



FY2022 Financial Results (Securities code 6560)

**2/2023
LTS, Inc.**

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Highlight 1: FY2022 Summary

LTS Group overall

| | | |
|-------------------|---|------------------|
| Net sales: | ¥9,637 million | |
| | Old standard*1: ¥8,749 million (up 18.6% YoY) | |
| Operating profit: | ¥501 million | (down 16.5% YoY) |
| Ordinary profit: | ¥489 million | (down 15.6% YoY) |

⇒ Net sales, operating profit, and ordinary profit all exceeded initial forecast

Comparison with initial forecast

Net sales: ¥9,300 million ⇔ ¥9,637 million

➔ **Achieved (103.6%)**

Operating profit: ¥480 million ⇔ ¥501 million

➔ **Achieved (104.5%)**

Professional services business

| | | |
|-------------------|----------------|------------------|
| Net sales: | ¥8,480 million | (up 19.0% YoY) |
| Operating profit: | ¥484 million | (down 12.1% YoY) |

⇒ Net sales remained strong, and profit was as expected

Platform business

| | | |
|-------------------|---|------------------|
| Net sales: | ¥1,629 million | |
| | Old standard*1: ¥425 million (up 31.6% YoY) | |
| Operating profit: | ¥17 million | (down 65.2% YoY) |

⇒ Increased sales and decreased profit with continued aggressive investments (increased cost), including for structural enhancement

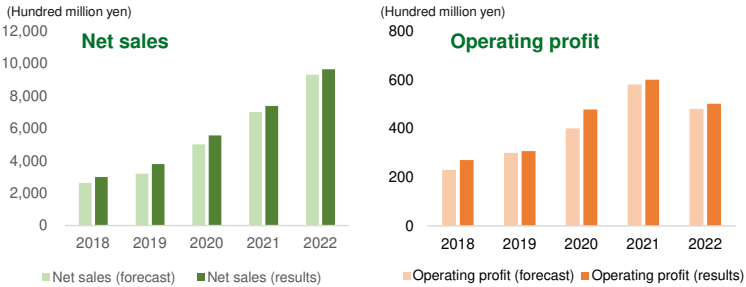
* Net sales includes internal sales

*1 Old standard: Figures prior to change of agent/principal transaction classification (refer to p.13 for details)

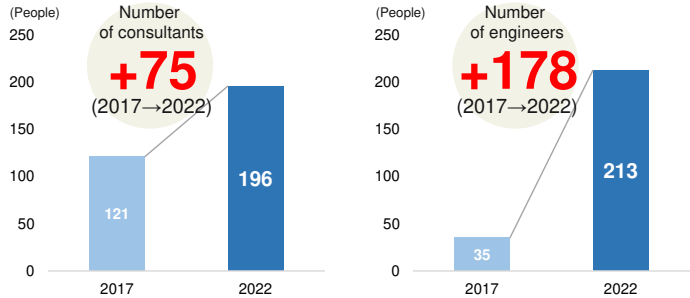
Highlight 2: Reflection on 5 Years Since Listing

- Since listing in December 2017, both net sales and operating profit **have exceeded the initial forecast for five consecutive years.** The achievement rate for operating profit vs. the initial forecast was 102.3%-119.5%, **showing the high accuracy of the performance forecasts.**
- The net sales compound average growth rate of the Group was 31.1%*1 (22.8% for LTS alone), which is **a high growth rate.**
- Through hiring and M&A, we **increased the number of engineers** and built a system for providing comprehensive support for DX projects. The unit price of engineers (profitability) is also improving.
- Due to the difficult hiring environment, **the pace of expanding the consultant structure was conservative.** However, we made preparations for maintaining low turnover and expanding future hiring.
- We formed **strategic capital and business alliances** with the YOKOGAWA Group and the FPT Group. We will ramp up our efforts to strengthen our services and expand overseas, including investing activities.

Estimated and actual net sales and operating profit



Trend in number of consultants/engineers



*1 Old standard: Figures prior to change of agent/principal transaction classification (refer to p.13 for details)

Highlight 3: 2023 Financial Forecasts and Medium-Term Business Plan

- The financial forecasts for 2023 include **double the profit YoY** (1.9x). Revenue and profit back up after previous year's budget for higher revenue and less profit
- Compared to the Medium-Term Business Plan announced in February 2022, the figure for 2023 operating profit has been revised downward (¥1.2 billion→¥0.95 billion).
 - We are expanding our system to focus on new graduate recruitment** out of consideration for intensified competition for hiring experienced individuals.
 - We will ramp up our strategic capital and business alliances (strengthening services and expanding overseas)** in the aim of sustainable growth over the medium to long term.
- We will achieve the medium-term plan for 2024 (operating profit of ¥2.0 billion)** by promoting the above activities and maintaining SG&A at an appropriate level.

| | 2022 | 2023 | | 2024 |
|-------------------------------|----------------|------------------|-----------------|------------------|
| | results | Medium-Term Plan | forecast | Medium-Term Plan |
| Consolidated net sales | ¥9,600 million | ¥12,700 million | ¥12,700 million | ¥16,500 million |
| Consolidated operating profit | ¥500 million | ¥1,200 million | → ¥950 million | ¥2,000 million |
| Consolidated operating margin | 5.2% | 9.4% | 7.5% | 12.1% |

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| | Service(s) | Mission | Synergy of services | Customers | Main profit model |
|--------------------------------|-------------------------------|---|---|--|---|
| Professional services business | Strategy & innovation | DX project implementation/ maximization of value | <ul style="list-style-type: none"> Establishment of business strategy Administration Management reform and organizational strategy | Major corporations (and group companies) | Project-based contracts (high gross profit) |
| | Business process & technology | | | | <ul style="list-style-type: none"> Data analytics & AI Business process & operations Digital transformation IT service management |
| | Social & public | Realization of sustainable society | <ul style="list-style-type: none"> Social service creation Public-private collaboration Administrative management | | Public services/Local/SME |
| Platform business | Consultant Job | | <ul style="list-style-type: none"> Support for activities of independent consultants | | 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 | |
| | Growth Company Club | | <ul style="list-style-type: none"> Community of growing IT companies CS Clip: Media for searching DX case studies CS Survey: Visualization of customer reputation/evaluation | | |

Professional Services

We divided the reform consulting we support into three categories and made it a new service domain.

By **supporting the reform** of various organizations, including companies, government, and NPOs, we aim to realize a free and vibrant human society.



Strategy & innovation

Creating discontinuous organizational growth

We put our heads together with customers to create **highly agile businesses and management organizations** in a world of constant change.



Business process & technology

Acquiring work site capabilities for the digital age

We support the shift in capabilities required of organizations and human resources, including **data, technology, and business processes** to develop new work site capabilities.



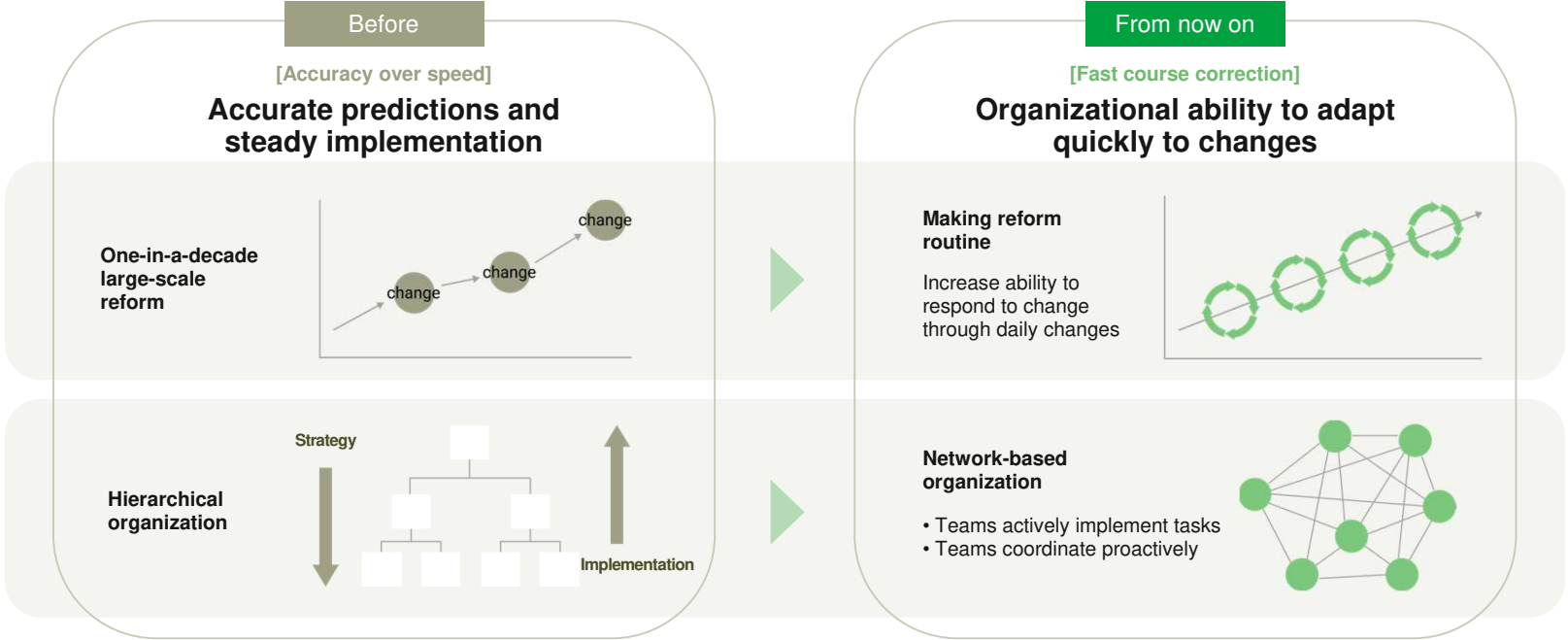
Social & public

Creating the foundation for an affluent society

We create a path to **realize a sustainable society** by promoting the realization of the SDGs by companies, improvement of administrative/NPO operational capabilities, and public-private collaboration.

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

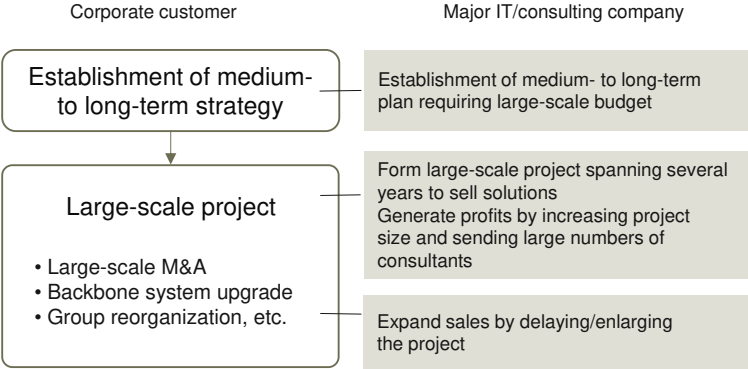


Characteristic 1 of Professional Services Business

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

Conventional consulting/IT services

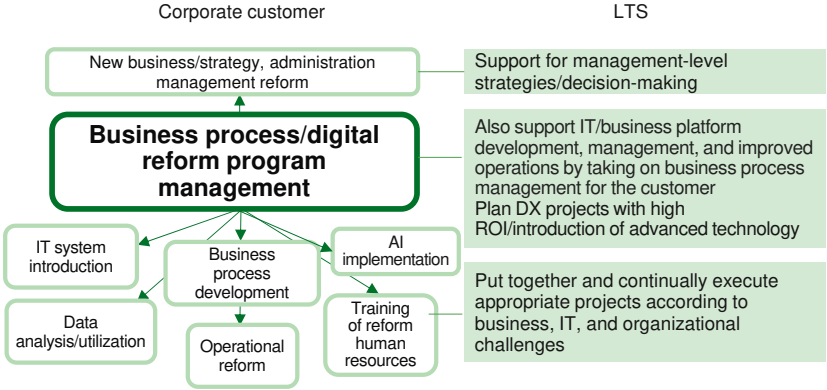
Growth support does not equal support for success of large-scale projects



- 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 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 (2019-2022)

- Hiroshima, Shizuoka, Shizuoka City, Ichikawa City, Kagoshima City
- NEC Corporation
- Osaka Metro
- 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.**

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Comparison with initial forecast

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FY2022 Consolidated Profit and Loss Statement

* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 13 for details)

Unit: Millions of yen

| | Q4 2022 | Q4 2021 | YoY % change | FYE December 2022 | FYE December 2021 | YoY % change | 2022 forecast | Percentage achievement |
|--|-------------------------|--------------|-------------------------|-------------------------|-------------------|-------------------------|-------------------------|---------------------------|
| Net sales | 2,622 (2,392) | 2,050 | — (+16.7%) | 9,637 (8,749) | 7,375 | — (+18.6%) | 9,300 (8,542) | 103.6% (102.4%) |
| Gross profit | 873 | 725 | +20.4% | 3,214 | 2,627 | +22.3% | - | - |
| Gross profit margin | 33.3% (36.5%) | 35.4% | — (+1.1point) | 33.4% (36.7%) | 35.6% | — (+1.1point) | - | - |
| SG&A | 798 | 569 | +40.2% | 2,712 | 2,026 | +33.8% | - | - |
| EBITDA* | 111 | 177 | -37.1% | 604 | 674 | -10.3% | 589 | 102.7% |
| EBITDA margin | 4.3% (4.7%) | 8.7% | — (-4.0point) | 6.3% (6.9%) | 9.1% | — (-2.2point) | - | - |
| Operating profit | 74 | 155 | - 52.0% | 501 | 600 | -16.5% | 480 | 104.5% |
| Operating margin | 2.8% (3.1%) | 7.6% | — (-4.5point) | 5.2% (5.7%) | 8.1% | — (-2.4point) | - | - |
| Ordinary profit | 69 | 155 | -55.1% | 489 | 579 | -15.6% | 460 | 106.4% |
| Profit before income taxes | -73 | 142 | -151.8% | 345 | 555 | -37.8% | - | - |
| Profit attributable to owners of parent | -41 | 125 | -132.8% | 232 | 388 | -40.1% | 297 | 78.3% |

* EBITDA = Operating profit +depreciation +amortization of goodwill

Recording of Impairment Loss (Platform Business)

After reviewing the recoverability of software assets (CS Clip) in the Platform business based on the Accounting Standard for Impairment of Fixed Assets, we impaired the software and recorded the extraordinary loss as an impairment loss.

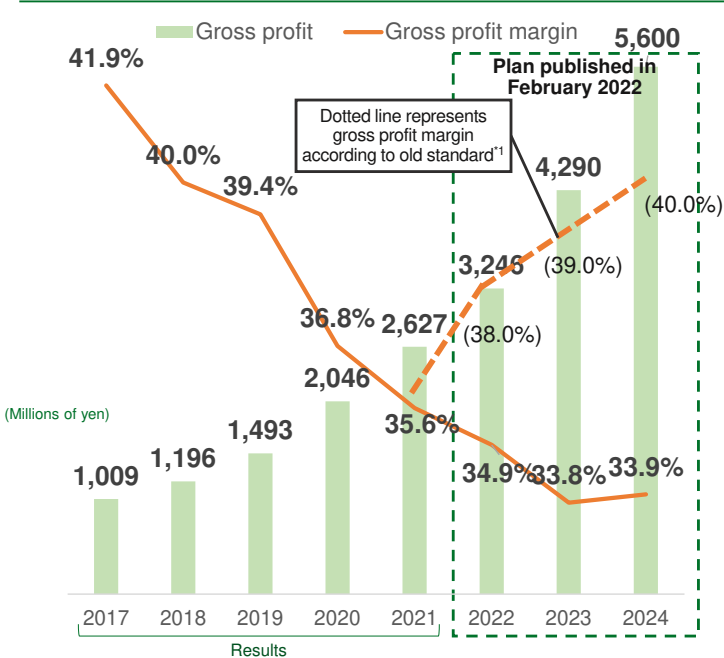
CS Clip has been developing its services as a DX case study media that matches operating companies with DX companies. At the time of the launch of services, the hypothesis was that the key contents of the ordering process were case studies and reputation/customer evaluations, and that there was demand for and benefits to visualizing them. We continue to believe that the hypothesis was correct. For that reason, our policy will not be to change our medium- to long-term business scenario. However, we have redefined our services and revised our business plan based on the fact that net sales remain short of our initial plan despite the external environment being such that IT companies do not have much trouble acquiring new customers.

First, to support the development of partner relationships between IT companies (mainly DX companies) and ordering companies, we aim to establish a position as a service that solves problems in the sales and ordering processes faced by IT companies and ordering companies. Next, we aim to develop the site into a referral site (for acquiring new inquiries) and monetize it. We have positioned DX case studies as key content for supporting sales service activities and will continue to develop DX case study media CS Clip as well as CS Survey (CS survey functionality and posting of reputation information) to build a database of IT companies. In order to promote publishing to case study media and conducting of CS surveys, we have launched the Growth Company Club, a membership-based community for growing IT companies. Our plan is to encourage the use of each tool by strengthening our network with member companies, tying that into up-sells such as subsequent training sales and referral fees.

FY2022 Results: Gross Profit

The gross profit margin was lower than anticipated due to a lower percentage of profitable projects than initially expected as a result of a higher percentage of outsourcing, the execution of some 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



FY2022 results

* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 13 for details)

| Unit: Millions of yen | 2022 initial forecast | FY2022 results |
|----------------------------|-----------------------|----------------------|
| Net sales | 9,300 (8,542) | 9,637 (8,749) |
| Gross profit | 3,246 | 3,214 |
| Gross profit margin | 34.9% (38.0%) | 33.4% (36.7%) |
| SG&A | 2,766 | 2,712 |
| SG&A ratio | 29.7% (32.4%) | 28.1% (31.0%) |
| Operating profit | 480 | 501 |
| Operating margin | 5.2% (5.6%) | 5.2% (5.7%) |

*1. Old standard: Figures prior to change of agent/principal transaction classification (refer to p. 13 for details)

FY2022 Results: Breakdown of SG&A

Hiring/training and advertising expenses were lower than the forecast at the beginning of the period due to difficulties in recruiting experienced individuals and changes in the timing of advertising activities

Breakdown of SG&A

* Figures in parenthesis are prior to change of agent/principal transaction classification (refer to p. 13 for details)

| Unit: Millions of yen | Initial forecast for 2022 | | 2022 results | |
|---------------------------------------|---------------------------|---------------|--------------|---------------|
| | Amount | Vs net sales | Amount | Vs net sales |
| Consolidated net sales | 9,300(8,542) | - | 9,637(8,749) | - |
| SG&A | 2,766 | 29.7% (32.4%) | 2,712 | 28.1% (31.0%) |
| Personnel expenses | 1,541 | 16.6% (18.0%) | 1,780 | 18.5% (20.4%) |
| Hiring/training expenses | 368 | 4.0% (4.3%) | 182 | 1.9% (2.1%) |
| Advertising expense | 183 | 2.0% (2.1%) | 125 | 1.3%(1.4%) |
| Land/office rent | 85 | 0.9% (1.0%) | 74 | 0.8% (0.9%) |
| IT/operations platform development | 117 | 1.3% (1.4%) | 120 | 1.2% (1.4%) |
| Remuneration paid/commission expenses | 207 | 2.2% (2.4%) | 114 | 1.2% (1.3%) |
| Amortization of goodwill | 40 | 0.4% (0.5%) | 40 | 0.4% (0.5%) |
| Depreciation and amortization | 48 | 0.5% (0.6%) | 19 | 0.2% (0.2%) |
| Outsourcing expenses | 81 | 0.8% (0.9%) | 87 | 0.9% (1.0%) |
| Other | 92 | 1.0% (1.1%) | 167 | 1.7% (1.9%) |

Hiring/training expenses

Implemented the efforts below

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

➔ Expenses such as referral fees lower than initial forecast due to falling short of hiring target

Advertising expense

Implemented the efforts below

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

➔ Expenses lower than initial forecast due to carrying over promotion of platform business and some 20th anniversary events into 2023

FY2022 Consolidated Balance Sheet

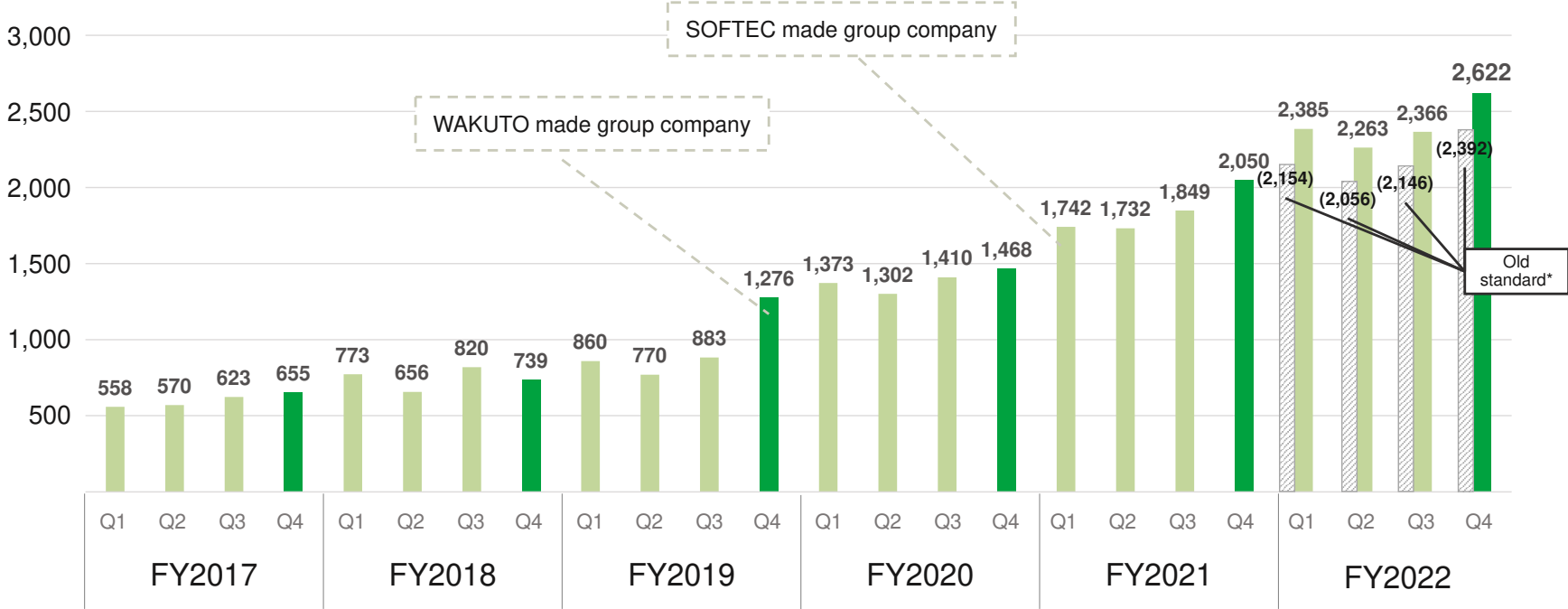


| (Millions of yen) | FY2021 | FY2022 | Change |
|--------------------------------|--------|--------------|---------------|
| Current assets | 4,206 | 4,615 | +409 |
| (Cash and deposits) | 2,430 | 2,982 | +552 |
| Non-current assets | 873 | 980 | +106 |
| Total assets | 5,080 | 5,595 | +515 |
| Current liabilities | 2,215 | 1,828 | -387 |
| (Income taxes payable) | 117 | 60 | -56 |
| Non-current liabilities | 787 | 517 | -270 |
| Net assets | 2,076 | 3,249 | +1,172 |

Quarterly Trend in Consolidated Net Sales

+¥571 million YoY (Old standard*: +¥342 million, +16.7%)

Unit: Millions of yen

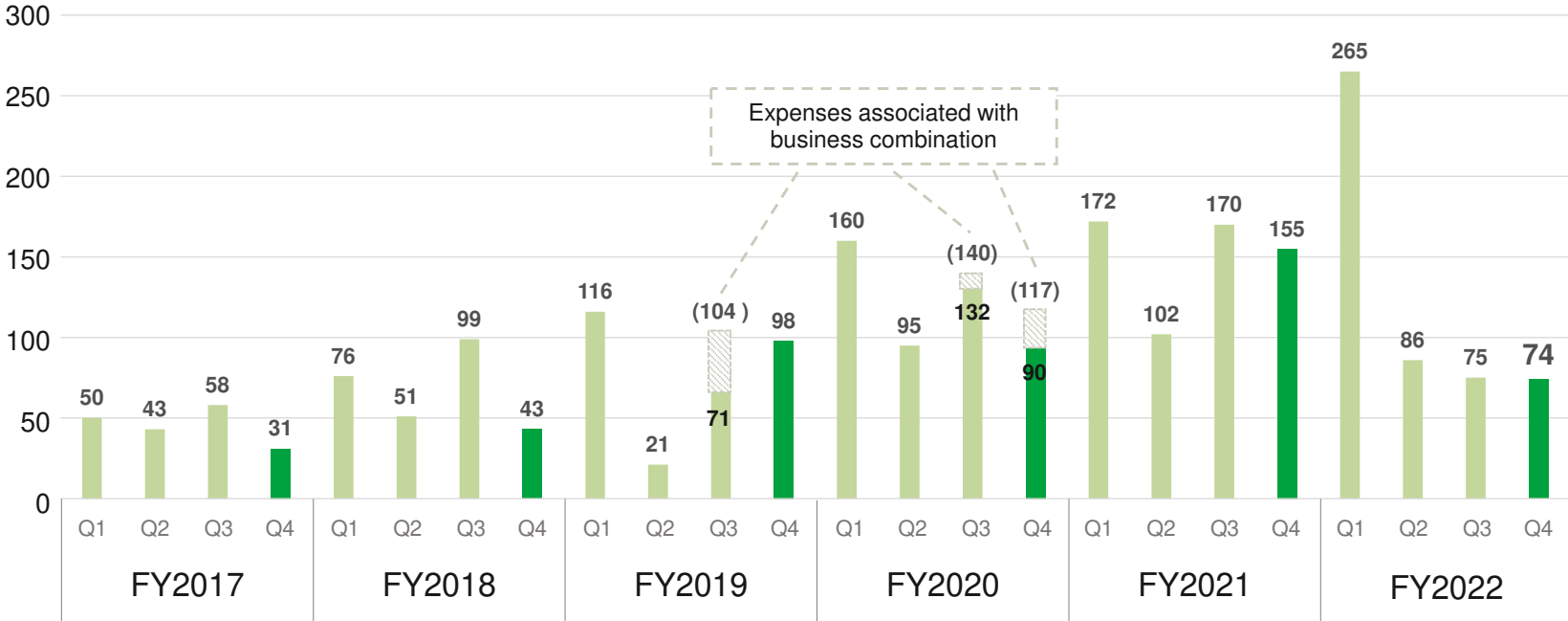


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Quarterly Trend in Consolidated Operating Profit

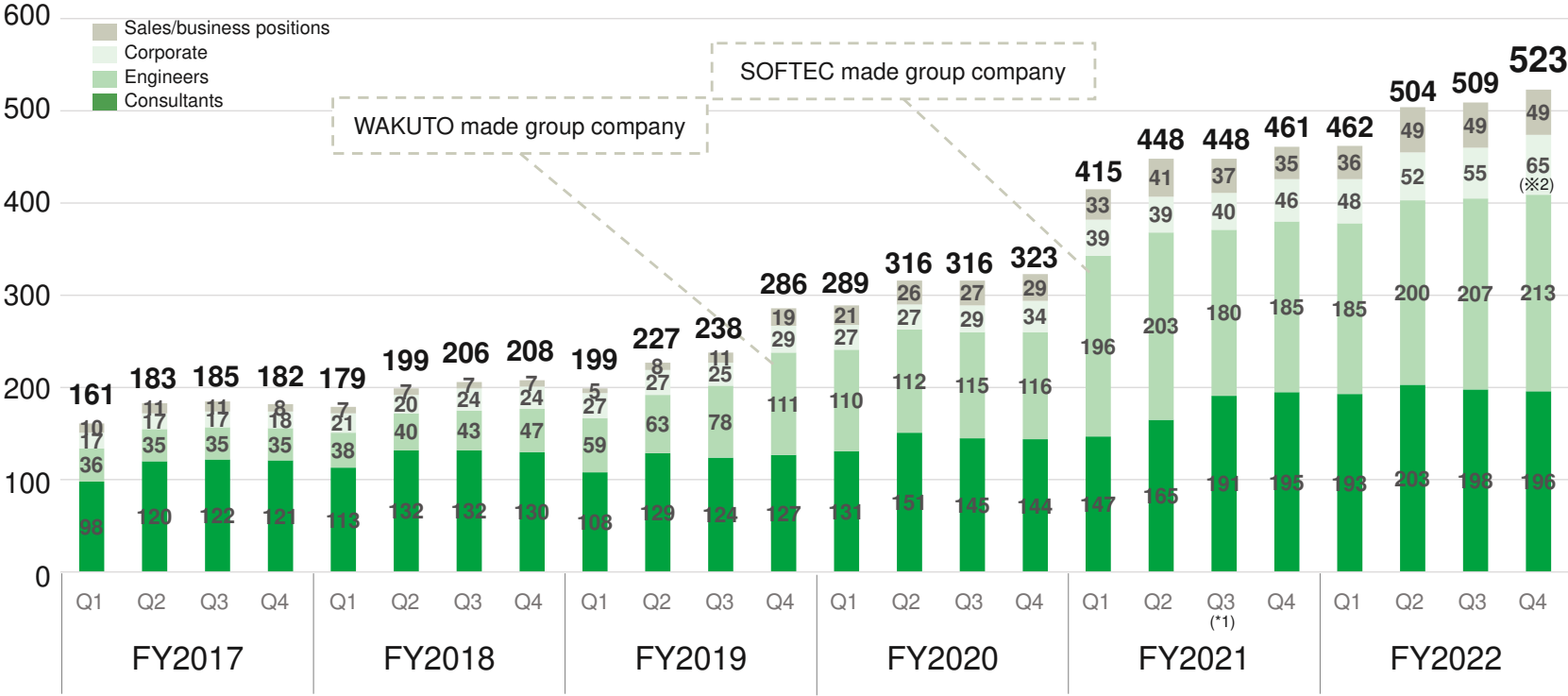
-52.0% YoY

(Millions of yen)



Quarterly Trend in Number of Employees (Consolidated)

Hired 80 persons in 2022 (new grads: 32, mid-career: 48)



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

*2. Including Yotsuba Saien contract employees (see p. 62 for details on Yotsuba Saien)

Progress on Hiring Consultants / Engineers

Initial plan was not achieved in 2022 despite hiring 74 consultants and engineers

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

*Plan refers to figures announced in February 2022

| | 2020 | 2021 | 2022 | | 2023 | 2023 |
|-----------------------|------------|------------|------------|------------|------------|------------|
| | results | results | plan | results | plan | plan |
| Number of consultants | 168 | 195 | 230 | 196 | 290 | 370 |
| Number of engineers | 93 | 185 | 220 | 213 | 275 | 350 |
| Total | 261 | 380 | 450 | 409 | 565 | 720 |
| Vs. previous year | - | +17.6% | +18.4% | +7.6% | +25.6% | +27.4% |

Consultants / engineers Hiring plan (consolidated)

*Plan refers to figures announced in February 2022

| | 2021 | 2022 | | 2023 | 2024 |
|-----------------------|-----------|------------|-----------|------------|------------|
| | results | plan | results | plan | plan |
| Number of consultants | 39 | 50 | 30 | 75 | 100 |
| Number of engineers | 26 | 50 | 44 | 75 | 100 |
| Total | 65 | 100 | 74 | 150 | 200 |

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

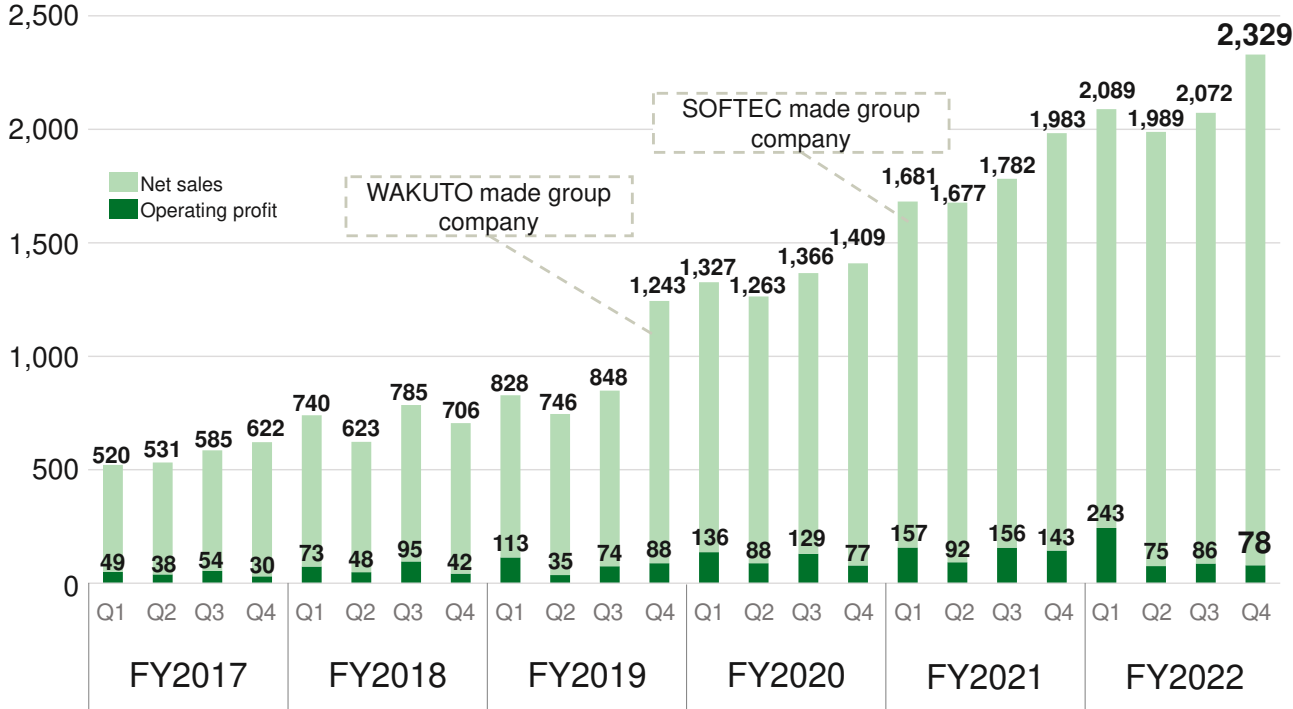
Number of job leavers
Consultants: 24 (19 full-time and 5 contract employees)
 *Other includes 5 job changes and others
Engineers: 16

Reference: Progress on Hiring
 • Number of consultants and engineers to be hired in Q1 2023: 18 (as of January 2023)
 • New graduate hires expected in FY2023: 80 (including sales positions)

Quarterly Trend in Professional Services Business Results

Net sales +7.5% YoY, operating profit -45.3% YoY

Unit: Millions of yen



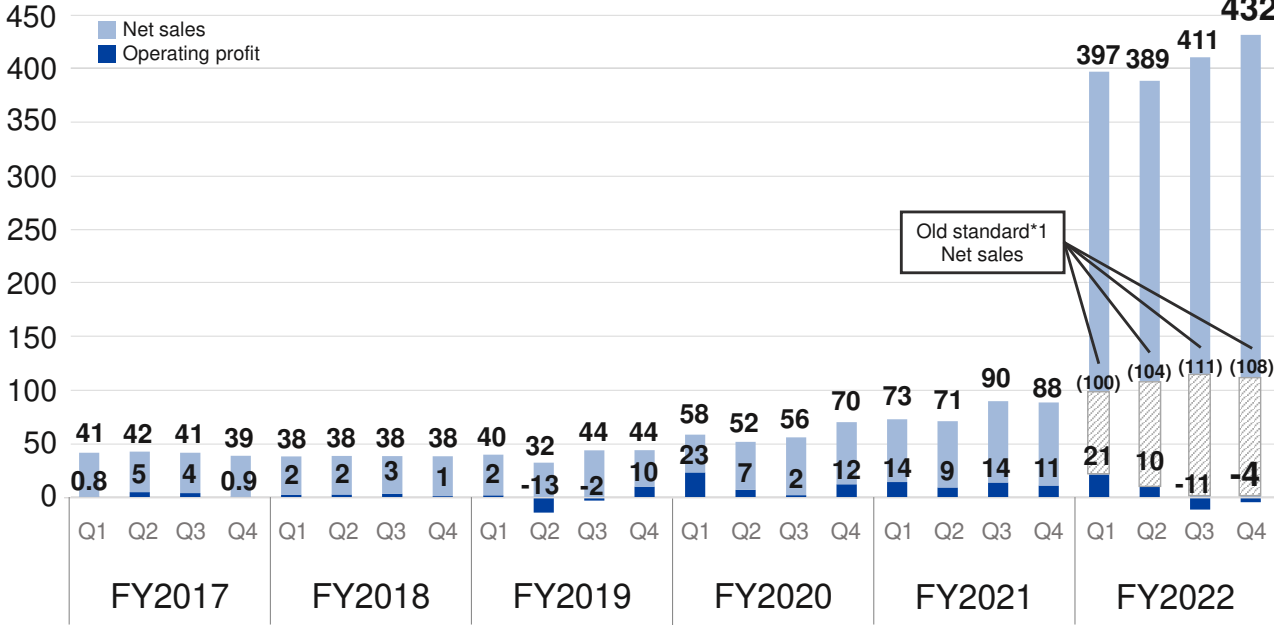
- Sales remain strong in response to increased demand for large-scale operational reform projects. Some projects leading into 2023 have also been started.
- Subsidiary profitability improving through development projects carried out in collaboration with LTS
- Profit margin down due to increase in SG&A associated with office relocation as well as increased percentage of outsourcing due to difficulty in hiring experienced individuals, acceptance of low-margin projects, investment in promotion of capital and business 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
 - 4,782 corporate members
 - 7,712 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. 13 for details)

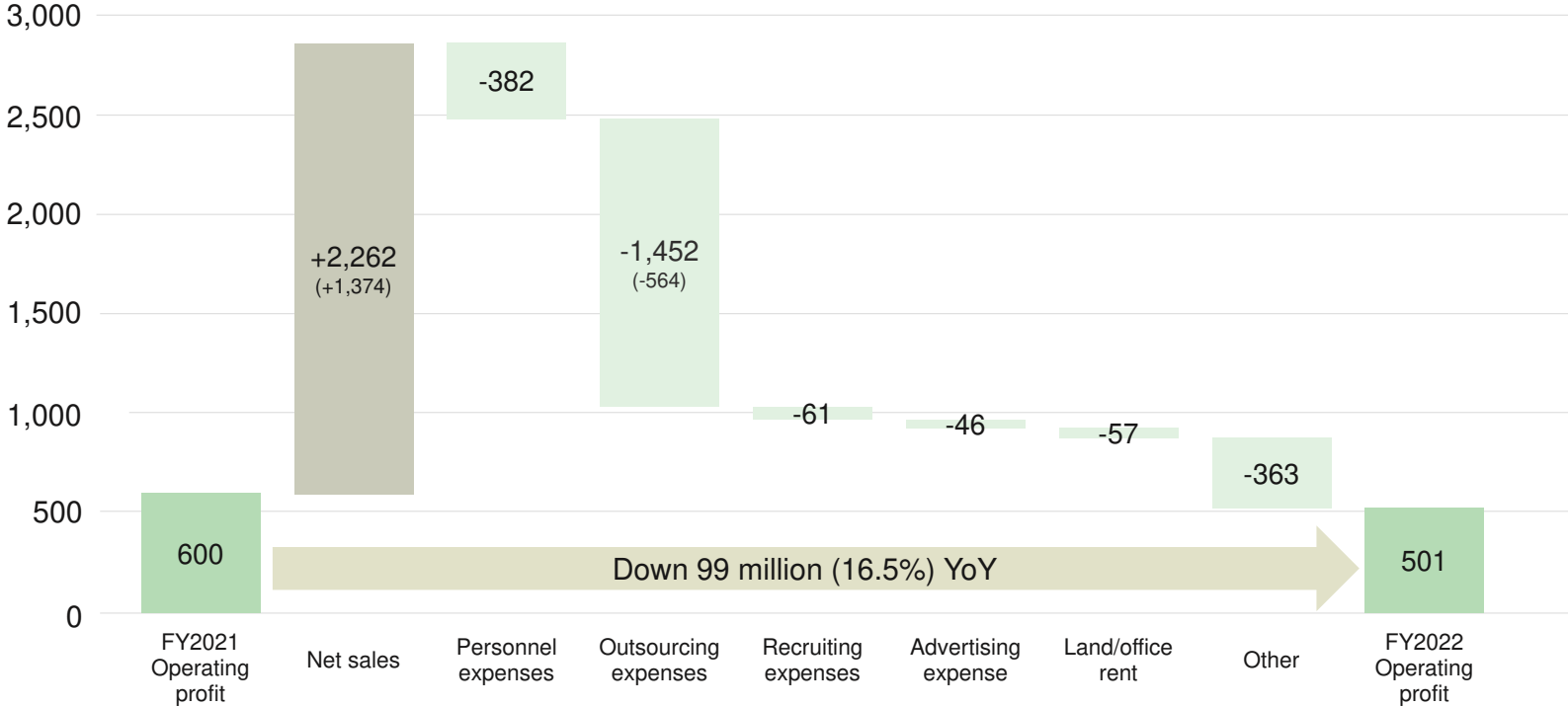
Non-Consolidated/Group Company Sales

| (Millions of yen) | Non-consolidated sales | Group company sales <small>*Excluding new sales from M&A</small> | New sales from M&A during the period | Elimination of intra-company transactions |
|-------------------|--|---|--------------------------------------|---|
| FY2021 results | 4,880 | 1,946 | 730 | - 182 |
| | 7,375 | | +1,819 YoY | |
| FY2022 results | 6,319 (5,889) + 1,439 YoY (+ 1,008 YoY) | 4,116 (3,265) + 2,170 YoY (+ 1,318 YoY) | — - 730 YoY | - 798 (- 404) - 616 YoY (- 222 YoY) |
| | 9,637 (8,749) | | + 2,262 YoY (+ 1,374 YoY) | |

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Factors Behind Change in Consolidated Operating Profit in FY2022

(Millions of yen)



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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.

Numerical Targets

Compound average growth rate of net sales
30% in 2023 and beyond

Operating margin

12% by 2024

| | 2020 | 2021 | 2022 | 2023 | | 2024 |
|-------------------------------|----------------|----------------|----------------|------------------|-------------------|------------------|
| | results | results | results | Medium-Term Plan | forecast | Medium-Term Plan |
| Consolidated net sales | ¥5,500 million | ¥7,300 million | ¥9,600 million | ¥12,700 million | → ¥12,700 million | ¥16,500 million |
| Consolidated operating profit | ¥470 million | ¥600 million | ¥500 million | ¥1,200 million | → ¥950 million | ¥2,000 million |
| Consolidated operating margin | 8.6% | 8.1% | 5.2% | 9.4% | → 7.5% | 12.1% |

- The financial forecasts for 2023 include **double the profit YoY** (1.9x). Revenue and profit back up after 2022 budget for higher revenue and less profit
- Compared to the Medium-Term Business Plan announced in February 2022, the figure for 2023 operating profit has been revised downward (¥1.2 billion→¥0.95 billion).
 - **We are expanding our system to focus on new graduate recruitment** out of consideration for intensified competition for hiring experienced individuals.
 - **We will ramp up our strategic capital and business alliances (strengthening services and expanding overseas)** in the aim of sustainable growth over the medium to long term. *See p. 38 for details
- **We will achieve the medium-term plan for 2024 (operating profit of ¥2.0 billion)** by promoting the above activities and maintaining SG&A at an appropriate level.

Human Resources

Despite difficulties in hiring, particularly of experienced individuals, the consultant/engineer structure is steadily expanding. Unit prices 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

2022 Results

- Relocated office
- Strengthened hiring team
- Expanded hiring measures, including enhancement of referral hiring program
- Launched regional hiring
- Enhanced communication to improve hiring capabilities, including media utilization

- Raised level of training for new graduates and existing employees
- Professionals from each service domain held regular gatherings to provide lectures to Group employees and answer questions
- Recognized as "2022 Large Enterprise with Outstanding Health and Productivity Management"

- Established knowledge management system
- Held LTS Group Conference in-person and online

Human Resources: 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



Akasaka Center Relocated building in October 2022

- Maintained and developed **the new work style combining telecommuting and in-person work**, not requiring people to come to the office.
- 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 allow flexibility in choosing work styles, such as working at home or utilizing a shared office

Human Resources: High Praise from Job Seeking Students and Employees

Received gold prize in Venture category of ONE CAREER Job Search Review Award 2022

- The Venture category in which LTS won the gold prize was presented to 10 companies that are ventures established within the past 20 years with 500 or fewer employees and that are supported by many student job seekers.
- The award program is held by ONE CAREER in the aim of evaluating companies on the basis of how they provide reliable information to uneasy student job seekers looking for sincere companies where they can participate in internships, explanatory meetings or employment screening.

ONE CAREER Job Search Review Award 2022

https://service.onecareercloud.jp/lp/award_reviews/2022/

Received high score placing LTS in top 1% in employee review platform OpenWork

Received an overall rating of 4.15, placing us in the top 1% among the 63,541 companies on OpenWork, an information platform for job changing and job hunting with one of the largest collections of employee reviews in Japan

*As of January 25, 2023

社員による会社評価スコア - 株式会社エル・ティール・エス



Source: Employee review platform OpenWork

Human Resources: Professional Services Structure

Although the year-end personnel plan was down due to falling short of the 2022 hiring target, we will promote measures to enhance new graduate hiring to achieve a net increase of 100 people as set forth in the initial plan for 2023-2024

| Consultants / engineers Plan for number at year-end (consolidated) | | | | | |
|---|------------|------------|------------|------------|------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| | results | results | results | plan | plan |
| Number of consultants | 168 | 195 | 196 | 256 | 336 |
| Number of engineers | 93 | 185 | 213 | 268 | 343 |
| Total | 261 | 380 | 409 | 524 | 679 |
| Vs. previous year | - | +17.6% | +7.6% | +28.1% | +29.6% |

| Consultants / engineers Hiring plan (consolidated) | | | | |
|---|-----------|-----------|------------|------------|
| | 2021 | 2022 | 2023 | 2024 |
| | results | results | plan | plan |
| Number of consultants | 39 | 30 | 75 | 100 |
| Number of engineers | 26 | 44 | 75 | 100 |
| Total | 65 | 74 | 150 | 200 |

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

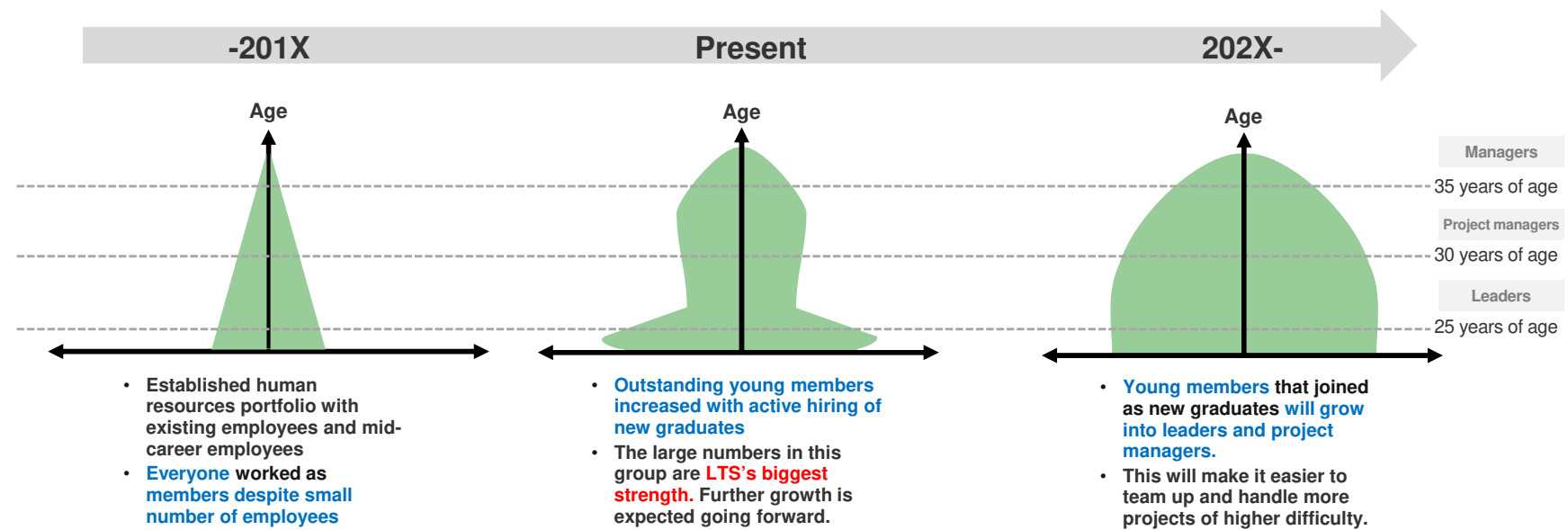
Achieving a net increase of more than 100 per year

Reference: Progress on Hiring

- Number of consultants and engineers to be hired in Q1 2023: 18 (as of January 2023)
- New graduate hires expected in FY2023: 80 (including sales positions)

Human Resources: Illustration of Human Resources Portfolio

Our biggest strength is our people, and as our human resources grow, they support the growth of LTS. Several years from now, we expect to acquire the ability within our human resources portfolio to handle a wider range of projects through the growth of existing younger members, enhancement of leaders and project managers, and acquisition of leaders through the hiring of experienced individuals



Customers

Strengthened relationship with progressive 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

FY2022 Results

- Received 2nd place for the theme 2 in the systems category of the NEDO Supply Chain Data Challenge
- Collaborated with CTC on joint proposals for decision-making AI development, joint development of services, and training of optimization personnel
- Received award from Kirin Holdings Company, Limited for work on operational reform promotion project
- Certified as AWS Select Tier Service Partner in AWS Partner Network (APN) partner program of Amazon Web Service (AWS)

- Launched operations at Innovation Hub HIROSHIMA Camps, a hub for creating new businesses in Hiroshima
- Received GR Award for Excellence for RING HIROSHIMA initiative managed with Hiroshima Prefecture

*See p. 38 for details on global expansion

- Provided course for Shizuoka Prefecture employees to develop leaders for promoting DX
- LTS selected as dispatching company for Kagoshima City's DX promotion supporter program



Customers: Case Studies on Initiatives Carried Out with Progressive Companies (ESG Investments/SDG Initiatives)

Received 2nd place for the theme 2 in the systems category of the NEDO Supply Chain Data Challenge (Jointly awarded with Gaia Vision Inc. and Resilire, Inc.)

Award category

Theme 2 in system development category
“Provision of estimation and visualization services for impact of large-scale windstorms, floods, and other disasters on supply chain”

Proposal

“FASPAI supply chain impact visualization service using flood hazard maps, satellite data, and AI technology”
Presentation content: [“NEDO Supply Chain Data Challenge” YouTube channel](#)

What is FASPAI (Flood Assessment System using Physics-based AI)?

AI model for predicting flood areas based on rainfall

The envisioned customer is a production manager in a company with a wide-reaching and diverse supply chain. Using image data from satellites, flood simulations based on university research, and high-precision topographic data, the model can predict flood areas with high accuracy in just minutes based on precipitation data alone. This is the world’s first service to help minimize the impact of floods on customers using the system and contribute to improving their resilience by supporting impact assessment and recovery response on supply chain management platform Risilire using the estimated flood area information.

Services

We are promoting various initiatives centered on strengthening services and overseas business development in the IT solutions domain. In particular, we are actively engaged in partnerships with the YOKOGAWA Group and the FPT Group

Strengthening services

- ✓ Strengthening IT solutions services
- ✓ Mutual acquisition of projects with FPT Group and YOKOGAWA Group
- ✓ Joint system establishment with FPT Group and YOKOGAWA Group
- ✓ Hiring and development of human resources
- ✓ Strengthening of partnerships with other solution providers

Overseas business development

- ✓ Joint development of services with FPT Group and YOKOGAWA Group
- ✓ Customer cultivation
- ✓ Launch of overseas business locations
- ✓ Regular acquisition of overseas projects
- ✓ Non-consolidated profit as overseas business

Partnering with both groups

- ✓ OT and IT recruiting and development program
- ✓ Supply of freelancers and support for collaboration with IT companies
- ✓ Promotion of collaboration centered on customers
- ✓ Promotion of collaboration centered on services
- ✓ Joint capital investment (M&A) in Japanese market

2022 results

- Formed capital and business alliances with YOKOGAWA DIGITAL in September 2022 and FPT Japan Holdings in October 2022
- 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

Services: Capital and Business Alliances

Yokogawa Digital Corporation

(Signed agreement on September 9, 2022)

Combining LTS'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.

Description of alliance

- ✓ Promotion of consulting services in DX market for domestic and foreign manufacturers
- ✓ OT and IT recruiting and development program
- ✓ Supply of freelancers and support for collaboration with IT companies

FPT Japan Holdings Co., Ltd.

(Signed agreement on October 13, 2022)

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.

FPT Japan Holdings is a Japanese subsidiary of FPT Software, which is in charge of the foreign IT operations of Vietnam-based FPT Corporation

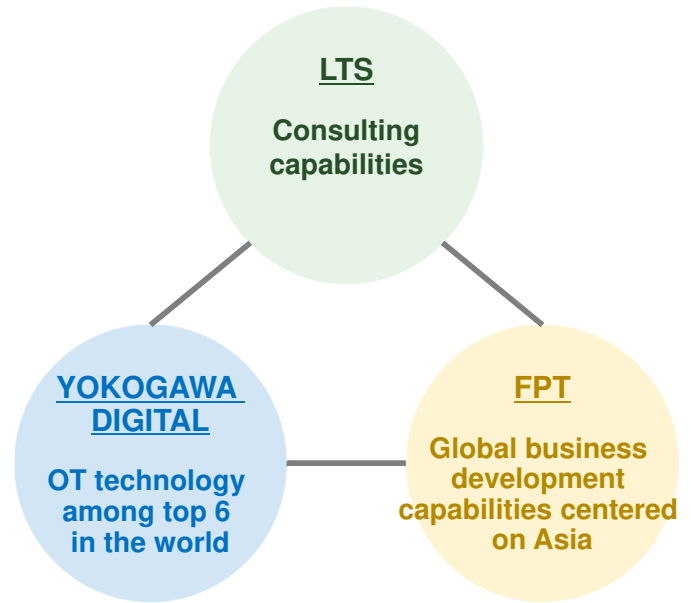
- Group employees: 39,344 (as of June 20, 2022)
- Consolidated group sales: ¥179,778 million (FY2021)

Description of alliance

- ✓ Promotion of collaboration centered on customers
- ✓ Promotion of collaboration centered on services
- ✓ Support for enhancement of human resources and organization
- ✓ Joint capital investment (M&A) in Japanese market

Services: Domains Strengthened through Capital and Business Alliances

Acquired new capabilities in various domains through alliances with the YOKOGAWA Group and the FPT Group. We will provide never-before-seen services by strengthening the alliance between the three companies. In 2023, we will promote activities to ensure feasibility in 2024 and beyond



Acquired capabilities below through alliances with these companies

- OT technology among top 6 in the world
- Global business development capabilities centered on Asia
- Global branding capabilities

Create new markets and value by integrating the consulting capabilities that LTS has developed

Specific themes of activities take shape for priority investment. *See next page

YOKOGAWA Group

- Provide consulting services **for manufacturing DX/IT upstream processes** with YOKOGAWA DIGITAL as the hub
- **Look into overseas expansion** based on the global branding capabilities of the YOKOGAWA Group in the OT domain

FPT Group

- **Joint promotion of projects** utilizing the FPT Group's consulting and engineering resources and its business development capabilities in Asia, mainly in Vietnam

Services: 2023 Activity Themes for Capital and Business Alliances

We designated the activity themes below for priority investment in 2023 and will promote related initiatives

Strengthening services

YOKOGAWA Group

- Globally competitive OT technology
- Knowledge of D365 and other IT solutions

FPT Group

- Provision of end-to-end services in IT domain
- Abundant IT engineering resources
- Global project results in IT solution domain

While leveraging the strengths of both companies related to IT solution services, LTS will strengthen its structure in this field and promote joint initiatives.

[Content of initiatives]

- Mutual acquisition of projects
- Joint establishment of structure
- Hiring and development of human resources

Overseas business development

YOKOGAWA Group

- Globally competitive OT technology
- Overseas business accounts for 70% of sales
- Holds a 12% global share in process control field
- Has offices in 61 countries

FPT Group

- Has secured outstanding consulting and engineering resources worldwide
- Has offices in 26 countries

The alliance between the companies will allow overseas business development, which was to be carried out over several years, to be achieved ahead of schedule. We will look into and flesh out our overseas business development utilizing the global business development capabilities of both companies.

[Content of initiatives]

- Joint development of services
- Customer cultivation
- Launch of overseas business locations

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

2022 results

- Expanded revenue of group companies (operating profit multiple of 1.5x YoY)
- LTS and IoT support for Kao
- LTS and WAKUTO support 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

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

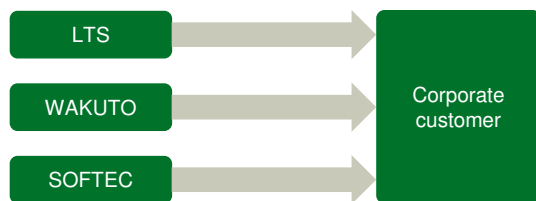
- Relocated the office for the purpose of group coordination, collaboration, strengthening of hiring capabilities, and creation of an environment where existing employees can play an active role
- Continuing to promote integration and optimization of corporate operations

Group Management: M&A

Policy is to continue actively promoting M&A as part of recruiting and team-building efforts

Improve the profitability of each group company by proposing a comprehensive project structure for the LTS Group

Individual project proposal and delivery



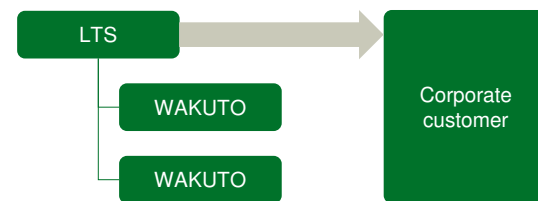
Engineering services tend to face price competition as they entail participation starting from downstream processes with fixed requirements

Corporate functions must be developed and implemented by individual companies

Sales

Cost

Project proposal and delivery as LTS Group



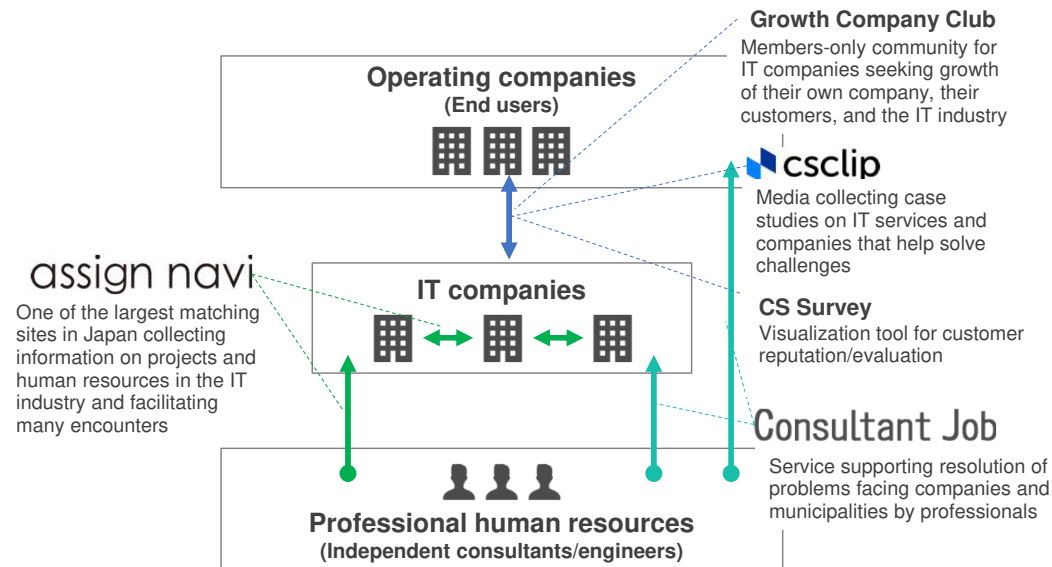
Engineering service subsidiaries can propose appropriate services at appropriate prices while LTS accurately identifies entry requirements starting from upstream processes

Cross-selling and sharing of corporate functions possible

Platform Business

The investment phase is complete. Going forward, while generating a certain level of profit in the platform business alone, we will realize further growth of each service and contribution to the improvement of the LTS Group's business results

Positioning of each service in the platform business



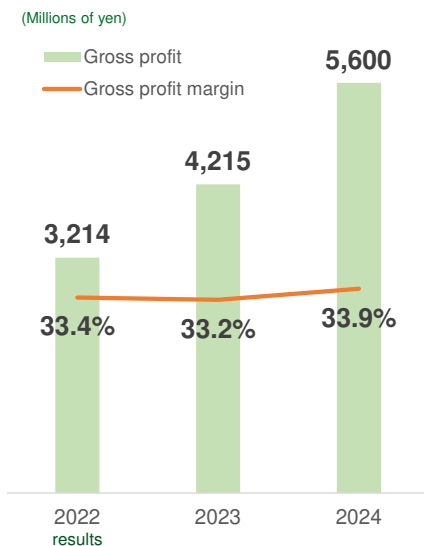
Contribution to the LTS Group as a whole

- ✓ 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

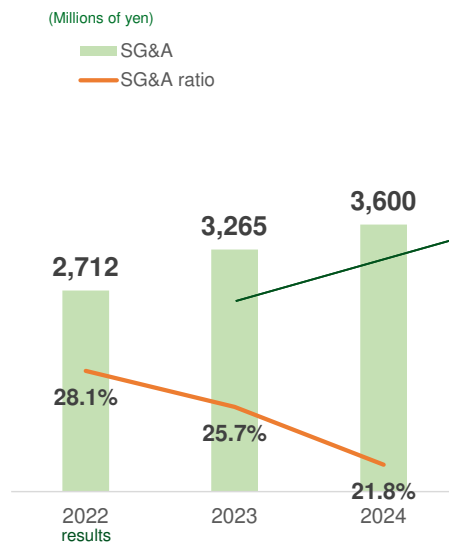
Gross Profit & SG&A Plan

The gross margin has remained at a certain level despite the increase in sales from expanding the system, improving unit prices, and utilizing partners. The absolute amount of SG&A will increase with the investments in office relocation and enhancing the Corporate Division coming full circle in 2022, but we will keep the ratio to net sales down

Gross profit on sales results/forecast



SG&A results/forecast



SG&A details

| (Millions of yen) | 2022 | 2023 | Vs. previous year |
|---------------------------------------|--------------|--------------|-------------------|
| | results | forecast | |
| Consolidated net sales | 9,637 | 12,700 | 31.8% |
| SG&A | 2,712 | 3,265 | 20.4% |
| Personnel expenses | 1,780 | 1,938 | 8.8% |
| Hiring/training expenses | 182 | 328 | 79.8% |
| Advertising expense | 125 | 180 | 44.7% |
| Land/office rent | 74 | 75 | 1.1% |
| IT/operations platform development | 120 | 143 | 19.2% |
| Remuneration paid/commission expenses | 114 | 192 | 68.3% |
| Amortization of goodwill | 40 | 40 | — |
| Depreciation and amortization | 19 | 42 | 114.4% |
| Outsourcing expenses | 87 | 120 | 38.2% |
| Other | 167 | 202 | 21.4% |

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

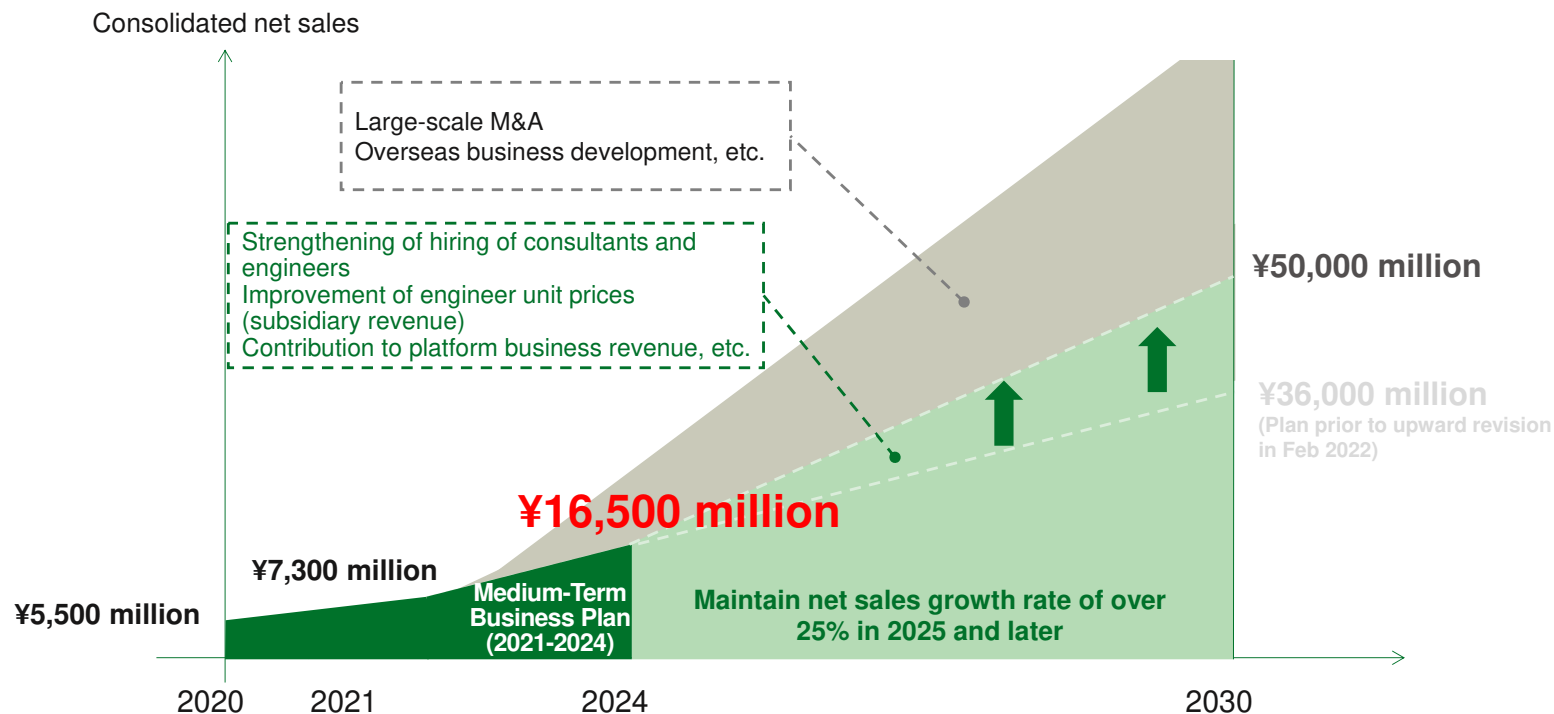


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Forecast for FY2023

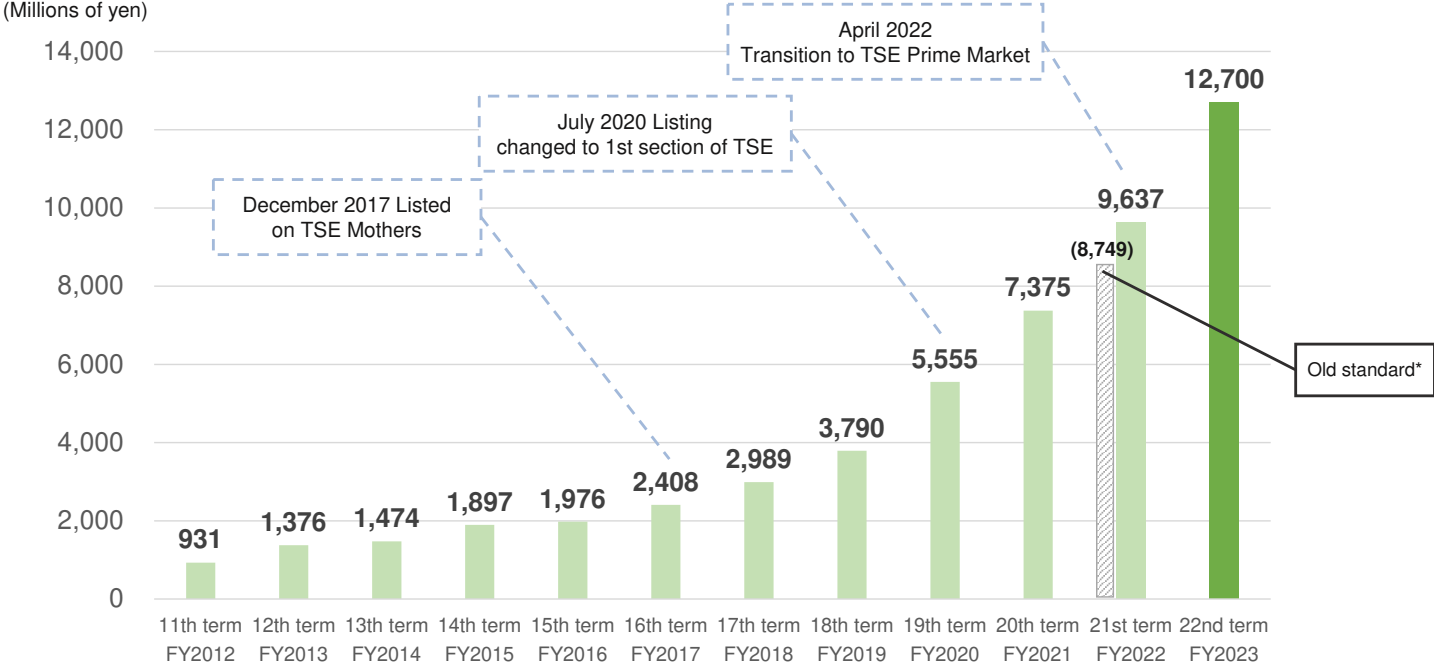


| (Millions of yen) | FY2022 results | FY2023 forecast | | |
|--|----------------|-----------------|---------------|----------------|
| | | full year | YoY change | YoY % change |
| Net sales | 9,637 | 12,700 | +3,062 | +31.8% |
| EBITDA* | 604 | 1,059 | +454 | +75.1% |
| Operating profit | 501 | 950 | +448 | +89.5% |
| Ordinary profit | 489 | 900 | +410 | +83.8% |
| Profit attributable to owners of parent | 232 | 560 | +327 | +140.8% |

*EBITDA = Operating profit + depreciation + amortization of goodwill
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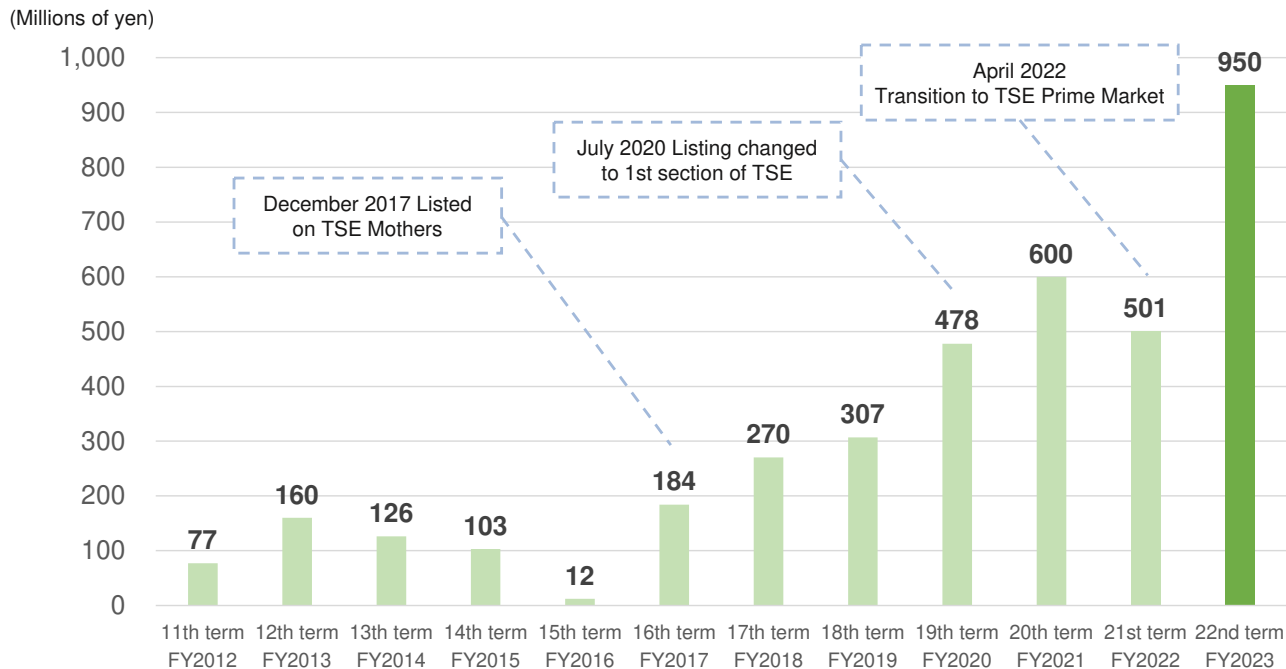
FY2023 Consolidated Net Sales Forecast

Expect to see higher revenue for 12th consecutive year



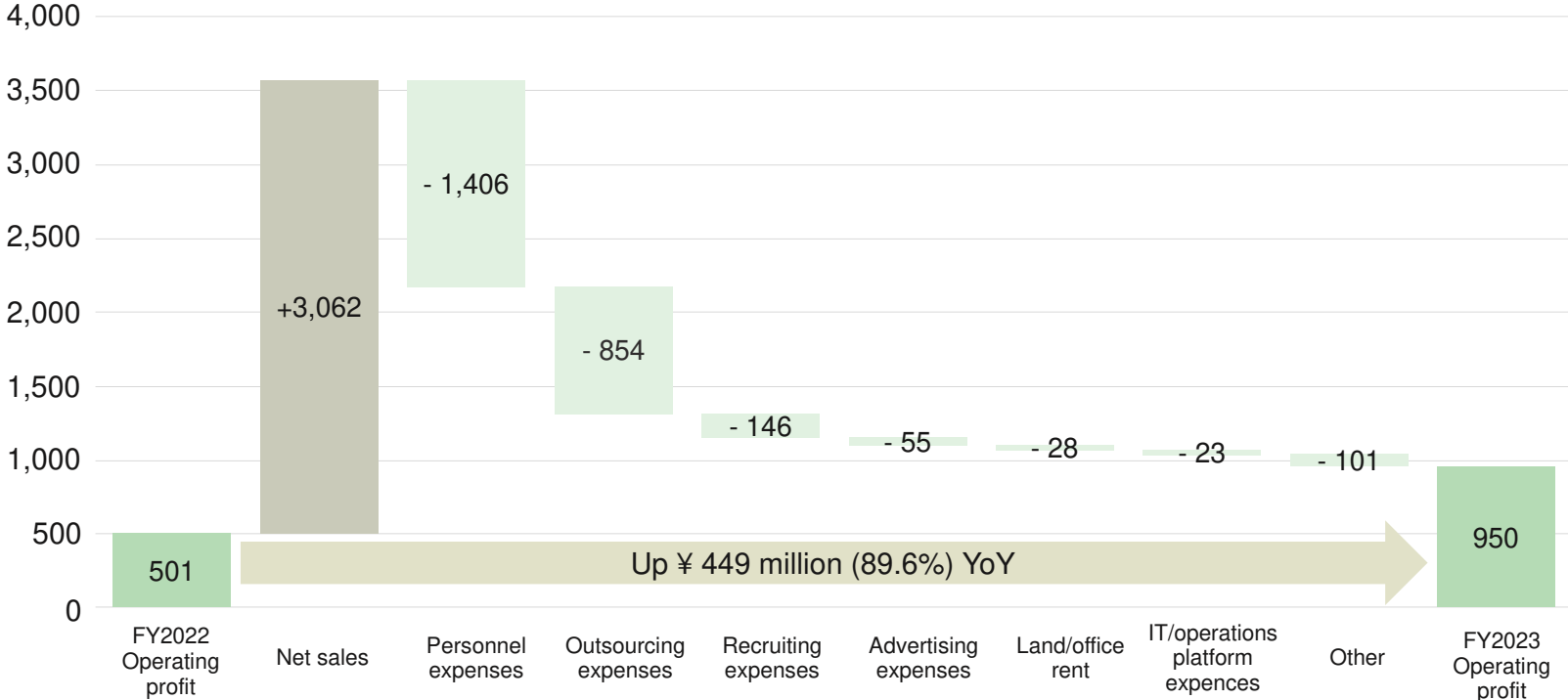
FY2023 Consolidated Operating Profit Forecast

Aiming to get back on track for growth in FY2023



Factors Behind Change in Consolidated Operating Profit in FY2023

Unit: Millions of yen



FY2023 Forecast by Segment

Professional services business

| Unit: Millions of yen | FY2022 results | FY2023 forecast | YoY change | YoY % change |
|-----------------------|----------------|-----------------|------------|--------------|
| Net sales | 8,480 | 10,562 | +2,081 | +24.5% |
| Operating profit | 484 | 850 | +365 | +75.9% |

Platform business

| Unit: Millions of yen | FY2022 results | FY2023 forecast | YoY change | YoY % change |
|-----------------------|----------------|-----------------|------------|--------------|
| Net sales | 1,629 | 2,618 | +988 | +60.6% |
| Operating profit | 17 | 100 | +82 | +477.5% |

FY2023 Non-Consolidated/Group Company Sales Forecast

(Unit: Millions of yen)

| | 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 |
|----------------------|--|--|------------------------------------|---|
| FY22 Results | ¥6,319 million | ¥4,116 million | — | -¥798 million |
| | ¥9,637 million (+¥2,262 million YoY) | | | |
| FY23 Forecast | ¥7,353 million | ¥5,827 million | Not included | -¥480 million |
| | ¥12,700 million (+¥3,062 million YoY) | | | |

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Overview of LTS, Inc.



| | |
|---|--|
| Representative: | Hiroaki Kabashima, President and CEO |
| Foundation: | March 2002 |
| Capital: | ¥728,090,900 (as of December 31, 2022) |
| Address: | Akasaka Center Building 14F, 1-3-13 Motoakasaka Minato-ku, Tokyo, 107-0051, Japan |
| Number of employees: | 373 (non-consolidated)* 523 (consolidated) (as of December 31, 2022) <small>*Includes loaned employees</small> |
| Services: | Professional services business Platform business |
| Subsidiaries: <small>(As of December 31, 2022)</small> | LTS Link, Inc. LTS ASIA CO., LIMITED (Hong Kong) WAKUTO Co., Ltd. IoTol Japan Inc. SOFTEC Co., Ltd. |
| Group company: <small>(As of December 31, 2022)</small> | FPT CONSULTING JAPAN CO., LTD |
| Memberships: <small>(As of December 31, 2022)</small> | 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 |

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 IoT Japan Inc.
Director of WAKUTO Co., Ltd.

Sungil Lee

Graduated The University of
Tokyo

Director and CSO
Director of IoT 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 IoT 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 IoT 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.

**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 Corporation
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).

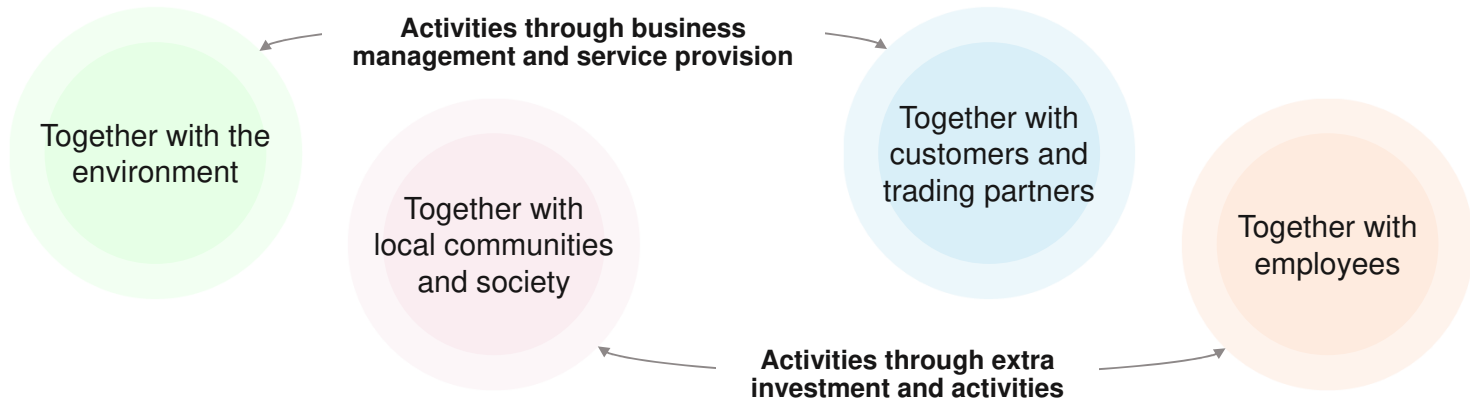
ESG Investments/SDG Initiatives

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

Together with local communities and society

Visiting lectures at universities



Connections to local communities



and more...

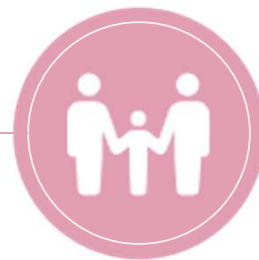
Pro bono



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



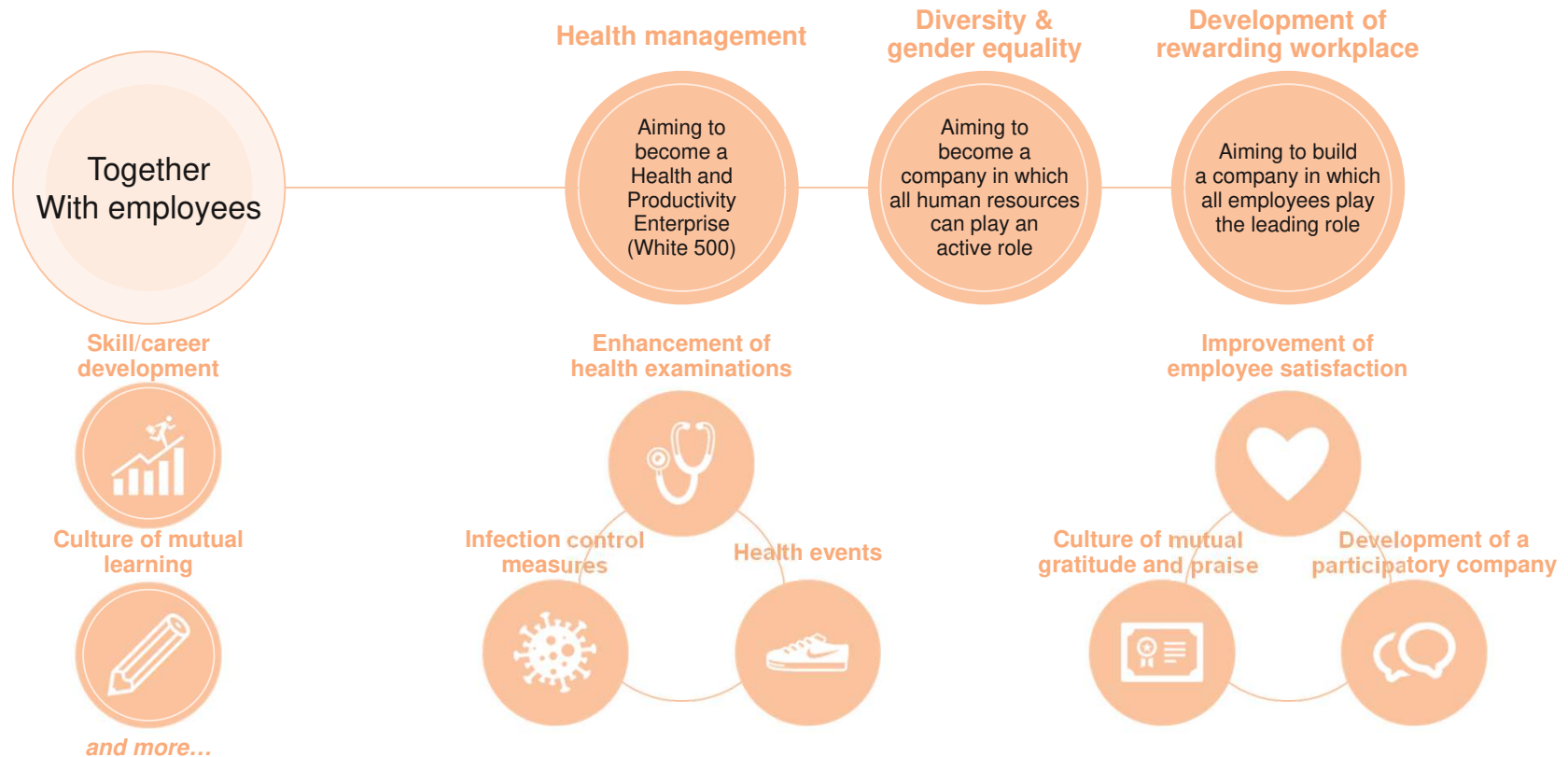
Family Day



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



Introduction of Activities for Remaining an Excellent Company That Creates New Value

As a part of aiming to become a company in which all human resources can play an active role, we have managed a farm in Saitama City since September 2022 where we hire employees with disabilities.

- Differences create variety -

- Diversity is tolerance -



The name of the farm is Yotsuba Saien.

Yotsuba: Employees with disabilities are the fourth leaf for LTS (bringing qualitative change to the three leaves by adding another)

Saien: Employees with disabilities are the color and light for LTS (shining light on society and organizations and bringing about abundance and beauty)



- September 2022 Opened
- October 2022 Soil prepared
- November 2022 Cultivating equipment prepared
- December 2022 Cultivating equipment installed
- March 2023 First seed planting scheduled
- June 2023 First harvest scheduled



Team members (2 farm managers and 6 team members) residing near Saien participate and work there



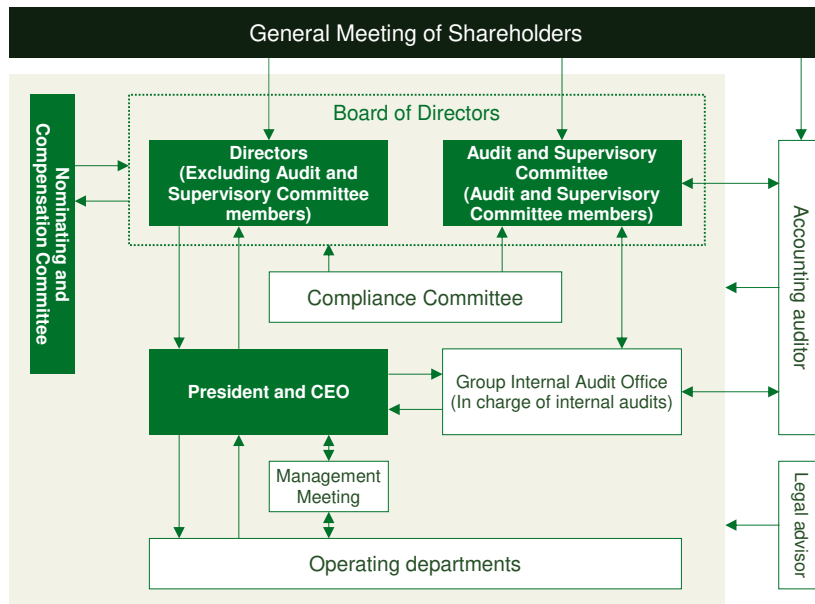
Covering the bed with waterproof, water supplying, and root barrier sheets, and spreading pumice on top of the sheets



Digging a trench for the bed and leveling the ground

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
- ✓ Analysis and evaluation of effectiveness of Board of Directors utilizing third-party agency

Themes being considered for future efforts

- ✓ 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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