

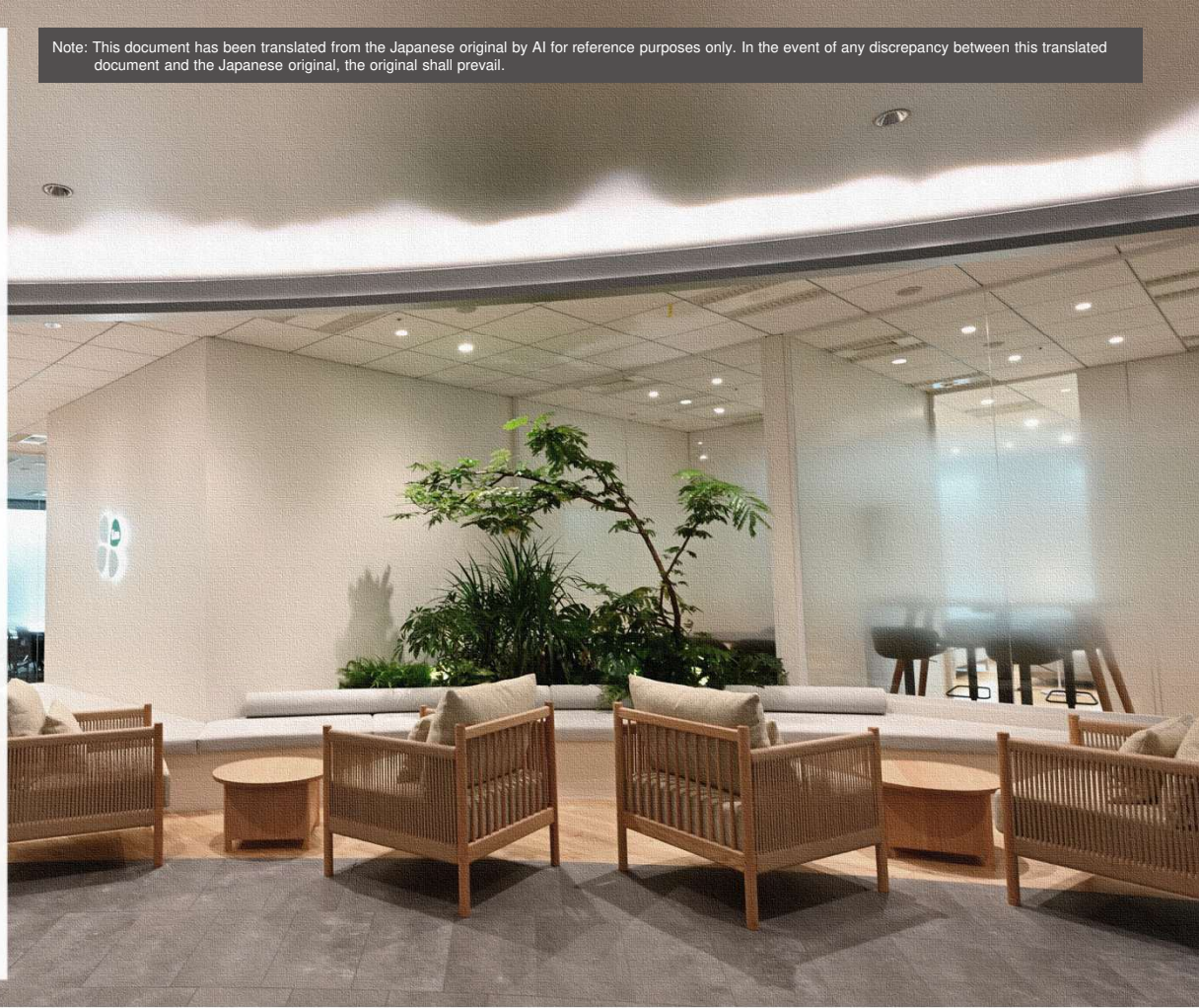


Q3 FY2025 Financial Results

11/2025

LTS, Inc.

(TSE Prime Market Securities code 6560)



- 1. Q3 FY2025 Financial Results**
2. FY2025 Full Year Forecast
3. Shareholder Return & Capital Management Policy
4. Medium- to Long-Term Growth Scenario
5. Reference Material

Q3 FY2025 Financial Results Summary

Net sales

12,881 million yen

YoY growth rate **5.2%**
 Quarterly Plan Achievement Rate **95.9%**
 Progress vs. Post-revision Forecast **70.5%**

Operating profit

884 million yen

YoY growth rate **15.4%**
 Quarterly Plan Achievement Rate **~%**
 Progress vs. Post-revision Forecast **75.0%**

(Reference) FY2025 Post-revision Forecast

Net sales

18,280 million yen

YoY growth rate **10.2%**

Operating profit

1,180 million yen

YoY growth rate **6.5%**

Consolidated Financial Results

- Q3 standalone** Although some effects from the project with losses recorded in Q2 remain, the earnings trend is on a steady recovery track. Both net sales and operating profit reached new record highs for Q3 standalone results.
 (Net sales: ¥4,309M / Operating profit: ¥410M)
- Q3 cumulative** After a temporary slowdown in Q2 due to the impact of the project, Q3 cumulative results also reached a new record high.
 (YoY growth rate for operating profit: 15.4%)
- Full Year Forecast** The impact of the project will be resolved in the first half of Q4, and progress toward the revised forecast is on track.
- Next Fiscal Year Outlook** Maintaining stable growth amid a favorable business environment.
 Overcoming the temporary decline in profitability caused by the one-time loss incurred this fiscal year, the guidance figures disclosed (operating profit of ¥1,680 million) are considered achievable.

Q3 FY2025 - Consolidated Profit and Loss Statement

- Both net sales and operating profit show solid growth YoY
- (Due to the impact of extraordinary losses recorded in Q2, each profit line item from profit before tax downward decreased)

(Millions of yen)	FY2025 Q3 results (Cumulative)	FY2025 full year plan (Post-revision)		Q3 YoY % change		FY2025 Q3 results (Standalone)	Q3 YoY % change		Q3 QoQ % change	
		Plan	Q3 progress	FY2024 Q3	YoY growth		FY2024 Q3	YoY growth	FY2025 Q2	QoQ change
Net sales	12,881	18,280	70.5%	12,246	↑ 5.2%	4,309	4,226	↑ 2.0%	4,150	3.8%
Gross profit	4,503	6,890	65.4%	4,352	3.5%	1,621	1,537	5.4%	1,323	22.5%
Gross profit margin	35.0%	37.7%	-	35.5%	-0.6 pt	37.6%	36.4%	1.2pt	31.9%	5.7pt
Operating profit	884	1,180	75.0%	766	↑ 15.4%	410	360	↑ 14.0%	50	714.1%
Operating margin	6.9%	6.5%	-	6.3%	0.6pt	9.5%	8.5%	1.0pt	1.2%	8.3pt
Ordinary profit	917	1,230	74.6%	795	15.3%	391	371	5.4%	70	454.3%
Profit before income taxes	706	1,020	69.3%	934	-24.3%	377	509	-26.0%	-126	-%
Profit attributable to owners of parent	473	650	72.8%	700	↓ -32.4%	246	345	↓ -28.7%	-105	-%

* EBITDA: ¥1,089 million / EBITDA margin: 8.5%

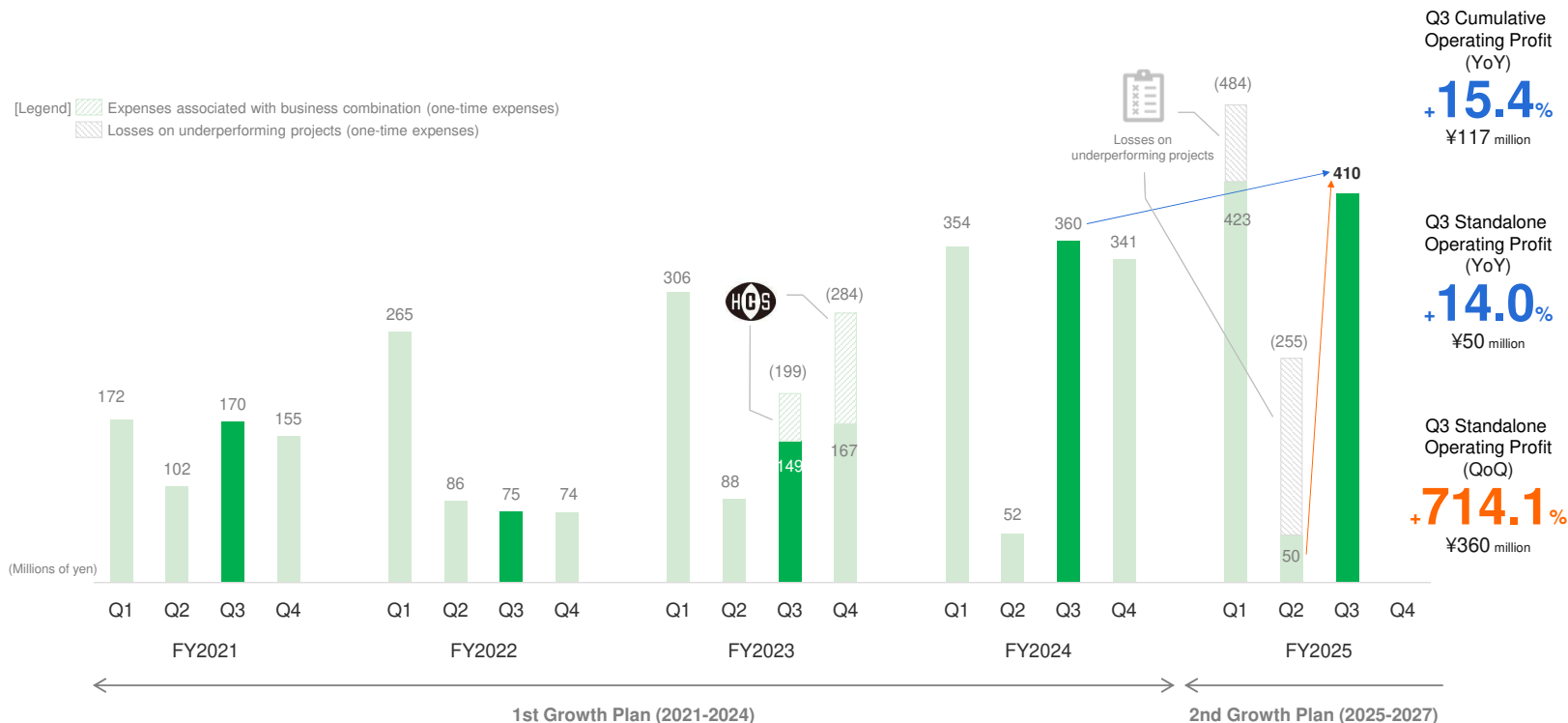
Quarterly Trend in Consolidated Net Sales

- Achieved record-high quarterly net sales in Q3.



Quarterly Trend in Consolidated Operating profit

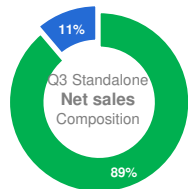
- Overcame the impact of losses recorded on some projects in Q2, achieving record-high quarterly operating profit in Q3.



Quarterly Performance Trends by Segment

- Revenue in the Platform Business (Professional Hub service) continued to decline due to a lower number of active employees.

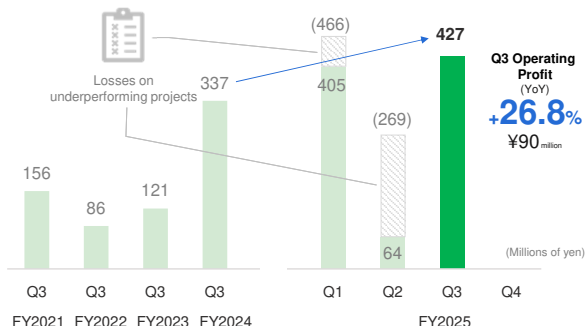
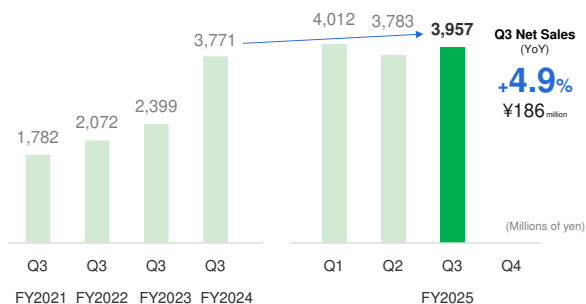
Business Structure



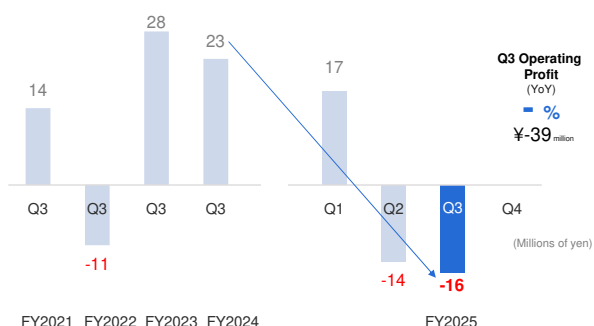
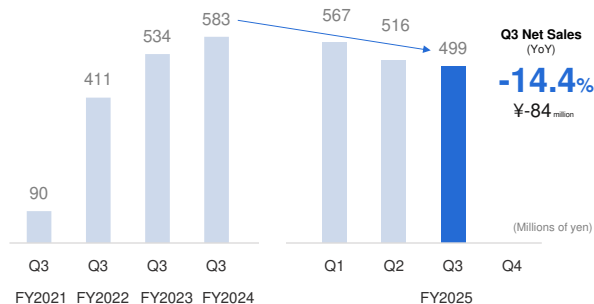
■ Professional services business
■ Platform Business

Q3 Operating Profit
(Composition Ratio Graph Omitted)

Professional services business



Platform Business



Q3 FY2025 Consolidated Balance Sheet

- Although net cash decreased due to new long-term borrowings and the purchase of treasury shares in Q2, a certain equity ratio was maintained, securing financial capacity to support aggressive investment.

(Millions of yen)	FY2025 Q3 results	YoY		QoQ	
		FY2024 Q3	YoY change	FY2025 Q2	QoQ change
Current assets	7,042	6,867	174	6,651	391
Cash and deposits, etc.	3,641	4,203	↓ -562	3,968	↓ -326
Non-current assets	3,135	4,650	-1,515	3,065	70
Total assets	10,178	11,518	-1,340	9,716	461
Current liabilities	3,154	3,034	120	3,294	-139
Non-current liabilities	2,377	4,247	-1,870	1,784	592
Total liabilities	5,531	7,281	-1,750	5,078	452
Interest-bearing debt	3,159	4,828	↓ -1,668	2,369	↑ 790
Total equity	4,533	4,131	401	4,524	9
Net assets	4,646	4,236	410	4,637	8
Equity ratio	44.5%	35.9%	↑ 8.6pt	46.6%	↓ -2.1 pt

Reference indicators
(Q3 FY2025 results)

Net cash	481
Net D/E ratio	-0.11
Liquidity ratio	223.3%

Q3 FY2025 Activities Summary

Human Resources

Promoted initiatives to strengthen expertise, reinforcing the new human resources portfolio framework

- Renewed competencies and development systems for each professional position
- 22 employees obtained professional qualifications in the PM and BA fields
- Continued proactive hiring of senior managers

Services

The number of GX/SX solutions provided, primarily through ME-Lab Japan, is steadily increasing

- Shizuoka City's "Forest Carbon Credit Creation Promotion Project"
- Yamanashi Prefecture and Mount Fuji Research Institute's "Yamanashi Volcano Disaster Prevention Innovation Pitch Contest 2025"
- NEDO's "Life Simulation and Well-being Improvement Using Quantum Technology"

Customers

In addition to strengthening account sales for key customers, made progress in developing promising new clients

- 23 new clients added as a result of marketing activities
- Continued large-scale transactions with public sector, including central ministries, local governments, independent administrative agencies, and national university corporations.

Group Management

Promoted optimization of knowledge and resources across the group

- Held a group conference to promote the circulation and sharing of knowledge within the group.
- Promoted optimization of personnel allocation in corporate departments, and consolidation and outsourcing of operations across companies.

Progress on Q2 one-time loss - Project overview and impact on earnings

- Progress is generally within the scope assumed at the time of the Q2 financial results, and there is no change to the impact on current and next fiscal year earnings.
- Note: Specific details of the project are withheld at this time due to confidentiality obligations and the fact that the project is in the process of being executed by a team that does not include us.

Project overview

● Relevant project

- Contracted project in system development field

● Incident

- Issues in project execution related to quality and delivery schedule occurred

● Our response

- Added personnel and work hours to address issues (increasing costs in Q1 and Q2)

● Current situation (updated)

- Recorded estimated related costs as losses
- Contract termination has been finalized**

Impact on current fiscal year results

● H1 results

- Operating profit down by **¥266 million**
 - Q1: ¥61 million
 - Q2: ¥205 million
- Extraordinary losses of ¥188 million recorded in Q2

● H2 forecast

- Operating profit down by **¥110 million**
 - Q3: ¥67 million
 - Q4: ¥42 million

● Revision to financial results forecast

- Operating profit forecast revised downward by **220 million yen**
 - Project: **-¥376 million**
 - Other: **+¥156 million**

(See p. 13 and p. 52)

Impact on next fiscal year results

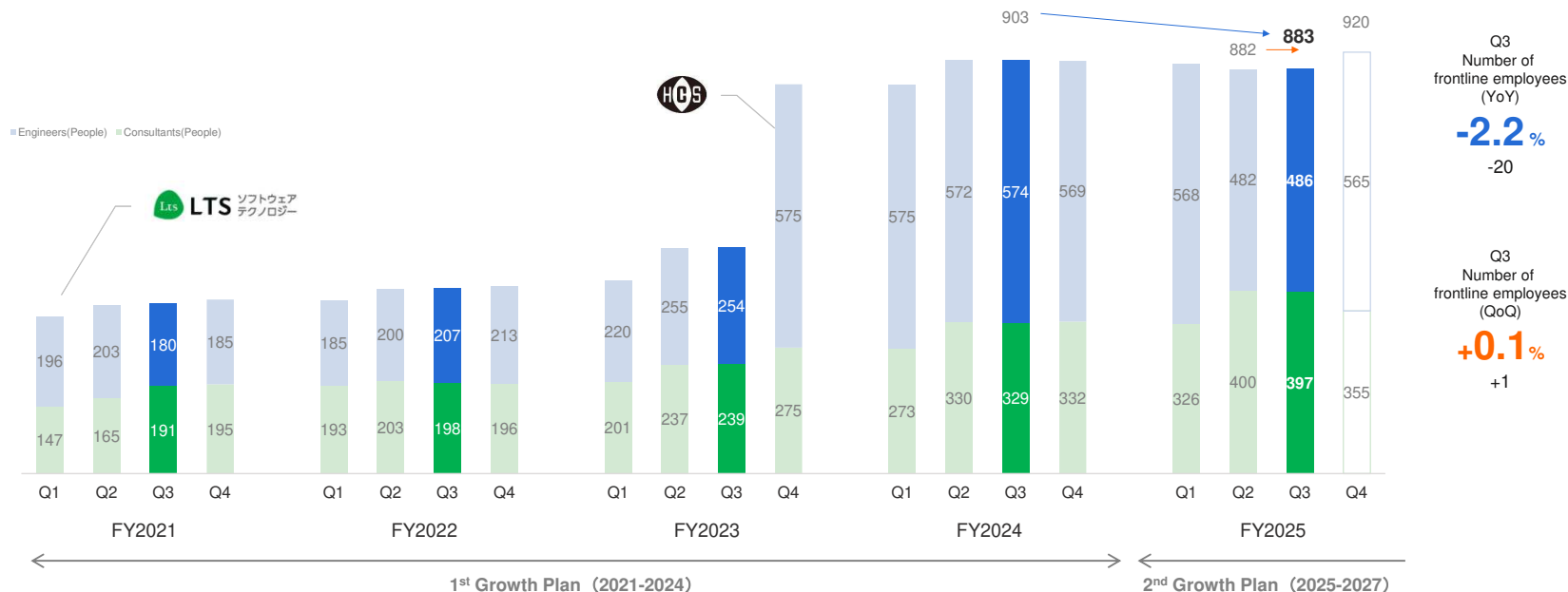
● Next fiscal year forecast

- No change from initial guidance
 - Net sales: **¥20,150 million**
 - Operating profit: **¥1,680 million**
- All losses related to the project already reflected in current fiscal year results
- Excluding the project, performance in Professional Services Business remained solid

(See p. 22)

Quarterly Trends in Number of Frontline Employees (Consolidated)

- Although the expected fiscal year-end frontline headcount (920 people) will not be reached, significant progress has been made in optimizing the composition ratio of consultants and engineers
 - Consultants: Increased beyond initial assumptions due to hiring as well as progress in reskilling engineers to system analysts
 - Engineers: Expected to fall short of initial assumptions due to headcount reduction from deconsolidation and curbed hiring reflecting the utilization and impact of generative AI
- Hiring progress reached 72.0% despite challenging recruitment environment, with turnover rate controlled at 7.7%



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FY2025 Consolidated Performance Forecast (by Segment)

- Professional Services Business expected to continue increasing revenue and profit despite one-time loss.
- Platform Business expected to see decline in revenue and profit due to reduced profitability from lower number of active employees.

	(Millions of yen)	(Post-revision) FY2025 forecast	(Initial) FY2025 forecast	Revised Amount	FY2024 results	YoY change	YoY growth rate	Reference (Post-revision)
Net sales	(Consolidated)	18,280	18,280	±0	16,592	1,687	10.2%	Net sales composition
	Professional Services Business	16,900	16,500	+400	14,883	2,016	13.5%	
	Platform Business	2,000	2,400	-400	2,237	-237	-10.6%	
Operating profit	(Consolidated)	1,180 (6.5%)	1,400 (7.7%)	-220	1,107 (6.7%)	72 (-0.2pt)	6.5%	Operating profit composition
	Professional Services Business	1,175 (7.0%)	1,280 (7.8%)	-105	1,031 (6.9%)	143 (0.1pt)	13.9%	
	Platform Business	5 (0.3%)	120 (5.0%)	-115	76 (3.4%)	-71 (-3.1pt)	-93.5%	
Ordinary profit		1,230 (6.7%)	1,350 (7.4%)	-120	1,069 (6.4%)	160 (0.3pt)	15.0%	- Net profit attributable to owners of parent for FY2024 includes extraordinary income of 567 million yen from the sale of real estate in the second half, temporarily boosting profit before tax. - For FY2025, at the beginning of the period, only ordinary profit growth was positioned as the basis for growth in profit before tax and net profit, resulting in a YoY decline of 7.5%, but due to the occurrence of an extraordinary loss during the period, net profit attributable to owners of parent shows a YoY decline of 33.2%
Profit attributable to owners of parent		650 (3.6%)	900 (4.9%)	-250	973 (5.9%)	-323 (-2.3pt)	-33.2%	

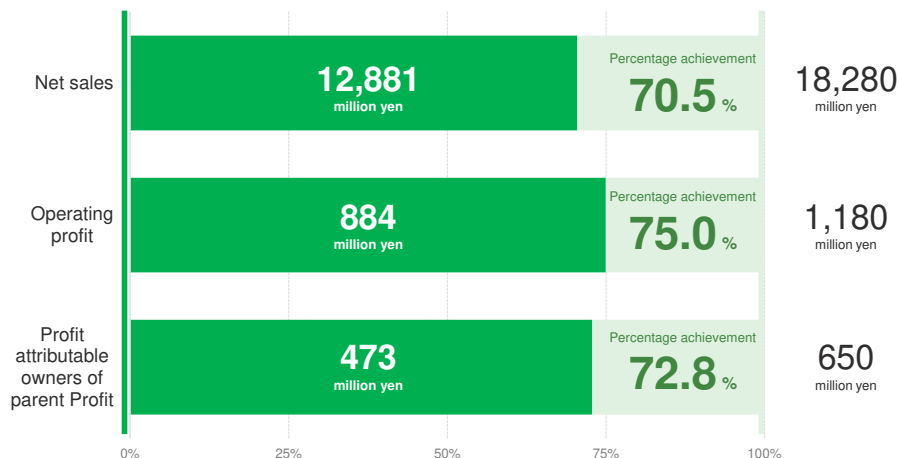
Q3 FY2025 - Consolidated Financial Results

- Cumulative results for net sales, operating profit, and profit attributable to owners of parent through Q3 are tracking in line with the post-revision forecast.

Financial results indicators

Q3 progress*

Post-revision Forecast



Risk awareness and response status

- Delay in reassigning personnel from the project with recorded losses to other projects, leading to a decline in utilization rate
 - Strengthen sales activities to develop new projects
 - Utilize professional staffing model services concurrently
- Prolonged decline in number of active employees in Platform Business (Professional Hub service)
 - Strengthening of sales structure
 - Promotion of monetization of other services (such as SaaS business and training)
- Uncertainty in the progress of a large-scale project (quasi-delegation contract)
 - Strengthen project delivery structure
 - Thorough management of contracts, profits and losses, and quality

Opportunities and response status

- Continuation of long-term, large-scale projects with government agencies and major corporations
- Robust demand for projects related to generative AI and human resource development for transformation

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Dividends of surplus

- Dividend planned for end of FY2025, targeting dividend payout ratio of approximately 20% (¥5.0 increase)
- Downward revision of earnings forecast is due to special factors, so the dividend level from the initial plan will be maintained based on the shareholder return policy.

Basic policy

- Stock price growth: Main shareholder return measure is to position medium- to long-term EPS growth as key driver for increasing corporate value (stock price)
- **Dividend: Implementing stable and continuous shareholder returns with target dividend payout ratio of 20%** (however, considering impact of special factors unrelated to core business if net profit fluctuates significantly)
- Purchase of treasury shares: Considered on case-by-case basis while balancing investment in growth and capital efficiency, and implemented flexibly as needed

Annual dividend per share

35.0 yen

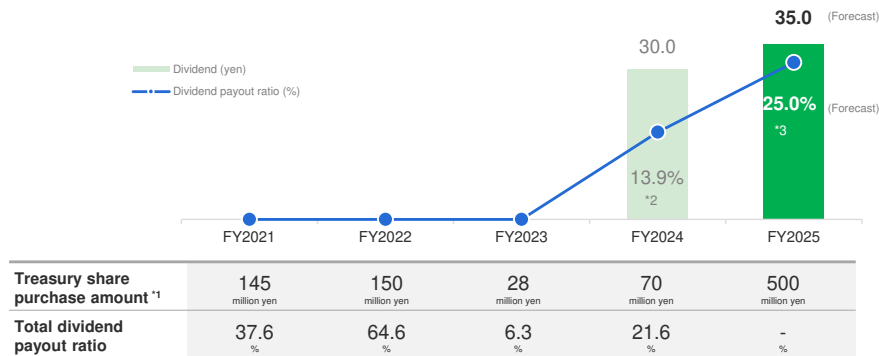
(Ordinary dividend)
(Year-end dividend)

Dividend payout ratio

25.0%

(Calculated based on the revised
FY2025 forecast)

Trend in annual dividend per share



^{*1}: Amounts exclude acquisition costs related to requests for purchase of fractional shares.

^{*2}: Dividend payout ratio based on ordinary profit excluding the impact of extraordinary gains and losses = 19.5%.

^{*3}: Dividend payout ratio based on ordinary profit excluding the impact of extraordinary gains and losses = 13.2% (Initial Forecast = 17.8%)

Criteria for Continued Prime Market Listing (current Status)

- As of the end of September 2025, the tradable share market cap is in a state of non-compliance
- Cannot rule out the possibility of not achieving compliance with the criteria during the Transition measure application period

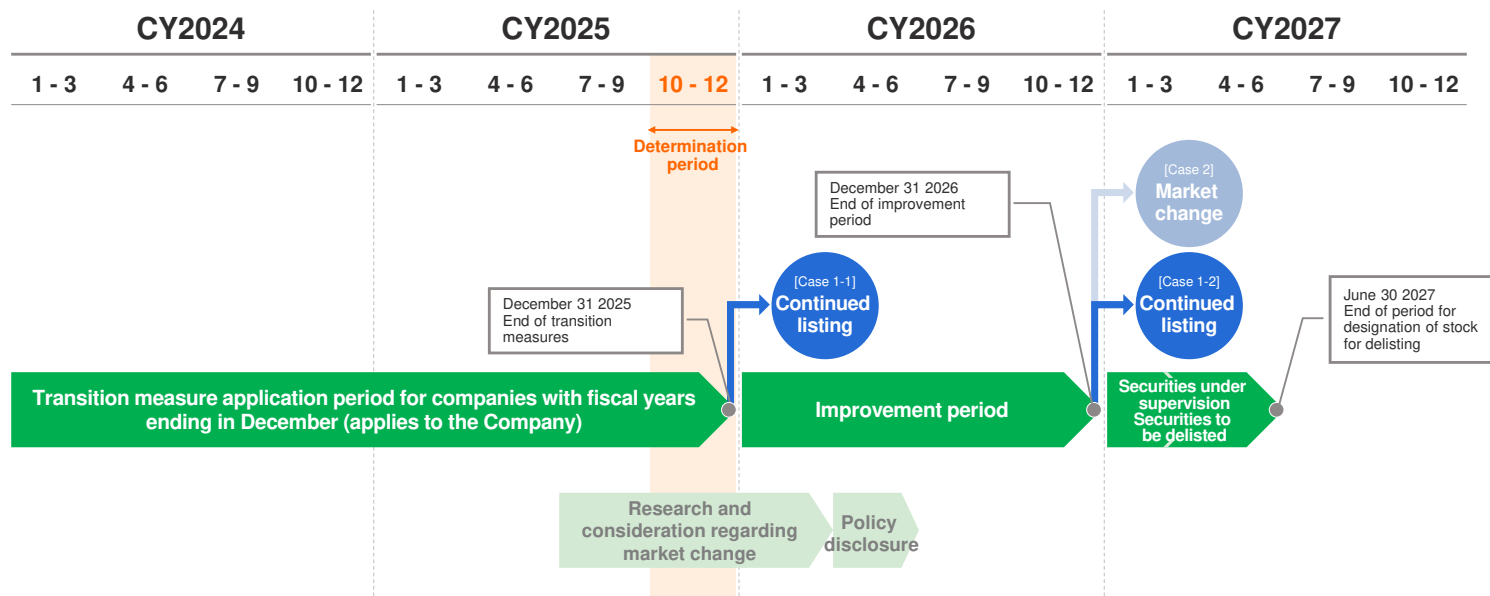
	Number of shareholders	No. of tradable shares	Tradable share ratio	Stock price	Tradable share market cap
Status	○	○	○	-	×
Criteria	800 people	20,000 units	35.0 %	-	100 (billions of yen)
Assessment as of September 2025	1,915 people	24,129 units	52.9 %	2,191 ^{*1} yen	52.8 (billions of yen)
↕					↕
Target as of December 2025	1,915 people	24,129 units	52.9 %	4,145 ^{*2} yen	100.0 (billions of yen)

*1: Using average stock price for three-month period from July to September

*2: Reference value calculated by dividing the required tradable share market cap by the current number of tradable shares.

Criteria for Continued Prime Market Listing - Schedule for Action

- While continuing efforts to meet the Prime Market's criteria for continued listing, we have also begun research and consideration of a market change, with the Tokyo Stock Exchange Standard Market as a candidate for our backup plan.



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

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Install AGILITY in your Business

Best Partner for the Digital Era

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

- Transformation partner -

**Strengthening of “reform
promotion skills”**

(Project support on the user side)



- Business partner -

**Enhancement of “adaptability
to change”**

(Business architecture design,
construction, and management)



- Organizational partner -

**Enhancement of “ability to
create change”**

(Instilling change awareness and
developing change leaders)



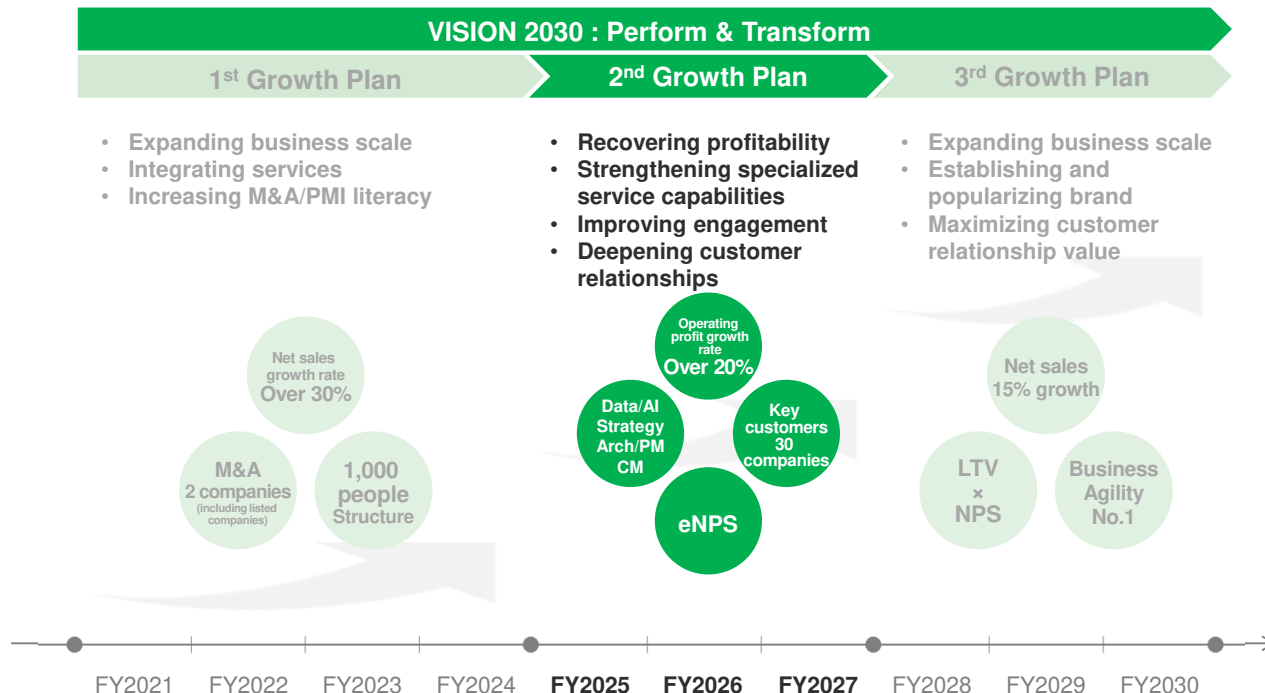
- Partner in collaborative innovation -

**Evolution into “change
creating company”**

(Acquisition and Enhancement of
business agility)

2nd Growth Plan - Path to VISION2030

- Recover profitability that declined during “1st Growth Plan” period by enhancing service competitiveness, strengthening customer relationships, and improving employee engagement, including higher compensation levels, during “2nd Growth Plan” period



FY2030 Target



Net sales Operating margin
¥50 billion / Over 10%
 (Organic growth + M&A)



Best Partner for the Digital Era

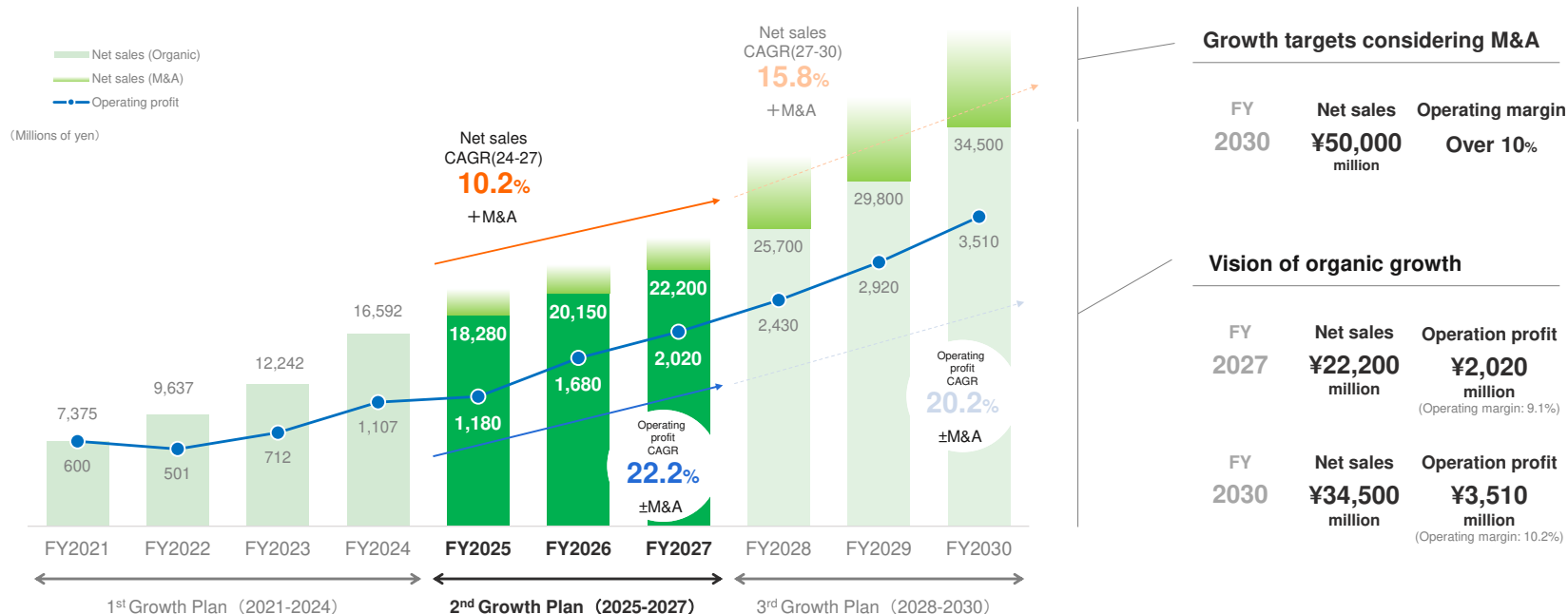
(Transformation × Business × Organization ≈ Co-creation)



Professional
2,000 people
 (Business agility experts)

2nd Growth Plan – Performance Target Trends

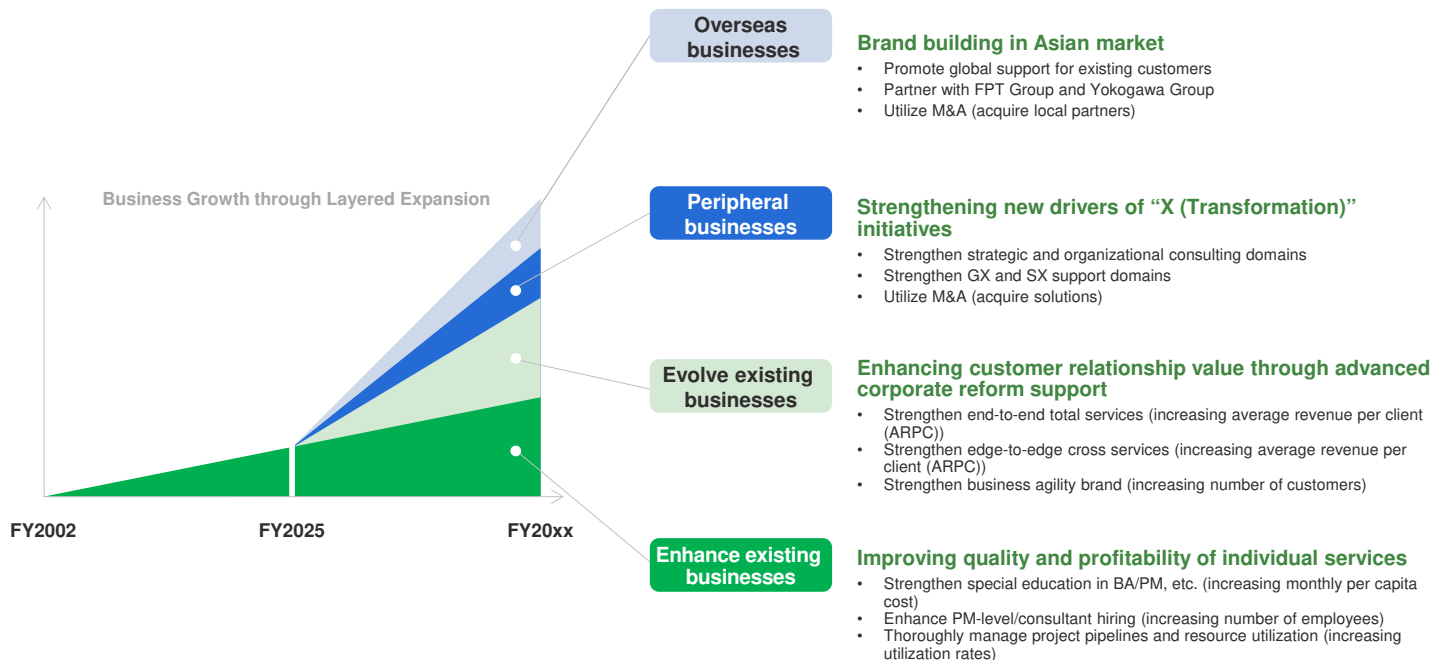
- For 2025-2027, priority will be given to recovering profitability (operating profit margin), with planned average growth rate of 20% for operating profit
- Although not included in plan, discontinuous growth through M&A is being considered in addition to organic growth
- Downward revision, but the fundamental trend of business growth remains unchanged, so the ongoing "2nd Growth Plan" is not being changed



In light of the current uncertain business environment and the significant emphasis on new businesses (peripheral and overseas businesses) and M&A in our growth scenario, we believe we should review our strategy flexibly each year and reflect it in the business plan for the following year and beyond. Therefore, rather than presenting it as a Medium-Term Business Plan, our aim is to share our growth vision with shareholders and investors in a quantitative manner. To this end, we will publish a Growth Plan every few years as reference information.

2nd Growth Plan – Layered Business Growth Strategy

- Comprehensive support for “X” (transformation), aiming to be the Best Partner for the Digital Era
- Enhancing profitability through strengthening existing businesses and laying the foundation for the next leap by exploring peripheral areas and overseas businesses



Growth Scenarios for Existing Businesses

– Classification of Profit Models

- As a result of past proactive service development efforts, the currently complex service portfolio has been organized into the following five domains.

Service domain	Profit model						Key points for profitability improvement
Strategy consulting	Flow	High unit price	×	medium utilization rate	×	Small team × short duration	- Continue R&D in cutting-edge domains to secure high unit prices - Continue refining unique positioning and collaborative relationships with top management to maintain a robust project pipeline
DX consulting	Flow	Medium unit price	×	high utilization rate	×	Large team × medium duration + Leverage external resources	- Secure flexible organizational capabilities by recruiting managers and providing BA and PM training, maintaining utilization rates at appropriate levels - Leverage external resources to enhance delivery capabilities
SI (system Integration)	Stock	Project unit price	×	Number of projects	+	Leverage external resources	- The Group collectively handles the subsequent phases of DX consulting, accumulating numerous medium-scale, moderate-risk projects - Improve productivity through the utilization of technologies such as generative AI
Public services	Hybrid	Project unit price	×	Number of projects	+	Community management fee ^{*1}	- Maintain long-term operation of regional communities - Transform communities into incubation platforms to generate and secure derivative projects (consulting)
Resource management	Hybrid	RM fee ^{*2}	×	Number of arrangements	+	Platform paid membership fees	- Share project and human resources information across the Group to prevent missed opportunities - Improve sales productivity of matching personnel - Improve profit margins by maintaining appropriate procurement costs and bringing production in-house

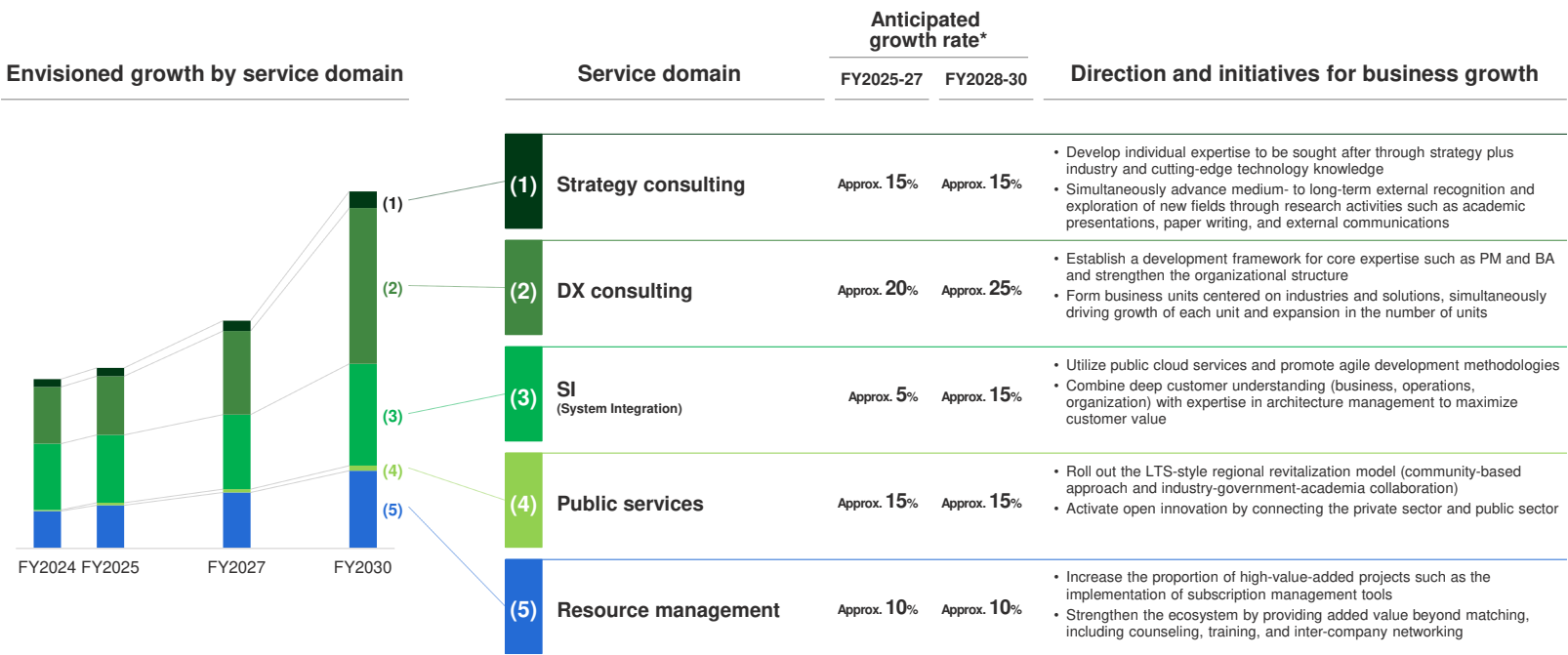
^{*1} Within regional revitalization initiatives, the Company operates spaces that bring together local governments, businesses, educational institutions, non-profit organizations, and individuals to foster connections and collaboration.

^{*2} Commissions are charged for matching projects and personnel as Resource Management fees.

Growth Scenarios for Existing Businesses

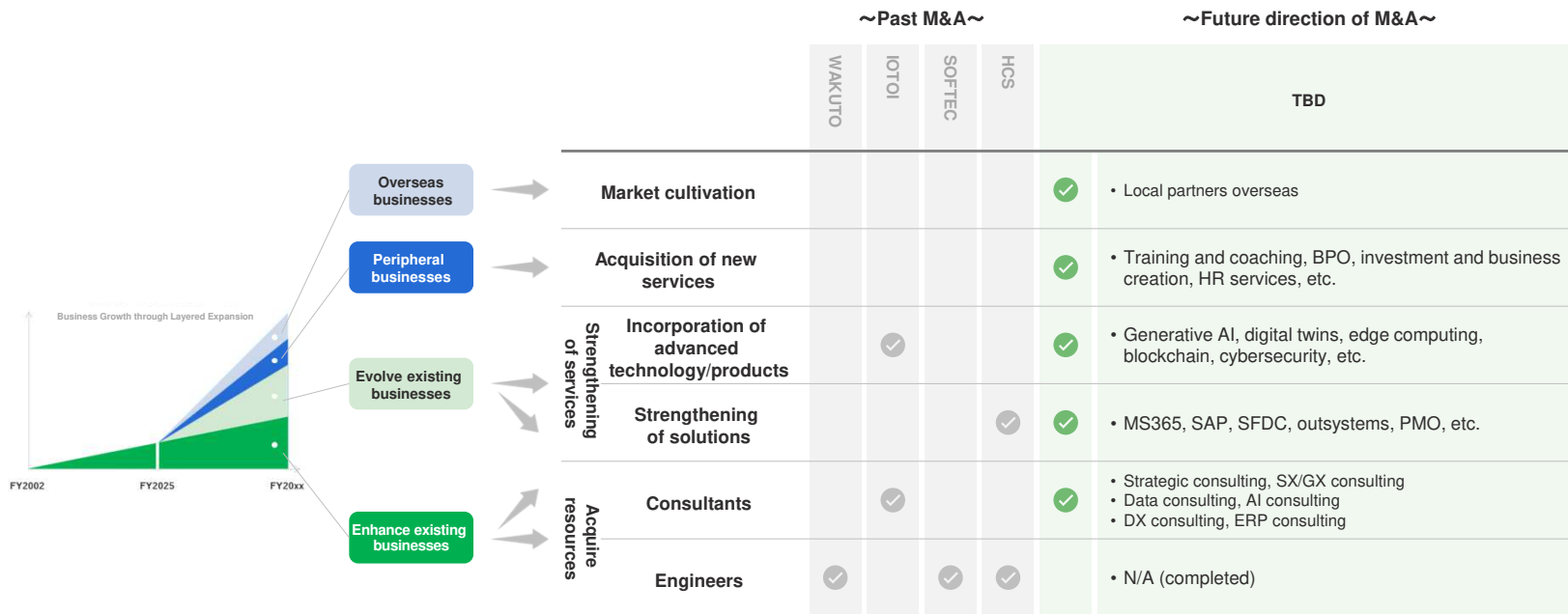
– Growth Scenarios by Profit Model

- Plan and manage business growth using distinct concepts and approaches for each of the five organized domains.



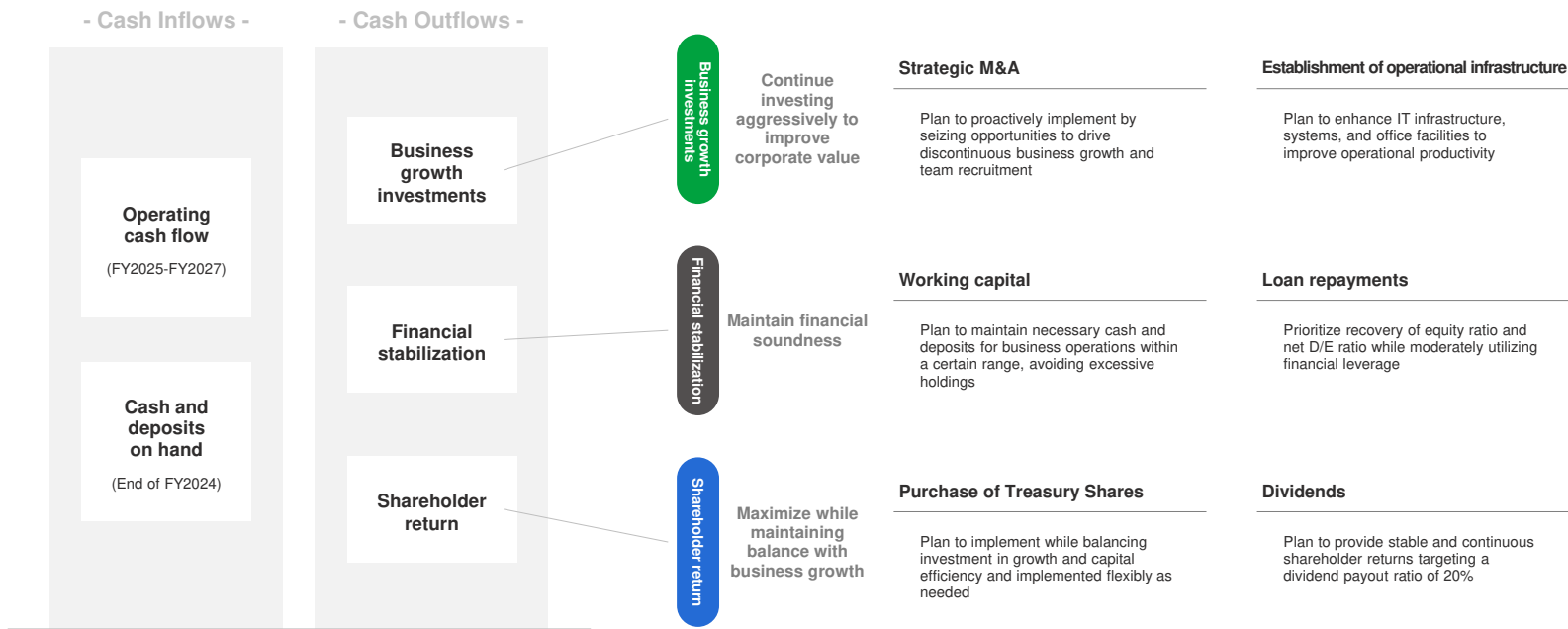
M&A Strategy for Discontinuous Growth

- Will actively pursue M&A as key growth strategy, drawing on past PMI experience while maintaining focus on organic growth
- From 2025 to 2027, priority will be given to small-scale M&A (up to ¥500 million) for deepening and evolving existing businesses



Capital Allocation Approach

- Aim to enhance corporate value over the medium to long term through proactive business growth investments and maximizing shareholder returns
- Plan to utilize borrowings for large-scale investments such as M&A, with no plans for capital increases, while maintaining financial soundness



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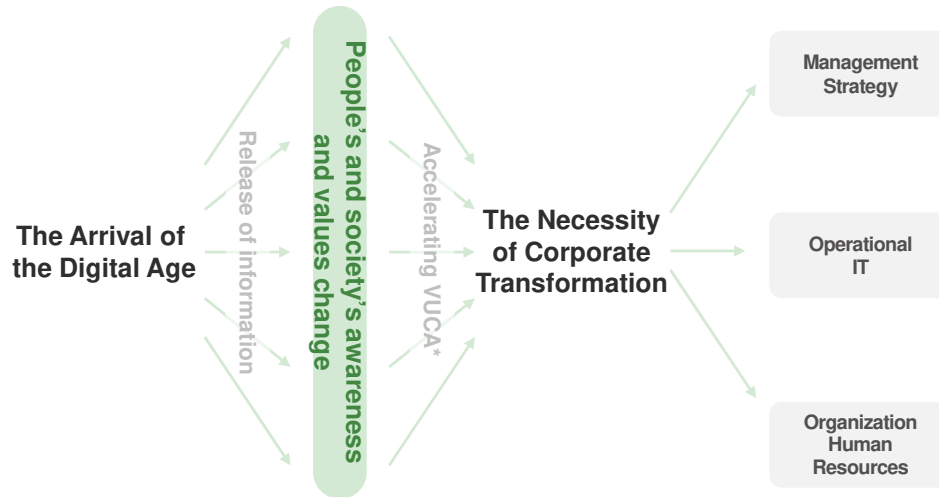
Macro Environment

(Digital era)

The Impact of the Digital Age on Companies

- The spread of digital technology is driving major transformations across all aspects of society, and this wave of change is compelling companies to swiftly adapt to change.

Impact of the Digital Age on Companies



Areas Companies Must Address

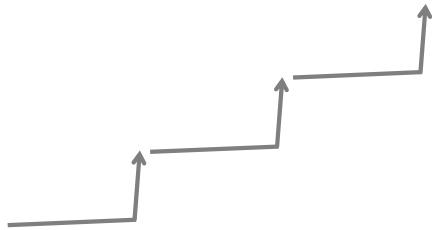
- Decision-making:** Emphasize speed (from plan-driven to change-driven)
- Business creation:** Address additional destructive innovation
- Industry restructuring:** Normalize intra-company collaboration and M&A
- Operational management:** Management takes lead in managing overall picture of operational structure
- DX promotion:** Integrate business and technology
- Data-driven:** Design and course correct based on data
- Network-based organization:** Flat and flexible organizational structure
- Social responsibility:** Promote visibility of minorities, diversity, and inclusiveness
- Mobilization of human resources:** Importance of generalization of job types and specialist human resources

Making reform routine

- Significantly shorten the cycle of corporate reform support (emphasizing the importance of continuously driving change on a daily basis)

Era of “gradual” social change

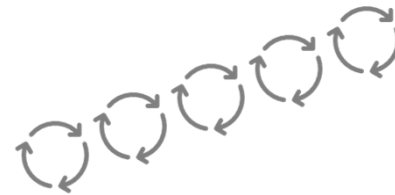
Gap closes through major change every 10 years



Slow x big x once

Era of “drastic” social change

Repeated reforms to continuously adapt to environmental changes

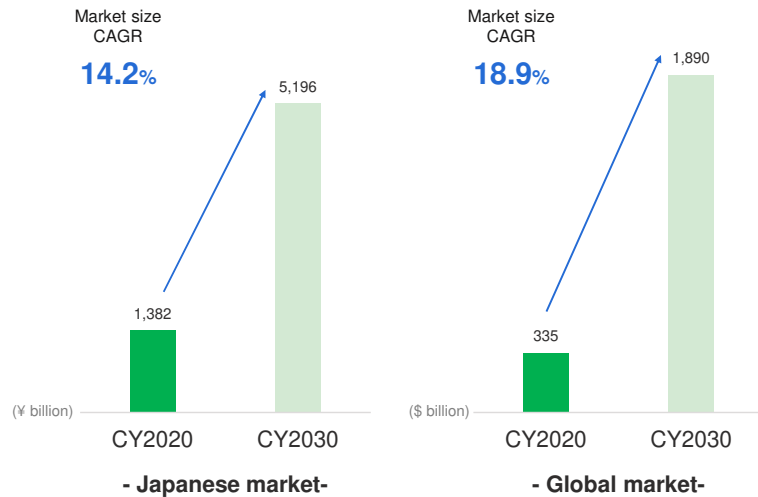


Fast x small x many times

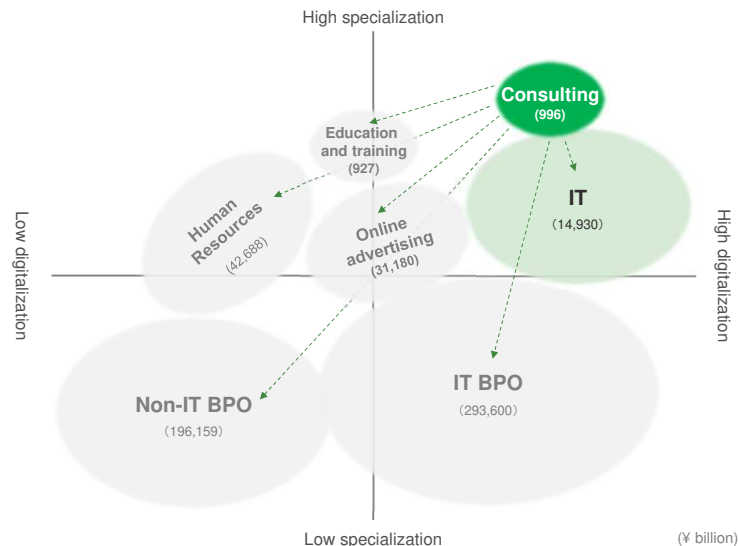
Expansion and Growth of Consulting Market

- 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.

Projected Market Size of DX in 2030 (Growth Potential)



Projected Domestic Market Size in 2023 (Scalability)



The background of the slide is a blurred photograph of an office interior. It shows a hallway with glass partitions, doors, and some office furniture. The lighting is soft and warm, with some circular bokeh effects from the lights. The overall tone is professional and modern.

2.

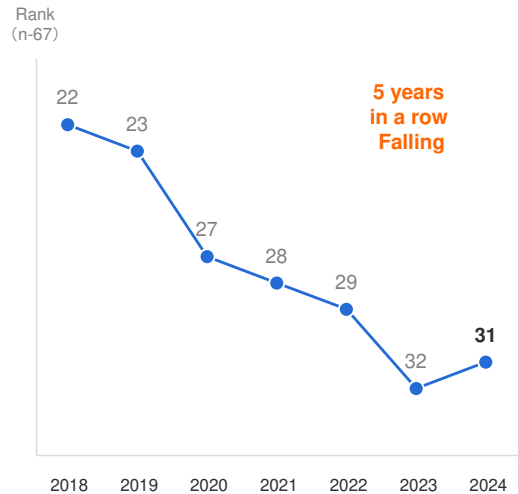
Micro Environment

(Business agility)

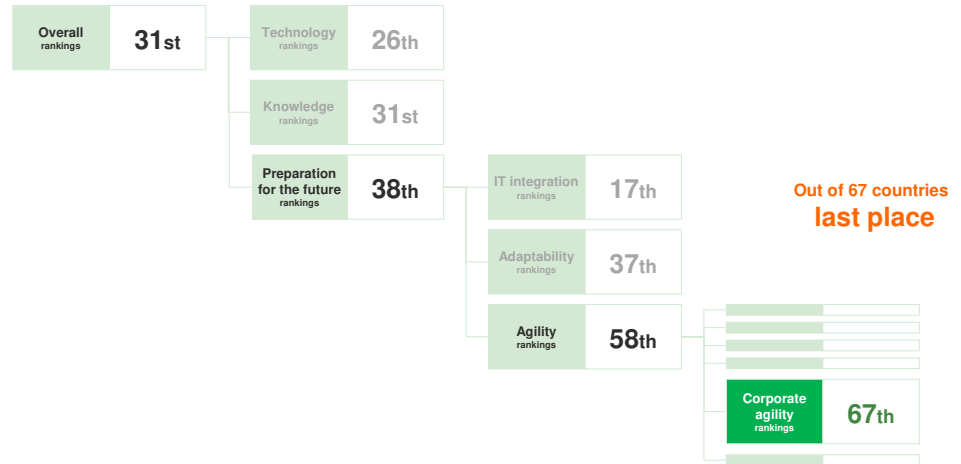
Social Issues in Japan - “Speed” is Lost

- 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



2024 Ranking: Element Breakdown



Agility – The Ability to "Understand, Deconstruct, and Rebuild" Business Structures

- Business agility* refers to the organizational capacity that enables the business structure to adapt quickly to changes in the external environment.

		Before agility	After agility
Corporate architecture	Business strategy/ planning	- Decision-making emphasizes accuracy - Resources and assets are to be owned - Failure or withdrawal is to be avoided	- Decision-making emphasizes speed - Resources and assets are to be accessed and used - Failure or withdrawal creates lessons to learn
	Operational processes	- Individual operational procedures are managed on site as needed - Responsibility for operational processes is unclear - Building blocks are tightly coupled	- Management regularly manages the entire business structure - Responsibility for operational processes is clear - Building blocks are loosely coupled
	IT/OT	- Business demands and technology responds - Waterfall development - Low internal autonomy and dependence on external vendors	- Business and technology are integrated - Agile and DevOps development - High internal autonomy with utilization of external vendors
	People/ organization	- Hierarchical organization based on instructions and orders - Organizational strength is improved by the total amount of internal human resources - Predictable and stable in both organizational structure and allocation of human resources	- Network-based organization based on vision and autonomy - Organizational strength leveraged with external partners - Unpredictable and variable in both organizational structure and allocation of human resources

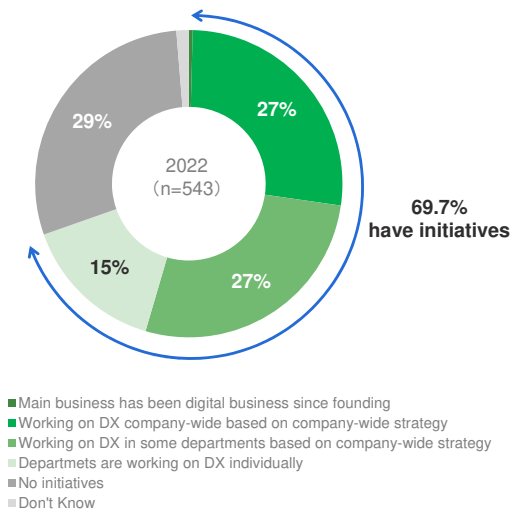
*Agility: A word that means quickness, swiftness, and nimbleness.

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.

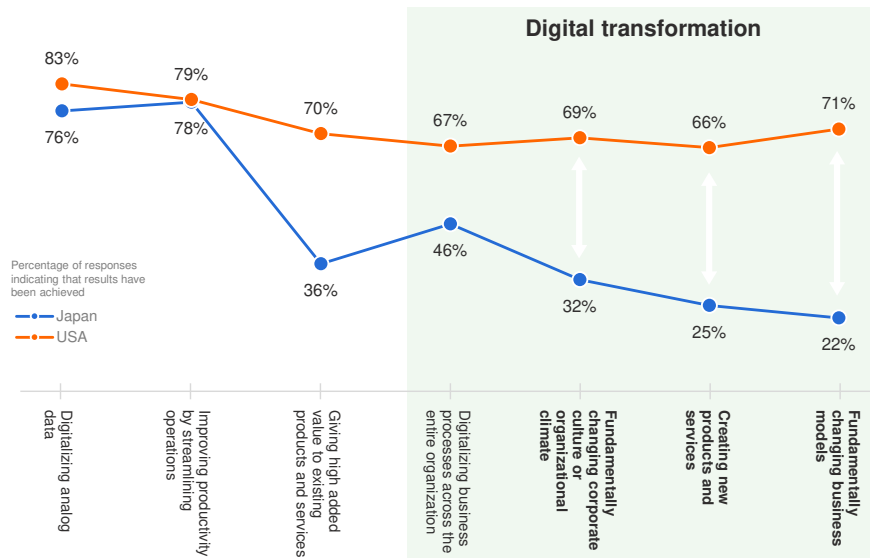
Progress of DX in Japanese Companies - Percentage of Companies Taking Action and Level of Action

- About 70% of Japanese companies are working on DX in some form or another.
- Most of the initiatives are limited to digitalizing data and processes and do not extend to transformation (X) where digital technology is a business assumption.

Status of DX Initiatives at Japanese Companies



Content and results of initiatives (Japan vs US)



Causes and countermeasures and our support for DX failing to achieve expected results

- Clients need a partner to overcome the obstacles (causes of failure) that exist at each DX level

DX level	Initiative	Result of initiative	Cause of failure	Our support
3rdLevel Strategy Development Organizational Transformation 2ndLevel Business structure reform (Design) Business structure reform (Implementation) 1stLevel Business/System transformation	Portfolio management (Program group and operation)	Unable to increase competitiveness without transformation becoming routine (Making “DX” an event and dependence on external partners)	Customs and culture have not changed (Divergent sense of crisis, continuation of conventional customs and ways of doing things)	[Organizational partner] Enhancement of “ability to create change” (Instilling change awareness and developing change leaders)
	Program management (a set of projects)	Stopped at process digitalization (New products/services not created, business models unchanged)	Failure to comprehensively transform business structure (Separation of business and digital technology, individual optimization of operations driven by strong on-site teams)	[Business partner] Enhancement of “adaptability to change” (Business architecture design, construction, and management)
	Project management (A series of actions for transformation)	Poor reform project ROI (Unsatisfactory quality, budget overruns, and schedule delays)	Weak structure and promotion on part of user companies (Insufficient requirements analysis, unclear requirements definition, inadequate project management)	[Transformation partner] Strengthening of “reform promotion skills” (Project support on the user side)



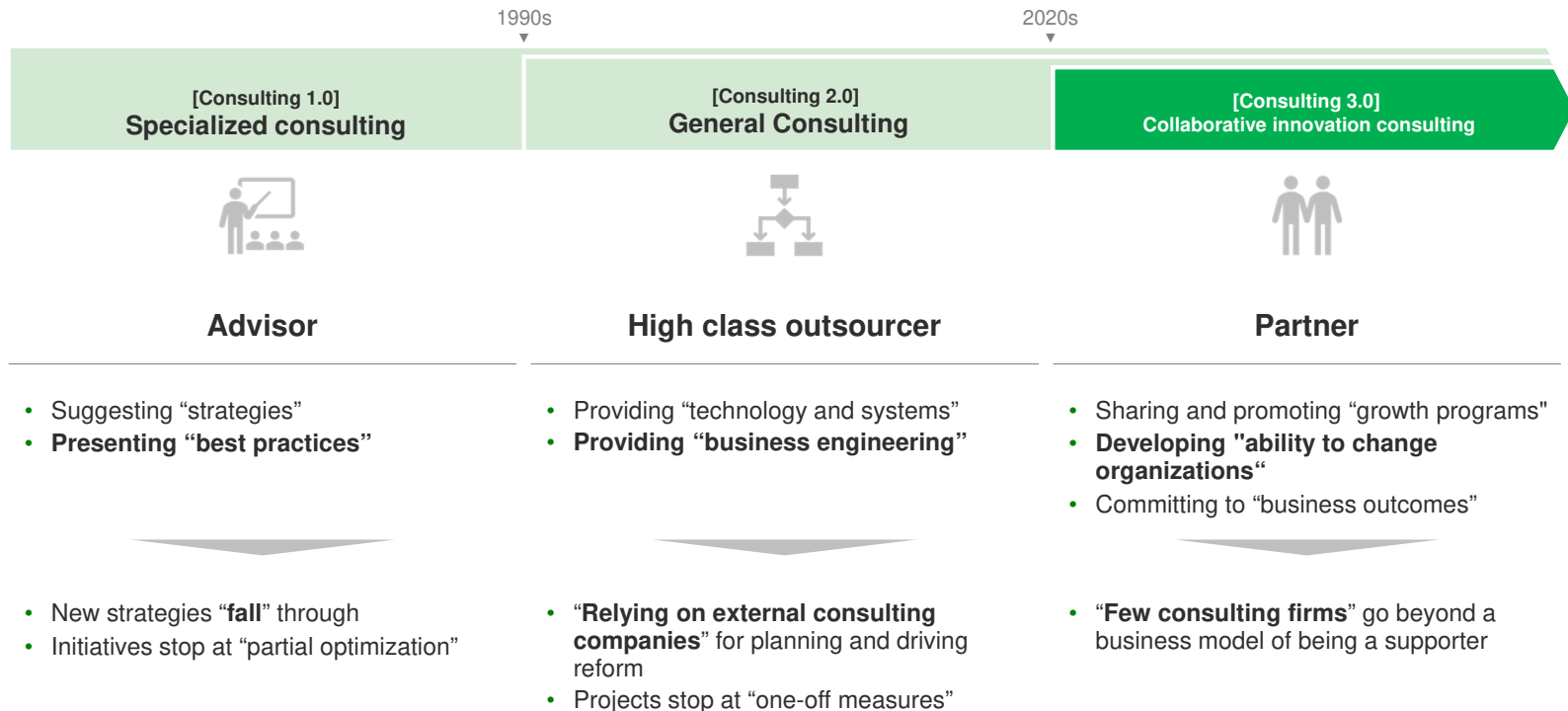
3.

Business Overview

**(Supplementary
information)**

Changes in Consulting

- Consulting services evolve their value proposition with the times
- Currently, being company (a partner) to the customer is important

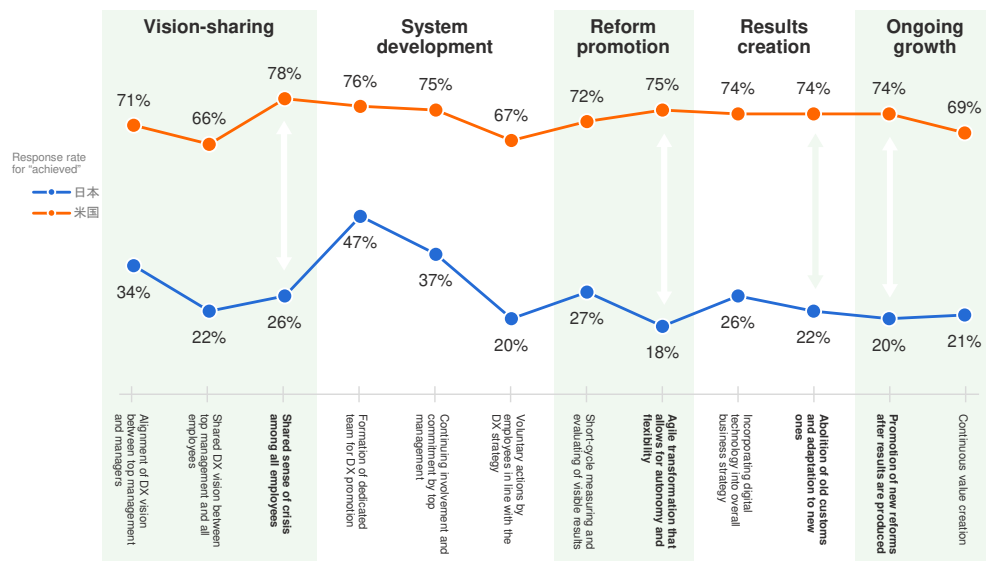


DX Challenges for Japanese Companies

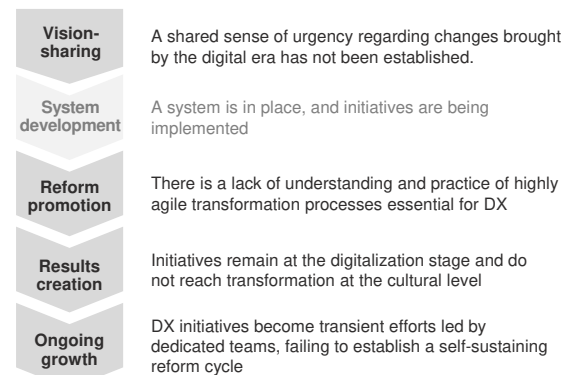
– Achievements and Issues

- Despite the promotion of various initiatives, they have not led to significant changes in corporate culture. Consequently, the acquisition and enhancement of agility remain insufficient.
- The point where the greatest divergence in achievement between Japan and the US occurs is agile transformation (-57 points).

Level of Achievement of DX Promotion Projects (Japan vs US)



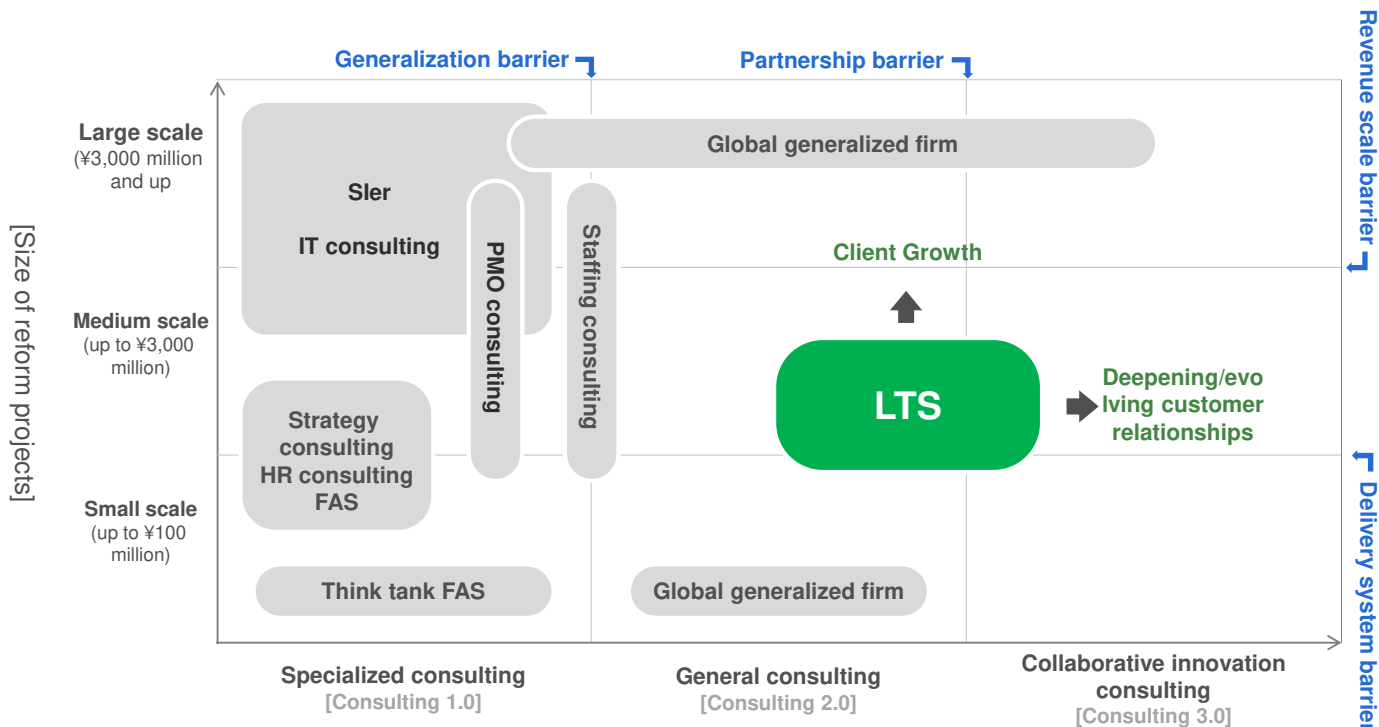
Issue of DX promotion at Japanese companies



A partner in collaborative innovation is essential for successful DX implementation

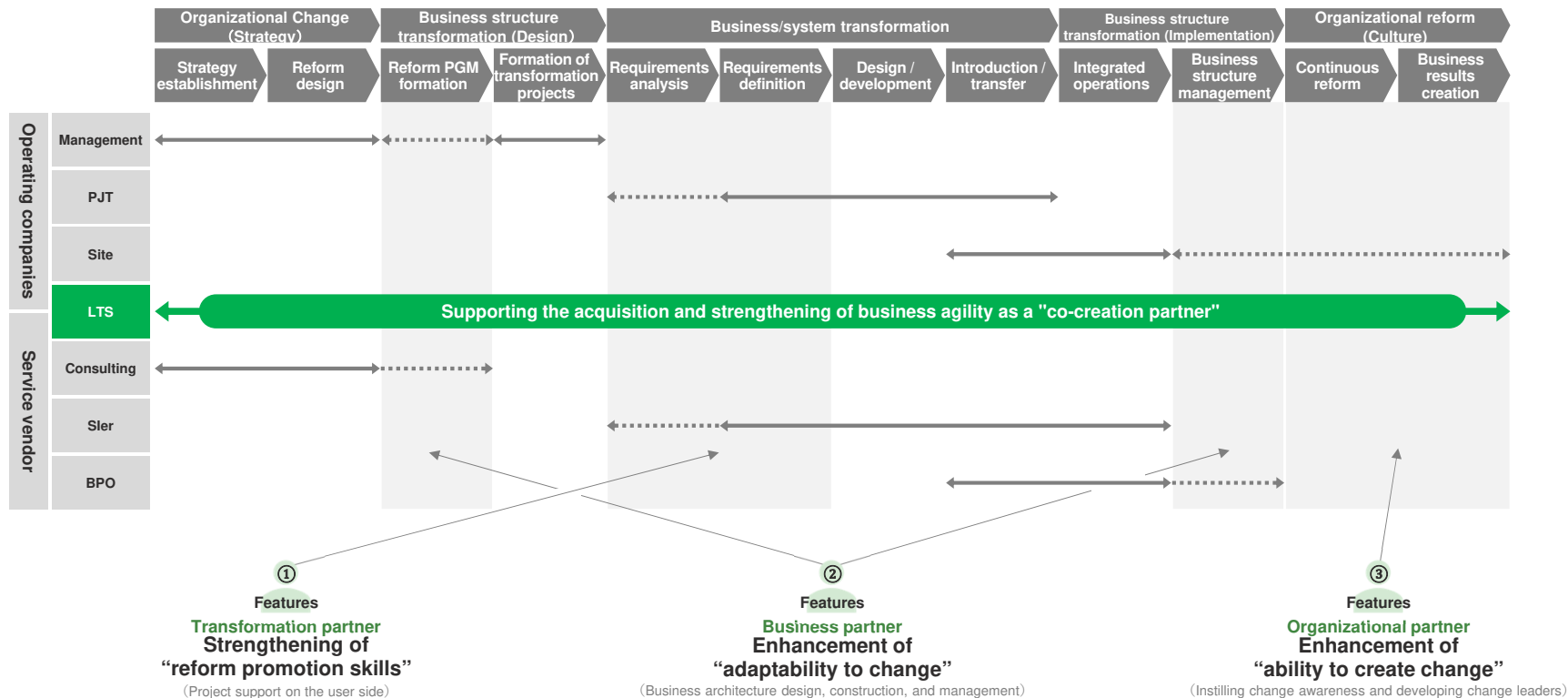
Our strength- Midsize x Collaborative Innovation Consulting

- We provide support for acquiring and enhancing business agility as a collaborative innovation partner to medium-sized to semi-major companies.



Our strength - Three Forms of Partnership

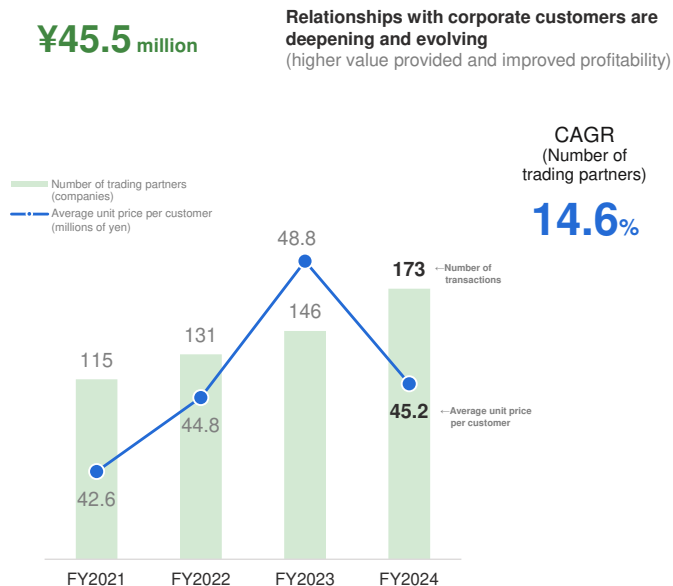
- Support as a partner in areas where business companies have little ability to drive change and where service vendors have little support for change



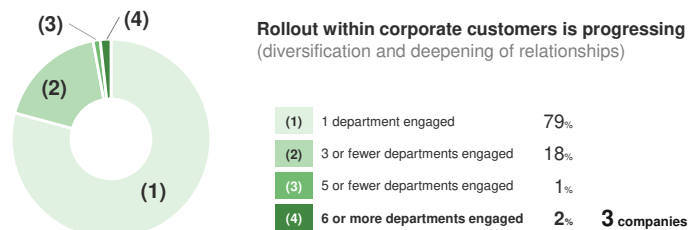
Customer Relationship Value - Depth x Breadth x Duration

- While increasing the number of customers, continuously strengthen customer relationships by enhancing depth (average unit price per customer), breadth (number of departments engaged per customer), and duration (average years of engagement per customer).

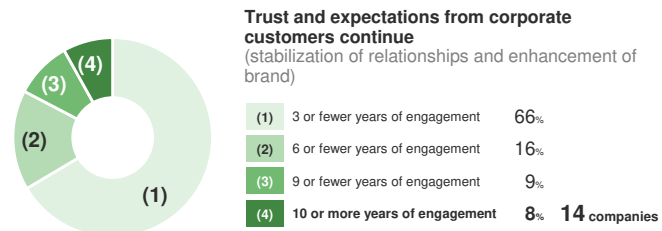
Depth: Average unit price per customer



Breadth: Number of departments engaged per customer



Duration: Average years of engagement per customer



Customer Relationship Value - List of Customers

- Providing ongoing support for reform and growth to leading companies in a wide range of industries

○Trade

- ITOCHU Corporation*
- Mitsubishi Corporation
- Metal One Corporation

○Retail

- SEVEN-ELEVEN JAPAN CO., LTD.
- FamilyMart Co., Ltd.
- Mitsubishi Shokuhin Co., Ltd.

○Energy

- Idemitsu Kosan Co., Ltd.
- Taiyo Oil Company, Limited
- Tokyo Gas Co., Ltd.

○Transportation

- West Japan Railway Company (JR WEST)*
- Japan Airlines Co., Ltd. (JAL)
- East Japan Railway Company (JR EAST)

○Automotive

- JATCO Ltd *
- Nissan Motor Co., Ltd.*
- Yazaki Corporation*

○Construction/Real Estate

- DAIWA HOUSE INDUSTRY CO., LTD.
- Tokyu Construction Co., Ltd.
- HASEKO GROUP

○Manufacturing

- KOKUYO Co., Ltd.
- DIC Corporation*
- NEC Corporation (NEC)

○Food/Restaurant/Healthcare

- Kirin Holdings Company, Limited*
- Chugai Pharmaceutical Co., Ltd.
- Japan Tobacco Inc. (JT)*

○Media/Education

- Jiji Press, Ltd.
- TV Asahi Corporation
- Benesse Corporation

○Communications

- NTT Communications Corporation
- Sony Network Communications Inc.
- Japan Post Co., Ltd.

○Service

- CENTRAL SECURITY PATROLS CO., LTD.
- Japan Post Holdings Co., Ltd.
- MonotaRO Co., Ltd.

○Financial/Securities/Insurance

- Aioi Nissay Dowa Insurance Co., Ltd.
- ORIX Corporation*
- SUMITOMO LIFE INSURANCE COMPANY

○Consulting/IT

- Digital Garage, Inc.
- IBM Japan, Ltd.
- Microsoft Japan Co., Ltd.

○Government/Local Governments/National Corporations

- Ministry of Economy, Trade and Industry,
- Ministry of Internal Affairs and Communications,
- Ministry of Defense
- Gunma prefecture / Shizuoka prefecture
- Hiroshima prefecture
- Okayama university/ Hiroshima university

Many others

(*More than 10 years of doing business together)

(Partial list of customers who agreed to be listed and those listed in disclosure materials)

4.
**Growth
Scenarios**
**(Supplementary
information)**

Review of “1st Growth Plan” – Targets and Scenario

- Achieved steady growth in both net sales and operating profit, but fell significantly short of operating profit target
- Addressing delays and existing issues from FY2024 onward, continuing to aim for realization of initially expected scenario

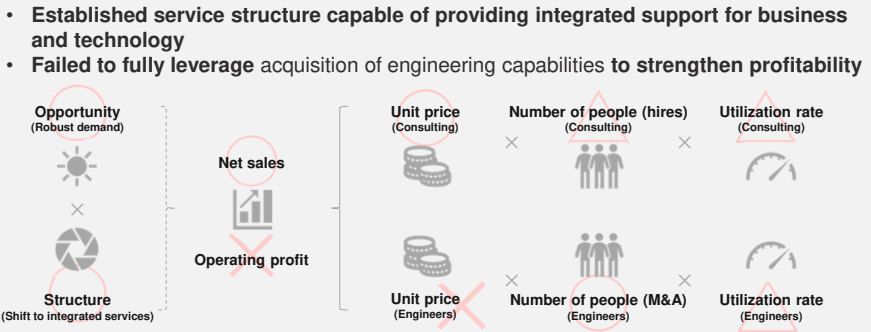
VISION 2030 (1st Growth Plan)

	Net sales	Operating profit
FY2021 (Initial plan)	¥12,000 million (CAGR of over 20%)	¥1,800 million (Operating margin of 15%)
FY2022 (Revised upward)	¥14,000 million (CAGR of over 20%-25%)	¥2,000 million (Operating margin of 14.3%)
FY2023 (Revised upward)	¥16,500 million (CAGR of over 30%)	¥2,000 million (Operating margin of 12.1%)
FY2024 (Results)	¥16,500 million (CAGR: 31.1%)	¥1,100 million (Operating margin of 6.7%)

Initially expected scenario

- **Steadily grow** mainstay **professional services business**
 - Proactive hiring and knowledge development
 - Diversification of service offerings through bottom-up R&D
 - Transition to self-organizing decentralized network-type organization (business unit structure)
- **Strengthen the engineering structure** through M&A and other means
- **Build comprehensive service delivery structure** that integrates business and digital support
- **Expand customer base** by deepening relationships with existing customers while acquiring advanced new customers
- **Provide end-to-end, one-stop services** to key customers
- Boost platform business revenue growth

Summary



Review of “1st Growth Plan” - Initiatives

- Enhance profit-generation capability by linking abundant opportunities with robust service capabilities

Achievements/results

Human Resources

- **Frontline personnel increased by 640 (up 245%)**
 - Significant increase in young employees through aggressive hiring
 - More than 400 engineers added through M&A
 - About 100 employees obtained certifications in specialized domains (PM, BA)

Customers

- **Customer unit price increased (up 122.9%) with improved customer relationship value**
 - Established account sales structure (top 20 companies account for over 70%)
 - New customers increased by 153 companies (up 23.7%)
 - Domestic offices expanded, with regional revitalization support also ramping up

Services

- **Launched end-to-end reform support services**
 - Capital and business alliance with both FPT and YOKOGAWA groups
- **Accelerated business growth in advanced domains such as generative AI and GX**
 - SX and HC services ramping up

Group Management

- **Newly integrated subsidiaries recovered in terms of performance**
 - Sharing of service and sales assets
 - Partial integration of corporate functions and infrastructure
 - MVV redefined (collaboration-focused) and office (collaborative space) relocated

Problems

Reduced profit-generation capacity

- **Imbalance in human resources portfolio**
 - Insufficient number of PM-level employees relative to team members
 - Insufficient number of consultants relative to engineers
- **Loss of opportunities for end-to-end services**
 - Unable to assemble project teams in a timely manner to meet inquiries from existing customers
- **Consultant unit price increased, but utilization rate declined**
 - Insufficient rigor in utilization management within small-scale teams
 - Delayed return on service development investments (poor balance between deepening and exploration)
- **Significant increase in number of engineers, but unit price and utilization rate remained flat**
 - Insufficient orders for integrated consultant and engineer services
- **Structural reform of the platform business taking longer than expected**

Current initiatives

- **Strengthening human resources capable of discovering, structuring, and leading projects**
 - Accelerated PM-level hiring through compensation system revisions
 - Continued consultant hiring and explored team M&A opportunities
 - Business skill development for engineers (BA, PM)
- **Enhanced customer relationship value (Project → PGM → PFL)**
 - Strengthening industry-specific expertise (services and individuals)
 - Placement and development of account managers
 - Expansion of strategy formulation, business structure management, and development areas of human resources for change
- **Refinement of individual services and organic integration**
 - Reorganization into specialized units by service area and pursuit of individual growth
 - Customer-centric and opportunity-driven approach to deploying end-to-end services across service areas
- **Strengthening governance of decentralized organization**
 - Ensuring rigorous business efficiency management (performance management by revenue model)
 - Sharing of resources across companies and divisions
 - Ensuring consistency through vision and culture

Results of Past M&A

- By joining the LTS Group, each company has improved performance (comparison between the fiscal year immediately before joining and the fiscal year ended December 2024).
 - WAKUTO Co., Ltd.: Fiscal year ended March 2019 $\Rightarrow$ Fiscal year ended December 2024
 - SOFTEC Co., Ltd.: Fiscal year ended June 2020 $\Rightarrow$ Fiscal year ended December 2024
 - HCS Holdings Co., Ltd.: Fiscal year ended March 2023 $\Rightarrow$ Fiscal year ended December 2024



WAKUTO

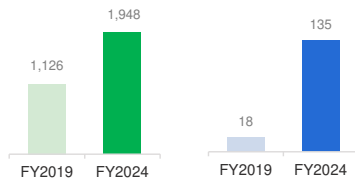
WAKUTO Co., Ltd.

Net sales
(FY19-FY24)

+73%

Operating
profit
(FY19-FY24)

+635%



Net sales (Millions of yen) Operating profit

LTS ソフトウェア
テクノロジー

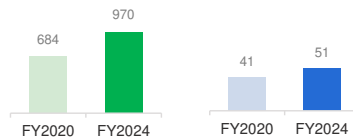
SOFTEC Co., Ltd. *1

Net sales
(FY20-FY24)

+42%

Operating
profit
(FY20-FY24)

+25%



Net sales (Millions of yen) Operating profit



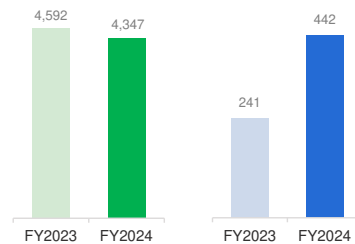
HCS HOLDINGS CO., LTD. *2

Net sales
(FY23-FY24)

- 5%

Operating
profit
(FY23-FY24)

+83%

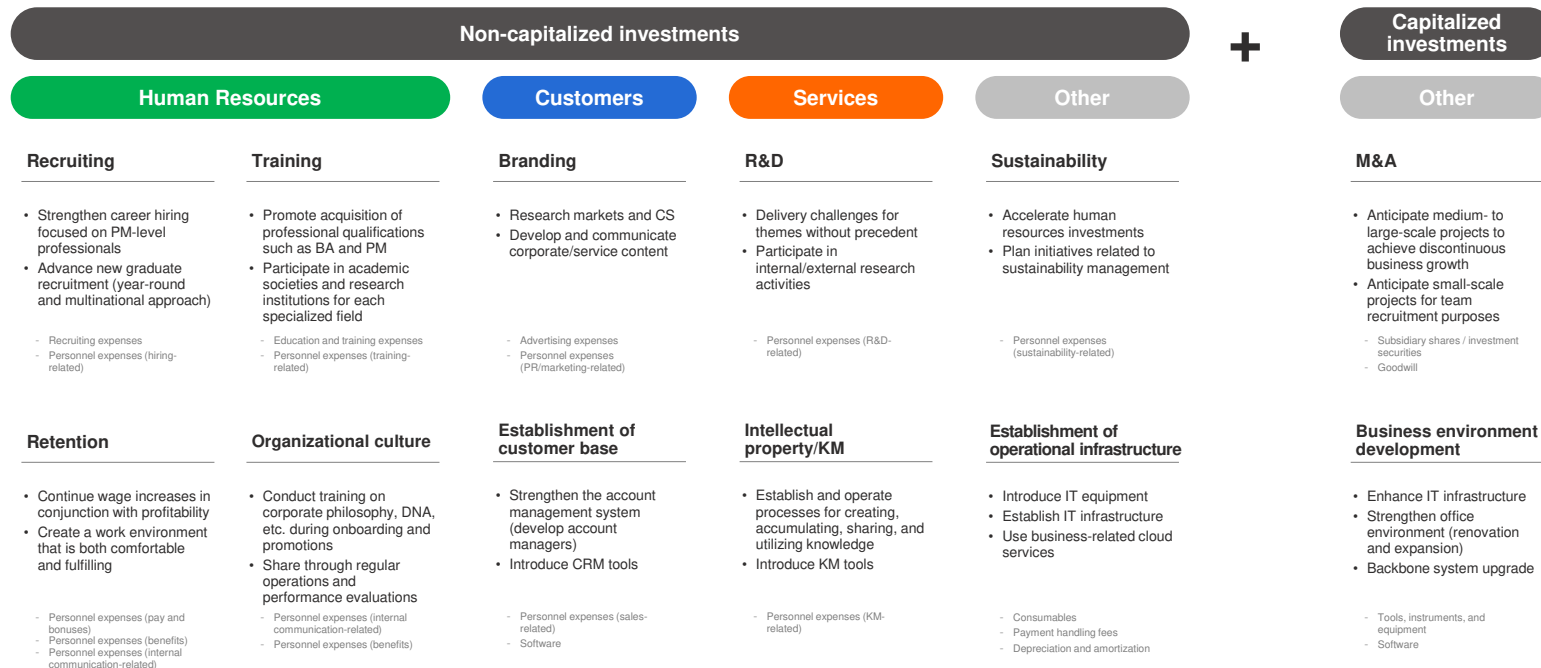


Net sales (Millions of yen) Operating profit

*1 LTS Software Technology, Inc. starting from January 2024
 *2 HIBIYA COMPUTER SYSTEM CO., LTD. starting from April 2024

Approach to Growth Investments

- Continue proactive business growth investments aimed at medium- to long-term corporate value enhancement (the primary investment consists of personnel expenses for employees driving each activity).

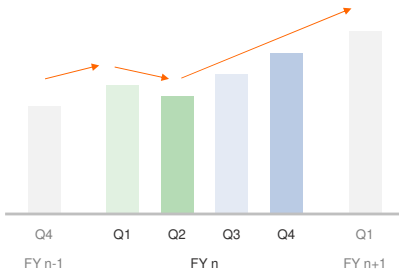


5. Supplementary Data

Seasonal Patterns by Quarter

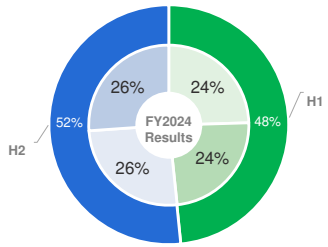
- In the current fiscal year as well, Q2 results are expected to fall below Q1 due to the overlap of a slow project period and the onboarding of new graduate employees.

Trend in net sales

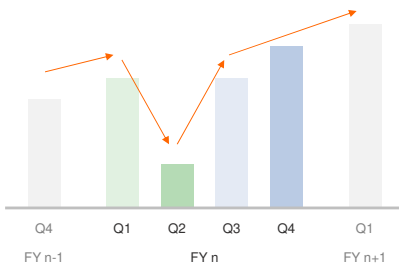


- [Q1] Started at higher level than in Q4 of previous year due to development of previous year's hires.
- [Q2] Slightly lower than Q1 due to off-season for projects (temporary decrease in investment activities by companies whose fiscal year ends in March).
- [Q3] Project formation progresses at each site, leading to a gradual recovery from Q2.
- [Q4] Building on the fundamental trend of Q3, performance is expected to reach the highest level of the fiscal year.

Reference: Quarterly Net Sales Composition

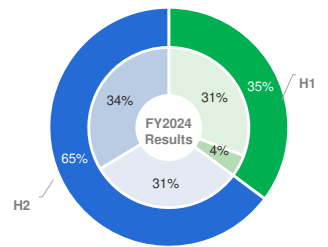


Trend in operating profit



- [Q1] Started at higher level than in Q4 of previous year due to development of previous year's hires.
- [Q2] Due to the onboarding of new graduate employees (three months of training following April group entry), performance is expected to fall significantly below Q1.
- [Q3] Assignment and monetization of new graduate employees progresses in stages, leading to a significant recovery from Q2.
- [Q4] Building on the fundamental trend of Q3, performance is expected to reach the highest level of the fiscal year. (However, depending on business progress and management priorities, growth investments may be made, which could result in a decline from Q3)

Reference: Quarterly Operating Profit Composition



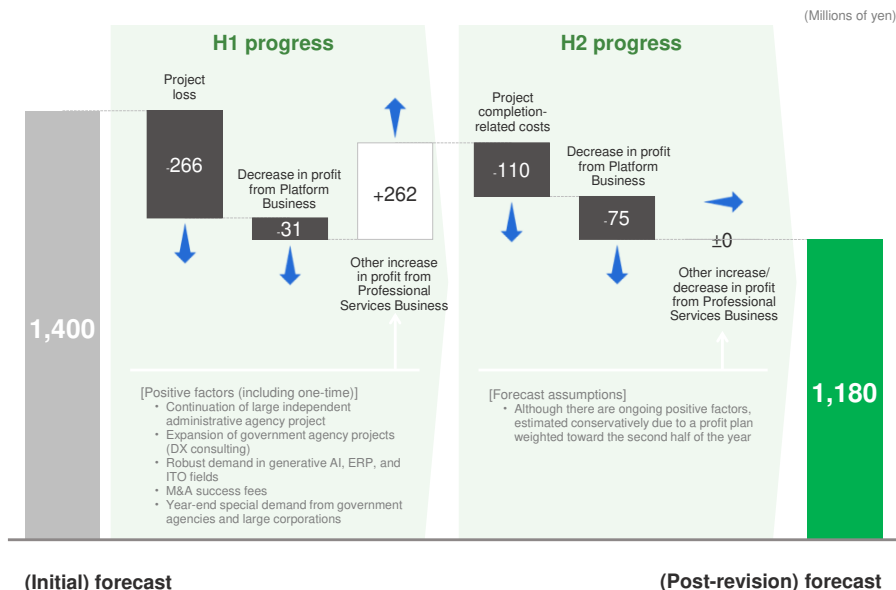
FY2025 Consolidated Performance Forecast (Breakdown of Revision)

- Although both external environment and internal initiatives are progressing steadily, revised earnings forecast downward due to one-time loss on a specific project and delays in progress of the Platform Business.

Revision to Earnings Forecast

(Millions of yen)	Initial Forecast		Post-revision Forecast
Net sales	18,280	→	18,280 -
Operation profit	1,400	↘	1,180 -220 (-15.7%)
Profit attributable to owners of parent	900	↘	650 -250 (-27.8%)

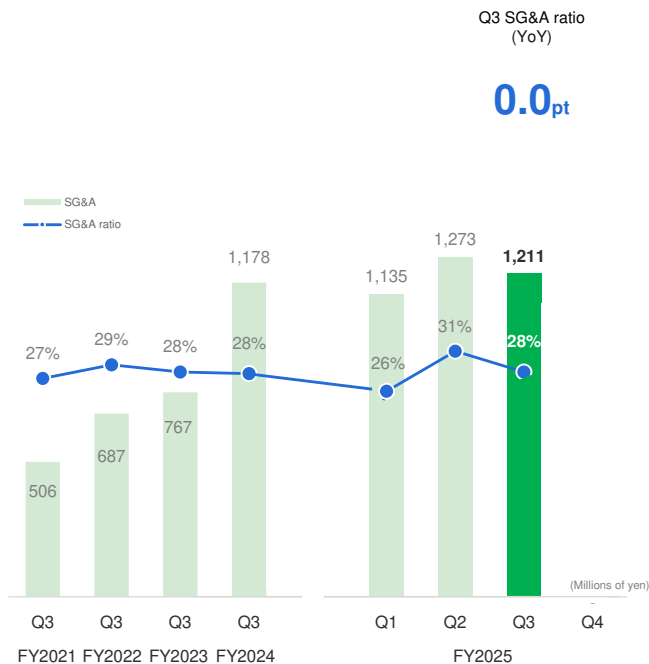
Breakdown of operating profit forecast revision



Consolidated SG&A - Quarterly Trend

- Flexibly executing growth investments while continuously working to reduce baseline operating expenses
- Although the utilization rate has declined due to the impact of the project for which a one-time loss was recorded, the SG&A ratio is flat YoY due to the ongoing review of the cost structure.

(Millions of yen)



Expense classification	Item	Amount	Percentage	Expense allocation policy
Shared	Personnel expenses	778	64.3%	- Proactively execute growth investments (R&D, internal projects, and training participation) and growth-related expenses (sales and intellectual property development) within a defined discipline - Minimize unintended employee idle time
	Recruiting expenses	44	3.6%	- Actively investing in recruitment of PM-level personnel - Referral fees rising sharply
Growth investments	Education and training expenses	20	1.7%	Actively investing in obtaining PM and BA-related certifications
	Advertising expenses	7	0.6%	Adjust flexibly to strengthen PR and IR
Growth-related expenditures	Amortization of goodwill (including amortization of customer relationship assets)	26	2.1%	
Baseline Operating expenses	Land/office rent	25	2.0%	
	Depreciation and amortization	20	1.7%	
	Operational costs	291	24.0%	

Consolidated Number of Employees – Quarterly Trends

- Reference: Trends in Consolidated Number of Employees from FY2021 Q1 to FY2025 Q3

	2021				2022				2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	▲Consolidated SFTC												▲Consolidated HCS				▲Excluding AMG (partial business)			
Consultant	147	165	191	195	193	203	198	196	201	237	239	275	273	330	329	332	326	400	397	
Engineer	196	203	180	185	185	200	207	213	220	255	254	575	575	572	574	569	568	482	486	
Sales/Business	33	41	37	35	36	49	49	49	50	70	69	81	80	88	83	79	78	64	64	
Corporate	39	39	40	46	48	52	55	65	65	67	67	114	119	124	121	116	118	126	123	
Others												14	14							
Total	415	448	448	461	462	504	509	523	536	629	629	1,059	1,061	1,114	1,107	1,096	1,090	1,072	1,070	
Change (YoY)	126	132	132	138	47	56	61	62	74	125	120	536	525	485	478	37	29	-42	-37	
Change (QoQ)	125	33	0	13	1	42	5	14	13	93	0	430	2	53	-7	-11	-6	-18	-2	

The background of the slide is a blurred photograph of an office interior. It shows a hallway with glass-walled rooms on either side, modern furniture, and warm lighting from ceiling fixtures, creating a bokeh effect.

6. Company Overview

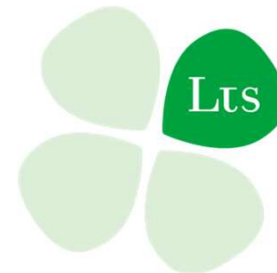
Company Overview



Overview

Company Name	LTS, Inc.
Founded	March 2002
Representative Director	Hiroaki Kabashima
Address (Head Office)	Akasaka Center Building(14F, 15F)
Capital Amount	839,540,900yen (as of September 30, 2025)
Number of employees	1,070 (as of September 30, 2025)
Service	Support for corporate transformation ▪ Professional services business ▪ Platform business
Fiscal year-end	December
Stock listing	Tokyo Stock Exchange, Prime Market (6560)

Brand



Rather than simply providing external support to help solve customer problems and bring about growth, LTS is a partner that brings about qualitative change, integrating with the customer and turning three leaves into four.

A true partner who stands on the same footing as our customers as one of the leaves on a plant, working together to promote reform

Group Management

- In April 2025, the organizational structure was revised to consist of 7 consolidated subsidiaries and 2 equity-method affiliates in order to accelerate group decision-making and improve operational efficiency.



Professional services business



LTS Software Technology, inc.



WAKUTO
WAKUTO, inc.



ME-lab Japan, Inc.



HIBIYA COMPUTER
SYSTEM CO., LTD.



HIBIYA RESOURCE
PLANNING CO., LTD.

LTS ASIA CO., LIMITED

*Hong Kong corporation

Platform business



LTS Link, Inc.

関連会社



FPT CONSULTING JAPAN CO., LTD

Joint venture with FPT Japan Holdings Co., Ltd.*
*Japanese subsidiary of FPT, Vietnam's largest IT company



Busy Bee
Busy Bee, Inc.

History of LTS Group

- The number of consolidated group employees exceeds 1,000 and continues to grow with 11 group companies.



Corporate Philosophy



Mission

Unleash potential

Believe in people's potential to realize a free
and vibrant human society

Vision

A professional company
that expands the world

Values

Change

Change and be changed

Learn

Continue learning

Ownership

Take initiative and see
things through

Venture

Step out into the unknown

Enjoy & Energize

Enjoy and energize

Respect

Respect

Surprise

Go outside the box and
inspire

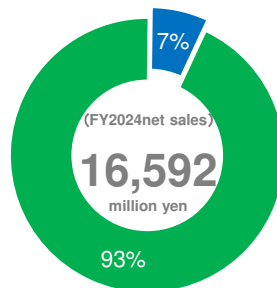
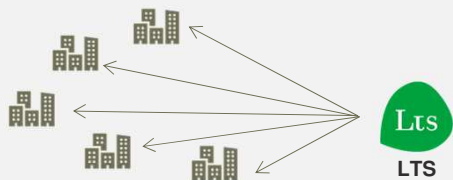
Business Structure

- Supporting clients in acquiring and enhancing business agility through our professional services business and platform business to increase the digital competitiveness of Japanese companies

Professional services business

Support reform and DX at each company

- Centered on services for large companies
- Promote co-creation with clients
- Utilize LINK as external resource database (synergy)



Platform business

Provide platform promoting collaboration across IT industry

- Services for small and medium-sized venture companies, IT companies, and freelancers
- Promote collaboration and co-creation among members within the platform
- Support LTS project structure creation (synergy)



Service Domain

- 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.

Acquisition and Enhancement of “business agility”



	Strategy & Innovation	Architecture & Digital	Social & Public	Platform & Network
Service development	Discontinuous growth design Collaborate with customers to develop and execute corporate and business strategies, linking them to subsequent initiatives.	Digital business establishment Support shifts in organizational capabilities and design business structures required for the future era.	Creation of foundation for affluent society Enhance administrative and NPO operational capabilities and promote public-private collaborations to realize a sustainable society.	Collaborative community operations Provide an ecosystem where IT providers (corporate/individual) and IT-utilizing companies solve challenges and collaborate for co-creation.
Scope of service provision	Enterprise	Enterprise	- Government agencies / local governments - NPO/NGO	- SMBs (including venture companies) - Freelance
Service lineup	- Strategy establishment - M&A - Business creation/business revitalization	- Consulting - Data analysis/utilization of AI - System development and BPO/ITO	- CSR/SDGs promotion - Regional revitalization (business creation / human resource development) - Public-private collaboration (industrial promotion / regional DX)	- Matching platform - SaaS platform - Professional staffing

Expansion of Service Offerings

- Commit to customer growth as a customer-centered company, expanding support upstream, downstream, and around by initiating with development of organizational human resources and reform support while addressing consulting challenges.



Publications

- LTS was among the first to advocate the concept of business agility and continues to raise awareness about the social issue of sluggish digital competitiveness

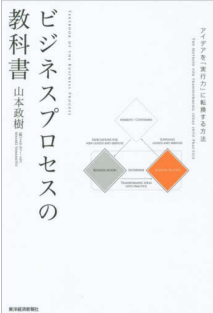
2015



**Customer Co-Creation
IT Business Based on
Service Science**

(Shoehisha)

Provides direction for successful completion of projects using service science.



**Business Process
Textbook**

(Toyo Keizai)

Explains what business processes are, how to manage them, and more in an easy-to-understand manner.

2019

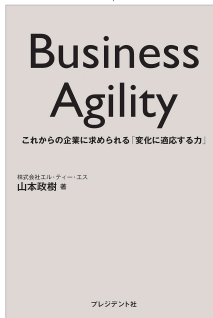


**Process Visionary:
Process Reform Leader
for the Digital Era**

(President)

Digital era companies explain all about business analysts, experts in operational improvement.

2021

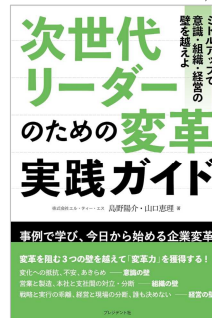


**Business Agility: The
Ability to Adapt to
Change Required of
Companies of the
Future**

(President)

Explains business agility, an ability that is essential for sustainable growth of companies amid uncertain business environments.

2022



**A Next-Generation
Leader's Guide to
Implementing Change:
Overcome the Barriers
of Awareness,
Organization, and
Management With a
Middle-up Approach**

(President)

Explains the role of middle management in bringing about change and taking companies to the next stage.

2023



**Business Process
Textbook, 2nd Edition
Business Architecture
for a New Era Led by
Empathy and Digital
Technology**

(Toyo Keizai)

Explains the business process management approach and mechanisms in an easy-to-understand manner.



**Beginner's Introduction
to DX**
(Editorial supervision)

(Gentosha)

Explains that the essence of DX is reform and lays out the process for small and medium-sized enterprises to take the first step towards reform.

Directors

Hiroaki Kabashima

**Representative Director
President Executive Officer**

In March 2002, he participated in the establishment of LTS and became Director. In December of the same year, he became President and Representative Director.



Sungil Lee

**Director
Vice President and Executive Officer**

In March 2002, he participated in the establishment of LTS and became Director. In January 2005, he became Director and Executive Vice President.



Yu Kamemoto

**Director
Vice President and Executive Officer**

**General Manager of Strategy
Consulting Business Headquarters**

In October 2011, he joined the Company. In March 2019, he became Director, and in March 2024, he became Vice President and Executive Officer.



Ryosuke Ueno

**Director
Vice President and Executive Officer**

**General Manager of Digital Business
Headquarters**

In April 2008, he joined the Company. In March 2019, he became Director, and in March 2025, he became Vice President and Executive Officer.



Directors

Fumio Takemura

Outside Director (Full-time Audit and Supervisory Committee Member)

After joining IBM Japan, Ltd., he served as Director and Executive Officer. Later, he served as Senior Managing Director of IBM Japan Services Company Ltd., President and Representative Director of JAL Information Technology Co., Ltd., Advisor to IBM Japan, Ltd., and Adjunct Lecturer at Tokyo City University Faculty of Knowledge Engineering. In March 2018, he became Statutory Auditor of LTS, and in March 2019, he became an Outside Director. In June 2022, he became Corporate Auditor of subsidiary WAKUTO, Inc. a subsidiary of LTS.



Naoki Takahashi

Outside Director (Audit and Supervisory Committee Member)

After joining Nissan Motor Co., Ltd., he became licensed as an attorney at law in New York, USA, and joined White & Case LLP. Later, he served as Director and Senior Vice President at Coca-Cola (Japan) Company, Limited and IQ3 Inc. After working at American International Group, Inc., he became Director and Managing Executive Officer of AIG Japan Holdings Kabushiki Kaisha. In December 2016, he became Auditor of LTS and became an Outside Director in March 2019.



Akiko Kawazoe

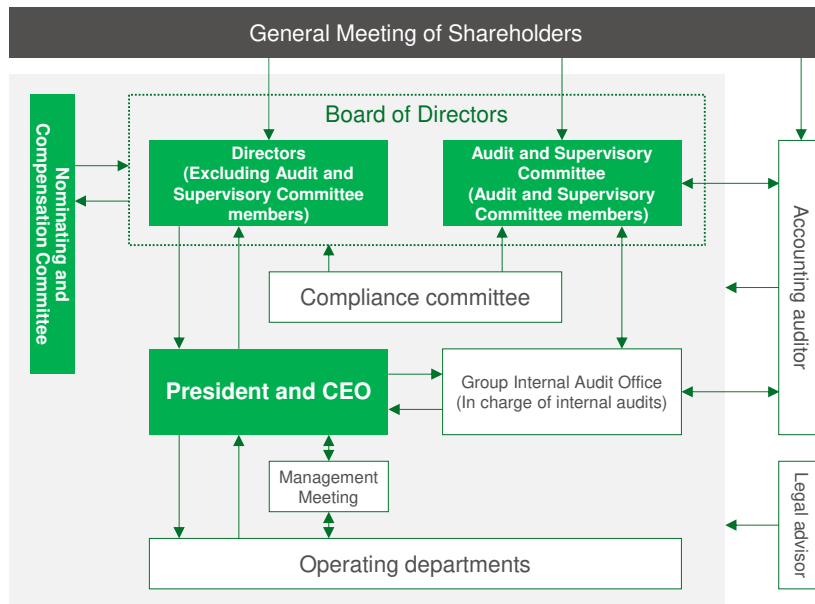
Outside Director (Audit and Supervisory Committee Member)

After joining Deloitte Touche Tohmatsu LLC, she became a certified public accountant and established Akiko Kawazoe CPA Office. Later, after working at Recruit Administration Co., Ltd. (Recruit Co., Ltd.), she became an employee of Hikari Audit Corporation in 2014. In March 2024, she became an Outside of Director of LTS.



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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