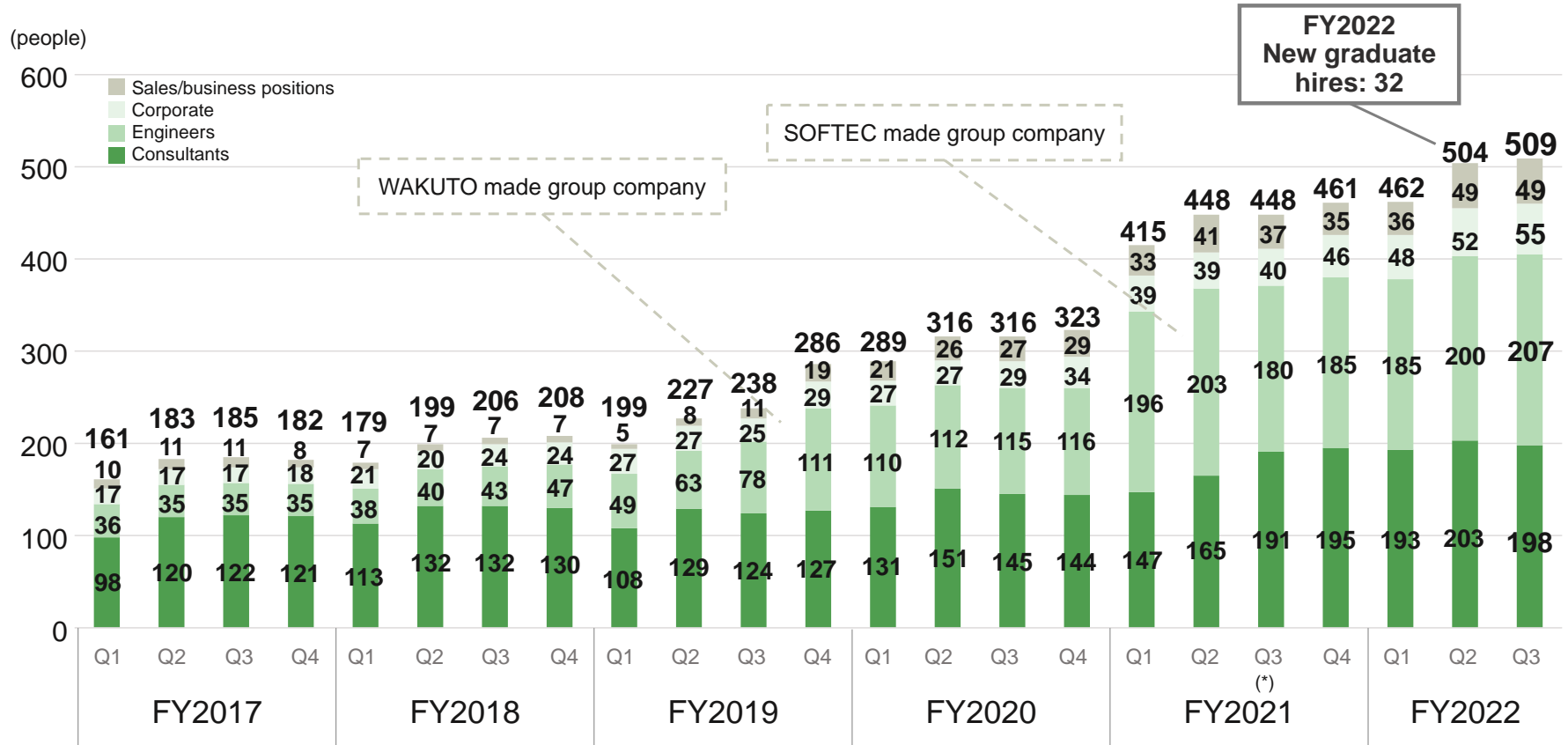
# Quarterly Trend in Consolidated Operating Profit

-55.9% YoY





# Quarterly Trend in Number of Employees (Consolidated)



\*Changes were made to the tabulation method for employee numbers by job type from Q3 2021.

# Progress on hiring consultants / engineers

We hired 12 consultants and engineers in the third quarter (cumulative total of 57), but it will be difficult to achieve the full-year hiring plan for 2022. At the same time, 81 new graduates (2023) have signed unofficial offers (including sales positions), so steady progress is being made.

**Consultants / engineers  
Plan for number at year-end (consolidated)**

(People)	FY2020 results	FY2021 results	FY2022 plan	FY2023 plan	FY2024 plan
Number of consultants	168	195	230	290	370
Number of engineers	93	185	220	275	350
<b>Total</b>	<b>261</b>	<b>380</b>	<b>450</b>	<b>565</b>	<b>720</b>
<b>Vs. previous year</b>	-	+17.6%	+18.4%	+25.6%	+27.4%

**Consultants / engineers  
Hiring plan (consolidated)**

	FY2021 results	FY2022 plan	FY2023 plan	FY2024 plan
Number of consultants	39	50	75	100
Number of engineers	26	50	75	100
<b>Total</b>	<b>65</b>	<b>100</b>	<b>150</b>	<b>200</b>

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

Number  
**1.9x**  
(2021-2024)

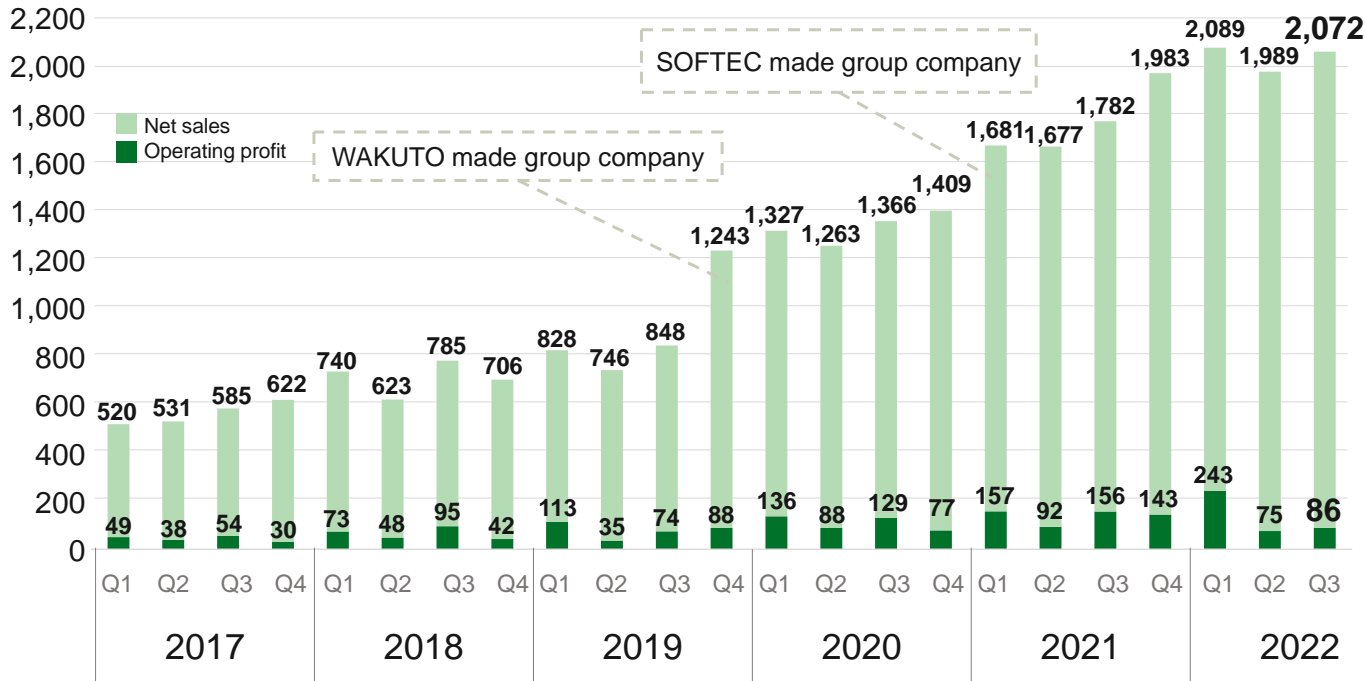
<b>Hiring results</b>	Q1 FY2022	Q2 FY2022	Q3 FY2022
<b>Consultants</b>	4	New graduates: 13 Mid-career: 6	2
<b>Engineers</b>	4	New graduates: 12 Mid-career: 6	10

Number of consultants / engineers hired in Q4: 14 (including tentative hires)  
New graduate hires expected in FY2023: 81 (including sales positions)

# Quarterly Trend in Professional Services Business Results

Net sales up 16.3% YoY, but operating profit down 44.8% YoY

Unit: Millions of yen



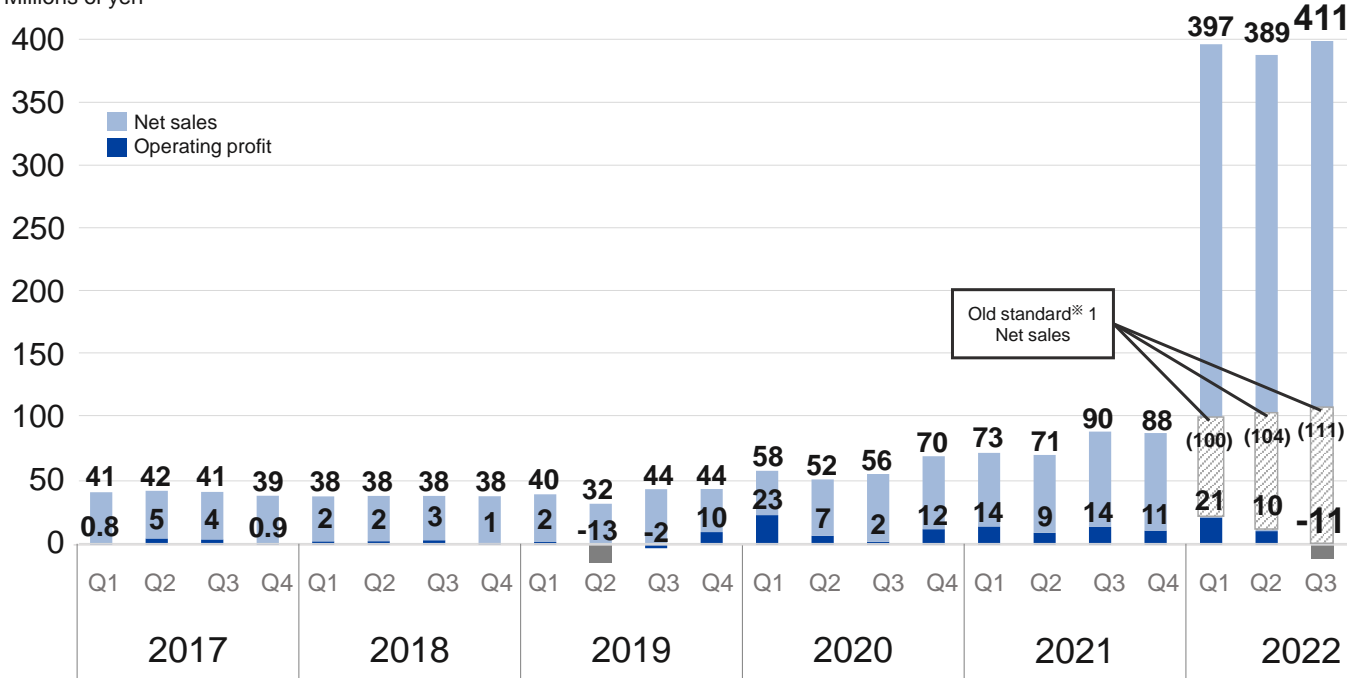
- Sales remain strong in response to increased demand for large we will scale operational reform projects. Some projects that will run through the next fiscal year have also started.
- Subsidiary profitability improving through development projects carried out in collaboration with LTS
- Profit margin down due to increase in SG&A associated with office relocation as well as increased percentage of outsourcing due to difficulty in mid-career hiring, acceptance of low-margin projects, investment in promotion of business and capital alliances, etc.

\*Net sales includes internal sales

# Quarterly Trend in Platform Business Results

Sales up and profit down YoY

Unit: Millions of yen



- **Change of company name and management structure**
- **Increase in number of Assign Navi members**
  - 4,700 corporate members
  - 7,493 individual members
- **Continued aggressive Investment**
  - Structural enhancement at Consultant Job (focus on early development of new members)
  - Assign Navi marketing activities
  - Investment in CS Clip service development

\*Net sales includes internal sales

\*1. Old standard: Figures prior to change of agent/principal transaction classification (refer to p. 8 for details)

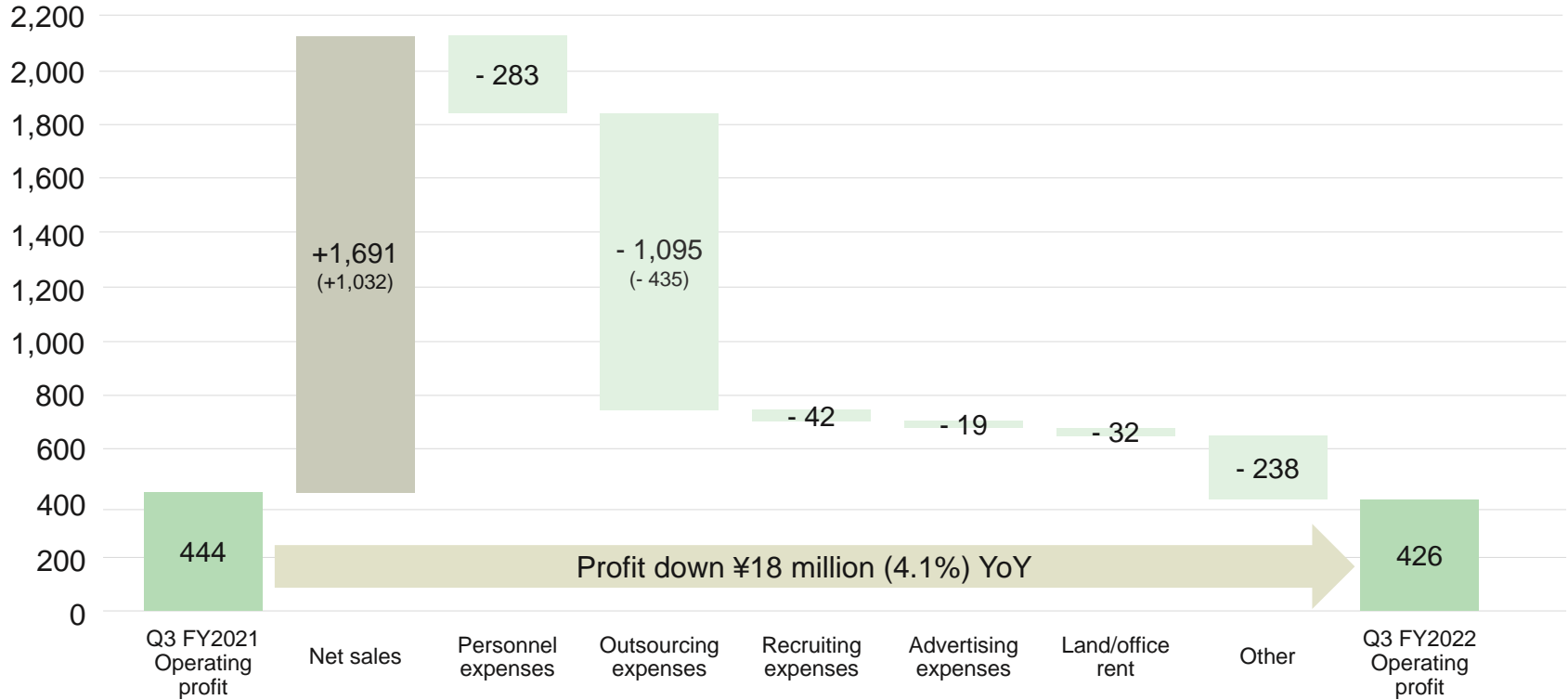
# Non-Consolidated/Group Company Sales

(Millions of yen)	Non-consolidated sales	Group company sales <small>*Excluding new sales from M&amp;A during the period</small>	New sales from M&A during the period	Elimination of intra-company transactions
Q3 FY2021 results	3,485	1,422	544	- 128
	5,324		+1,237 YoY	
Q3 FY2022 results	4,594 (4,256) + 1,109 YoY (+ 770 YoY)	2,999 (2,394) + 1,576 YoY (+ 971 YoY)	— - 544 YoY	- 578 (- 293) - 450 YoY (- 165 YoY)
	7,014 (6,356)		+1,690 YoY (+1,032 YoY)	

\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

# Factors Behind Change in Consolidated Operating Profit in Q3 FY2022

Unit: Millions of yen



\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

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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

Unit price of consultant jobs on the rise. Also working on sharing knowledge across the Group.

## Enhancement of hiring

- ✓ Aiming for net increase of 100 per year across Group
- ✓ Continuing to promote M&A as similar to hiring activities

Number of personnel

## Enhancement of training

- ✓ Enhance educational measures with Group education system and production site initiative
- ✓ Actively exchanging human resources across Group (including secondment)
- ✓ Expanding career change opportunities between consultants and engineers

Individual skills

## Coordination of knowledge

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

Organizational capability

## 3Q FY2022 results

- Held LTS Group Conference in-person and online
  - Purpose was to share information and build relationships across companies, and 350 people from group companies participated
  - 45 people, from young employees to officers, took the stage to introduce their services, case studies, and research fields and to share opinions, thereby accelerating collaboration



# Relocation of Head Office

Relocated for the purpose of cross-group collaboration, strengthening of recruitment, and creation of an environment where existing employees can play an active role



## Relocated to Akasaka Center Building on October 11, 2022

- We plan to maintain and develop a **new work style** that does not require coming into the office every day, **combining telecommuting and in-person work**
- 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

# 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

## Q3 FY2022 Results

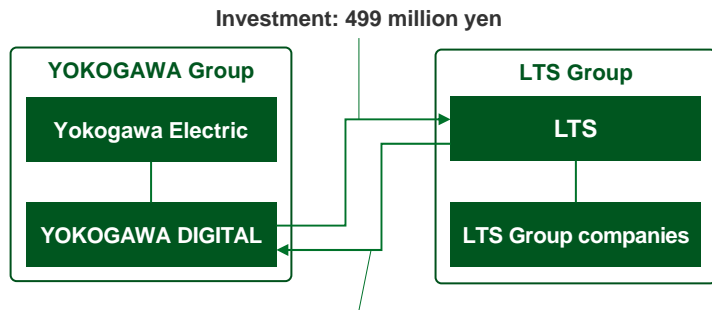
- LTS selected as dispatching company for Kagoshima City's DX promotion supporter program
- Signed distributor agreement for SMART DATA COLLECTOR Excel business efficiency service provided by KUIX
- Launched a members-only community for sustainable growth in the DX era
- 12 new LTS (non-consolidated) clients (including Kagoshima City, a major pharmaceutical company, a major manufacturing company, and a national university)

# Capital and business alliance with Yokogawa Digital Corporation

Capital and business alliance agreement signed with Yokogawa Digital Corporation on September 9, 2022

Combining our Group's expertise in the IT domain with the YOKOGAWA Group's expertise in the OT domain, we aim to address changes in the requirements of existing customers and work more actively to acquire new customers, creating synergy between the groups and enhancing corporate value over the medium to long term.

## Capital alliance



Third-party allocation (disposal of treasury shares): 143,000 shares  
(equivalent to 3.3% of number of shares issued)

## Business alliance

### 1. Promotion of consulting services in DX market for domestic and foreign manufacturers

- Expansion of consulting services in manufacturing DX domain by combining human resources and services in IT/OT domains
- Expansion of scope of support for global manufacturers
- Provision of hybrid IT services to customers in OT domain

### 2. OT and IT recruiting and development program

- Joint development of program to increase OT and IT human resources in IT market
- OT and IT human resources development by both companies through provision of training in line with said development program
- Active promotion of recruiting by both companies utilizing LTS Group's Assign Navi IT human resources matching platform

### 3. Supply of freelancers and support for collaboration with IT companies

- Assign Navi will provide exclusive sales support to YOKOGAWA DIGITAL for acquiring and executing projects, providing freelancers who will be immediate assets, and matching and supporting companies that could collaborate in the IT market

# Capital and business alliance with FPT Japan Holdings Co., Ltd.



LTS signed capital and business alliance with FPT Japan Holdings Co., Ltd. on October 13, 2022

As with the alliance on the previous page, our aim will be to enhance support for transformation of existing customers and work more actively to acquire new customers, creating synergy between the groups and enhancing corporate value over the medium to long term.

## Business alliance

### (1) Promotion of collaboration centered on customers

- Exploration of projects for existing customers
- Cross-selling to each other's existing customers (mutual proposal of services)
- Joint promotion of proposals for new domains through collaboration

### (2) Promotion of collaboration centered on services

- Promotion of collaboration in globally competitive services such as those below as key domain:
  - Enterprise Resources Planning (ERP) related services
  - Low code development-related services
  - Administrative services

### (3) Support for enhancement of human resources and organization

- Hiring support using expertise of LTS within Japan
- Career development of existing employees through collaboration
- Hiring of foreign human resources and development of existing human resources utilizing global network of FPT Group

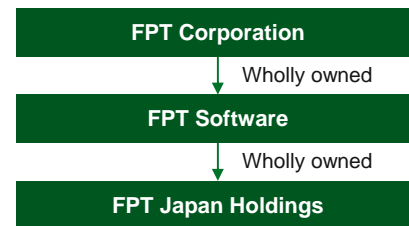
### (4) Joint capital investment (M&A) in Japanese market

- Aim is to realize goal of expanding ecosystem through complementary capabilities by establishing joint ventures in Japanese market

## Overview of FPT Group

- FPT Japan Holdings is a Japanese subsidiary of FPT Software, which is in charge of the foreign IT operations of Vietnam-based FPT Corporation
- FPT Corporation is a leading ICT company that provides IT services worldwide. The FPT Group as a whole employs a large number of engineers, and in addition to running FPT University in Vietnam, it also works to develop outstanding engineers by collaborating with many educational institutions in Vietnam and other countries.

Group employees: 39,344 (as of June 30, 2022)  
Consolidated group sales: 179,778 million yen (FY12/2021)

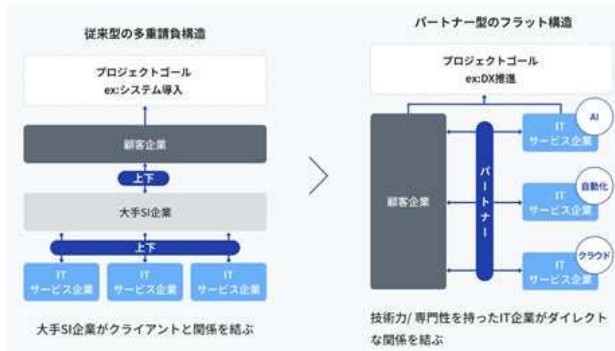


# Launched a members-only community for sustainable growth in the DX Era

Launched the Growth Company Club, a members-only community where managers who have a desire to improve the IT industry and provide cutting-edge IT services can learn from each other and interact

## Background behind launch

- The environment surrounding IT companies has changed significantly, including growing DX demand and a shortage of IT personnel, and the IT industry is shifting from the multiple contractor structure of the past to a flat, partner-based structure.
- In the era of DX, where IT companies with technological capabilities and expertise build direct relationships with client companies, the IT industry is no longer a world of winner-take-all, but one in which everyone grows together.
- The Growth Company Club was launched as a forum for IT companies to work together to achieve sustainable business growth in the era of DX as industry structures change.



## Overview of community activities

- Secrets to Growth workshop for management**
  - Workshop for management and business leaders
- Large parties for socializing**
  - For client companies and member IT companies to socialize
- Service growth workshop**
  - Workshop to learn about service development and enhancement
- CS Clip media for publishing case studies**
  - Media for highlighting own case studies  
<https://cs-clip.jp/>
- Utilization of CS surveys**
  - Survey tool for customer satisfaction and intention to continue

## Sponsors of Growth Company Club

<Japanese syllabary order, securities code in parenthesis>

IC CO., LTD. (4769)  
 AsiaQuest Co.,Ltd. (4261)  
 INSIGHT LAB,Inc.  
 ESTYLE, Inc.  
 KSK Analytics Inc.  
 GRCS Inc. (9250)  
 CINC Corp. (4378)  
 Sharing Innovations Inc. (4178)  
 Tecnos Japan Inc. (3666)  
 Digital Information Technologies Corporation (3916)  
 HEROZ, Inc. (4382)  
 Branding Engineer Co., Ltd. (7352)  
 Blue Star Corporation  
 Brains Consulting, Inc  
 BrainPad Inc. (3655)  
 Headwaters Co., Ltd. (4011)  
 Management Solutions Co., Ltd. (7033)  
 LIG inc.  
 Works ID Co., Ltd.

# Group Management

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

## Creation of synergy

- ✓ Optimize sales force, increase unit price, and expand support themes through customer cultivation and acquisition of projects utilizing Group assets
- ✓ Further promote value as an integrated team by increasing project deliveries across the Group

## Enhancement of corporate functions

- ✓ Achieve both advanced functionality and optimized costs by using common management functions at each group company
- ✓ Establish new work styles and improve productivity by strengthening the Group's IT infrastructure and relocating offices

Value Up

Streamlining

Value Up

Streamlining

### 3Q FY2022 results

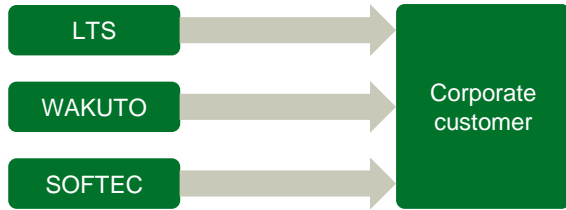
- Expanded mutual participation in projects by LTS and subsidiaries
- Also worked on enhancing executive management functions of Group companies and coordinating corporate functions

# 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**



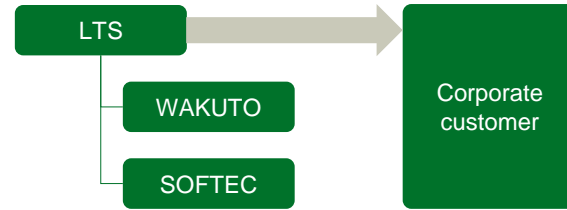
Engineering services tend to face price competition as they entail participation starting from downstream processes with fixed requirement

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

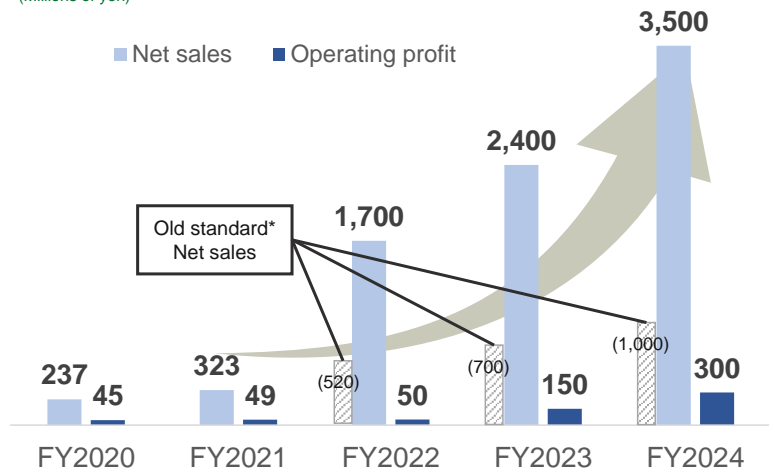


# Platforms

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

(Millions of yen)



## 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

\*Old standard: Figures prior to change of agent/principal transaction classification (refer to p. 8 for details)

# Changed name and officer system at Assign Navi, Inc.

Changed name and officer system at Assign Navi, Inc. on October 1, 2022

## New company name and officer system

### New company name

LTS Link, Inc.



### New officer system

Toshiyuki Takakura,  
President and Representative Director  
Masashi Kanda, Executive Vice President  
Hiroaki Kabashima, Director  
Yoshiaki Yoshida, Director  
Masahito Enomoto, Director  
Yoshikazu Nakata, Director

## Background behind changes

- ✓ Subsidiary Assign Navi was established in 2014. With around 4,500 registered companies and around 7,000 registered freelancers, its main business was its namesake business matching service Assign Navi, which specialized in the IT industry.
- ✓ Since then, it has expanded its services. In August 2018, it added Consultant Job, a service providing support to professionals, mainly freelance consultants, for solving corporate and municipal challenges. In August 2022, it added the Growth Company Club, a members-only community for IT companies seeking to grow themselves, their customers, and the IT industry along with CS Clip, media that allows companies to introduce their own case studies to bring in inquiries from potential customers.
- ✓ The company will continue expanding its services to create new business opportunities by connecting companies and human resources in the IT industry from various angles. As the core organization of the LTS Group's platform business, it will also strengthen its role in promoting coordination between the LTS Group's businesses and increasing the overall value of group companies.
- ✓ Changed the company name to LTS Link, Inc. to accelerate business development with the aim of increasing its future role and the value it provides.

# Policy 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.

Based on the thinking that expanding personnel and individual growth are the driving factors for achieving the numerical targets of the Medium-Term Business Plan, we will carry out more aggressive activities to build these up, thereby achieving the Medium-Term Business Plan and accelerating growth in 2025 and beyond.

# Numerical Targets

Compound average growth rate of net sales

**Exceeding 30% in 2023 and beyond**

Operating margin

**12% by 2024 (around 15% by old standard)**

(Millions of yen)	FY2020		FY2021		FY2022	FY2023	FY2024	
	Results	Forecast	Results	Forecast	Forecast	Plan	Plan	vs. FY2020
Consolidated net sales	5,500	7,000	7,300		<b>9,300</b> (8,500)	<b>12,700</b> (11,000)	<b>16,500</b> (14,000)	- (2.5x)
Consolidated operating profit	470	580	600		<b>480</b>	<b>1,200</b>	<b>2,000</b>	<b>4.3x</b>
Consolidated operating margin	8.6%	8.2%	8.1%		<b>5.2%</b> (5.6%)	<b>9.4%</b> (10.9%)	<b>12.1%</b> (14.3%)	- (+5.7point)

\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

# Policy in Each Fiscal Year

## FY2022

Promoting efforts below as first year of rapid growth

- **Active hiring of consultants and engineers** \*Recruiting expenses: up ¥257 million vs FY2021  
⇒Growth of professional services
- **Enhancement of advertising activities and holding of 20th anniversary events** \*Advertising expenses: up ¥147 million vs FY2021  
⇒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

## FY2023-FY2024

We will continue efforts for ramping up hiring and individual growth and accelerate growth by taking the **consolidated net sales CAGR to around 30% starting in 2023**

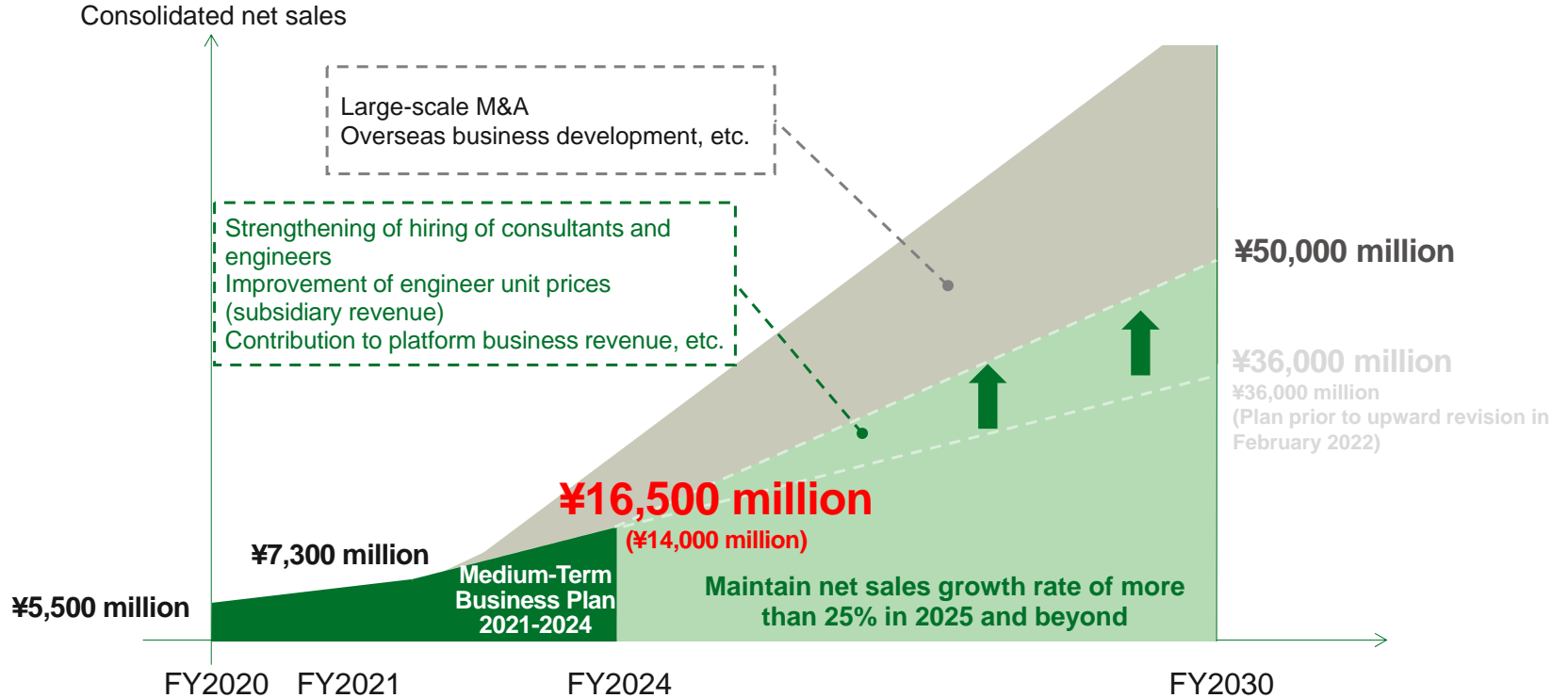
SG&A ratio will be lower than in 2022 due to the reduction of spot costs and measures to increase efficiency

\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

(Millions of yen)	FY2021 results		FY2022 forecast		FY2023 plan		FY2024 plan	
		YoY		YoY		YoY		YoY
<b>Net sales</b>	7,375	+ 32.7%	9,300 (8,542)	— (+ 15.8%)	12,700 (11,000)	+ 36.6% (+ 28.8%)	16,500 (14,000)	+ 29.9% (+ 27.3%)
<b>Gross profit</b>	2,627	+ 28.4%	3,246	+ 23.6%	4,290	+ 32.1%	5,600	+ 30.5%
<b>Gross profit margin</b>	35.6%	- 1.2point	34.9% (38.0%)	— (+ 2.4point)	33.8% (39.0%)	- 1.1 point (+ 1.0point)	33.9% (40.0%)	+ 0.1point (+ 1.0point)
<b>SG&amp;A</b>	2,026	+ 29.3%	2,766	+ 36.5%	3,090	+ 11.7%	3,600	+ 16.5%
<b>SG&amp;A ratio</b>	27.5%	- 0.7point	29.7% (32.4%)	— (+ 4.9point)	24.3% (28.1%)	- 5.4point (- 4.3point)	21.8% (25.7%)	- 2.5point (- 2.4point)
<b>Operating profit</b>	600	+ 25.4%	480	- 20.0%	1,200	+ 150.0%	2,000	+ 66.7%
<b>Operating margin</b>	8.1%	- 0.5point	5.2% (5.6%)	— (- 2.5point)	9.4% (10.9%)	+ 4.2point (+ 5.3point)	12.1% (14.3%)	+ 2.7point (+ 3.4point)

# 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



\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

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- 1. Business Overview**
- 2. Overview of Q3 FY2022 Financial Results**
- 3. Medium-Term Business Plan (2021-2024)**
- 4. Forecast for FY2022**
- 5. Reference Material**

# Forecast for FY2022

(Millions of yen)	FY2021 Results	FY2022 Forecast	YoY change	YoY % change
<b>Net sales</b>	<b>7,375</b>	<b>9,300</b> (8,542)	<b>+ 1,924</b> (+ 1,167)	<b>—</b> (+ 15.8%)
<b>EBITDA *</b>	<b>674</b>	<b>589</b>	<b>- 85</b>	<b>- 12.6%</b>
<b>Operating profit</b>	<b>600</b>	<b>480</b>	<b>- 120</b>	<b>- 20.0%</b>
<b>Ordinary profit</b>	<b>579</b>	<b>460</b>	<b>- 119</b>	<b>- 20.7%</b>
<b>Profit attributable to owners of parent</b>	<b>388</b>	<b>297</b>	<b>- 90</b>	<b>- 23.4%</b>

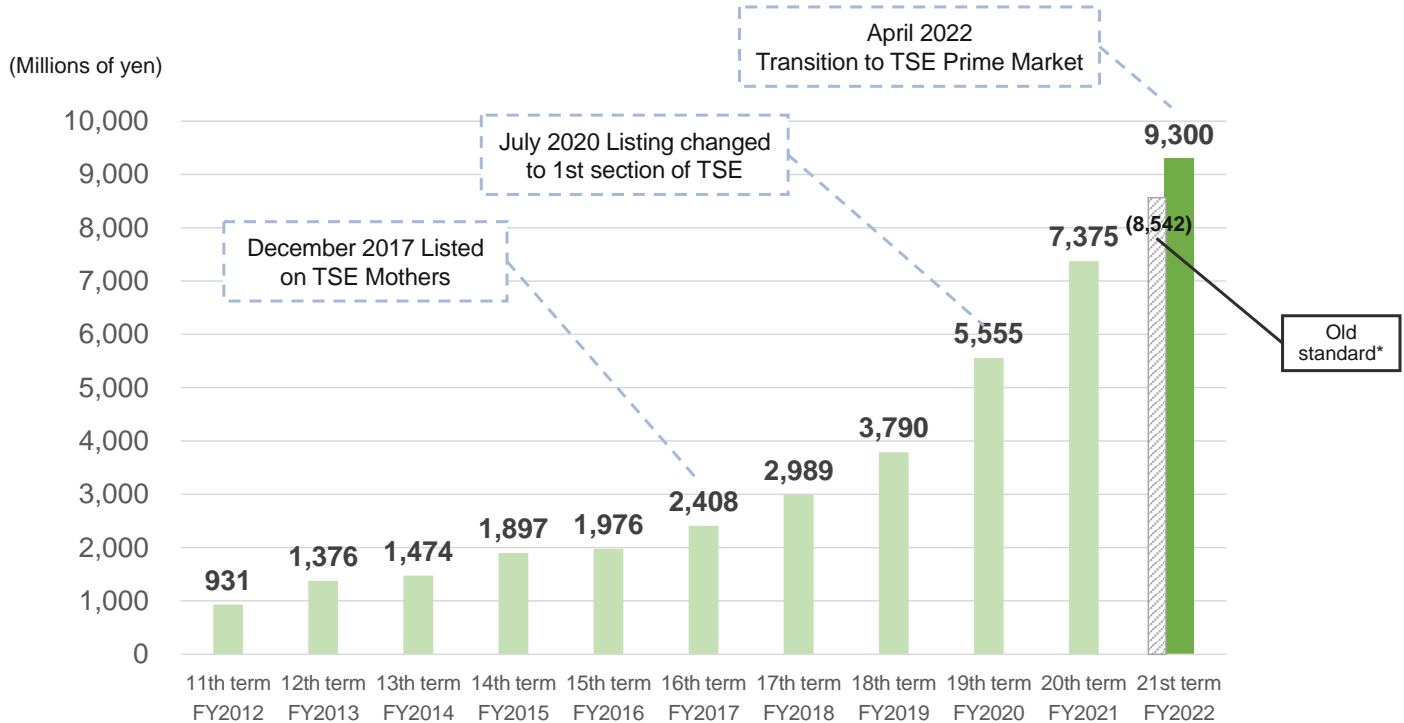
\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

\* EBITDA = Operating profit + depreciation + amortization of goodwill



# FY2022 Consolidated Net Sales Forecast

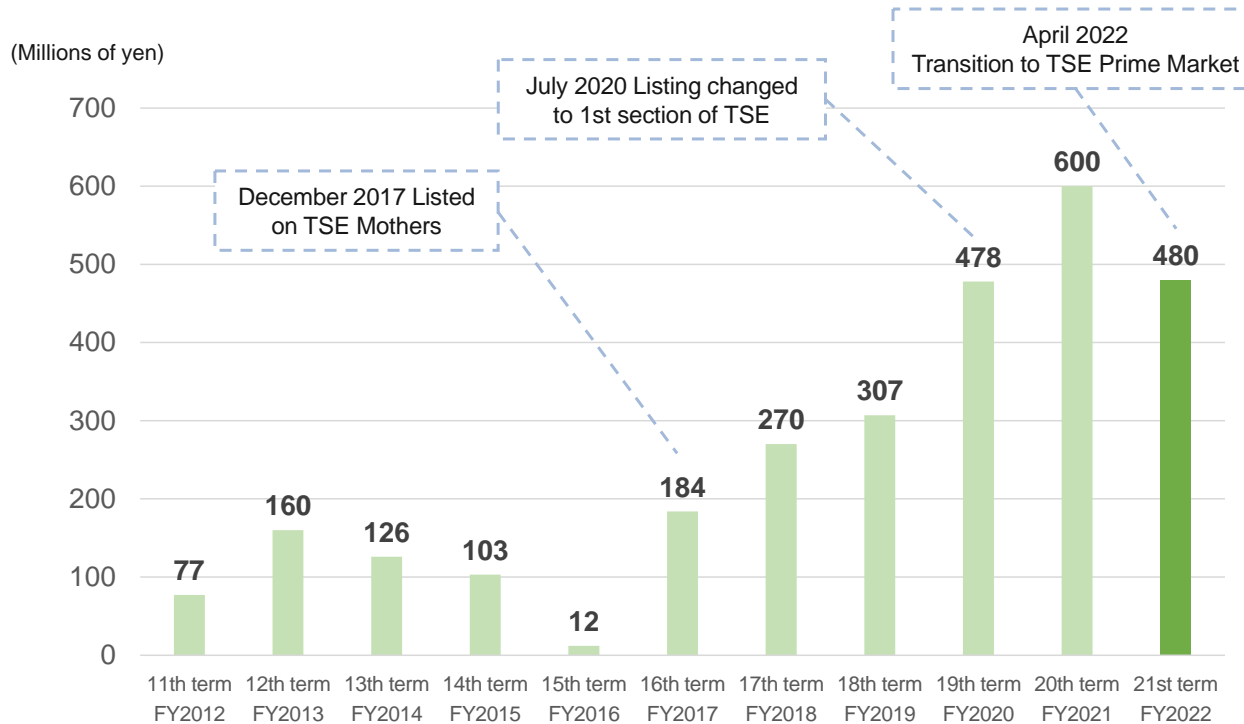
Expect to see higher revenue for 11<sup>th</sup> consecutive year



\* Old standard: Figures prior to change of agent/principal transaction classification (refer to p. 8 for details)

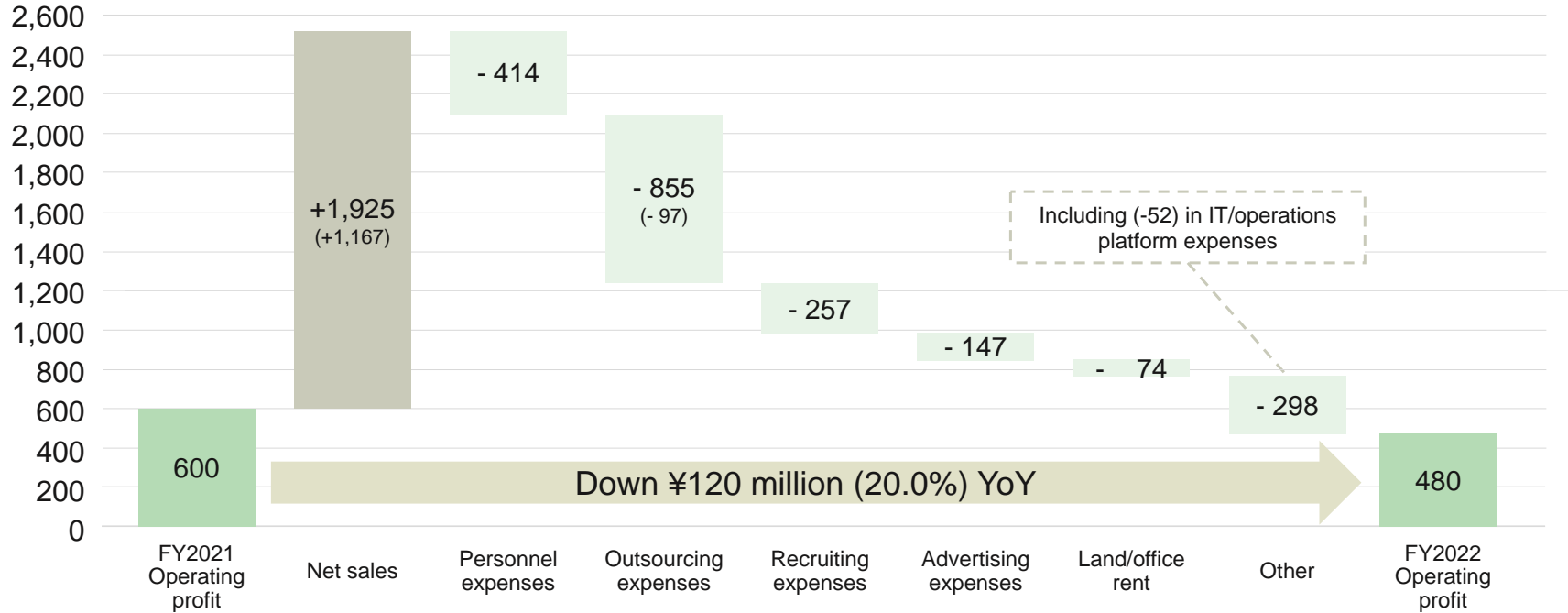
# FY2022 Consolidated Operating Profit Forecast

Plan for FYE December 2022 is for lower profit



# Factors Behind Change in Consolidated Operating Profit in FY2022

Unit: Millions of yen



\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

# FY2022 Forecast by Segment

## Professional services business

Unit: Millions of yen	FY2021 Results	FY2022 Forecast	YoY change	YoY % change
Net sales	7,125	8,112	+ 986	+ 13.9%
Operating profit	550	430	- 120	- 21.8%

## Platform business

Unit: Millions of yen	FY2021 Results	FY2022 Forecast	YoY change	YoY % change
Net sales	323	1,700 (520)	+ 1,376 (+ 196)	— (+ 60.8%)
Operating profit	49	50	+ 0	+ 0.5%

\* Net sales includes internal sales

\*Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

# FY2022 Non-Consolidated/Group Company Sales Forecast



(Millions of yen)	Non-consolidated sales	Group company sales <small>*Excluding new sales from M&amp;A during the year</small>	New sales from M&A during the year	Elimination of intra-company transactions
FY2021 Results	4,910	1,944	730	- 210
	7,375		+1,819 YoY	
FY2022 Forecast	5,860(5,467) +949 YoY (+556 YoY)	4,043 (3,285) +2,098 YoY (+1,341 YoY)	Not included	- 603(- 210) -392 YoY (±¥0)
	9,300 (8,542)		+1,924 YoY (+1,166)	

\* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 8 for details)

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- 1. Business Overview**
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# Overview of LTS, Inc.

<b>Representative:</b>	<b>Hiroaki Kabashima, President and CEO</b>
<b>Foundation:</b>	<b>March 2002</b>
<b>Capital:</b>	<b>¥577,070,600 (As of September 30, 2022)</b>
<b>Address:</b>	<b>Akasaka Center Building 14F, 1-3-13 Motoakasaka Minato-ku, Tokyo, 107-0051, Japan</b>
<b>Number of employees:</b>	<b>364 non-consolidated* / 509 consolidated (As of September 30, 2022)</b> <small>* Includes loaned employees</small>
<b>Services:</b>	<b>Professional services business Platform business</b>
<b>Subsidiaries:</b> <small>(As of September 30, 2022)</small>	<b>Assign Navi, Inc. LTS ASIA CO., LIMITED (Hong Kong) WAKUTO Co., Ltd. IoTol Japan Inc. SOFTEC Co., Ltd.</b>
<b>Group company:</b> <small>(As of September 30, 2022)</small>	<b>FPT CONSULTING JAPAN CO., LTD</b>
<b>Memberships:</b> <small>(As of September 30, 2022)</small>	<b>Japan Users Association of Information Systems Japan Institute of Information Technology Project Management Institute Japan Chapter The Open Group Shizuoka Information Industry Association Hamamatsu Software / Contents Industry Association</b>

# Directors

**President and CEO**  
Director of LTS Link, Inc.

**Hiroaki  
Kabashima**

Graduated Keio University

Director

**Yuichi  
Kanagawa**

Graduated Waseda  
University

Director and COO

**Ryosuke Ueno**

Graduated Tsukuba University  
and Advanced Institute of  
Industrial Technology

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 Representative Director of the Company  
2019 Representative Director of Assign Navi, Inc.  
2020 President and CEO of the Company  
2022 Director of LTS Link, Inc.

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  
2021 Board Member of Japan Volleyball Association  
2021 Outside Director of the Company  
2021 Director of the Company  
2022 Director and Chairperson of the Company

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  
2021 Director and COO of the Company

**Executive Vice President**  
Director of IoTol Japan Inc.  
Director of WAKUTO Co., Ltd.

**Sungil Lee**

Graduated The University of  
Tokyo

**Director and CSO**  
Director of IoTol Japan Inc.

**Yu Kamemoto**

Graduated Keio University

**Director**  
President and Representative Director  
of SOFTEC Co., Ltd.

**Atsushi  
Tsukahara**

Graduate Tsukuba 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.  
Corporate Auditor of WAKUTO Co., Ltd.  
2022 Director of WAKUTO Co., Ltd.

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.  
2021 Director and CSO of the Company

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.



# 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)
- 2022 Corporate Auditor of WAKUTO Co., Ltd.

## 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.  
Ishihara Sangyo Kaisha, 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  
KOSAIDO 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.

## 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  
Kagoshima City  
Ministry of Economy, Trade and Industry  
Shizuoka Prefecture  
Shizuoka City  
Ministry of Internal Affairs and Communications  
Hiroshima Prefecture

## Consulting/IT

ABeam Consulting Ltd.  
ITOCHU Techno-Solutions Corporation (ITOCHU Group)  
SAP Japan Co., Ltd.  
EDISON CO., LTD.  
NEC Networks & System Integration Corp.  
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



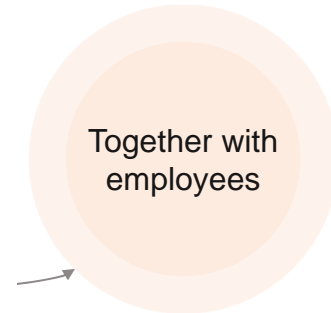
Activities through business management and service provision



## Continued existence as an excellent company that creates new value



Activities through extra investment and activities



# Introduction of activities for contributing to solutions to social problems



Visiting lectures at universities



Connections to local communities



and more...

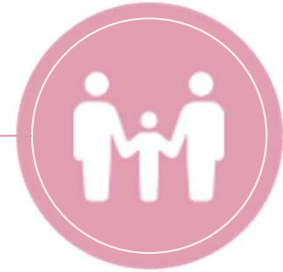
Pro bono



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



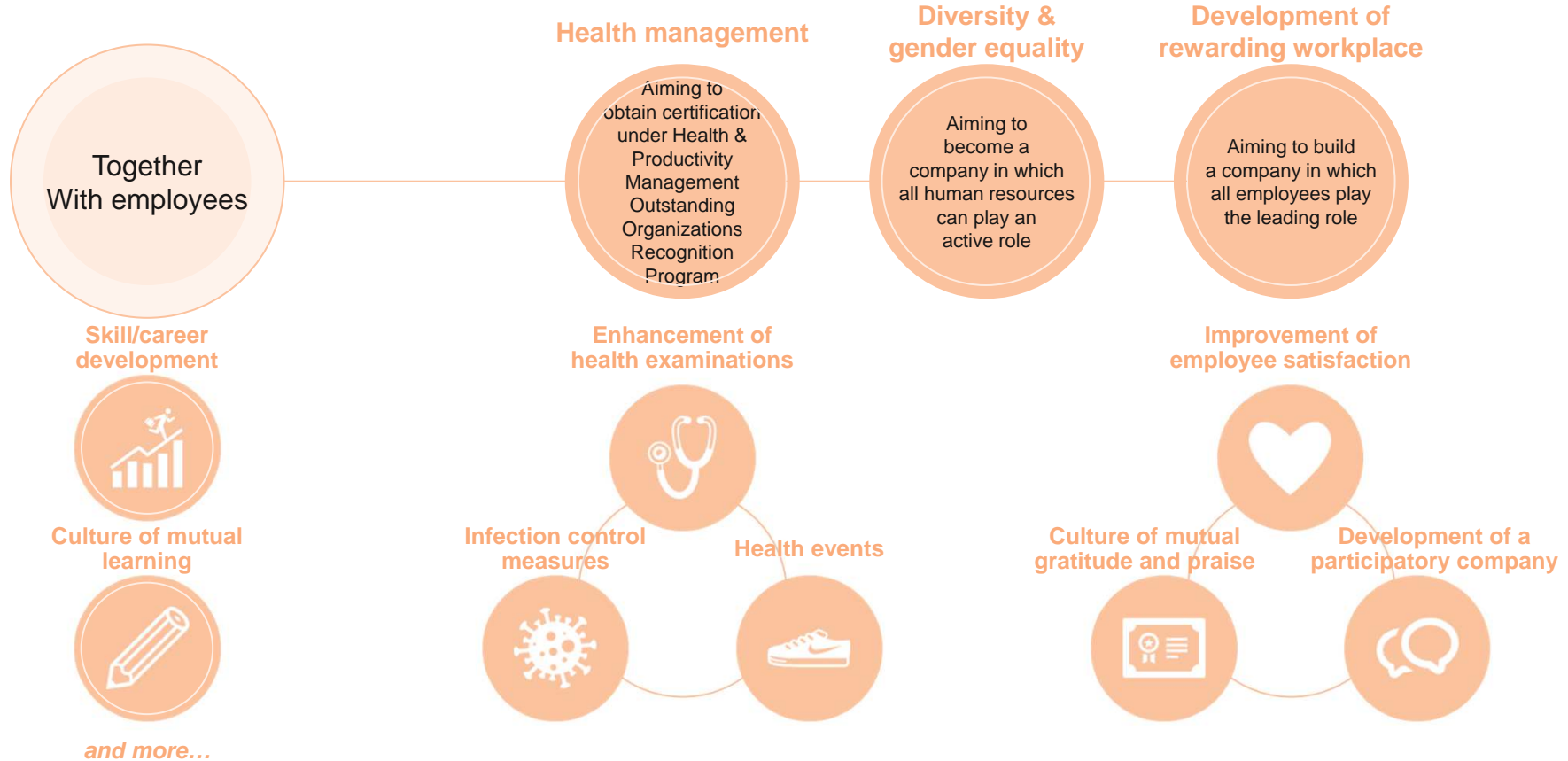
Family Day



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

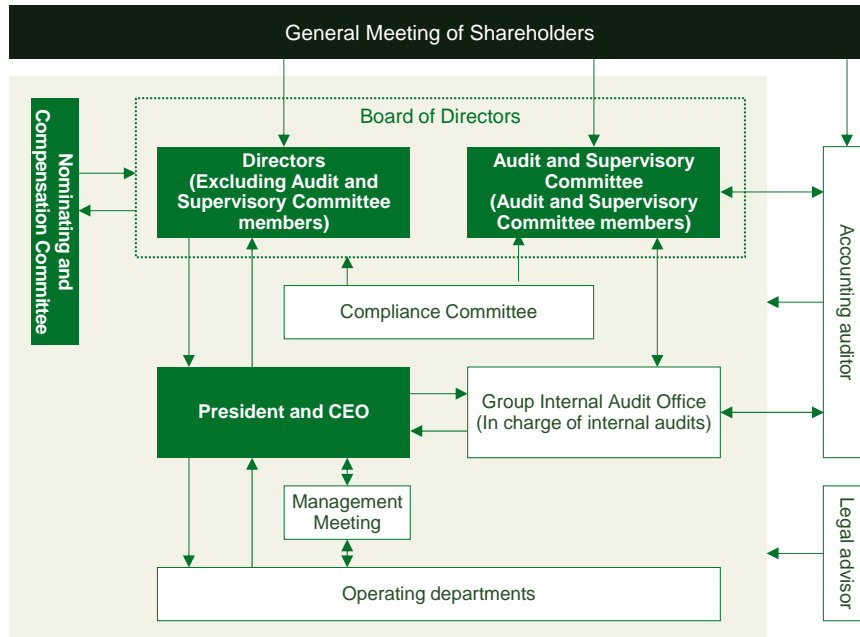


# Introduction of activities for remaining an excellent company that creates new value



# 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.**
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