

Q2 FY2025 Financial Results

08/2025

LTS, Inc. (TSE Prime Market Securities code 6560)







- 1. H1 FY2025 Financial Results
- 2. Supplementary Information on One-off Losses
- 3. FY2025 Forecast Revision
- 4. Shareholder Return & Capital Management Policy
- 5. Medium- to Long-Term Growth Scenario
- 6. Reference Material

H1 FY2025 Financial Results Summary



Net sales

8,572

YoY growth rate Half-Year Plan Achievement Rate Budget progress rate

6.9% 99.1% 46.9%

Operating profit

473

YoY growth rate Half-Year Plan Achievement Rate Budget progress rate

33.8%

16.6% 93.4%

YoY growth rate 10.2%

(Reference) FY2025 forecast

Net sales

Operating profit

18.280 million yen

1.400 million yen

YoY growth rate 26.4%

H1 FY2025 Consolidated Financial Results

· Q2 standalone

Profitability declined on certain projects, leading to the recognition of one-time losses (¥321 million recorded under operating loss and ¥188 million under extraordinary losses).

The impact of unprofitable projects resulted in both net sales and operating profit falling below the initial forecast.

• H1

Although Q1 results exceeded expectations, the shortfall in Q2 more than offset this gain, so cumulative results for H1 ended below the initial forecast.

H2 Forecast

The impact of unprofitable project is expected to continue until the first half of Q4 (with no impact anticipated for the next fiscal year). Combined with adjustments in the profitability of the Platform Business, progress in the second half is expected to remain limited.

· Full Year Forecast

Favorable business conditions are expected to continue (excluding the one-off loss, first-half operating profit would have reached ¥739 million, marking a record high). However, it will be difficult to fully recover from the delays, and the full-year operating profit forecast has been revised downward to ¥1.180 million.

Dividends will be implemented as planned.

H1 FY2025 Consolidated Profit and Loss Statement



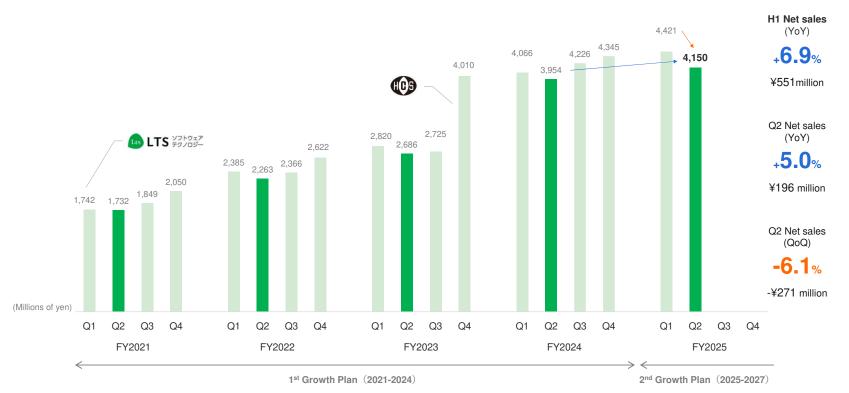
- Solid YoY growth, but operating profit fell short of initial plan.
- Recorded ¥188 million in extraordinary losses for costs to complete underperforming projects.

	H1 FY2025	FY2025 full year plan		H1 YoY % change		Q2 FY2025	Q2 YoY % change		Q2 QoQ % change	
(Millions of yen)	results	Plan	H1 progress	H1 FY2024	YoY growth	results	Q2 FY2024	YoY growth	Q1 FY2025	QoQ change
Net sales	8,572	18,280	46.9%	8,020	6.9 %	4,150	3,954	1 5.0%	4,421	▲ 6.1%
Gross profit	2,881	6,890	41.8%	2,814	2.4%	1,323	1,369	▲ 3.4%	1,558	▲ 15.1%
Gross profit margin	33.6%	37.7%	-	35.1%	▲1.5 pt	31.9%	34.6%	▲ 2.7pt	35.2%	▲ 3.3pt
Operating profit	473	1,400	33.8%	406	1 16.6%	50	52	♣ ▲ 3.2%	423	▲ 88.1%
Operating margin	5.5%	7.7%	-	5.1%	0.4pt	1.2%	1.3%	▲ 0.1pt	9.6%	▲ 8.4pt
Ordinary profit	525	1,350	38.9%	424	23.9%	70	53	33.2%	455	▲84.5%
Profit before income taxes	329	1,350	24.4%	424	▲22.3%	▲126	53	- %	456	- %
Profit attributable to owners of parent	226	900	25.2%	354	♣ ▲ 36.1%	▲105	46	- %	332	- %

^{*} EBITDA: ¥612 million / EBITDA margin: 7.1%

Quarterly Trend in Consolidated Net Sales

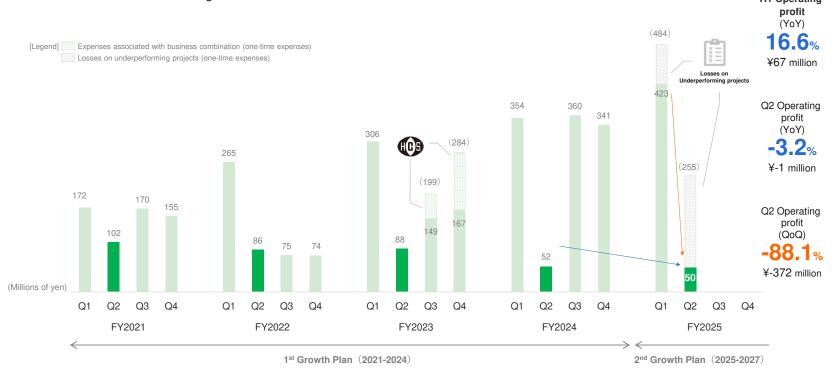
Despite seasonal decline from Q1, net sales in Q2 reached a new record high.



Quarterly Trend in Consolidated Operating profit

- Quarterly operating profit down YoY due to seasonal factors and losses on certain a project.
- Recorded ¥205 million in one-time losses on the project in Q2; without this loss, Q2 operating profit would have reached a record-high ¥255 million.

 H1 Operating



Quarterly Performance Trends by Segment



• Revenue declined in Platform Business (Professional Hub service) due to lower number of active employees.

Business Structure



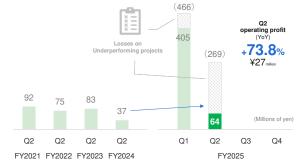
Professional services business
Platform business

2Q Operating
Profit
(Composition Ratio

Graph Omitted)

Professional services business





Platform business







Q2 FY2025 Consolidated Balance Sheet

• Driven by steady earnings growth and the asset streamlining at HCS, the equity ratio recovered, securing financial capacity to support aggressive investment.

	H1 FY2025	Yo	ρY	QoQ		
(Millions of yen)	results	FY2024 H1	YoY change	FY2025 Q1	QoQ change	
Current assets	6,651	6,563	87	7,977	▲ 1,325	
Cash and deposits, etc.	3,968	4,010	-42	4,934	-965	
Non-current assets	3,065	5,405	-2,340	2,923	141	
Total assets	9,716	11,969	-2,252	10,900	-1,183	
Current liabilities	3,294	3,483	-188	3,178	116	
Non-current liabilities	1,784	4,606	-2,822	2,978	-1,194	
Total liabilities	5,078	8,090	-3,011	6,156	-1,077	
Interest-bearing debt	2,369	5,287	■ -2,917	3,591	- 1,222	
Total equity	4,524	3,782	742	4,628	-103	
Net assets	4,637	3,879	758	4,743	-106	
Equity ratio	46.6%	31.6%	1 15.0pt	42.5%	1 4.1pt	

Reference indicators Q2 FY2025 results

Net cash	1,598
Net D/E ratio	(0.35)
Liquidity ratio	201.9%

Q2 FY2025 Activities Summary



Human Resources

Organized new human resources portfolio framework to support integrated business.

- Released new personnel system (14 defined career domains, self-selected career program, and higher pay levels).
- 19 employees obtained professional qualifications in the PM and BA fields.

Services

Promoted adoption of business architects/analysts supporting corporate transformation through industry-government collaboration.

- Participated in METI's Study Group on the Development of Digitally Skilled Workforce for the Era of Society 5.0 and published report.
- · Accelerated DX talent development support service.

Customers

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

- · 8 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

Increased joint projects by multiple group companies in DX consulting and SI fields.

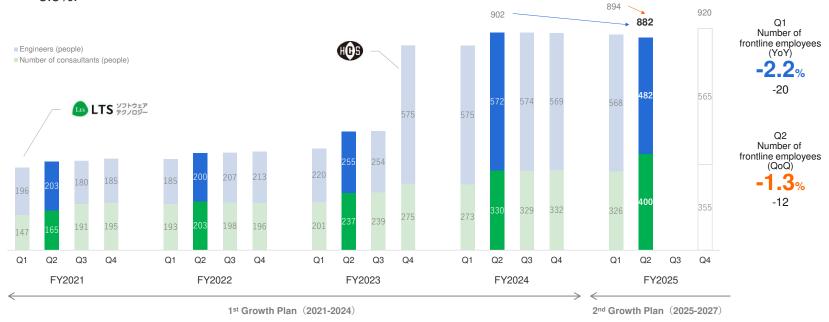
- Provided e-learning for DX talent service and Al/Data analytics training to Assign Navi members.
- Many subsidiary engineers participated in system development projects.



Quarterly Trends in Number of Frontline Employees (Consolidated)

- After accounting for the reduction in personnel due to deconsolidation, the projected number of frontline employees at the end of the period is 920, an increase of 19 (up 2.1%).
- Due to the deconsolidation of Isis CO., LTD. following the sale of its shares, the number of engineers decreased by 44 as of April.

• Hiring progress reached 60.8% despite challenging recruitment environment, with turnover rate controlled at 5.5%.







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- Project received in Q4 of previous fiscal year expected to have negative impact of ¥376 million on operating profit.
 - Note: Specific details of the project are withheld at this time due to confidentiality obligations and the fact that it is in the final stage of discussions toward completion.

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
- In final adjustment stage toward completion, recorded estimated related costs as losses

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
 - Project: -¥376 million
 - Other: +¥156 million

(See p. 16)

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. 27)

Q&A on the matter (1)



	Question	Answer
Q1	What is the specific content of the project?	We are addressing the matter sincerely and in good faith; however, in addition to confidentiality obligations, for the following reasons we are refraining from disclosing specific details at this time:
	What were the background, circumstances, and causes of the increased costs?	 (1) Need to minimize impact on customers, business partners, and other stakeholders (2) Ongoing discussions, negotiations, and adjustments among stakeholders (3) Contractual and legal arrangements and required procedures not yet completed We will promptly provide notification in an appropriate manner if information to be disclosed becomes available.
Q2	Are there any other projects at risk of becoming unprofitable?	The background to the significant increase in work hours and resulting unprofitability in the project was the risk allocation unique to contracted agreements, in which the contractor bears comprehensive responsibility for deliverable completion and risks related to QCD (quality, cost, and delivery).
	Is there a risk that another unprofitable project will emerge in the next financial results?	Reviewing risk of similar events for projects with this risk structure; excluding the project, as of end-July 2025 there are 11 contracted projects in system development totaling ¥278 million in sales • LTS: 3 projects (¥45 million) • HCS: 4 projects (¥195 million) • LTS ST: 4 projects (¥37 million) Although the contract types are different, we are also reviewing projects under quasi-delegation contracts (deliverable completion type) with similar risk structures, and have identified one such project at LTS totaling ¥313 million.
		Based on a comprehensive evaluation of proposal and estimate details, current project profitability, and future delivery risks for these projects, we believe the likelihood of risks materializing similar to those in the unprofitable project is limited.

Q&A on the matter (2)



	Question	Answer
Q3	Will there be any further negative impact on this fiscal year's results? Have all losses been recorded in these financial results?	All expected costs and opportunity losses related to the project for Q1-Q4 2025 have been reviewed and fully reflected, and additional impact on this fiscal year's results is expected to be limited (see p.12). Recorded in Q1 results: initial project losses related to the project Recorded in Q2 results: additional losses from continued response and costs to bring project to completion Expected from Q3 onward: related costs and opportunity losses anticipated to occur and have impact* While some responses, such as discussions and negotiations with stakeholders, are still ongoing, we believe the additional impact on operating profit and profit before tax for this fiscal year will be minor.
Q4	Will there be any negative impact on next fiscal year's results or the Medium-Term Management Plan (Growth Plan)? Will the forecast for next fiscal year or the Medium-Term Management Plan be revised downward?	Slower progress in Q2 performance was due mainly to losses on the project, not to deterioration in market conditions or structural issues in the business, and we believe the impact is temporary. All related losses have already been reflected in this fiscal year's results, and we currently assess the risk of a similar event recurring as low. In addition, the earnings forecast based on the business environment and order situation from Q3 onward remains steady, and initiatives to strengthen various foundations for sustainable growth are progressing steadily. Human resources: optimization of human resources portfolio through progress in hiring PM-level staff and developing engineers into system analysts Customers: strengthening account management and acquiring new customers, including large-scale projects Services: expansion of service portfolio highly aligned with industrial policies such as generative AI utilization, GX promotion, and digital human resources development Group management: promotion of structural reforms and increase in service delivery track record through group-wide collaboration
		Therefore, we believe there is no need at this time to revise the next fiscal year performance targets disclosed in our guidance (net sales: ¥20,150 million / operating profit: ¥1,680 million) or the medium-term performance targets set out in the 2nd Growth Plan.
Q5	Will the dividend be maintained?	We place importance on stable and continuous shareholder return, and regard the losses from the project as a one-time extraordinary loss. Therefore, we will maintain our initial dividend forecast and keep the annual dividend at ¥35.0 per share. In addition to dividends, we will continue to implement other shareholder return measures flexibly, taking into account capital
	Will shareholder return decrease?	efficiency and market conditions, with no change to our existing policy (see p.21).

^{*}Related costs: personnel expenses incurred during the period from when employees assigned to the project leave it until they are reassigned and charged to another project ... Q3: ¥23 million / Q4: ¥11 million *Opportunity losses: gross profit expected if, during project follow-up or standby period awaiting reassignment, employees had been engaged in projects at a standard revenue level ... Q3: ¥44 million / Q4: ¥31 million





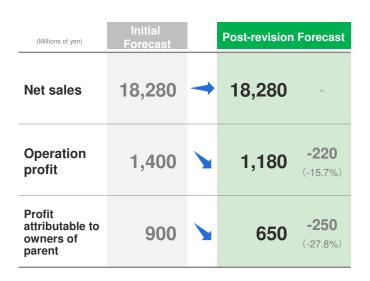
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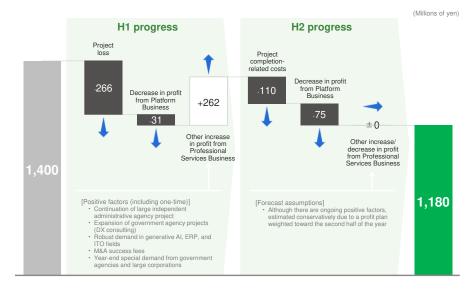


• Although both external environment and internal initiatives are progressing steadily, revised earnings forecast downward due to one-time loss on a specific project and delays in progress of the Platform Business.

Revision to Earnings Forecast



Breakdown of operating profit forecast revision



(Initial) forecast

(Post-revision) forecast

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 Y	oY growth rate	Reference (Post-revision)
Net	sales (Consolidated)	18,280	18,280	±0	16,592	1,687	10.2%	11%
	Professional Services Business	16,900	16,500	+400	14,883	2,016	13.5%	Net sales composition
	Platform Business	2,000	2,400	-400	2,237	-237	-10.6%	89%
Ope	rating profit (Consolidated)	1,180 (6.5%)	1,400	-220	1,107 (6.7%)	72 (-0.2pt)	6.5%	0%
	Professional Services Business	1,175 (7.0%)	1,280	-105	1,031	143 (0.1pt)	13.9%	Operating profit composition
	Platform Business	5 (0.3%)	120	-115	76 (3.4%)	-71 (-3.1pt)	-93.5%	100%
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 FY2055, at the beginning of the period, only ordinary profit
Profit attributable to owners of parent		650 (3.6%)	900	-250	973 (5.9%)	-323 (-2.3pt)	-33.2%	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%

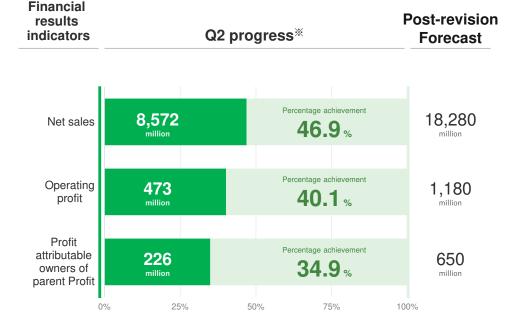
^{*}Net sales for each segment include internal sales.

Composition represents the proportion of net sales and operating profit between the two segments.

Progress on Consolidated Financial Results in Q2 FY2025



- Cumulative results through Q2 for both net sales and operating profit tracking below initial expectations.
- Revised earnings forecast downward as the impact of the project that pressured H1 earnings is expected to continue until the first half of Q4, combined with profitability adjustments in the Platform Business, limiting H2 performance progress.



Risk awareness and response status

- Corporate customer investment restraint due to concerns over a global economic slowdown
 - $\rightarrow\,$ No specific impact such as project freezes has been observed at this time.
- Prolonged decline in number of active employees in Platform Business (Professional Hub services)
 - → Strengthening of sales structure
 - → Promotion of monetization of other services (such as SaaS business and training)

Opportunities and response status

- Continuation of long-term, large-scale projects with government agencies and major corporations
 - → Promotion of joint delivery structure across the Group
- · Robust demand for data analytics and generative Al-related projects
 - \rightarrow Acceleration of engineer reskilling and project reassignment





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Dividends of surplus

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- Dividend planned for end of FY2025, targeting dividend payout ratio of approximately 20%
- Earnings forecast revision downward due to special factors, maintaining initial planned dividend level based on shareholder return policy.

Basic policy

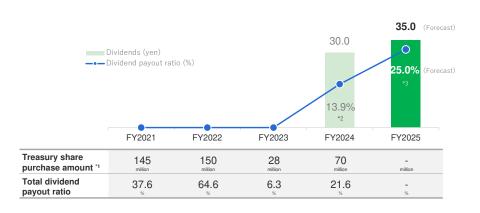
Trend

₹

annual dividend per share

 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



Total dividend payout ratio

35.0 yen

(Ordinary dividend) (Year-end dividend)

Dividend payout ratio

25.0%

(Calculated based on the revised FY2025 forecast)

^{*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%.

Purchase of treasury shares



Resolved to purchase treasury shares at the Board of Directors meeting held on August 14, 2025.

Reasons for purchase

- · To improve shareholder return and capital efficiency
- To execute flexible capital policy in response to the business environment
- (Planned to be used in part for the share-based compensation system introduced for certain officers and employees)

Upper limit of purchase

Number of shares to be purchased: Maximum of 240,000 shares

(5.18% of the total number of shares issued excluding treasury shares)

Total purchase amount: Up to ¥500 million

Period and method of purchase

Period: Friday, August 15, 2025 to Tuesday, December 30, 2025

Method: Market purchases on the Tokyo Stock Exchange

Criteria for Continued Prime Market Listing (current Status)

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

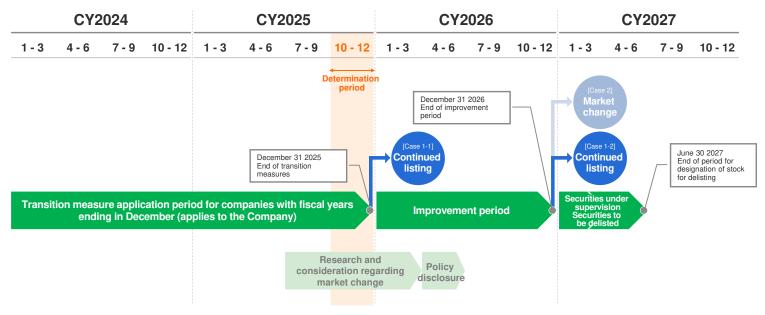
	Number of shareholders	No. of tradable shares	Tradable share ratio	Stock price	Tradable share market cap
Status	0	0	0	-	×
Criteria	800 people	20,000 units	35.0 %	-	100 (billions of yen)
Assessment as of March 2025	1,915 people	24,129 units	52.9 %	2,084 *1 yen	50.2 (billions of yen)
1					↓ ↑
Target as 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 April to June

^{*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 our primary option, as a 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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Brand Slogan





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 -

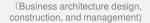
Strengthening of "reform promotion skills"

(Project support on the user side)



- Business partner -

Enhancement of "adaptability to change"





- Organizational partner -

Enhancement of "ability to create change"

(Instilling change awareness and developing change leaders)



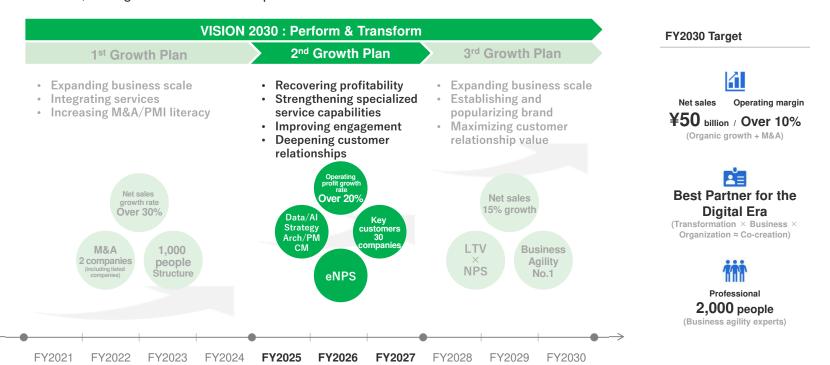
- Partner in collaborative innovation -

Evolution into "change creating company"

(Acquisition and Enhancement of business agility)

2nd Growth Plan - Path to VISION2030

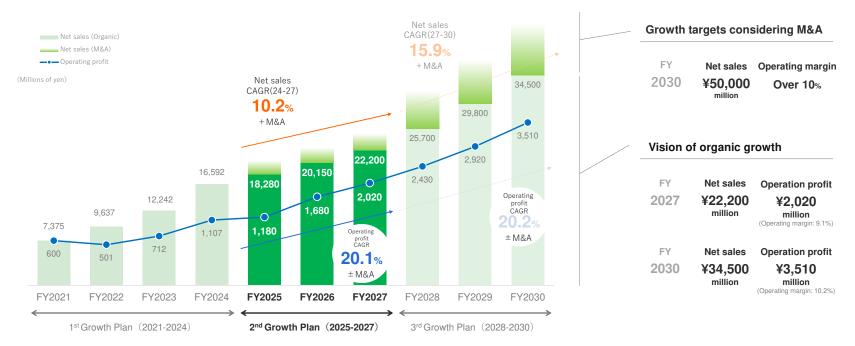
 Recover profitability that declined during "1st Growth Plan" period by enhancing service competitiveness, strengthening customer relationships, and improving employee engagement, including higher compensation levels, during "2nd Growth Plan" period



2nd Growth Plan – Performance Target Trends

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- ・ 2025-2027期間では収益性(営業利益率)の回復を優先し、営業利益の平均成長率20%を計画
- 計画には織り込まないものの、オーガニック成長に加え、M&Aによる非連続的な成長も視野
- 下方修正はあるものの事業成長の基本基調は変わっていないため、現在進行中の「2nd Growth Plan」は変更なし

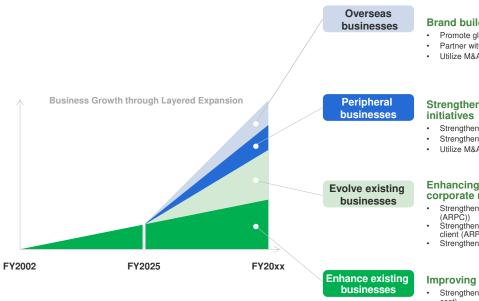


In light of the current uncertain business environment and the significant emphasis on new businesses (peripheral and overseas businesses) and M&A in our growth scenario, we believe we should review our strategy flexibly each year and reflect it in the business plan for the following year and beyond. 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



Brand building in Asian market

- Promote global support for existing customers
- Partner with FPT Group and Yokogawa Group
- Utilize M&A (acquire local partners)

Strengthening new drivers of "X (Transformation)" initiatives

- Strengthen strategic and organizational consulting domains
- Strengthen GX and SX support domains
- Utilize M&A (acquire solutions)

Enhancing customer relationship value through advanced corporate reform support

- Strengthen end-to-end total services (increasing average revenue per client (ARPC))
- Strengthen edge-to-edge cross services (increasing average revenue per client (ARPC))
- Strengthen business agility brand (increasing number of customers)

Improving quality and profitability of individual services

- Strengthen special education in BA/PM, etc. (increasing monthly per capita cost)
- Enhance PM-level/consultant hiring (increasing number of employees)
- Thoroughly manage project pipelines and resource utilization (increasing utilization rates)

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			Pro	ofit model			Key points for profitability improvement
Strategy consulting	Flow	High unit medium utilization rate	×	Small × short team 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 High utilization rate	×	Large × 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

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

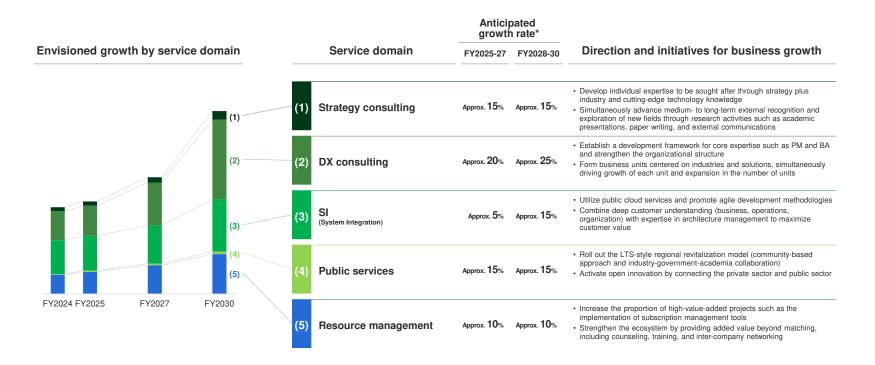
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^{*1} Within regional revitalization initiatives, the Company operates spaces that bring together local governments, businesses, educational institutions, non-profit organizations, and individuals to foster connections and collaboration.

Growth Scenarios for Existing Businesses – Growth Scenarios by Profit Model



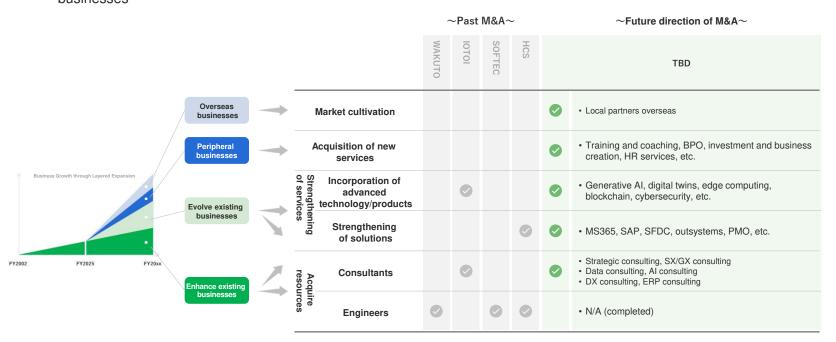
Plan and manage business growth using distinct concepts and approaches for each of the five organized domains.





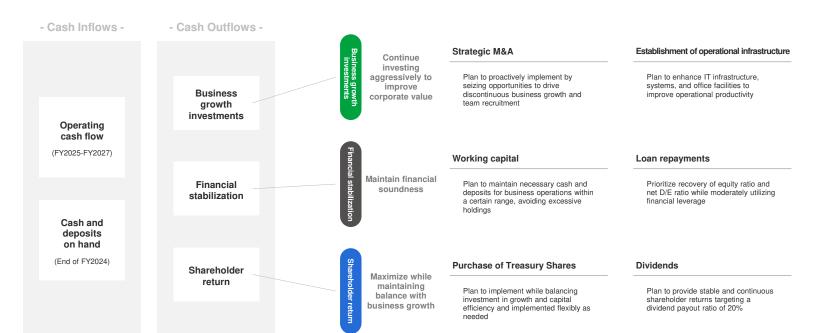
M&A Strategy for Discontinuous Growth

- 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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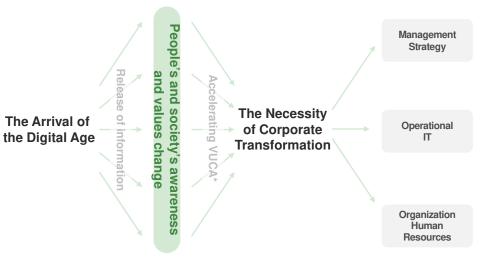


The Impact of the Digital Age on Companies



• 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

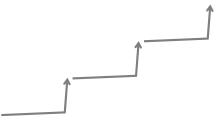
- Decision-making: Emphasize speed (from plan-driven to changedriven)
- Business creation: Address additional destructive innovation
- Industry restructuring: Normalize intra-company collaboration and M&A
- Operational management: Management takes lead in managing overall picture of operational structure
- 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

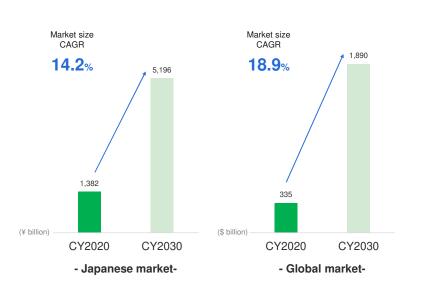


Fast x small x many times

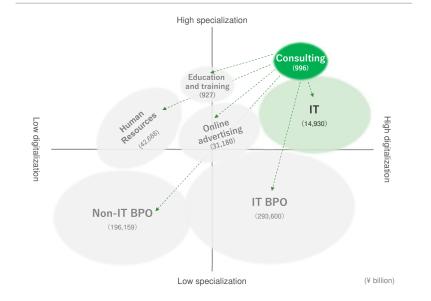
Expansion and Growth of Consulting Market

• 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)



Micro **Environment** (Business agility)

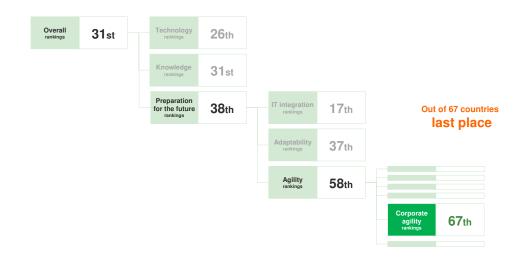
Social Issues in Japan - "Speed" is Lost

- 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

Rank (n-67) 5 years 22 in a row Falling 2024 2018 2019 2020 2021 2022 2023

2024 Ranking: Element Breakdown



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

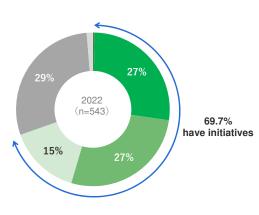
• Business agility* refers to the organizational capacity that enables the business structure to adapt quickly to changes in the external environment.

		Before agility		After agility
CC	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
orporate a	Operational processes	Individual operational procedures are managed on site as needed Responsibility for operational processes is unclear Building blocks are tightly coupled	Busines	 Management regularly manages the entire business structure Responsibility for operational processes is clear Building blocks are loosely coupled
architecture	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

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

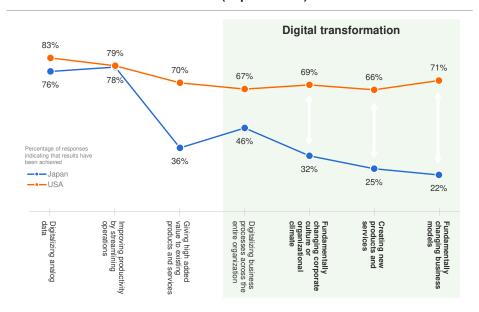
- About 70% of Japanese companies are working on DX in some form or another.
- Most of the initiatives are limited to digitalizing data and processes and do not extend to transformation (X) where digital technology is a business assumption.

Status of DX Initiatives at Japanese Companies



- ■Main business has been digital business since founding
- ■Working on DX company-wide based on company-wide strategy
- ■Working on DX in some departments based on company-wide strategy
- Departmets are working on DX individually
- ■No initiatives
- ■Don't Know

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

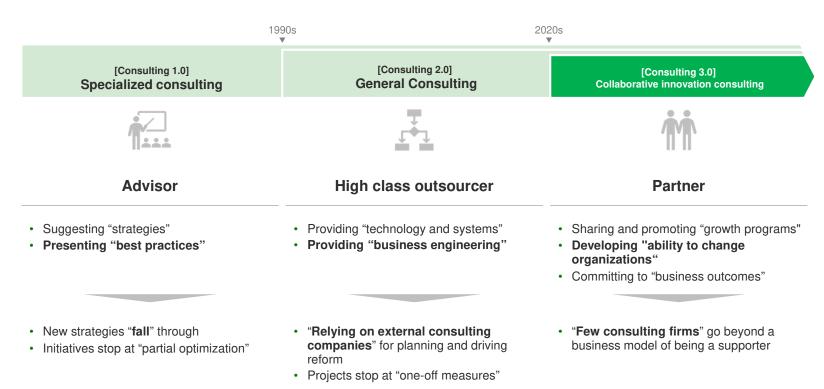
DX level	Initiative	Result of initiative	Cause of failure	Our support
3rd Level Strategy Development Organizational Transformation	Portfolio management (Program group and operation)	Unable to increase competitiveness without transformation becoming routine (Making "DX" an event and dependence on external 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)
Business structure reform (Design) Business structure reform (Implementation)	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)
1stLevel Business/System transformation	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

Lts

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

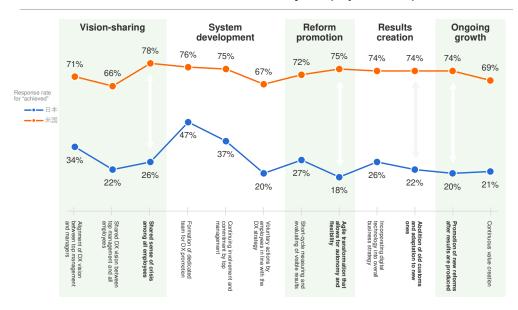


DX Challenges for Japanese Companies – Achievements and Issues

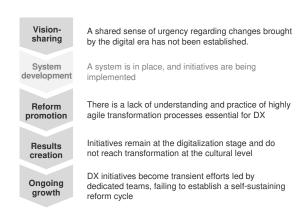


- Despite the promotion of various initiatives, they have not led to significant changes in corporate culture. Consequently, the
 acquisition and enhancement of agility remain insufficient.
- The point where the greatest divergence in achievement between Japan and the US occurs is agile transformation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

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



Issue of DX promotion at Japanese companies

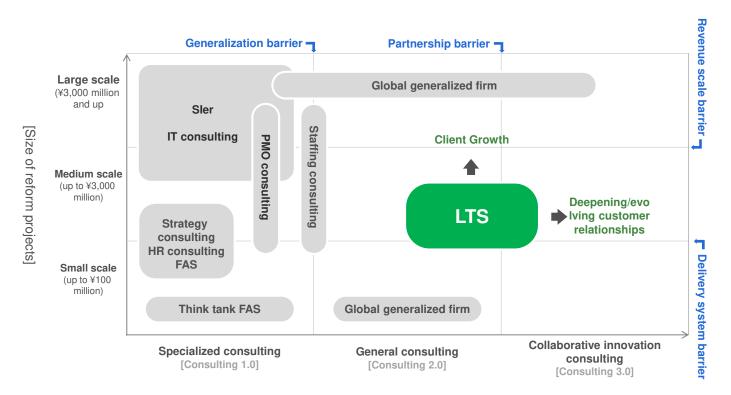


A partner in collaborative innovation is essential for successful DX implementation



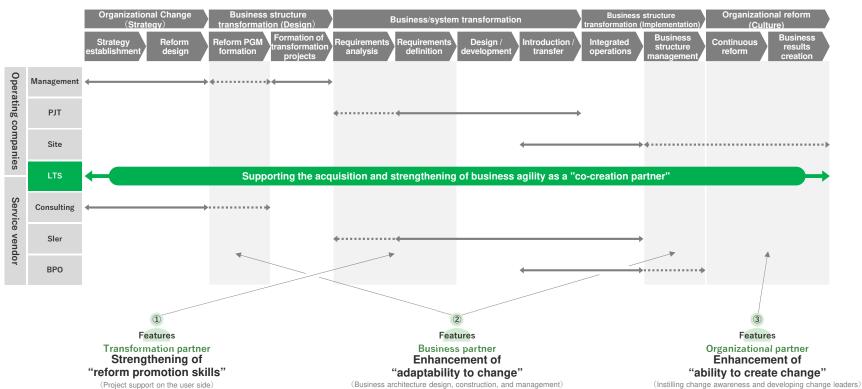
Our strength- Midsize x Collaborative Innovation Consulting

 We provide support for acquiring and enhancing business agility as a collaborative innovation partner to mediumsized 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





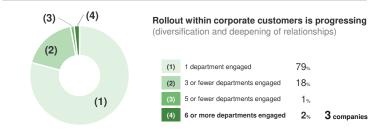
Customer Relationship Value - Depth x Breadth x Duration

• 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



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.
- · Tokyo Gas Co., Ltd.
- Taiyo Oil Company, Limited

Transportation

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

OAutomotive

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

OConstruction/Real Estate

- HASEKO GROUP
- DAIWA HOUSE INDUSTRY CO., LTD.
- · Chiyoda Corporation

OManufacturing

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

OFood/Restaurant/Healthcare

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

OMedia/Education

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

Ocommunications

- 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.

OFinancial/Securities/Insurance

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

Oconsulting/IT

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

OGovernment/Local Governments/National Corporations

- · Ministry of Economy, Trade and Industry
- Ministry of Internal Affairs and Communications
- 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)

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

		Net sales	Operating profit
	FY2021 (Initial plan)	¥12,000 million (CAGR of over 20%)	¥1,800 million (Operating margin of 15%)
VISION 2030 (1st Growth Plan)	FY2022 (Revised upward)	¥14,000 million (CAGR of over 20%-25%)	¥2,000 million (Operating margin of 14.3%)
(1 st Growth I	FY2023 (Revised upward)	¥16,500 million (CAGR of over 30%)	¥2,000 million (Operating margin of 12.1%)
Plan)	FY2024 (Results)	¥16,500 million (CAGR: 31.1%)	¥1,100 million (Operating margin of 6,7%)

iitially expected scenario

Steadily grow mainstay professional services business

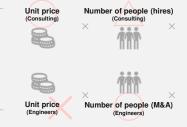
- · Proactive hiring and knowledge development
- · Diversification of service offerings through bottom-up R&D
- Transition to self-organizing decentralized network-type organization (business unit structure)
- Strengthen the engineering structure through M&A and other means
- Build comprehensive service 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

Established service structure capable of providing integrated support for business and technology

· Failed to fully leverage acquisition of engineering capabilities to strengthen profitability









Utilization rate

(Consulting)

Review of "1st Growth Plan" - Initiatives



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

Achievements/results

Reduced profit-generation capacity

Problems

Human Resources

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

Customers

- 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
- 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

- 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)
 - taking longer than expected

- 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

- Strengthening human resources capable of discovering, structuring, and leading projects
- Accelerated PM-level hiring through compensation system revisions

Current initiatives

- 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

Group Management

- Delay in realizing synergy across the entire Group
- Reorganization of management operations and cost optimization yet to start
- Need for restructuring framework of business division management and Group management

- 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).

 - · SOFTEC Co., Ltd.: Fiscal year ended June 2020 ⇔ Fiscal year ended December 2024



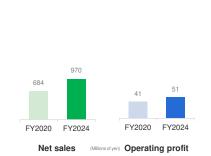
(Millions of yen) Operating profit



SOFTEC Co., Ltd.*1

Net sales

(FY19-FY24)



Operating

profit

(FY19-FY24)



HCS HOLDINGS CO.,LTD.*2



Net sales

Approach to Growth Investments

communication-related)

• 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).

Capitalized Non-capitalized investments investments **Human Resources** Customers Services R&D M&A Recruiting Training Branding Sustainability · Strengthen career hiring · Promote acquisition of · Research markets and CS · Delivery challenges for · Accelerate human · Anticipate medium- to focused on PM-level professional qualifications themes without precedent resources investments large-scale projects to · Develop and communicate such as BA and PM professionals achieve discontinuous corporate/service content · Participate in · Plan initiatives related to · Participate in academic business growth · Advance new graduate internal/external research sustainability management · Anticipate small-scale recruitment (year-round societies and research activities and multinational approach) institutions for each projects for team specialized field recruitment purposes Education and training expenses Advertising expenses Personnel expenses (R&D-Subsidiary shares / investment Recruiting expenses Personnel expenses (sustainability-related) securities Personnel expenses (hiring-Personnel expenses (training-Personnel expenses (PR/marketing-related) Goodwill Establishment of Intellectual Establishment of **Business environment** Retention Organizational culture customer base property/KM operational infrastructure development · Continue wage increases in · Conduct training on · Strengthen the account · Establish and operate · Introduce IT equipment · Enhance IT infrastructure conjunction with profitability corporate philosophy, DNA, management system processes for creating · Establish IT infrastructure Strengthen office etc. during onboarding and (develop account accumulating, sharing, and Create a work environment environment (renovation Use business-related cloud promotions managers) utilizing knowledge that is both comfortable and expansion) services · Introduce CRM tools · Introduce KM tools and fulfilling · Share through regular Backbone system upgrade operations and performance evaluations Personnel expenses (sales-Personnel expenses (KM-Personnel expenses (pay and Personnel expenses (internal Consumables Tools, instruments, and related) related) communication-related) Payment handling fees equipment Personnel expenses (benefits) Software Personnel expenses (benefits) Software Depreciation and amortization Personnel expenses (internal

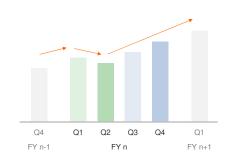
Supplementary Data

Seasonal Patterns by Quarter



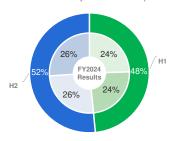
• In the current fiscal year as well, Q2 results are expected to fall below Q1 due to the overlap of a slow project period and the onboarding of new graduate employees.

Trend in net sales

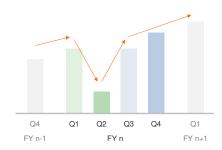


- Q1: Started at higher level than in Q4 of previous year due to development of previous year's hires.
- Q2: Slightly lower than Q1 due to off-season for projects (temporary decrease in investment activities by companies whose fiscal year ends in March).
- Q3: Project formation progresses at each site, 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

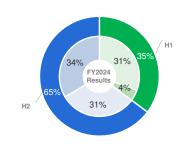


Trend in operating profit



- 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



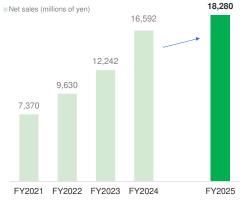


FY2025 Consolidated Performance Forecast(Initial Assumptions)

- Shifting to a profit-focused phase aimed at sustainable growth (net sales growth over 10%, operating profit growth over 20%)
- Placing continued focus on acquiring top talent to support future growth while adjusting the pace of hiring

Net sales





Operating profit







- Flexibly executing growth investments while continuously working to reduce baseline operating expenses
- 季節性によりQoQでは増加しているが、継続的なコスト構造の見直しの効果もありYoYでは漸減

(Millions of ven)



Expense classification	Item	Amount	Percentage	Expense allocation policy		
Shared	Personnel expenses	796	62.5%	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 Actively investing in recruitment of PM-levelopersonnel Referral fees rising sharply		
	Recruiting expenses	61	4.9%			
Growth investments	Education and training expenses	29	2.3%	Actively investing in obtaining PM and BA- related certifications		
	Advertising expenses	9	0.7%	Adjust flexibly to strengthen PR and IR		
Growth- related expenditures	Amortization of goodwill (including amortization of customer relationship assets)	25	2.0%			
	Land/office rent	26	2.1%			
Baseline operating expenses	Depreciation and amortization	20	1.6%			
•	Operational costs	304	23.9%			



Consolidated Number of Employees – Quarterly Trends

• Reference: Trends in Consolidated Number of Employees from FY2021 Q1 to FY2025 Q2

	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
	▲Com	solodated	SFTC									▲Con:	solidated	▲Exclι	uding AMO	G (partial	business)	▲Excl	uding ISIS	
Consultant	147	165	191	195	193	203	198	196	201	237	239	275	273	330	329	332	326	400		
Engineer	196	203	180	185	185	200	207	213	220	255	254	575	575	572	574	569	568	482		
Sales/Business	33	41	37	35	36	49	49	49	50	70	69	81	80	88	83	79	78	64		
Corporate	39	39	40	46	48	52	55	65	65	67	67	114	119	124	121	116	118	126		
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		
Change (YoY)	126	132	132	138	47	56	61	62	74	125	120	536	525	485	478	37	29	-42		
Change (QoQ)	125	33	0	13	1	42	5	14	13	93	0	430	2	53	-7	-11	-6	-18		





Company Overview

	Overview
Company Name	LTS, Inc.
Founded	March 2002
Representative Director	Hiroaki Kabashima
Address (Head Office)	Akasaka Center Building(14F, 15F)
Capital Amount	767,900,900yen (as of June 30, 2025)
Number of employees	1,072 (as of June 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.





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, Inc.

HIBIYA RESOURCE

RESOURCE

HIBIYA COMPUTER

SYSTEM CO., LTD.

HIBIYA RESOURCE PLANNING CO., LTD.

LTS ASIA CO., LIMITED

*Hong Kong corporation



History of LTS Group

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

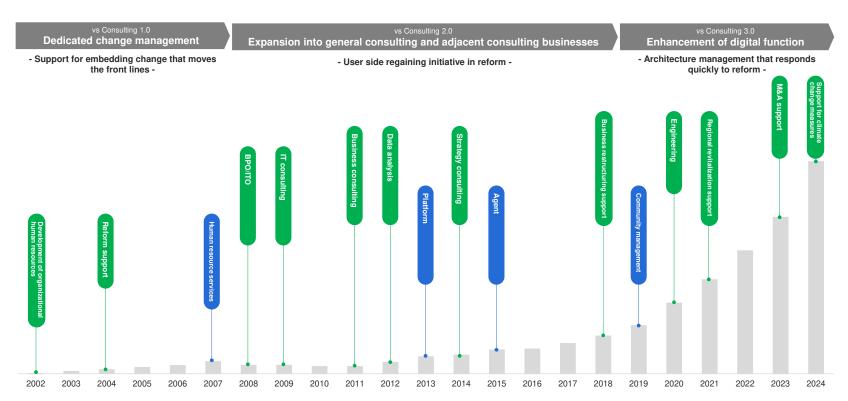
Acquisition and Enhancement of "business agility"

	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 	ConsultingData analysis/utilization of AISystem development and BPO/ITO	CSR/SDGs promotion Regional revitalization (business creation / human resource development) Public-private collaboration (industrial promotion / regional DX)	Matching platformSaaS platformProfessional staffing





• 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 2019 2021 2022 2023









Business Agility: The

Change Required of

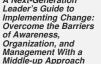
Ability to Adapt to

Companies of the



事例で学び、今日から始める企業変革

変革を限む3つの壁を越えて「変革力」を獲得する



(President)

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





(Tovo Keizai)

Explains the business process management approach and mechanisms in an easyto-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.

Customer Co-Creation IT Business Based on Service Science

(Shoeisha)

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

Process Visionary: Process Reform Leader for the Digital Era

(President)

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

Future (President)

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

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)

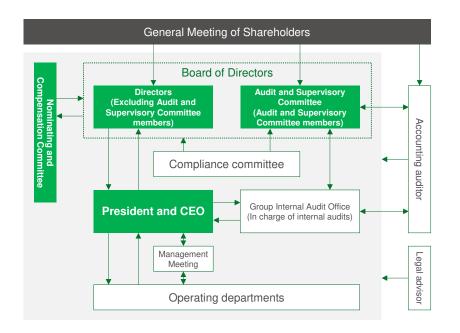
After joining Deloitte Touche Tohmatsu LLC, she became a certified public accountant and established Akiko Kawazoe CPA Office. Later, after working at Recruit Administration Co., Ltd. (Recruit Co., Ltd.), she became an employee of Hikari Audit Corporation in 2014. In March 2024, she became an Outside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