



# FY2023 Financial Results

2024/2

LTS, Inc.

(TSE Prime Market Securities code 6560)

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# FY2023 Summary

## Performance

- Record-highs achieved for both **net sales and operating profit in F2023**.
  - Net sales: ¥12,242 million (up 27.0% YoY)
  - Operating profit: ¥717 million (up 43.0% YoY)
  - Ordinary profit: ¥753 million (up 53.9% YoY)
- Record-highs achieved in both professional services business and platform business.

## Developments in business activities

- **Built a structure for providing general consulting services** through active hiring and acquisition of HCS Holdings Co., Ltd. (HCS).
  - Consultants: 275 (up 79 people YoY)
  - Engineers: 575 (up 362 people YoY)
- **Further strengthened customer base**, including by significantly advancing collaborations with YOKOGAWA Group and FPT Group, which we partnered with in 2022.
- **Expanded service lineup** by launching services in new domains, including M&A support, Climate Tech, and LLM, in addition to strengthening and growing existing services.

## Challenges

- Efforts to **raise the unit price of engineers**, which increased rapidly, did not reach planned level.
- Progress is behind in **platform business**.

# Forecast for FY2024

## Performance

- The forecasts for FY2024 are as follows:
  - Net sales: ¥16,500 million (up 135% YoY)
  - Operating profit: ¥1,250 million (up 174% YoY)
- **Still record high, but lowered target disclosed in February 2021 (operating profit: ¥2,000 million)** (see p. 33)

## Business Environment and Management Policy

- Although short of initial target, **mainstay professional services business expected to grow sustainably against backdrop of strong demand.**
- **Aim to achieve operating profit of ¥2,000 million (initial target) as soon as possible** by strengthening service delivery structure that integrates consultants and engineers to improve profitability.

## Shareholder Return

- **Net sales and operating profit up significantly by about 7x and number of employees by about 6x** compared to when listed in 2017.
- Despite current issues, we believe we have established foundation for operating profit of over ¥2,000 million and sustainable growth.
- **Dividends to be paid at end of FY2024** to balance growth investments and shareholder return.

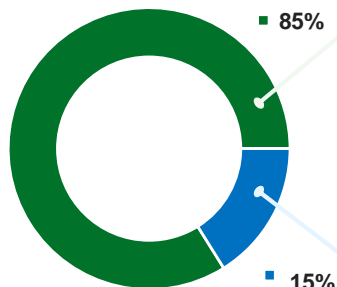
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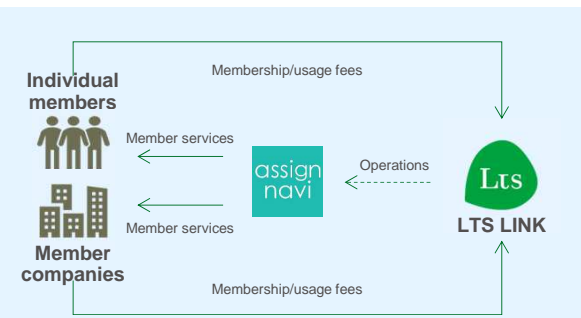
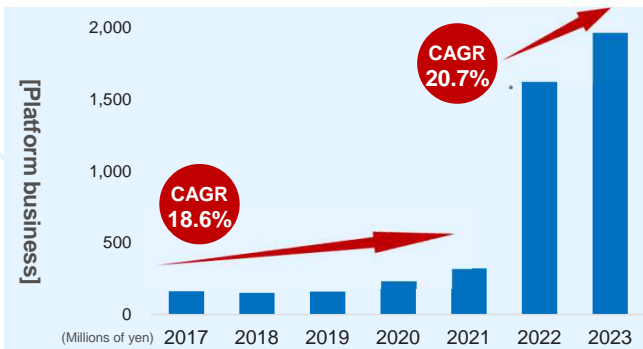
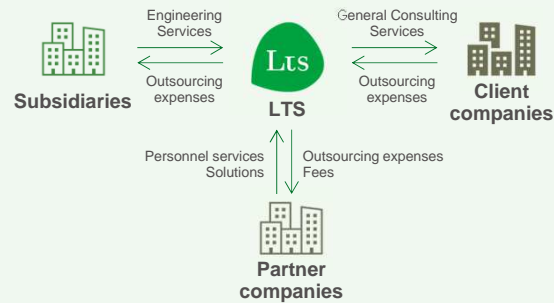
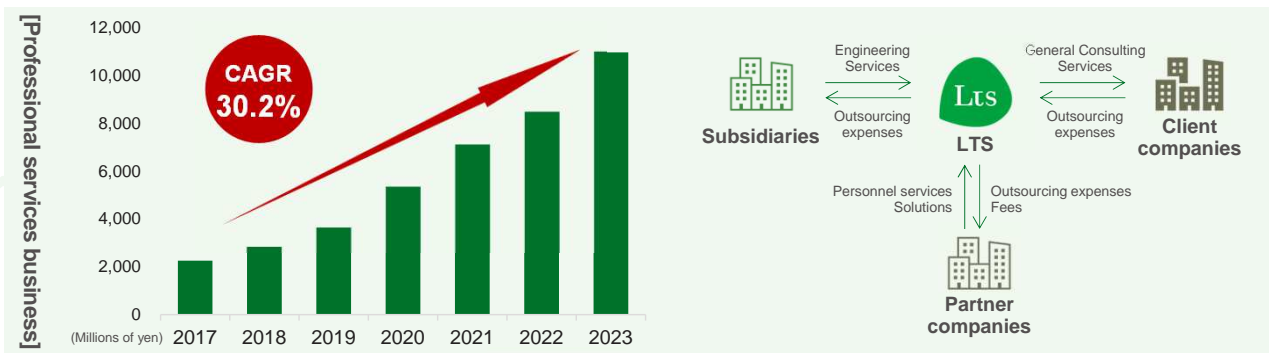
# LTS Business Structure

Supporting clients in acquiring business agility through our professional services business and platform business.

## Business Composition (Net sales in FY2023)



## Sales Growth Trends and Overview of Business Models of Both Businesses

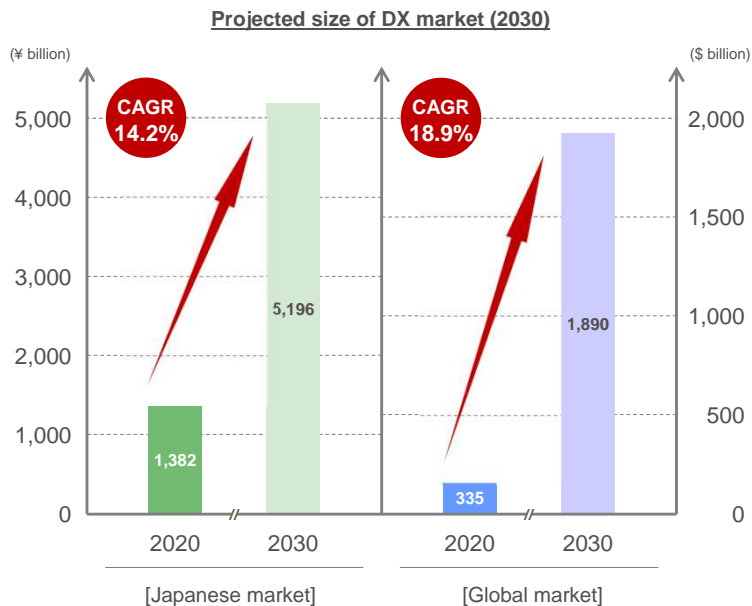


\*Accounting standard for revenue recognition changed in FY2022

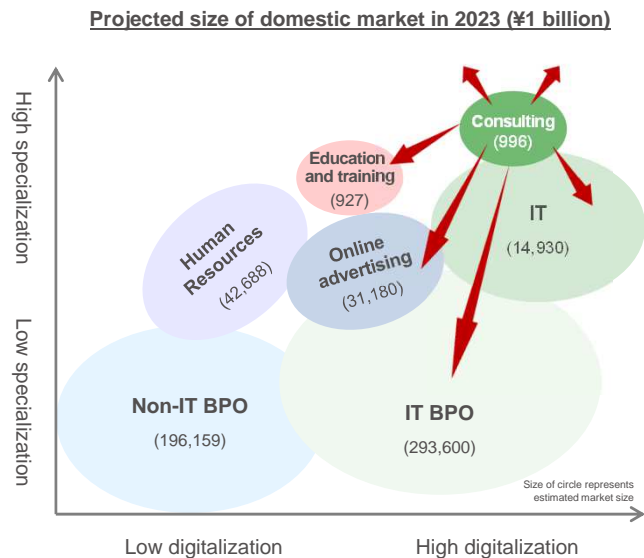
# Expansion and Growth of Consulting Market

Various transformations (Xs) such as DX, SX, and GX increasing in both frequency and volume, so consulting market to support corporate Xs continues to grow. Peripheral markets huge with vast opportunity for cultivation.

## Growth of consulting industry



## Expansion of consulting industry



# What Is LTS?



Install AGILITY in your Business

## Best Partner for the Digital Era

Supporting management, business, and organizational operations of the digital era rather than digitalization

### Lifetime

(Find a partner to solve social issues)

Support for every stage from founding to maturity



### Total

(Growing pains occurring in each stage)

Solving various issues from strategy to implementation



### Support

(In process of providing solutions)

Strengthening client's own adaptability to change



### Best Partner

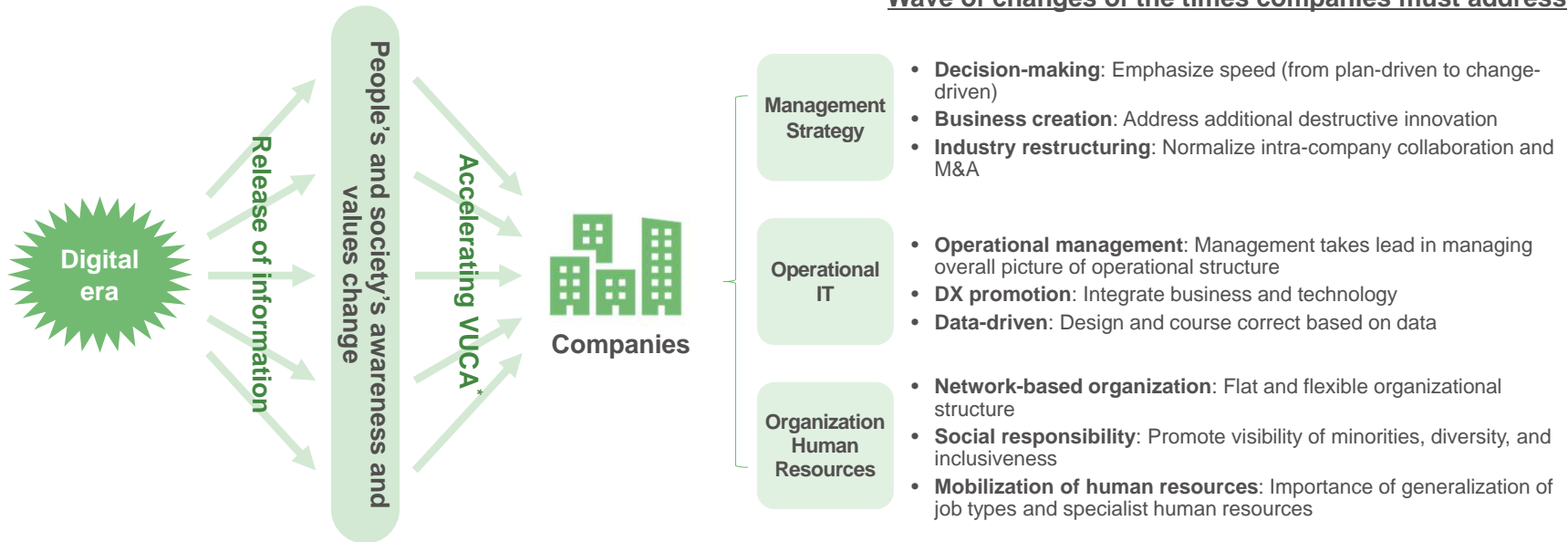
(Realizing purpose)

Commitment to client's growth and evolution



# What Is the Digital Era?

The spread of digital technology has led to such things as faster change, increasing complexity in society, and changes in people's awareness. All aspects of society are undergoing major changes, and this wave of change means that companies must adapt quickly to change.

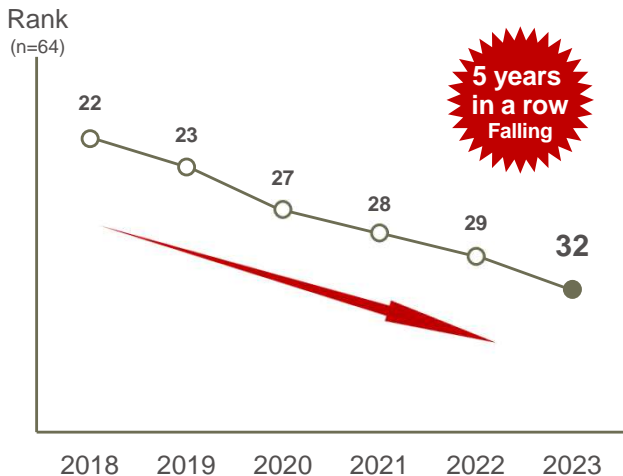


# Social Issues to Be Solved in the Digital Era

Foundation of Japan's industries subsiding in terms of GDP per capita, labor productivity, and other indicators, due in part to inability to respond to global mega-changes taking place.

To regain competitiveness in digital era where change is everyday occurrence, companies must acquire and strengthen agility.

## IMD World Digital Competitiveness Rankings



## Overall rankings broken down into subfactor rankings

### Overall Rankings

32<sup>nd</sup>

### Subfactor Rankings

7 <sup>th</sup>	Technical framework
15 <sup>th</sup>	Scientific accumulation
16 <sup>th</sup>	IT integration
-	-
49 <sup>th</sup>	Human Resources
50 <sup>th</sup>	Regulatory framework
56 <sup>th</sup>	Business agility

### Sub-subfactor Rankings

2 <sup>nd</sup>	Industrial robot supply
-	-
64 <sup>th</sup>	Corporate agility

Out of 64 countries Last place

# What Is Business Agility?

Business agility\* refers to the organizational capacity that enables the business structure to adapt quickly to changes in the external environment. It is the ability to understand, break down, and rebuild the business structure.

		<u>Before agility</u>	<u>After agility</u>
Corporate architecture	Business strategy/ planning	<ul style="list-style-type: none"> <li>• <b>Decision-making emphasizes accuracy</b></li> <li>• Resources and assets are to be owned</li> <li>• Failure or withdrawal is to be avoided</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Decision-making emphasizes speed</b></li> <li>• Resources and assets are to be accessed and used</li> <li>• Failure or withdrawal creates lessons to learn</li> </ul>
	Operational processes	<ul style="list-style-type: none"> <li>• <b>Individual operational procedures are managed on site as needed</b></li> <li>• Responsibility for operational processes is unclear</li> <li>• Building blocks are tightly coupled</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Management regularly manages the entire business structure</b></li> <li>• Responsibility for operational processes is clear</li> <li>• Building blocks are loosely coupled</li> </ul>
	IT/OT	<ul style="list-style-type: none"> <li>• <b>Business demands and technology responds</b></li> <li>• Waterfall development</li> <li>• Low internal autonomy and dependence on external vendors</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Business and technology are integrated</b></li> <li>• Agile and DevOps development</li> <li>• High internal autonomy with utilization of external vendors</li> </ul>
	People/ organization	<ul style="list-style-type: none"> <li>• <b>Hierarchical organization based on instructions and orders</b></li> <li>• Organizational strength is improved by the total amount of internal human resources</li> <li>• Predictable and stable in both organizational structure and allocation of human resources</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Network-based organization based on vision and autonomy</b></li> <li>• Organizational strength leveraged with external partners</li> <li>• Unpredictable and variable in both organizational structure and allocation of human resources</li> </ul>

Business agility

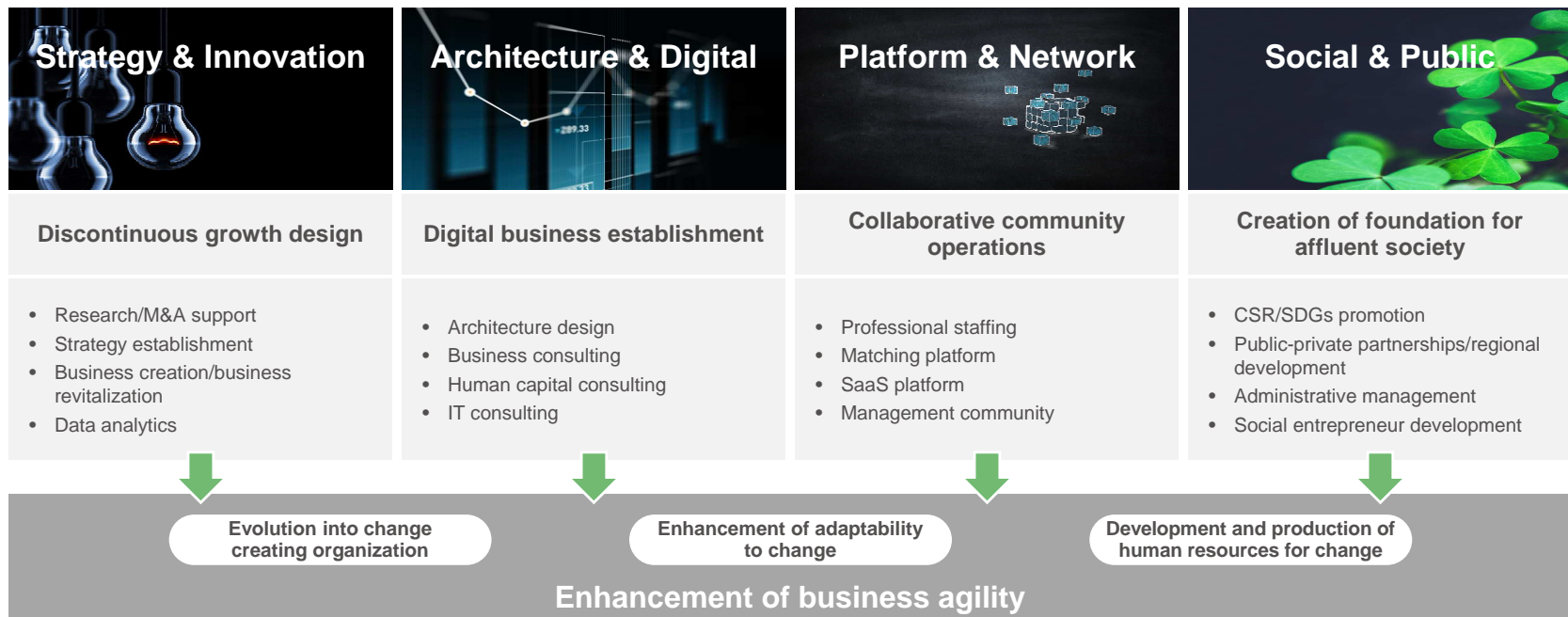
\*Agility: A word that means quickness, swiftness, and nimbleness.

As a business term, it refers to the agility in management and organizational operations that is essential to respond quickly to fast-paced environmental changes.

# Services Offered by LTS

As a partner in collaborative innovation, we support clients in acquiring and enhancing business agility throughout the lifetime (all corporate stages and all growth phases) in a total (end to end and crossover) manner.

We aim to go beyond being just a partner in corporate change to provide consulting services that serve as a foundation for social change.



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# FY2023 Summary

## LTS Group overall

Net sales:	¥12,242 million	(up 27.0% YoY)
Operating profit:	¥717 million	(up 43.0% YoY)
Ordinary profit:	¥753 million	(up 53.9% YoY)

⇒ Net sales, operating profit, and ordinary profit **all reached record highs**

[Excluding ¥167 million in costs related to HCS M&A\*]

· Operating profit: ¥884 million (up 76.4% YoY)

[Comparison with revised forecasts]

· Net sales: ¥12,300 million ⇔ ¥12,242 million  
⇒ 99.5% achievement

· Operating profit: ¥710 million ⇔ ¥717 million  
⇒ 101.0% achievement

## Professional services business

Net sales:	¥10,979 million	(up 29.5% YoY)
Operating profit:	¥652 million	(up 34.8% YoY)

⇒ Net sales and operating profit **reached record highs** with increase in personnel and unit prices

[Excluding ¥167 million in costs related to HCS M&A\*]

· Operating profit: ¥819 million (up 69.3% YoY)

## Platform business

Net sales:	¥1,967 million	(up 20.7% YoY)
Operating profit:	¥ 64 million	(up 273.6% YoY)

⇒ Net sales and operating profit **reached record highs** with progress on development of employees in sales positions

# FY2023 Consolidated Profit and Loss Statement



Unit: Millions of yen

	Q4 FY2023	Q4 FY2022	YoY % change	FY2023 Total	FY2022 Total	YoY % change	FY2023 forecast	Percentage achievement
<b>Net sales</b>	<b>4,010</b>	2,622	+53.0%	<b>12,242</b>	9,637	+27.0% ↑	<b>12,300</b>	99.5% △
<b>Gross profit</b>	<b>1,418</b>	873	+62.5%	<b>4,272</b>	3,214	+32.9% ↑	-	-
<b>Gross profit margin</b>	<b>35.4%</b>	33.3%	+2.1pts	<b>34.9%</b>	33.4%	+1.5pts ↑	-	-
<b>SG&amp;A</b>	<b>1,246</b>	798	+56.1%	<b>3,555</b>	2,712	+31.1%	-	-
<b>EBITDA*</b>	<b>234</b>	111	+110.3%	<b>853</b>	604	+41.1% ↑	<b>840</b>	101.6% ○
<b>EBITDA margin</b>	<b>5.9%</b>	4.3%	+1.6pts	<b>7.0%</b>	6.3%	+0.7pts ↑	-	-
<b>Operating profit</b>	<b>171</b>	74	+130.5%	<b>717</b>	501	+43.0% ↑	<b>710</b>	101.0% ○
<b>Operating margin</b>	<b>4.3%</b>	2.8%	+1.5pts	<b>5.9%</b>	5.2%	+0.7pts ↑	-	-
<b>Ordinary profit</b>	<b>173</b>	69	+148.5%	<b>753</b>	489	+53.9% ↑	<b>710</b>	106.1% ○
<b>Profit before income taxes</b>	<b>173</b>	-73	-	<b>753</b>	345	+117.8% ↑	-	-
<b>Profit attributable to owners of parent</b>	<b>86</b>	-41	-	<b>456</b>	232	+103.7% ↑	<b>440</b>	103.7% ○

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

# FY2023 Consolidated Balance Sheet

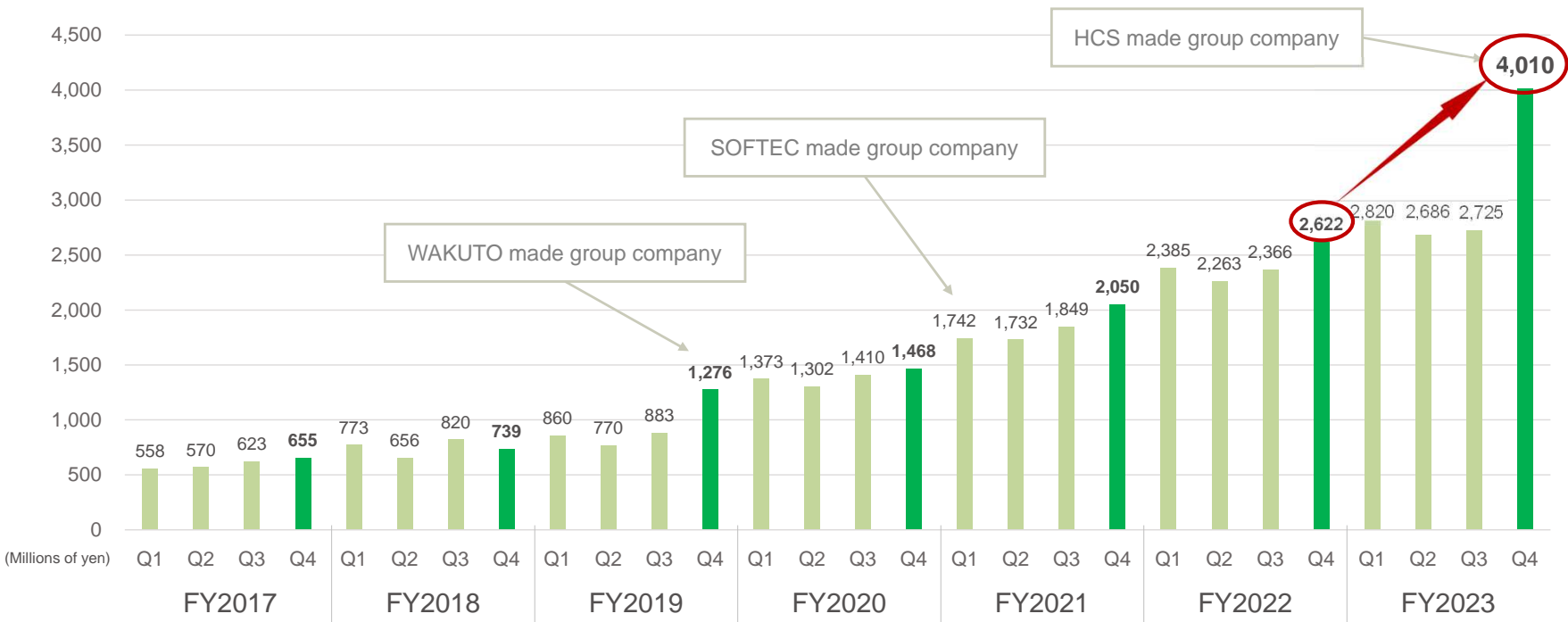
Both assets and liabilities have increased due to investments related to HCS M&A, putting equity ratio at 29.4%.

(Millions of yen)	FY2022	FY2023	Change
<b>Current assets</b>	4,615	6,487	+1,871
<b>(Cash and deposits, etc.)</b>	2,982	3,845	+862
<b>Non-current assets</b>	980	5,400	+4,419
<b>Total assets</b>	5,595	11,887	+6,291
<b>Current liabilities</b>	1,828	3,692	+1,863
<b>(Income taxes payable)</b>	60	255	+194
<b>Non-current liabilities</b>	517	4,581	+4,063
<b>Net assets</b>	3,249	3,614	+364



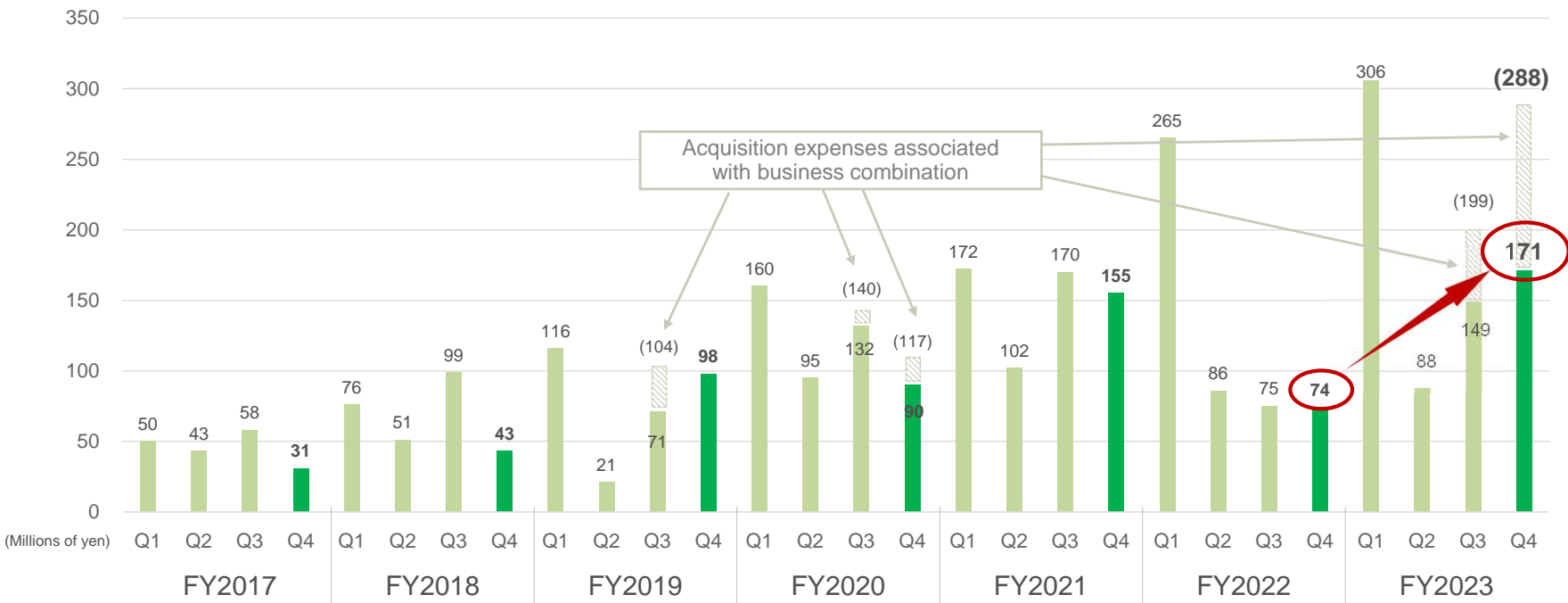
# Quarterly Trend in Consolidated Net Sales

+¥1,388 million YoY (+53.0%). Utilization rate recovered in professional services business as impact of accepting new graduates and making HCS subsidiary subsided. Net sales expanded, partly due to contribution of HCS, included in scope of consolidation as of Q4.



# Quarterly Trend in Consolidated Operating Profit

+¥97 million YoY (+130.5%). Remaining expenses related to HCS M&A recorded in Q4. Utilization rate recovered in professional services business as impact of accepting new graduates and making HCS subsidiary subsided.



# Quarterly Trend in Professional Services Business Results

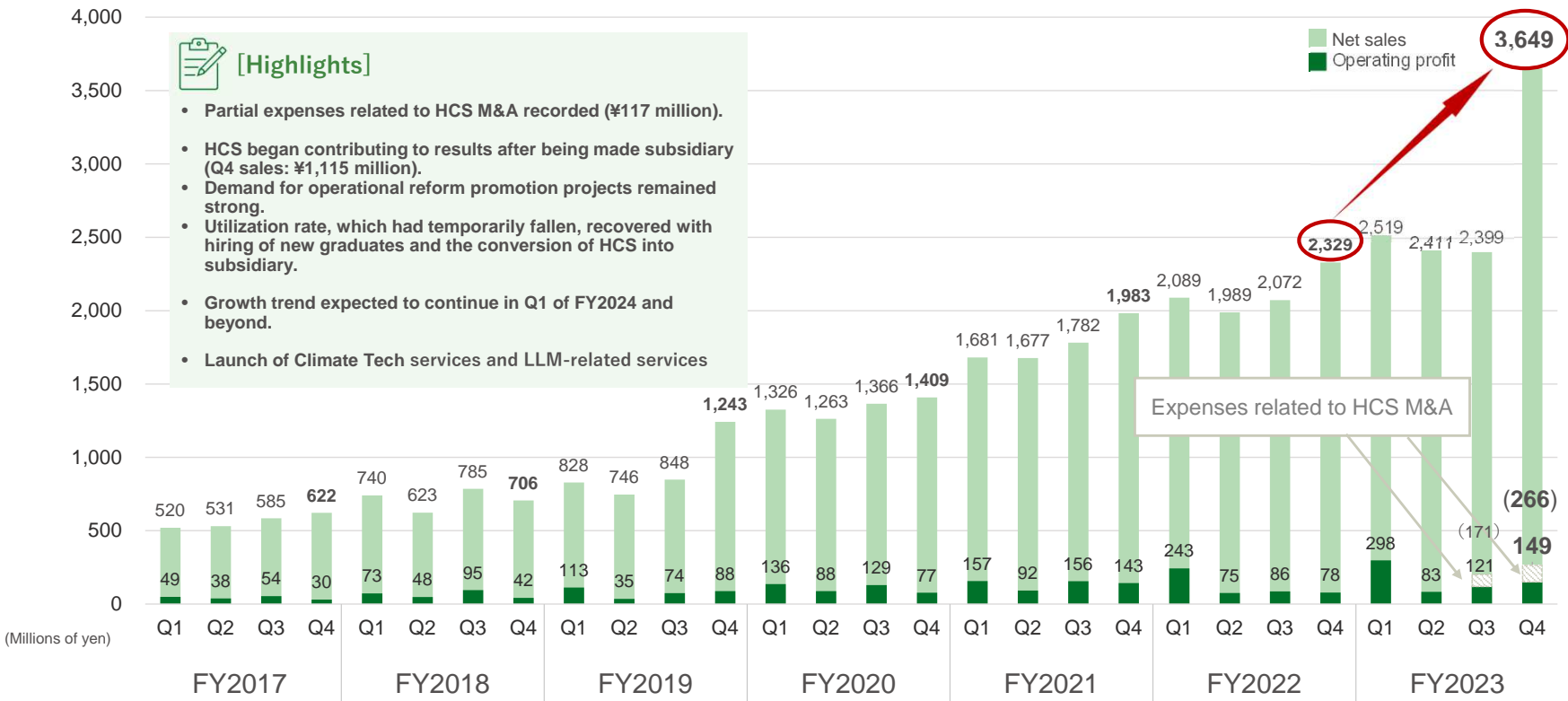
Net sales +¥1,320 million YoY (+56.7%), and operating profit +¥70 million YoY (+89.6%).



## [Highlights]

- Partial expenses related to HCS M&A recorded (¥117 million).
- HCS began contributing to results after being made subsidiary (Q4 sales: ¥1,115 million).
- Demand for operational reform promotion projects remained strong.
- Utilization rate, which had temporarily fallen, recovered with hiring of new graduates and the conversion of HCS into subsidiary.
- Growth trend expected to continue in Q1 of FY2024 and beyond.
- Launch of Climate Tech services and LLM-related services

Net sales  
Operating profit

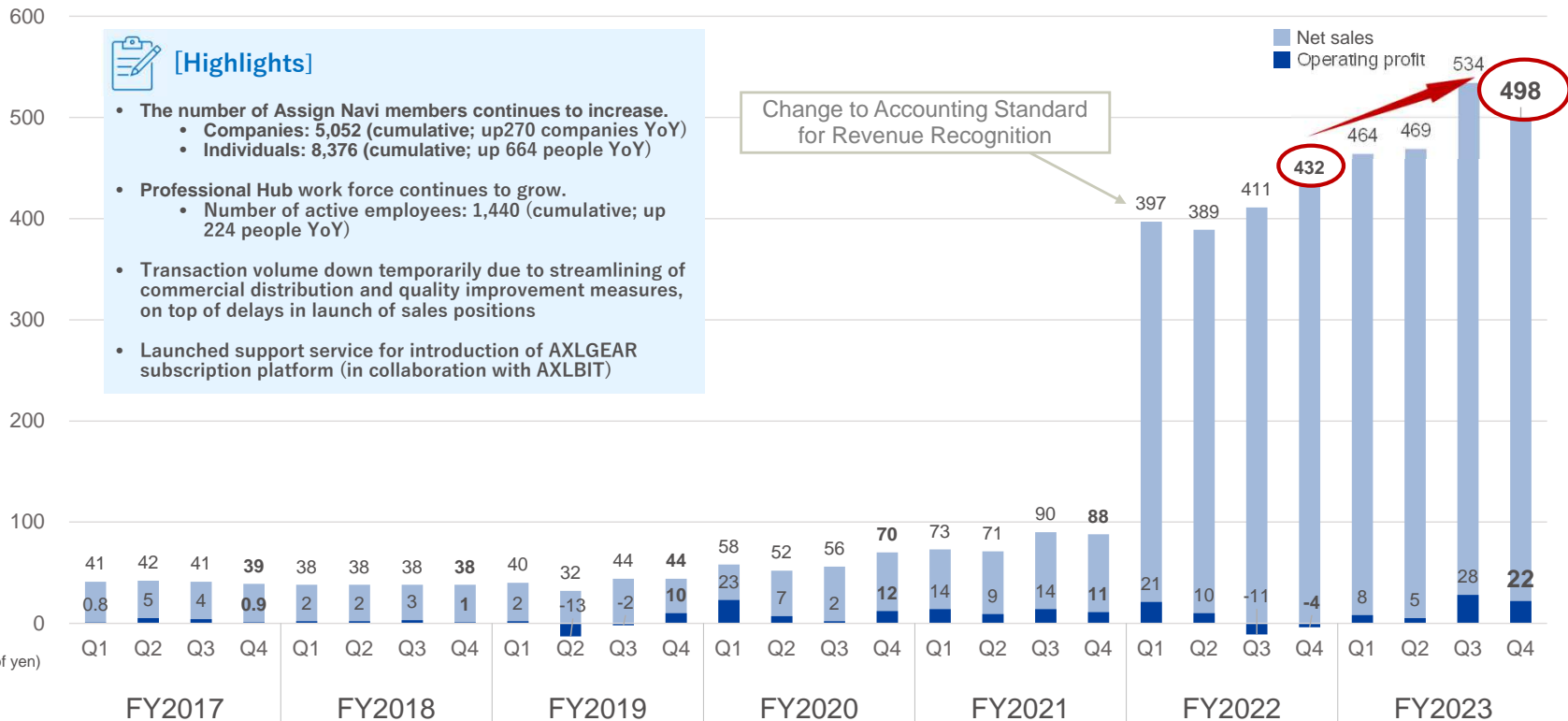


Expenses related to HCS M&A

\* Net sales include internal sales

# Quarterly Trend in Platform Business Results

Net sales +¥66 million YoY (+15.4%), operating profit +¥26 million YoY (-%)



\* Net sales includes internal sales

# Gross Profit & SG&A

Service profitability up, due in part to raising of unit prices.

Utilization rate, mainly for customer billing Q3, decreased due to acceptance of new graduates and making HCS subsidiary. Direct labor costs for consultants and engineers reallocated to SG&A and personnel expenses, so SG&A ratio exceeded plan.

## Gross profit

(Millions of yen)

	2023 initial forecast	2023 results (cumulative)
Net sales	12,700	12,242
<b>Gross profit</b>	<b>4,215</b>	<b>4,272</b>
<b>Gross profit margin</b>	<b>33.2%</b>	<b>34.9%</b>
SG&A	3,265	3,555
SG&A ratio	25.7%	29.0%
Operating profit	950	717
Operating margin	7.5%	5.9%

↑  
↑  
SG&A up

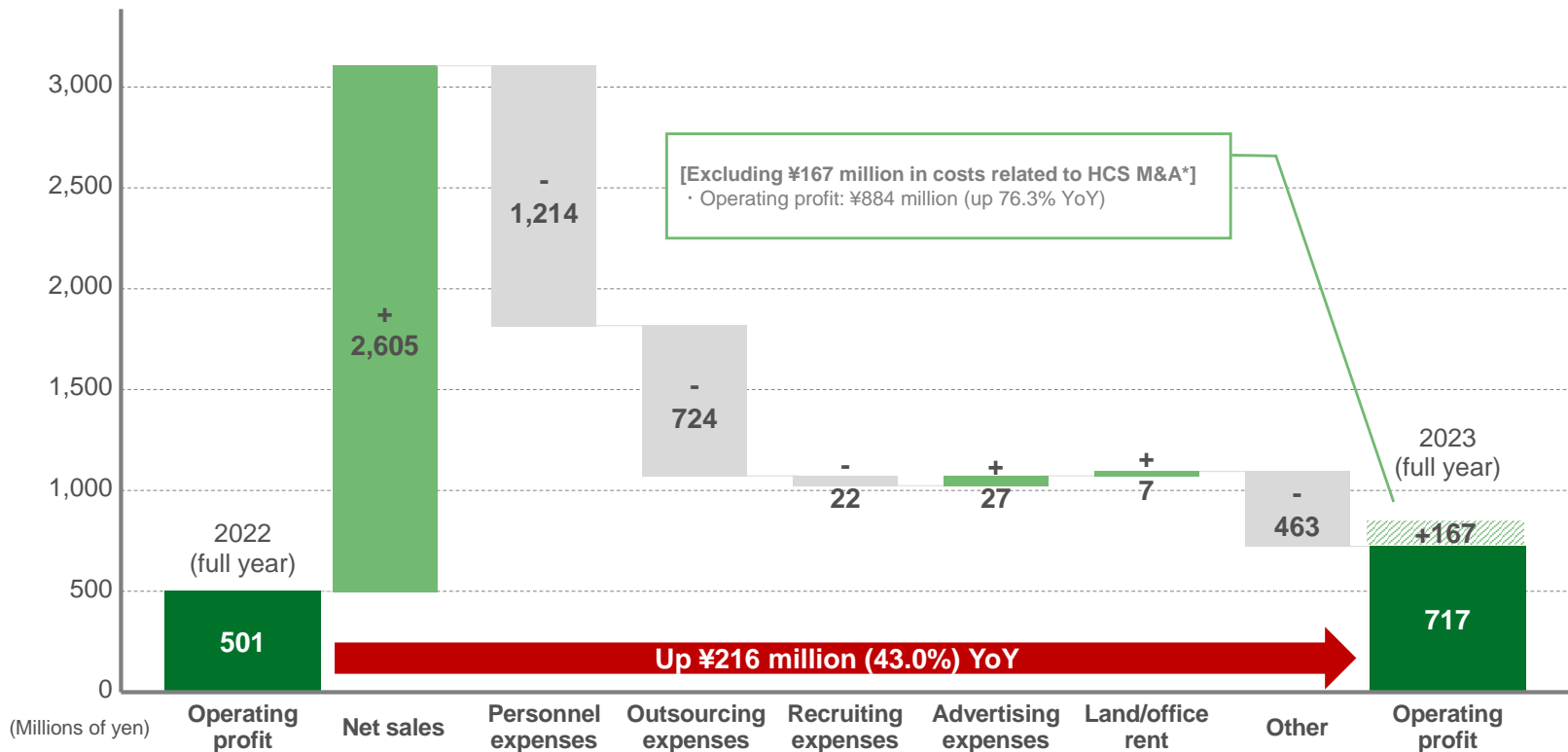
## Breakdown of SG&A

(Millions of yen)

	2023 initial forecast		2023 results	
	Amount	Vs. net sales	Amount	Vs. net sales
<b>Consolidated net sales</b>	<b>12,700</b>	<b>-</b>	<b>12,242</b>	<b>-</b>
<b>SG&amp;A</b>	<b>3,265</b>	<b>25.7%</b>	<b>3,555</b>	<b>29.0%</b>
Personnel expenses	1,938	15.2%	2,372	19.4%
Hiring/training expenses	328	2.5%	219	1.8%
Advertising expense	180	1.4%	124	1.0%
Land/office rent	75	0.5%	66	0.5%
IT/operations platform development	143	1.1%	144	1.2%
Remuneration paid/commission expenses	192	1.5%	206	1.7%
Amortization of goodwill	40	0.3%	60	0.5%
Depreciation and amortization	42	0.3%	34	0.3%
Outsourcing expenses	120	0.9%	140	1.2%
Other	202	1.5%	186	1.5%

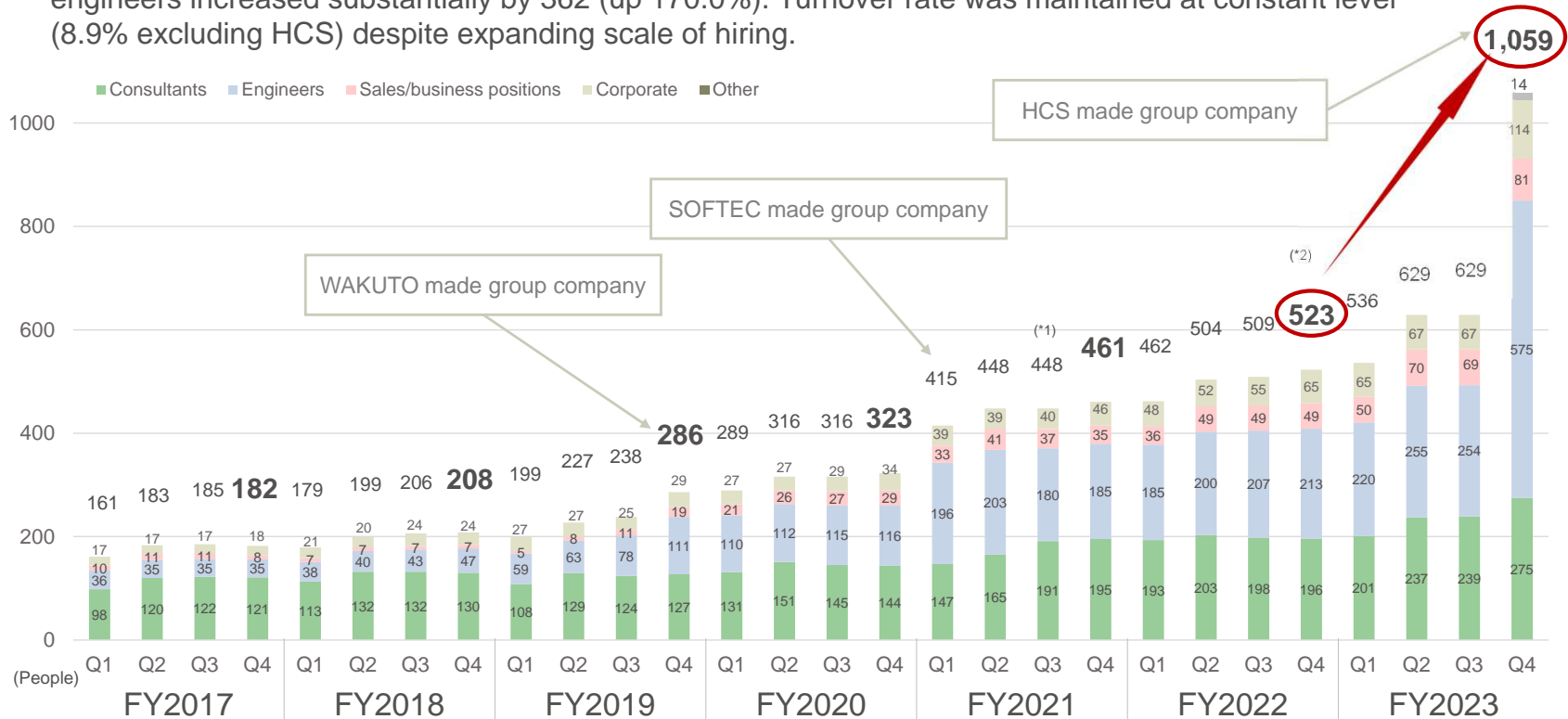
# Factors Behind Change in Consolidated Operating Profit

Sales expansion and cost control from strengthening the business structure boosted operating profit YoY.



# Quarterly Trend in Number of Employees (Consolidated)

Compared to end of previous fiscal year, number of consultants increased by 79 (up 40.3%) and number of engineers increased substantially by 362 (up 170.0%). Turnover rate was maintained at constant level (8.9% excluding HCS) despite expanding scale of hiring.



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

\*2. Including Yotsuba Saiken contract employees (employment for people with disabilities)

# Progress on Hiring Consultants / Engineers

Total of 130 people hired in FY2023 for net increase of 85 with HCS M&A resulting in another net increase of 356. With this substantial reinforcement of our personnel structure ahead of schedule, we will shift the area of investment from hiring to onboarding, training, and retention to pursue higher profitability.

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

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

	Consultants / engineers Plan for number at year-end (consolidated)						Consultants / engineers Hiring plan (consolidated)				
	2020	2021	2022	2023		2024	2021	2022	2023		2024
	Results	Results	Results	Plan	Results	Plan	Results	Results	Plan	Results	Plan
<b>Number of consultants</b>	168	195	196	256	<b>275</b> <small>(including 37 at HCS)</small>	330	39	30	75	<b>68</b> <small>(+37 at HCS)</small>	85
<b>Number of engineers</b>	93	185	213	268	<b>575</b> <small>(including 319 at HCS)</small>	610	26	44	75	<b>62</b> <small>(+319 at HCS)</small>	95
<b>Total</b>	261	380	409	524	<b>850</b> <small>(including 356 at HCS)</small>	940	65	74	150	<b>130</b> <small>(+356 at HCS)</small>	180
<b>Vs. previous year</b>	-	+17.6% <sup>*1</sup>	+7.6%	+28.1%	<b>+20.8%</b> <sup>*2</sup>	+10.6%	-	+13.8%	+102.7%	+75.7%	+38.5%

\*1. Comparison is based on number (307 in 2021) prior to SOFTEC (73 engineers) joining the Group in 2021

\*2. Comparison is based on number (494 in 2023) prior to HCS (37 consultants - 356 engineers) joining the Group in 2023



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# Summary

## Progress on deals

- **Acquired shares** of HCS Holdings Co., Ltd. (HCS).
- Following the shareholder squeeze-out, HCS was unlisted and made a **wholly owned subsidiary**.

## Acquisition cost

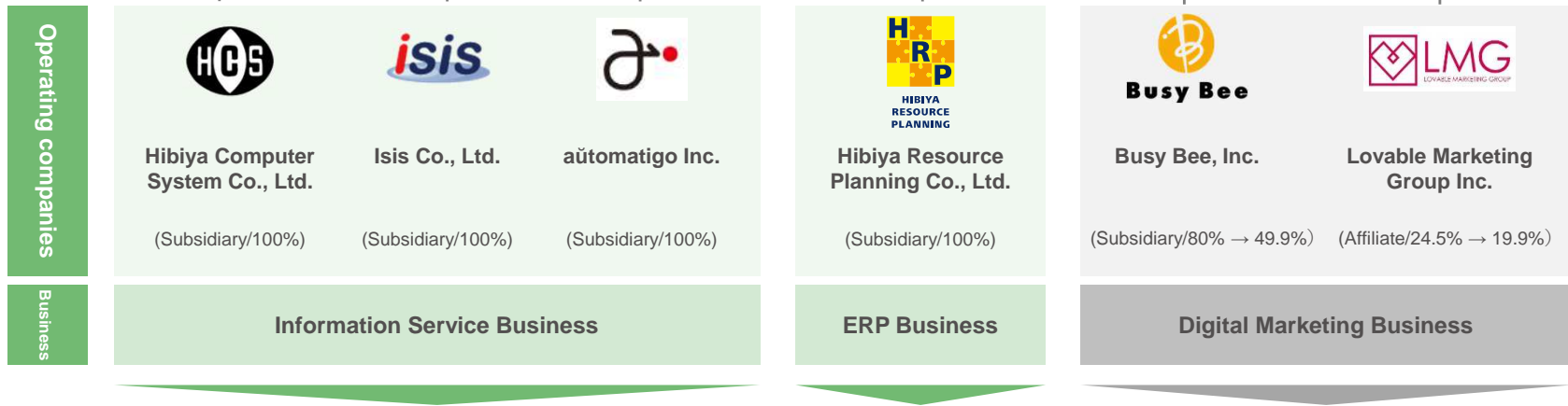
- Our own funds and long-term borrowings will be allocated to the acquisition cost (¥5,233 million).
- We have no plans for equity financing.
- FY2023 includes related one-off expenses (¥167 million).
- On the other hand, **the amount of profit after consolidation is expected to exceed the amount of goodwill (¥937 million, amortized over 12 years)** generated from FY2024 on.

## PMI

- The HCS officer composition was changed in December 2023.
- **We will also review the corporate structure** and work on creation of synergy and optimal allocation of management resources within the LTS Group.

# Overview of HCS Group Companies

HCS Holdings Co., Ltd.



- Review corporate structure, including holdings, and promote optimal allocation of management resources, including consolidation of corporate functions
- Promoting tie-ups with LTS services such as OutSystems and Salesforce

- Collaborating with LTS ERP Team (multiple collaborative projects launched already)

- Busy Bee became equity-method affiliate (49.9% of voting rights), and funds will be raised to aggressively invest in growth
- LMG to be removed from equity-method affiliates (19.9% of voting rights)

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# FY2024 Consolidated and Segment Forecasts

Full-year forecasts below based on business progress in FY2023.

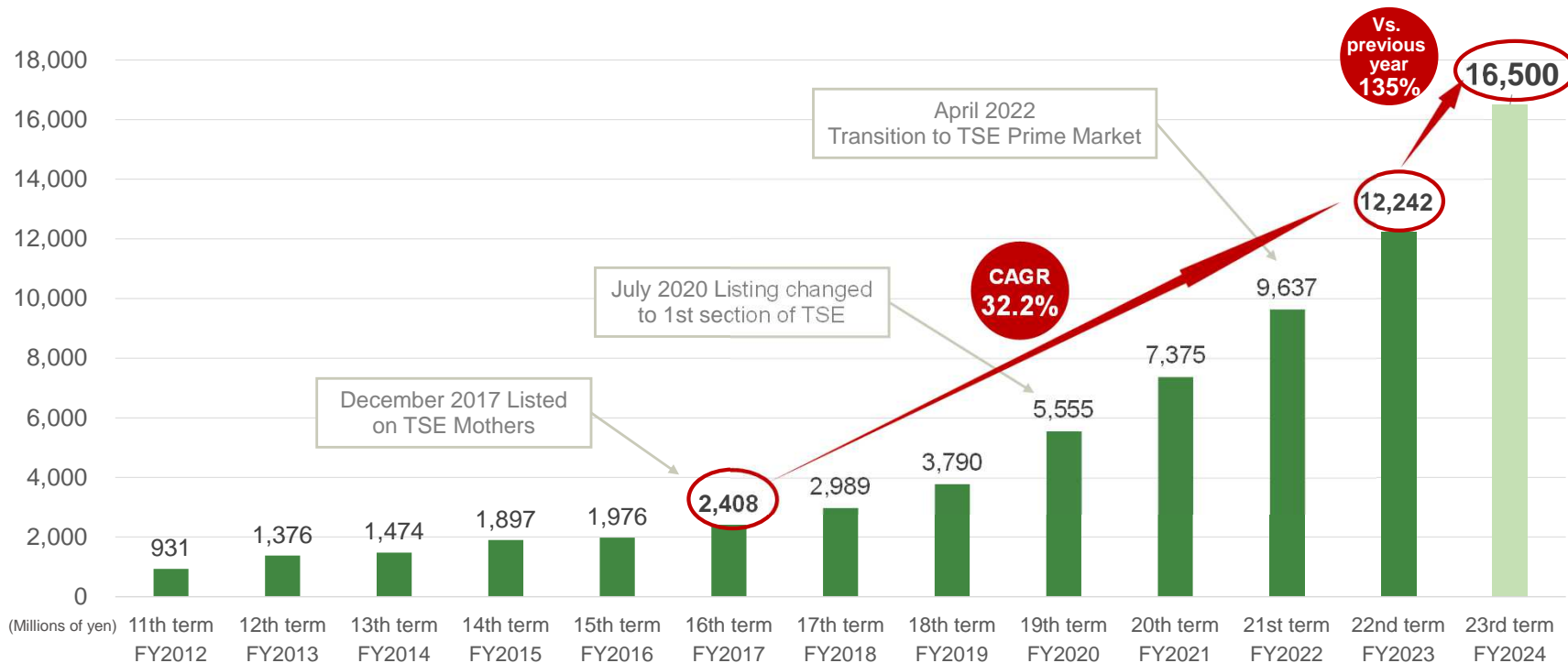
Substantial increases in revenues and earnings expected across Group.

	LTS Group overall			Professional services business			Platform business		
	FY2023 results	FY2024 full-year forecast	YoY % change	FY2023 results	FY2024 full-year forecast	YoY % change	FY2023 results	FY2024 full-year forecast	YoY % change
(Millions of yen)									
<b>Net sales</b>	<b>12,242</b>	<b>16,500</b>	<b>+ 34.8%</b>	<b>10,979</b>	<b>15,150</b>	<b>+ 38.0%</b>	<b>1,967</b>	<b>2,000</b>	<b>+ 1.6%</b>
<b>Operating profit</b>	<b>717</b>	<b>1,250</b>	<b>+ 74.3%</b>	<b>652</b>	<b>1,180</b>	<b>+ 80.8%</b>	<b>64</b>	<b>70</b>	<b>+ 8.2%</b>

# FY2024 Consolidated Net Sales Forecast

CAGR for seven years since listing in 2017 is 32.2%.

For FY2024, we expect net sales of ¥16,500 million, growth of 135% vs. previous year.

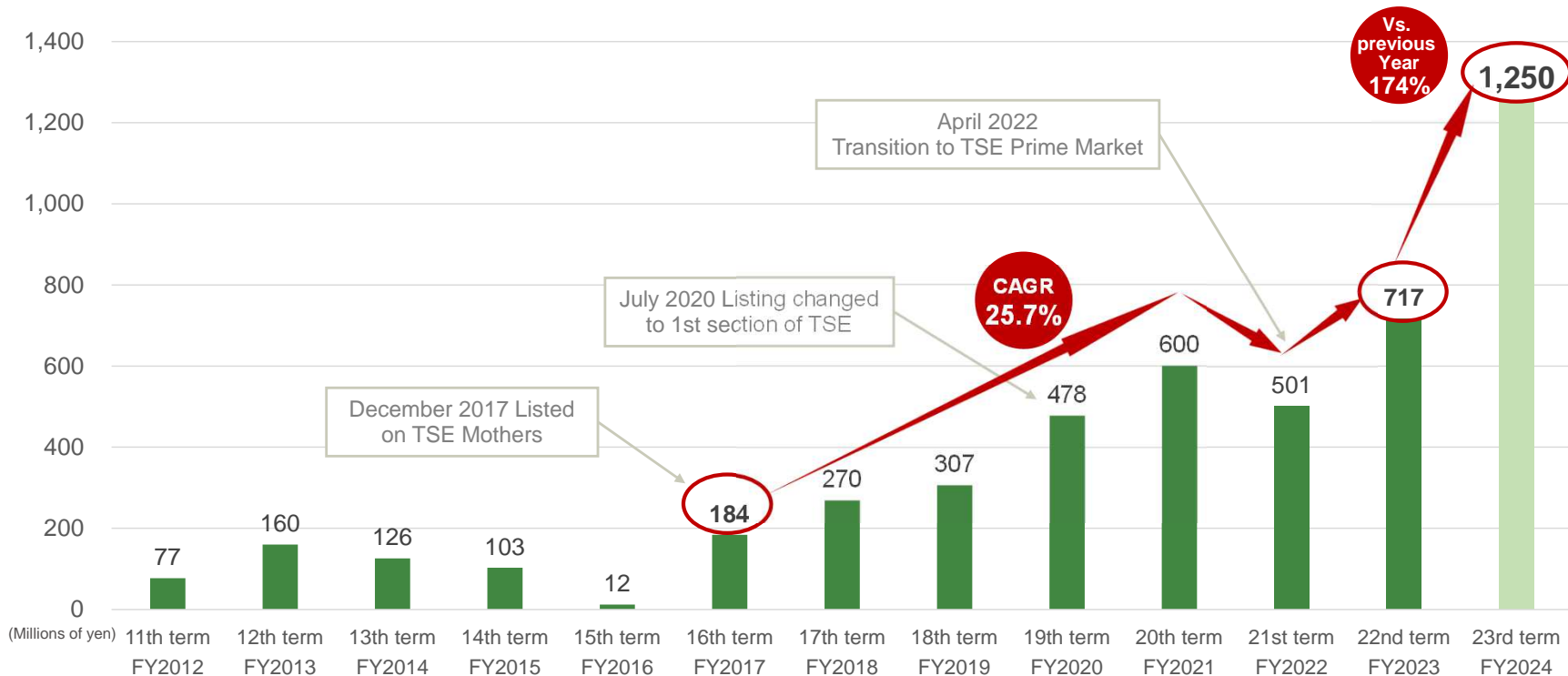


\*Figures for FY2012 (11th term) to FY2014 (13th term) are non-consolidated, and figures for FY2015 (14th term) and later are consolidated.

# FY2024 Consolidated Operating Profit Forecast

CAGR for seven years since listing in 2017 is 25.7%.

For FY2024, we expect operating profit of ¥1,250 million, growth of 174% vs. previous year.



\*Figures for FY2012 (11th term) to FY2014 (13th term) are non-consolidated, and figures for FY2015 (14th term) and later are consolidated.

# Review of Target Operating Profit

Although the operating profit forecast for FY2024 is lower than the level in the Medium-Term Business Plan established in 2021, we revised the forecast upward during the year and aim to achieve the initial target operating profit of ¥2,000 million as soon as possible.

	2020	2021	2022	2023	2024				
	Results	Results	Results	Results	(Medium-Term Plan)	Forecast			
<b>Consolidated net sales</b>	¥5,500 million	¥7,300 million	¥9,600 million	¥12,200 million	→	¥16,500 million	↔	¥16,500 million	Vs. previous year 135%
<b>Consolidated operating profit</b>	¥470 million	¥600 million	¥500 million	¥710 million (¥880 million)	→	¥2,000 million	↔	¥1,250 million	Vs. previous year 174%
<b>Consolidated operating margin</b>	8.6%	8.1%	5.2%	5.9%	→	12.1%	↔	7.6%	

[Excluding ¥167 million in costs related to HCS M&A\*]  
 \* Operating profit: ¥884 million (up 76.4% YoY)



# Challenges for Generating Operating Profit and Action Policy

The FY2024 forecast falls short of the target operating profit of ¥2,000 million established in the Medium-Term Business Plan in 2021 by ¥750 million. We will focus on growing the professional services business to achieve the target as soon as possible. (See next pages)

(Millions of yen)

(Millions of yen)

Operating profit (Full-year forecast for FY2024)		
Target as of February 2021	Forecast as of February 2024	Difference between target and forecast
2,000	1,250	-750

M&A results	<p><b>(1) HCS contribution to profit: +100</b> Results of structural reform are beginning to manifest. <b>Synergy with LTS</b> will be fully manifested from now on, so we will continue to aim for higher profitability.</p>
Business plan progress delay	<p><b>(2) Delay in progress of platform business: -250</b> We are making progress in developing sales positions, but we have not been able to increase the professional work force because we have not been able to seize opportunities. Demand is strong in the matching market, and unit prices are rising, so we aim to <b>improve sales productivity</b>.</p> <p><b>(3) Delay in raising engineer unit prices: -200</b> Delays arose in the basic scenario where engineers deliver E2E development projects put together by the consulting team to simultaneously increase customer value and profitability. The DX market continues to grow steadily, and there are many inquiries for projects, but we have experienced delays in orders from existing clients and large projects that were expected to be awarded. As such, we have not been able to expand delivery of end-to-end projects that support higher unit prices. There are still multiple opportunities for large projects, so we aim to improve profitability <b>by strengthening the integrated management of account sales, consultants, and engineers</b>, and by increasing the unit price of engineers, which has significant room for improvement.</p> <p><b>(4) Delayed progress in hiring and onboarding from previous years: -100</b> The number of employees is steadily growing, but it is still dozens short of what we anticipated in 2021, so we have not reached the target professional work force. While continuing to recruit, we aim to improve profitability by <b>raising unit prices and utilization rates</b>.</p>
Ongoing growth investments	<p><b>(5) Establishment of operational infrastructure for organization of more than 1,000 individuals: -200</b> To maintain and accelerate growth after surpassing ¥2,000 million in operating profit, we will <b>make investments that will contribute to improving the productivity of individuals and the organization</b>. (Office expansion, IT infrastructure development, investment in specialized education, increase in employee compensation, etc.)</p> <p><b>(6) Investments to enhance services: -100</b> <b>Invest in developing the next growth engine</b>. (Launch of Climate Tech business, which is experiencing increasing social demand, entry into fast-growing overseas DX markets, continuation of M&amp;A, etc.)</p>

# Human Resources

The consultant/engineer structure is steadily expanding. Unit prices also on the rise. Also working on sharing knowledge across the Group.

## Enhancement of hiring

- ✓ Established structure for hiring 130 individuals: 68 consultants and 62 engineers
- ✓ HCS M&A brought in 37 consultants and 319 engineers
- ✓ Achieved structure of 1,000 individuals, putting us among top 10 independent consulting firms in Japan

Number of employees

## Enhancement of education

- ✓ Launched onboarding program to support mass hiring
- ✓ Introduced program to support acquiring qualifications, centered on project managers and business analysts
- ✓ Held joint hackathon with FPT

Individual skills

## Coordination of knowledge

- ✓ Developed project management system in-house and began using it
- ✓ Established and expanded knowledge management system
- ✓ Continued to hold Group conferences and promoting in-person recycling and sharing of knowledge

Organizational ability

## FY2023 summary and FY2024 themes

- Did not reach numerical target, but strengthened new graduate and mid-career hiring system and **gained capacity to hire 100 people**
- **Strengthening of system for consultants and engineers accelerating through M&A**
- Although not fully linked to improved unit prices at present, **established framework for acceptance, retention, and training of mass-hired personnel**
- Reached stage where system is in place for accumulating, managing, sharing, and utilizing knowledge across Group and where **quality can be ensured and productivity improved without relying on individual capabilities**

- Raised **engineer unit prices** to certain extent throughout FY2023, but will aim to **raise it further** by winning more orders for end-to-end projects together with consulting team
- **Large number of new graduates continue to join the Company.** Will promote **early monetization** through acquisition of specialist qualifications in addition to early initialization through acceptance training carried out so far
- Will strengthen **hiring of work site PM class**, primarily those from consulting firm backgrounds, to strengthen management of young employees, who are joining the Company in large numbers

# Customers

Strengthened relationship with progressive DX companies. Developed services through industry-academia collaboration and provided programs to municipalities.

## Strengthening of relationships with progressive companies

- ✓ Promoted alliance with Yokogawa Digital and expanded service provision to Yokogawa Group
- ✓ Expanded alliance and collaboration with FPT Group from cross-selling to human resource exchange and development
- ✓ Began doing business with incorporated administrative agencies, special authorized corporations, and public interest incorporated foundations in addition to government

Service development

Customer base

## Expansion of area

- ✓ Accelerated regional revitalization business based on deals with government (Kagoshima, Hiroshima, Shizuoka, and Gunma)
- ✓ Established integrated Tokyo-Osaka service system while accelerating business development in Kansai area

Customer base

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

- ✓ Jointly invented inundation area prediction model with the University of Tokyo
- ✓ Launched Hiroshima Unicorn 10 project in Hiroshima Prefecture
- ✓ Launched entrepreneurship program for co-creation of solutions to social issues in Higashihiroshima City

Service development

Brand improvement

## FY2023 summary and FY2024 themes

- Made significant progress in collaboration with Yokogawa Digital, expanding business to point where they are **among top 10 companies** in terms of amount of business done with LTS
- Also worked on extensive alliance with FPT Group, jointly promoting **engineer and data scientist development** and **launch of Salesforce services**
- Expanded scope of business with public sector, providing not only **support for administrative DX** but also support for **regional and community revitalization in the digital era**

- Will promote **account management to strengthen relationships over medium to long term** with about 20 long-term, large volume client companies
- Will form sales promotion team in addition to sales activities led by work site PMs to **launch corporate sales at management level**
- Will promote **integrated marketing, sales, and order receiving activities across Group** by sharing information on clients and projects across group companies in addition to knowledge about project delivery

# Services

Enhanced services in digital solutions domain. Advanced overseas development through alliances with Yokogawa and FPT groups. Made progress in alliances with external partners.

## Strengthening services

- ✓ Enhanced delivery system for leading solutions and services such as SAP, Salesforce, and OutSystems (formed team within LTS and collaborated with HCS)
- ✓ Launched generative AI-related services
- ✓ Expanded services in domains other than DX promotion

Solutions

## Overseas business development

- ✓ Overseas projects increased, due in part to alliances with Yokogawa and FPT groups

Overseas  
development support

On-site services

## Alliances with partner companies/individuals

- ✓ Promoted Digital Shift Accelerator Program (METATEAM and FUNDINNO)
- ✓ Promoted business alliance in DX domain (DLIGHT and Apptio)
- ✓ Assign Navi membership increased (corporate and individual)

Alliances

## FY2023 summary and FY2024 themes

- Joined group companies SOFTEC, HCS, FCJ, and others to **enhance structure for provision of solutions** that have become industry standard together as a Group
- Established **broad service lineup** related to **generative AI**, from large language model operational processes and implementation in IT systems to provision of Excel tools
- **Accelerated general consulting**, including support for environmental management, human capital management, and M&As
- **Will expand ecosystem for optimal solutions** for clients, from startups to major corporations, whether it be standalone service provision by LTS or model development

- Will integrate consulting (business) and engineering (technology) to **support end-to-end DX promotion as the best partner** to client companies (seamless support from strategy formulation to operational execution, and realization of efficient IT investments)
- Up to now, LTS has created many services based on ideas and challenges of passionate business leaders. Will **establish group-wide service architecture and rebuild framework for knowledge and human resource development**

# Group Management

Increased number of cross-Group project deliveries to improve corporate value. Promoted integration of corporate functions.

## Creation of synergy

- ✓ Promoted cross-Group placement and assignment of sales reps, consultants, and engineers
- ✓ Shared information on customers, projects, and services
- ✓ Established policies and rules for increasing internal transactions

Increased value

Streamlining

## Enhancement of corporate functions

- ✓ Group-wide personnel exchange and knowledge-sharing (rolled out best practices)
- ✓ Dispatched all corporate staff to LTS
- ✓ Promoted cross-Group placement and assignment, not only at staff level but also at organization head level

Increased value

Streamlining

## FY2023 summary and FY2024 themes

- **Increased orders for end-to-end projects supporting corporate customers' reform** with all-LTS approach (meanwhile, orders for existing customers and large projects were delayed)
- **Established Group management promotion system** for management at group companies to exchange information and sort through issues from standpoints of human resources, customers, and services, which are priority themes of Medium-Term Business Plan
- Promoted **mutual understanding at employee level** rather than management level through general meetings of Group employees and exchange meetings

- Will work on **maximizing order opportunities and profitability** in business divisions by continuing to promote sharing of information on customers (projects), human resources (operations), and services
- Will promote group-wide **shared service center** in corporate divisions based on reorganization of existing operational processes for some functions
- Will **draw up schemes and scenarios for launch and development of overseas business** to prepare for transition to global management structure
- Will expand office space to establish **integrated operating environment for Group companies**

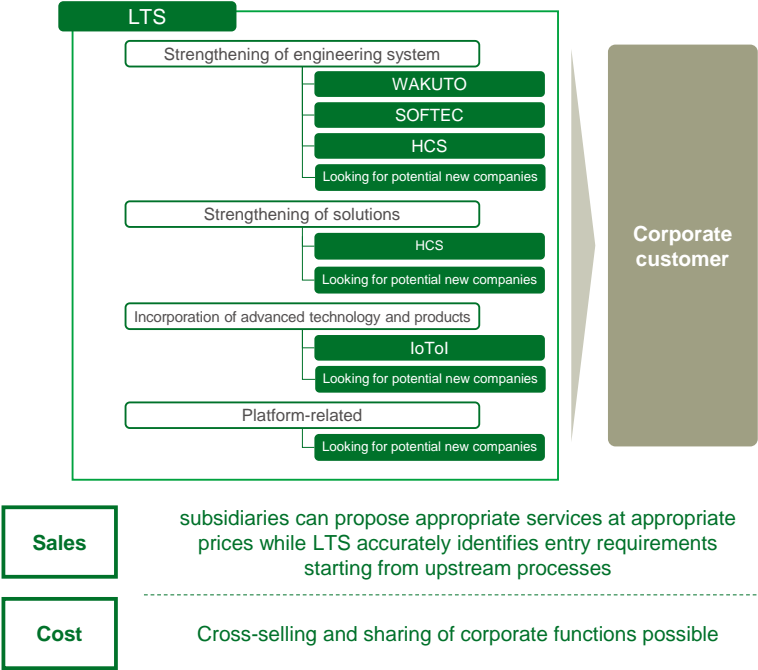
# Group Management: M&A

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

### LTS M&A Policy

- The customer base and customer relationships have been steadily growing stronger, and believing it is important to **strengthen our solution support system** to further enhance support for individual transformation, our policy is to actively promote M&A.
- Main target domains are as follows:
  - Strengthening of engineering system (development-infrastructure operations)**  
→ Further strengthening on top of WAKUTO, SOFTEC and HCS
  - Strengthening of solutions**  
→ MS365, SAP, SFDC, outsystems, PMO, etc.
  - Incorporation of advanced technology and products**
  - Services contributing to platform business expansion**
- After a company joins the Group, LTS will utilize its past experience to provide end-to-end services while accurately identifying entry requirements starting from upstream processes.

### Strengthen Group Structure and Improve Profitability through M&A



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1. Highlights
2. Business Overview
3. Overview of FY2023 Financial Results
4. Conversion of HCS Holdings into Subsidiary
5. Forecast for FY2024
6. Dividends of Surplus
7. Reference Material

# Capital Allocation

In allocating funds for improvement of corporate value over the medium to long term, we will seek to strike a balance with shareholder return while prioritizing investment for business growth.

## Preconditions for capital allocation

### Also reached certain scale in financial domain

- Business has grown significantly since listing in 2017
  - Net sales and operating profit increased by about 7x
  - Number of employees increased by about 6x
- Funds in hand have increased with business growth while maintaining certain degree of financial soundness
  - Operating profit reached level where billion yen is in sight
  - Operating cash flows also growing steadily
  - Using debt and equity financing as necessary
- Also looking into effective use of asset holdings such as some stocks and real estate, including conversion to capital

## Business growth investments

### Continue investing aggressively to improve corporate value

- Human capital investment (hiring, development, and retention of human resources, our fundamental growth driver)
- Establishment of operational infrastructure (enhancement of IT, offices, and intellectual property to support improved productivity)
- R&D investment (develop next growth engine)
- M&A investment (realize discontinuous growth)

## Shareholder return

### Maximization while maintaining balance with business growth

- Stock price increase due to earnings per share (EPS) growth
- Dividends of surplus
- Share buybacks with eye to improving capital efficiency



# Dividends of Surplus

We will begin paying dividends at the end of FY2024 based on the preconditions for capital allocation.

## Our approach to shareholder return

### EPS improvement

- Main shareholder return measure is to increase corporate value (stock price) through medium- to long-term EPS growth

### Dividends

- **Basic principle is to pay stable ordinary dividends over long term**
- **Dividend payout ratio to be around 20%**

### Share buyback

- Share buybacks considered on case-by-case basis while balancing investment in growth and capital efficiency and implemented flexibly as needed
- Past results
  - Implemented irregularly in 2019-2023
  - Around ¥840 million worth purchased in 2019-2023

## Dividend planned for FY2024

### Dividend per share

**¥30.0 (ordinary dividend)**

(Planned for year-end)

### Dividend payout ratio

**19.8%**

(Calculated based on FY2024 forecast)

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# Overview of LTS, Inc.



<b>Representative:</b>	Hiroaki Kabashima, President and CEO
<b>Foundation:</b>	March 2002
<b>Address:</b>	Akasaka Center Building 14F, 1-3-13 Motoakasaka Minato-ku, Tokyo, 107-0051, Japan
<b>Services:</b>	Professional services business Platform business
<b>Subsidiaries:</b>	LTS Link, Inc. LTS ASIA CO., LIMITED (Hong Kong) WAKUTO Co., Ltd. IoTol Japan Inc. SOFTEC Co., Ltd. HCS HOLDINGS CO.,LTD.
<b>Group company:</b>	FPT CONSULTING JAPAN CO., LTD
<b>Memberships:</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

# Directors

## President and CEO

Director of LTS Link, Inc.  
Director of HCS Holdings Co., Ltd.

## Hiroaki Kabashima

Graduated Keio University

- 1998 Joined ING Life Insurance Co., Ltd.  
(Now NN Life Insurance Company, Ltd.)
- 2000 Joined IQ3 Inc.
- 2001 Joined Learning Technology Consulting Inc.
- 2002 Founding director of the Company
- 2002 President and 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.
- 2023 Director of HCS Holdings Co., Ltd.

## Director and Chairperson

## Yuichi Kanagawa

Graduated Waseda University

- 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

## Director and COO

## Ryosuke Ueno

Graduated Tsukuba University  
and Advanced Institute of  
Industrial Technology

- 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.  
Director and Chairperson of HCS Holdings Co., Ltd.

## Sungil Lee

Graduated The University of Tokyo

- 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.
- 2023 Director and Chairperson of HCS Holdings Co., Ltd.

## Director and CSO

Director of IoTol Japan Inc.

## Yu Kamemoto

Graduated Keio University

- 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

## Director

President and Representative Director of SOFTEC Co., Ltd.

## Atsushi Tsukahara

Graduate Tsukuba University

- 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)**

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## 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)**

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## 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)**

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## 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.  
OKAMURA CORPORATION  
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 Parts Sales Chuo Co., Ltd.  
Yazaki Corporation

## ■ Food/Restaurant/Agriculture/Medical/Pharmaceutical

Kirin Holdings Company, Limited  
KIRIN BUSINESS SYSTEM COMPANY, LIMITED (KIRIN Group)  
TAKANAWAKAI (Dental Cruise)  
Chugai Pharmaceutical Co., Ltd.  
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

NEC Management Partner, Ltd. (NEC Group)  
NTT Communications Corporation (NTT Group)  
The Board Director Training Institute of Japan  
KOSAIDO Holdings Co.,Ltd.  
Jiji Press Ltd.  
CENTRAL SECURITY PATROLS CO.,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 Holdings Inc.  
Recruit Jobs Co., Ltd.

## ■ Financial/Securities/Insurance

Aioi Nissay Dowa Insurance Co., Ltd.  
IDEMITSU CREDIT CO.,LTD. (Idemitsu Kosan Group)  
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  
Gunma Prefecture  
Ministry of Economy, Trade and Industry  
Shizuoka Prefecture  
Shizuoka City  
Ministry of Internal Affairs and Communications  
Hiroshima Prefecture  
Hiroshima University




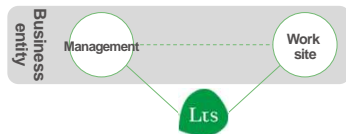
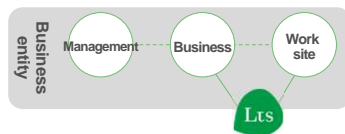
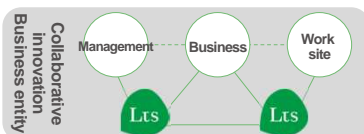
## ■ Consulting/IT

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

# Changes in the Consulting Industry and Current Challenges

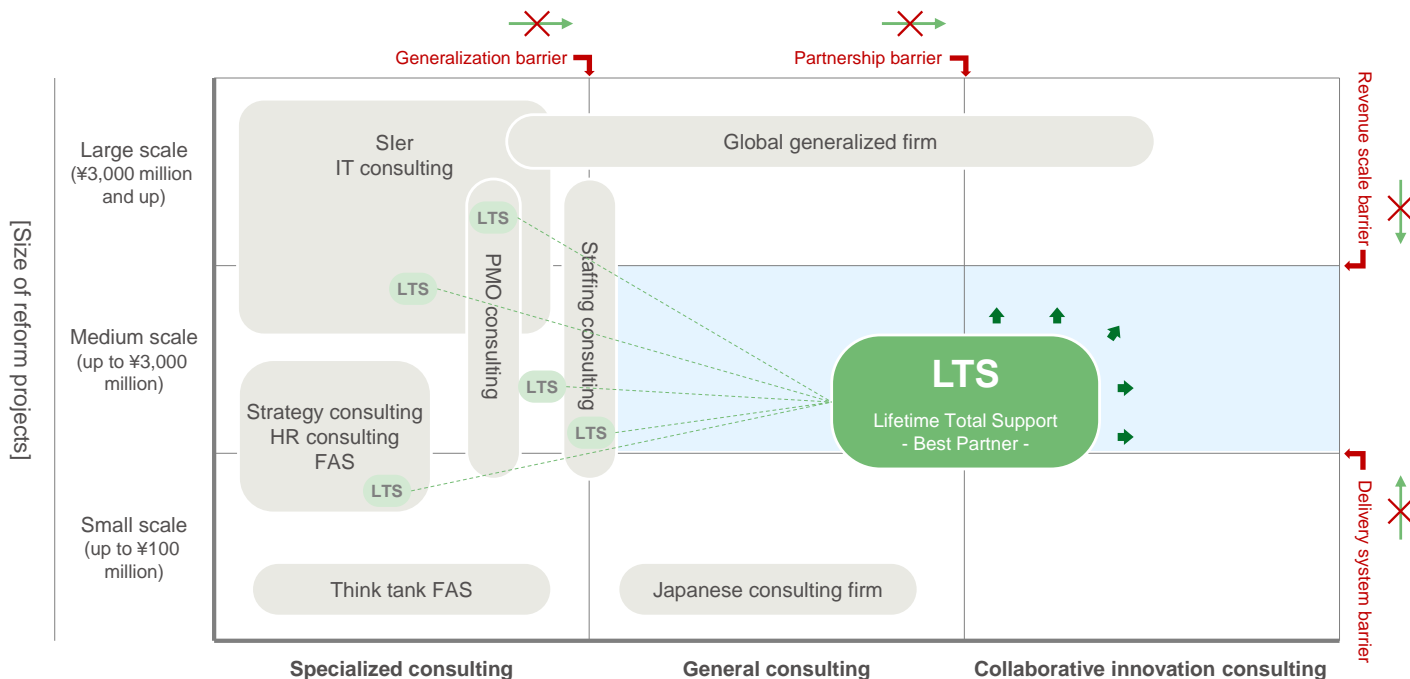
The consulting industry has grown while changing the value provided, but in the future, it will be required to go beyond providing specialized knowledge and general services to clients and build true partnerships for collaborative innovation of business results while promoting the acquisition of business agility together.

	[Consulting 1.0] Specialized consulting	[Consulting 2.0] General Consulting	[Consulting 3.0] Collaborative innovation consulting
Value provided	 <ul style="list-style-type: none"> <li>• <b>Suggesting strategies</b> to management</li> <li>• <b>Presenting systems</b> for businesses/functional organizations</li> </ul>	 <ul style="list-style-type: none"> <li>• <b>Providing cross-functional solutions</b></li> <li>• <b>Providing business engineering</b> for businesses/functional organizations</li> </ul>	 <ul style="list-style-type: none"> <li>• Commitment to clients' <b>business results as partner in changing times</b></li> <li>• Develop clients' <b>own adaptability to change</b></li> </ul>
Challenges	<ul style="list-style-type: none"> <li>• New strategies <b>fall through</b></li> <li>• Corporate reform stops at <b>partial optimization</b></li> </ul>	<ul style="list-style-type: none"> <li>• DX stops at <b>digitalization (efficiency)</b></li> <li>• Corporate reform projects stop at <b>one-off measures</b></li> </ul>	<ul style="list-style-type: none"> <li>• Few consulting firms go beyond a business model of being a supporter</li> </ul>
LTS support	 <p>■ <b>Change management</b> Bridging gap between management and work site to prevent reform projects from failing</p>	 <p>■ <b>Business process management</b> Improving ROI of reform projects by integrating business and digital technology</p>	 <p>■ <b>Agility management</b> Engaging in collaborative innovation on story of growth and evolution through integrated management of business structure (strategy, operations, people, and IT)</p>

# Unique Positioning in the Industry

Few consulting firms can be called true partners for companies drawing up strategies for long-term growth by bundling a diverse group of medium-sized reform projects into a program.

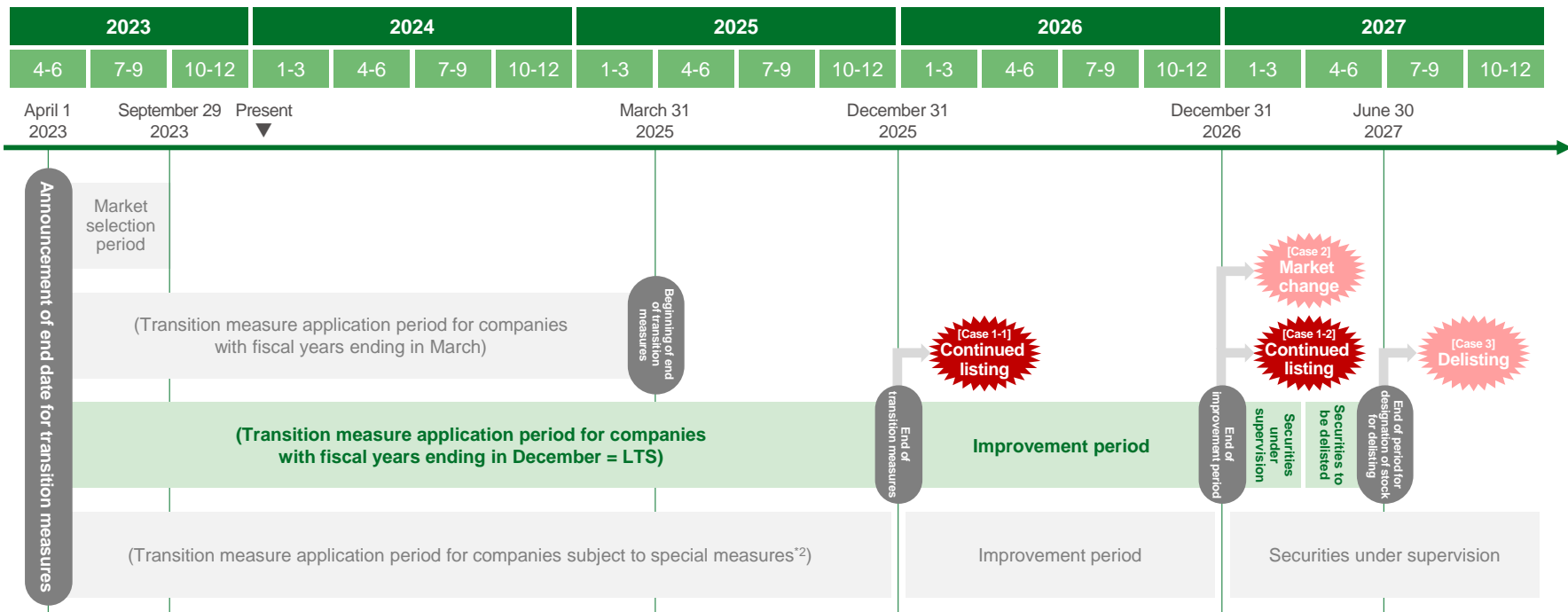
LTS supports the success of reform projects and the acquisition and enhancement of business agility as a collaborative innovation partner to high-potential semi-major companies.





# Criteria for Continued Prime Market Listing

Through FY2024 and FY2025, LTS will meet the criteria for continued listing on the Prime Market\*1.



Reference: "Overview of Handling of Transition Measures and Other Matters Relating to the Continued Listing Criteria," Tokyo Stock Exchange (January 2023)

\*1. Among the listing criteria, those for (1) number of shareholders, (2) No. of tradable shares, (3) and tradable share ratio are met, but that for (4) tradable share market cap is not (must continue to meet these criteria after the end date of transition measures).

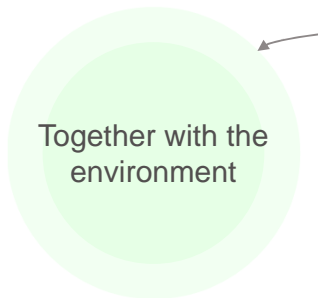
\*2. Companies disclosing a plan as of March 31, 2023 with a completion date beyond the first record date on or after December 31, 2026.

# 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



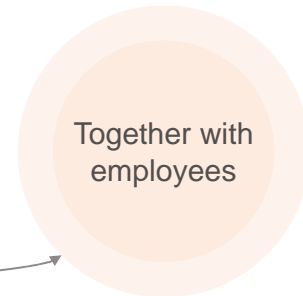
Activities through business management and service provision



## - 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



Together with local communities and society

Visiting lectures at universities



Connections to local communities



and more...

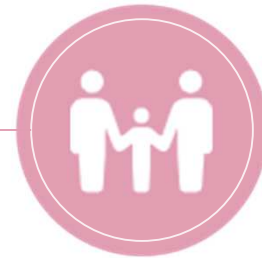
Pro bono



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



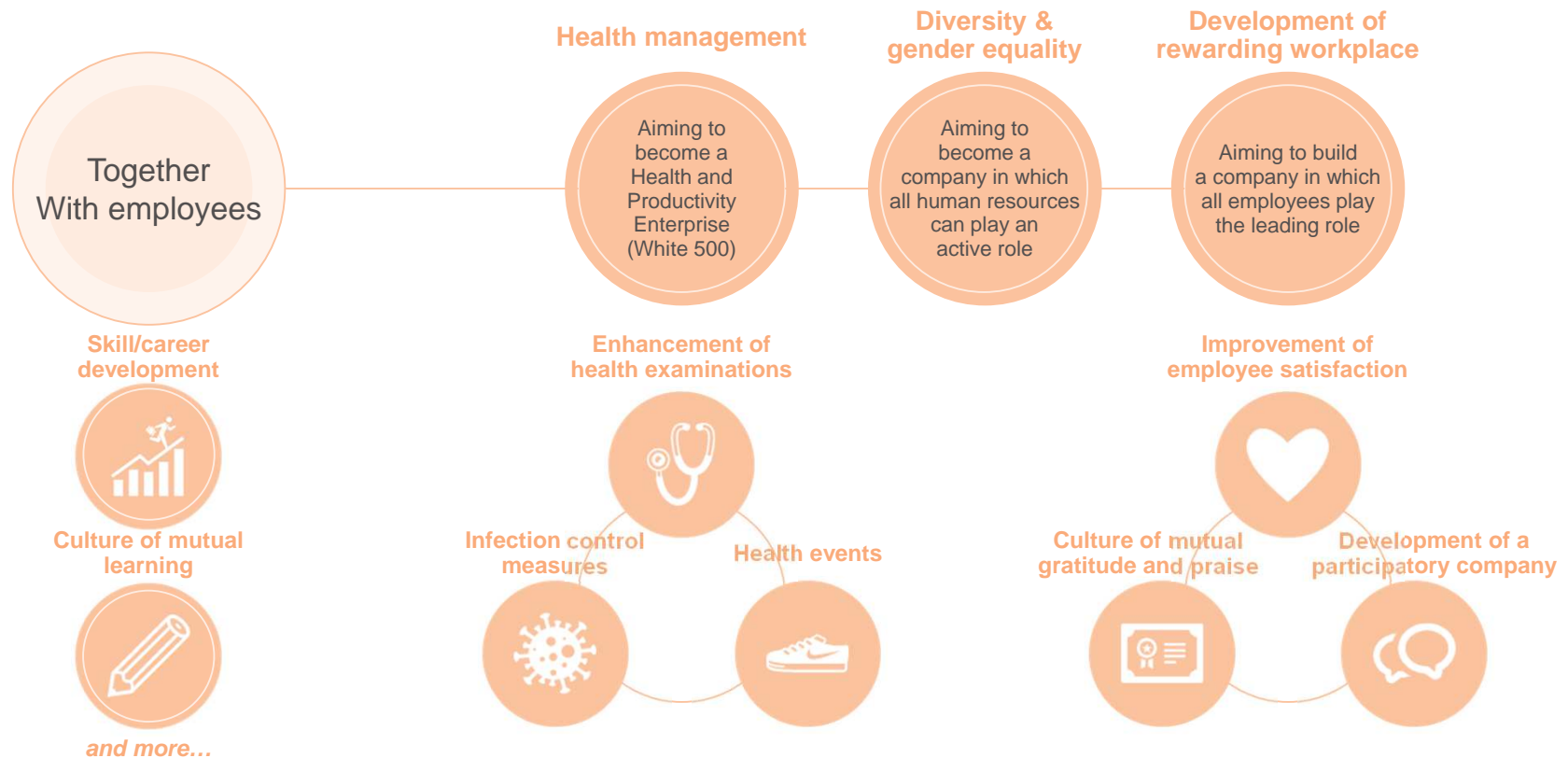
Family Day



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 -

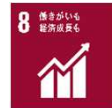
- Diversity is tolerance -



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 planted
- June 2023 First harvest



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



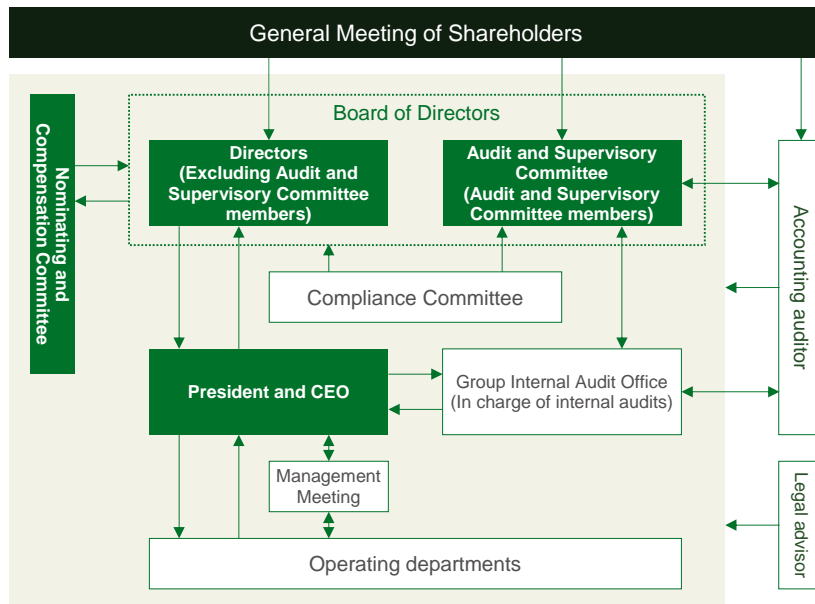
Covering the bed with waterproof, water supplying, and root barrier sheets, and spreading pumice on top of the sheets



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.**



**End of File**