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Financial Results for the Year Ended December 2025
[Japan GAAP] (Consolidated)

February 13, 2026

Name of Company:	LTS, Inc.	Stock Exchange Listing:	Tokyo
Stock Code:	6560	URL	https://lt-s.jp/en
Representative: Title:	Representative Director, President Executive Officer	Name:	Hiroaki Kabashima
Contact Person: Title:	Director, Vice President Executive Officer	Name:	Sungil Lee (Tel: +81-3-6897-6140)
Date of regular general meeting of shareholders:		March 24, 2026	
Date of commencement of dividend payment:		March 25, 2026	
Date of filing of securities report:		March 23, 2026	
Preparation of supplementary materials:		Yes	
Convening of a results meeting:		Yes	

(Amounts less than one million are rounded down)

1. Financial results for the current fiscal year (January 1, 2025 - December 31, 2025)

(1) Consolidated Operating results

(Percentage figures represent year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended December 2025	17,101	3.1	1,185	7.0	1,293	21.0	696	(28.5)
Year ended December 2024	16,592	35.5	1,107	55.5	1,069	42.8	973	114.2

(Note) Comprehensive income Year ended December 2025: 686 million yen (30.7%)
Year ended December 2024: 991 million yen 126.3%

	Profit per share	Profit per share fully diluted	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Year ended December 2025	153.78	153.15	15.3	12.1	6.9
Year ended December 2024	216.44	212.82	24.5	9.1	6.7

(Reference) Share of loss (profit) of entities accounted for using equity method Year ended December 2025: 94 million yen
Year ended December 2024: (55) million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
Year ended December 2025	10,031	4,763	46.3	1,055.68
Year ended December 2024	11,402	4,566	39.1	975.03

(Reference) Shareholders' equity Year ended December 2025: 4,648 million yen
Year ended December 2024: 4,452 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended December 2025	(326)	(135)	(1,600)	3,376
Year ended December 2024	816	2,137	(1,355)	5,439

2. Dividends

	Dividend per share					Total dividends (total)	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Total			
	yen	yen	yen	Yen	yen	million yen	%	%
Year ended December 2025	—	0.0	—	35.0	35.0	137	13.9	3.4
Year ended December 2024	—	0.0	—	30.0	30.0	154	22.8	3.5
Year ending December 2026 (forecast)	—	0.0	—	40.0	40.0		16.8	

3. Forecast for the fiscal year ending December 2026 (January 1, 2026 - December 31, 2026)

(Percentage figures represent year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	18,300	7.0	1,600	34.9	1,615	24.8	1,050	50.8	238.47

* Notice

(1) Material changes in the scope of consolidation during the period: Yes

New consolidations: — company (ies) (Company name(s)); Exclusions: 1 company (Company name) ISIS Co., Ltd.

(Note) For details, please refer to P.15 "Additional Information" of the accompanying materials.

(2) Changes in accounting policies, accounting estimates, and restatements

(a) Changes in accounting policies due to revision of accounting standards: Yes

(b) Changes in accounting policies other than those in (a): No

(c) Changes in accounting estimates: No

(d) Restatements: No

(3) Number of shares outstanding (common shares)

(a) Shares outstanding (including treasury shares) at end of period	Year ended December 2025	4,725,085 shares	Year ended December 2024	4,657,375 shares
(b) Treasury shares at end of period	Year ended December 2025	321,962 shares	Year ended December 2024	90,621 shares
(c) Average number of shares during period	Year ended December 2025	4,528,576 shares	Year ended December 2024	4,497,688 shares

* Financial results summaries are not subject to audit by certified public accountants or auditing firms.

* Cautionary statement regarding business results forecasts and special notes

The financial forecasts and other forward-looking statements herein are based on currently available information and assumptions considered by the Company to be reasonable and do not represent a commitment from the Company that they will be achieved. Actual results may differ substantially due to various factors.

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1. Analysis of Operating Performance and Financial Position

(1) Overview of Operating Performance

During the fiscal year under review, the Japanese economy showed a gradual recovery trend as the employment and income environment continued to improve. On the other hand, risks of a downturn in the economy are increasing due to the impact of U.S. trade policy and continued price increases on personal consumption, and the situation remains uncertain, with attention also required regarding the effects of fluctuations in the financial and capital markets.

In the information services industry, which is the main business domain of LTS, Inc. Group, digital transformation (DX) initiatives are in full swing to respond to changes in the social environment. Demand for services to support internal reform activities, including introducing task performing robots such as AI and RPA (Robotic Process Automation) and work style reform, remained steady due to the continued high-priority need, but the shortage of IT human resources capable of meeting these needs has become an issue.

Under these business circumstances, LTS, Inc. Group sought to become the “Best Partner for the Digital Era” by not only supporting individual reform projects but also providing services beyond the framework of consulting to help customers implement change as a partner in creating people, businesses, and organizations that can respond to change and pave the way for the future. LTS, Inc. Group has been developing a Professional Services Business that offers one-stop support catered to the customer’s unique challenges and reform objectives and a Platform Business that supports reform by connecting the IT industry through a platform. In the Professional Services Business, LTS, Inc. Group established the Strategic Consulting Business Headquarters and focused on providing support services that address a wide range of challenges faced by customers, particularly at the CXO level, and contribute to enhancing corporate value, leveraging expertise in strategy, data, AI, and macroeconomic analysis. LTS, Inc. Group also continued proactive hiring and human resource development activities, promoting initiatives to further expand stable service delivery capabilities. However, project management issues arose in certain cases, leading to the recording of related one-time losses. In the Platform Business, LTS, Inc. Group strengthened the organizational structure to adapt to environmental changes and focused on expanding existing services, with a particular emphasis on the “Professional Hub” service.

As a result of the above, for the fiscal year under review, LTS, Inc. Group achieved net sales of 17,101 million yen (up 3.1% year on year), operating profit of 1,185 million yen (up 7.0% year on year), ordinary profit of 1,293 million yen (up 21.0% year on year), and profit attributable to owners of parent of 696 million yen (down 28.5% year on year).

A summary of operating results by segment (net sales includes internal sales) is provided below.) is provided below.

(Professional Services Business)

In the Professional Services Business, as the environment surrounding the IT division continues to evolve, although earnings were pressured by one-time losses related to addressing project management issues that arose in certain system development projects, favorable conditions created by robust demand for DX provided a boost for LTS, Inc. to steadily acquire traditional consulting projects (operational analysis/design, IT introduction support, onsite deployment) based on its strength of visualizing and improving operations utilizing business process management. LTS, Inc. also strengthened collaboration with external companies by providing consulting services and DX support for local governments and companies, mainly in Shizuoka Prefecture, through a business partnership with Suzuyo System Technology Co., Ltd., and by fully launching consulting services for the implementation of SAP S/4HANA Cloud as an SAP Service Partner. In addition, LTS, Inc. actively pursued initiatives to expand its service offerings in cutting-edge fields, including the launch of Product Climb, a consulting service that provides advanced IT finance support and collaborative support for product planning and development, the receipt of the Grand Prize at the Satellite Data Utilization Awards 2024 by ME-Lab Japan, Inc. for its Wide-Area Blue Carbon Potential Estimation Service Using Satellite Data and Transfer Learning, which supports companies in Green Transformation (GX) initiatives such as addressing climate change, and the adoption of its Forest Carbon Credit Creation Promotion Project by Shizuoka City. LTS, Inc. also worked on activities to improve corporate transformation and DX promotion capabilities, such as leading the definition of "Business Architect" human resources in the Ministry of Economy, Trade and Industry task force.

As a result, net sales in the Professional Services Business came to 15,643 million yen (up 5.1% year on year) and segment profit (operating profit) came to 1,211 million yen (up 17.4% year on year).

(Platform Business)

In the Platform Business, the number of members in the Assign Navi platform, which provides business matching and a learning forum specialized for the IT industry, grew to 14,915 including both corporate and individual members as of December 31, 2025 (an increase of 692 members from the end of the previous fiscal year). Although LTS, Inc. proceeded with initiatives for platform services based on connecting IT business operators with professional human resources, such as continued support for the introduction and operation of subscription platforms in the cloud business, the number of active personnel through Professional Hub stagnated, leading to a decline in profitability. For this reason, LTS, Inc. worked on structural reforms of the business itself, including strengthening the organizational structure such as reviewing the sales structure, streamlining existing operations, and reviewing the services provided, but this did not lead to an improvement in overall profitability.

As a result, net sales in the Platform Business came to 2,044 million yen (down 8.6% year on year), and the segment loss (operating loss) was 25 million yen (compared to a profit of 76 million yen in the previous fiscal year).

(2) Overview of Financial Position

Total assets at the end of the current fiscal year were 10,031 million yen, down 1,370 million yen from the end of the previous fiscal year. This was primarily due to a 2,071 million yen decrease in cash and deposits.

Liabilities came to 5,268 million yen, down 1,567 million yen from the end of the previous fiscal year. This was primarily due to a 924 million yen decrease in long-term borrowings.

Net assets amounted to 4,763 million yen, an increase of 196 million yen from the end of the previous fiscal year. This was primarily due to increases of 559 million yen in retained earnings, 72 million yen in share capital, and 72 million yen in capital surplus, while treasury shares increased by 499 million yen. The equity ratio was 46.3%.

(3) Overview of Cash Flows

The balance of cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year decreased by 2,062 million yen from the end of the previous fiscal year to 3,376 million yen. The status of each cash flow and their factors for the current fiscal year are as follows.

(Cash flows from operating activities)

Cash flows from operating activities resulted in an expenditure of 326 million yen. This was primarily due to income taxes paid of 991 million yen, an increase in trade receivables of 447 million yen, a decrease in accrued consumption taxes of 239 million yen, and a decrease in accounts payable - trade of 141 million yen, despite profit before income taxes of 1,006 million yen, loss on cancellation of contracts of 220 million yen, depreciation of 179 million yen, and an increase in provision for bonuses of 100 million yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in an expenditure of 135 million yen. This was primarily due to purchase of property, plant and equipment of 140 million yen, purchase of investment securities of 59 million yen, and purchase of intangible assets of 49 million yen, despite proceeds from sale of investment securities of 184 million yen.

(Cash flows from financing activities)

Cash flows from financing activities resulted in an expenditure of 1,600 million yen. This was primarily due to repayments of long-term borrowings of 1,924 million yen, purchase of treasury shares of 499 million yen, repayments of short-term borrowings of 340 million yen, and dividends paid of 136 million yen, despite proceeds from long-term borrowings of 1,000 million yen and proceeds from short-term borrowings of 300 million yen.

(4) Future Outlook

In the information services industry for the fiscal year ending December 2026, LTS, Inc. expects that the medium- to long-term trend of expanding initiatives for digital transformation (DX) in management will remain unchanged, and demand for IT investment and related consulting will continue to be steady. Against the backdrop of robust demand for DX, LTS, Inc. expects continuous business expansion by redefining the service areas provided as a group, deepening relationships with existing customers, and developing new

customers among digital-forward corporate groups. In addition, LTS, Inc. expects to achieve stable profit growth by continuing proactive investment in recruitment and training to further improve service capabilities, while also aiming for efficient business operations across the entire group and proceeding with appropriate control of SG&A expenses.

By promoting the above measures, the consolidated earnings forecast for LTS, Inc. for the fiscal year ending December 2026 is net sales of 18,300 million yen (up 7.0% year on year), operating profit of 1,600 million yen (up 34.9% year on year), ordinary profit of 1,615 million yen (up 24.8% year on year), and profit attributable to owners of parent of 1,050 million yen (up 50.8% year on year).

The above earnings forecast was prepared based on information available as of the date of announcement of this document, and actual results may differ from the forecast figures due to various factors in the future.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

LTS, Inc. aims to continue further business growth investment for medium- to long-term corporate value enhancement, while also achieving shareholder returns in balance with business growth.

Regarding dividends, the basic policy of LTS, Inc. is to pay ordinary dividends in a long-term and stable manner, while comprehensively considering business performance, future capital needs, financial soundness, and other factors. LTS, Inc. targets a dividend payout ratio of approximately 20%. However, in fiscal years when profit attributable to owners of parent fluctuates significantly due to special factors (extraordinary income or loss) not directly related to business activities, LTS, Inc. will determine the dividend amount after considering such impacts.

Regarding the purchase of treasury shares, LTS, Inc. will judge the appropriateness of flexible implementation as an additional shareholder return measure as necessary, considering the balance between growth investment opportunities and capital efficiency.

Based on the above policy, the dividend for the current fiscal year is planned to be a year-end ordinary dividend of 35 yen per share (annual dividend of 35 yen), with a consolidated dividend payout ratio of 22.8%.

In addition, for the dividend for the next fiscal year, LTS, Inc. plans to increase the dividend by 5 yen based on the above policy and the expanding earnings forecast, and expects a year-end dividend of 40 yen (annual dividend of 40 yen).

2. Basic Policy Regarding Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP. Regarding the application of IFRS (International Financial Reporting Standards), LTS, Inc. intends to respond appropriately after considering domestic and international circumstances.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

	(Millions of yen)	
	Previous consolidated fiscal year (ended December 31, 2024)	Current consolidated fiscal year (ended December 31, 2025)
Assets		
Current assets		
Cash and deposits	5,447	3,376
Notes and accounts receivable - trade, and contract assets	2,462	2,845
Electronically recorded monetary claims - operating	129	160
Work in process	30	23
Income taxes receivable	—	156
Other	213	317
Allowance for doubtful accounts	(1)	(1)
Total current assets	<u>8,281</u>	<u>6,877</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	451	554
Accumulated depreciation	(54)	(77)
Buildings and structures, net	<u>397</u>	<u>477</u>
Tools, furniture and fixtures	433	464
Accumulated depreciation	(248)	(304)
Tools, furniture and fixtures, net	<u>184</u>	<u>159</u>
Land	645	645
Other	10	6
Total property, plant and equipment	<u>1,237</u>	<u>1,289</u>
Intangible fixed assets		
Goodwill	561	488
Customer-related assets	194	166
Software	78	90
Software in progress	39	2
Other	2	0
Total intangible fixed assets	<u>876</u>	<u>747</u>
Investments and other assets		
Leasehold and guarantee deposits	291	323
Deferred tax assets	85	53
Investment securities	560	551
Other	70	188
Total investments and other assets	<u>1,006</u>	<u>1,117</u>
Total non-current assets	<u>3,120</u>	<u>3,154</u>
Total assets	<u>11,402</u>	<u>10,031</u>

(Millions of yen)

	Previous consolidated fiscal year (ended December 31, 2024)	Current consolidated fiscal year (ended December 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	921	777
Short-term borrowings	40	—
Current portion of long-term borrowings	860	958
Accounts payable - other	502	734
Income taxes payable	573	51
Provision for bonuses	187	288
Provision for bonuses for directors (and other officers)	4	4
Contract liabilities	27	24
Provision for loss on order received	3	0
Other	531	263
Total current liabilities	3,653	3,102
Non-current liabilities		
Long-term borrowings	2,981	1,959
Retirement benefit liabilities	141	151
Deferred tax liabilities	45	40
Other	13	14
Total non-current liabilities	3,182	2,166
Total liabilities	6,835	5,268
Net assets		
Shareholders' equity		
Share capital	767	839
Capital surplus	1,019	1,092
Retained earnings	2,944	3,504
Treasury shares	(293)	(793)
Total shareholders' equity	4,438	4,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	4
Foreign currency translation adjustment	1	1
Total accumulated other comprehensive income	14	5
Subscription rights to shares	112	115
Non-controlling interests	1	—
Total net assets	4,566	4,763
Total liabilities and net assets	11,402	10,031

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Previous consolidated fiscal year (January 1 - December 31, 2024)	Current consolidated fiscal year (January 1 - December 31, 2025)
Net sales	16,592	17,101
Cost of sales	10,689	11,008
Gross profit	5,903	6,092
Selling, general and administrative expenses	4,795	4,906
Operating profit	1,107	1,185
Non-operating income		
Subsidy income	17	27
Share of profit of entities accounted for using equity method	—	94
Rent on real estate	105	64
Other	14	16
Total non-operating income	136	202
Non-operating expenses		
Interest expenses	53	41
Share of loss of entities accounted for using equity method	55	—
Real estate rental expense	46	46
Other	19	5
Total non-operating expenses	175	94
Ordinary profit	1,069	1,293
Extraordinary income		
Gain on sale of non-current assets	567	—
Gain on sale of investment securities	32	—
Gain on change in equity	—	10
Gain on reversal of subscription rights to shares	—	3
Total extraordinary income	599	14
Extraordinary losses		
Loss on valuation of investment securities	208	—
Impairment loss	—	9
Loss on sale of investment securities	—	9
Loss on retirement of non-current assets	—	61
Loss on cancellation of contracts	—	220
Total extraordinary losses	208	300
Profit before income taxes	1,459	1,006
Income taxes-current	755	314
Income taxes-deferred	(266)	(2)
Total income taxes	488	311
Profit	970	695
Net loss attributable to non-controlling interests	(2)	(1)
Profit attributable to owners of parent	973	696

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous consolidated fiscal year (January 1 - December 31, 2024)	Current consolidated fiscal year (January 1 - December 31, 2025)
Profit	970	695
Other comprehensive income		
Valuation difference on available-for-sale securities	19	(8)
Foreign currency translation adjustment	0	(0)
Total other comprehensive income	20	(8)
Comprehensive income	991	686
(Breakdown)		
Comprehensive income attributable to owners of parent	993	687
Comprehensive income attributable to non-controlling interests	(2)	(1)

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (January 1 - December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	742	993	1,964	(200)	3,499
Changes during period					
Issuance of new shares	25	25	—	—	50
Dividends of surplus	—	—	—	—	—
Profit attributable to owners of parent	—	—	973	—	973
Purchase of treasury shares	—	—	—	(93)	(93)
Change in non-controlling interests due to decrease in consolidated subsidiaries	—	—	—	—	—
Change in ownership interest due to purchase of shares of consolidated subsidiaries	—	0	—	—	0
Change in ownership interest due to capital increase of consolidated subsidiaries	—	0	—	—	0
Change in scope of equity method	—	—	6	—	6
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during the period	25	26	980	(93)	938
Balance at end of period	767	1,019	2,944	(293)	4,438

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(7)	1	(5)	75	49	3,618
Changes during period						
Issuance of new shares	—	—	—	—	—	50
Dividends of surplus	—	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	—	—	973
Purchase of treasury shares	—	—	—	—	—	(93)
Change in non-controlling interests due to decrease in consolidated subsidiaries	—	—	—	—	(45)	(45)
Change in ownership interest due to purchase of shares of consolidated subsidiaries	—	—	—	—	(1)	(1)
Change in ownership interest due to capital increase of consolidated	—	—	—	—	1	2

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
subsidiaries						
Change in scope of equity method	—	—	—	—	—	6
Net changes in items other than shareholders' equity	19	0	20	37	(2)	54
Total changes during the period	19	0	20	37	(48)	947
Balance at end of period	12	1	14	112	1	4,566

Current consolidated fiscal year (January 1 - December 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	767	1,019	2,944	(293)	4,438
Changes during period					
Issuance of new shares	72	72	—	—	144
Dividends of surplus	—	—	(137)	—	(137)
Profit attributable to owners of parent	—	—	696	—	696
Purchase of treasury shares	—	—	—	(499)	(499)
Change in non-controlling interests due to decrease in consolidated subsidiaries	—	—	—	—	—
Change in ownership interest due to purchase of shares of consolidated subsidiaries	—	—	—	—	—
Change in ownership interest due to capital increase of consolidated subsidiaries	—	—	—	—	—
Change in scope of equity method	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during the period	72	72	559	(499)	204
Balance at end of period	839	1,092	3,504	(793)	4,642

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale	Foreign currency translation	Total accumulated other			
Balance at beginning of period	12	1	14	112	1	4,566
Changes during period						
Issuance of new shares	—	—	—	—	—	144
Dividends of surplus	—	—	—	—	—	(137)
Profit attributable to owners of parent	—	—	—	—	—	696
Purchase of treasury shares	—	—	—	—	—	(499)
Change in non-controlling interests due to decrease in consolidated subsidiaries	—	—	—	—	—	—
Change in ownership interest due to purchase of shares of consolidated subsidiaries	—	—	—	—	—	—
Change in ownership interest due to capital increase of consolidated subsidiaries	—	—	—	—	—	—
Change in scope of	—	—	—	—	—	—

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale	Foreign currency translation	Total accumulated other			
equity method						
Net changes in items other than shareholders' equity	(8)	(0)	(8)	2	(1)	(7)
Total changes during the period	(8)	(0)	(8)	2	(1)	196
Balance at end of period	4	1	5	115	—	4,763

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Previous consolidated fiscal year (January 1 - December 31, 2024)	Current consolidated fiscal year (January 1 - December 31, 2025)
Cash flows from operating activities		
Profit before income taxes	1,459	1,006
Depreciation and amortization	162	179
Amortization of goodwill	137	73
Amortization of customer-related assets	28	28
Interest expenses	53	41
Share of loss (profit) of entities accounted for using equity method	55	(94)
Loss (gain) on change in equity	—	(10)
Gain on reversal of subscription rights to shares	—	(3)
Loss (gain) on sale of non-current assets	(567)	—
Loss (gain) on sale of investment securities	(32)	9
Loss on retirement of non-current assets	—	61
Impairment loss	—	9
Loss on cancellation of contracts	—	220
Loss (gain) on valuation of investment securities	208	—
Decrease (increase) in trade receivables	(195)	(447)
Decrease (increase) in inventories	(6)	7
Increase (decrease) in trade payables	0	(141)
Increase (decrease) in accounts payable - other	(171)	(20)
Increase (decrease) in accrued consumption taxes	96	(239)
Increase (decrease) in contract liabilities	(15)	(2)
Increase (decrease) in provision for bonuses	27	100
Increase (decrease) in provision for loss on order received	(13)	(3)
Increase (decrease) in net defined benefit liability	18	9
Other	45	(55)
Subtotal	1,293	729
Interest and dividends received	2	5
Interest paid	(59)	(41)
Income taxes paid	(443)	(991)
Income taxes refund	23	0
Payments associated with cancellation of contracts	—	(29)
Cash flows from operating activities	816	(326)
Cash flows from investing activities		
Payments into time deposits	(3)	(2)
Proceeds from withdrawal of time deposits	—	6
Purchase of property, plant and equipment	(217)	(140)
Purchase of intangible assets	(59)	(49)
Proceeds from sale of property, plant and equipment	2,100	—
Loss on retirement of non-current assets	—	(20)
Payments of leasehold and guarantee deposits	(4)	(53)
Proceeds from refund of leasehold and guarantee deposits	1	2
Payments of loans receivable	—	(0)
Proceeds from collection of loans receivable	—	0
Purchase of investment securities	(17)	(59)
Proceeds from sale of investment securities	233	184
Proceeds from sales of shares of subsidiaries and associates	124	—
Payments from sales of shares of subsidiaries resulting in change in scope of consolidation	(9)	3
Purchase of insurance funds	(11)	(10)

	(Millions of yen)	
	Previous consolidated fiscal year (January 1 - December 31, 2024)	Current consolidated fiscal year (January 1 - December 31, 2025)
Proceeds from cancellation of insurance funds	1	3
Net cash provided by (used in) investing activities	2,137	(135)
Cash flows from financing activities		
Proceeds from short-term borrowings	450	300
Repayments of short-term borrowings	(690)	(340)
Proceeds from long-term borrowings	600	1,000
Repayments of long-term borrowings	(1,671)	(1,924)
Proceeds from issuance of shares	50	1
Purchase of treasury shares	(93)	(499)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1)	—
Dividends paid	—	(136)
Proceeds from share issuance to non-controlling interests	2	—
Repayments of lease liabilities	(1)	(1)
Net cash provided by (used in) financing activities	(1,355)	(1,600)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	1,598	(2,062)
Cash and cash equivalents at beginning of period	3,840	5,439
Cash and cash equivalents at end of period	5,439	3,376

(5) Notes to the Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standards for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes)

"Accounting Standard for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022). hereinafter the "2022 Revised Accounting Standard".) and related standards have been applied from the beginning of the current fiscal year.

With respect to the revisions concerning the classification of income taxes (taxation on other comprehensive income), LTS, Inc. has followed the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "2022 Revised Implementation Guidance") as well as the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the same guidance. There is no impact on the consolidated financial statements from this change in accounting policy.

In addition, with respect to the revisions related to the review of accounting treatment in the consolidated financial statements when deferring, for tax purposes, gains or losses arising from the sale of subsidiary shares and similar transactions between consolidated companies, the 2022 Revised Implementation Guidance has been applied from the beginning of the current fiscal year. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared reflecting the retrospective application. There is no impact on the consolidated financial statements for the previous fiscal year from this change in accounting policy.

(Additional Information)

Current consolidated fiscal year (January 1 - December 31, 2025)

(Important Changes in Scope of Consolidation)

During the current consolidated fiscal year, Hibiya Computer System Co., Ltd., a consolidated subsidiary of LTS, Inc. , resolved to transfer all shares of its consolidated subsidiary, Isis CO., LTD., and executed the share transfer on April 1, 2025. Isis CO., LTD., which had been a consolidated subsidiary, was excluded from the scope of consolidation with March 31, 2025, as the deemed date of sale.

(Revenue Recognition)

Breakdown of revenue from contracts with customers

Previous fiscal year (January 1 - December 31, 2024)

(Millions of yen)

	Reporting Segment		Total
	Professional Services Business	Platform Business	
Business Process & Technology	13,832	—	13,832
Strategy & Innovation	878	—	878
Social & Public	164	—	164
Assign Navi	—	49	49
Professional Hub	—	1,646	1,646
Growth Company Club	—	2	2
Other	—	18	18
Revenue from contracts with customers	14,875	1,716	16,592
Net sales to unaffiliated customers	14,875	1,716	16,592

Current fiscal year (January 1 - December 31, 2025)

(Millions of yen)

	Reporting Segment		Total
	Professional Services Business	Platform Business	
Business Process & Technology	12,966	—	12,966
Strategy & Innovation	1,679	—	1,679
Social & Public	962	—	962
Assign Navi	—	48	48
Professional Hub	—	1,399	1,399
Growth Company Club	—	1	1
Other	—	43	43
Revenue from contracts with customers	15,608	1,492	17,101
Net sales to unaffiliated customers	15,608	1,492	17,101

(Segment Information, etc.)

(Segment Information)

1. Overview of Reporting Segments

(1) Method of determining reporting segments

The reporting segments of the Group are components of the Group for which separate financial information is available and which are subject to regular review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

The Group provides a wide range of services centered on business process management (business integration), and is composed of business segments that take into account the service area and form of provision, with "Professional Services Business" and "Platform Business" as reporting segments.

(2) Types of products and services belonging to each reporting segment

The "Professional Services Business" primarily provides services in the areas of "Business Process & Technology," "Strategy & Innovation," and "Social & Public."

The "Platform Business" primarily provides services such as "Assign Navi," an IT business community; "Professional Hub," which specializes in matching freelance consultants; and "Growth Company Club," which matches business companies with DX companies.

ISIS Co., Ltd., which was part of the "Professional Services Business," has been excluded from the scope of consolidation because Hibiya Computer System Co., Ltd., a consolidated subsidiary of LTS, Inc., sold all of its shares during the current fiscal year.

2 Method of calculating the amount of net sales, profit or loss, assets, liabilities, and other items for each reporting segment

The accounting treatment for the reported business segments is consistent with the accounting policies adopted for the preparation of the consolidated financial statements.

Reporting segment profit is based on operating profit. Intersegment internal revenue and transfers are based on prevailing market prices.

3 Information regarding amounts of net sales, profit or loss, assets, liabilities, and other items for each reporting segment

Previous fiscal year (January 1 - December 31, 2024)

(Millions of yen)

	Reporting Segment			Adjustment	Total Shown in Consolidated Financial Statement (Note)
	Professional Services Business	Platform Business	Total		
Net sales					
Net sales to unaffiliated customers	14,875	1,716	16,592	—	16,592
Transactions with other segments	8	520	528	(528)	—
Total	14,883	2,237	17,120	(528)	16,592
Segment profit	1,031	76	1,107	—	1,107
Segment assets	10,906	495	11,402	—	11,402
Other items					
Depreciation and amortization	153	8	162	—	162
Amortization of goodwill	137	—	137	—	137
Amortization of customer-related assets	28	—	28	—	28
Share of profit (loss) of entities accounted for using equity method	(55)	—	(55)	—	(55)
Extraordinary income					
(Gain on sale of non-current assets)	567	—	567	—	567
(Gain on sale of investment securities)	32	—	32	—	32
Extraordinary losses					
(Loss on valuation of investment securities)	208	—	208	—	208
Increase in property, plant and equipment and intangible assets	228	52	281	—	281

(Note) Segment profit is reconciled to operating profit in the consolidated financial statements.

Current fiscal year (January 1 - December 31, 2025)

(Millions of yen)

	Reporting Segment			Adjustment	Total Shown in Consolidated Financial Statement (Note)
	Professional Services Business	Platform Business	Total		
Net sales					
Net sales to unaffiliated customers	15,608	1,492	17,101	—	17,101
Transactions with other segments	35	551	587	(587)	—
Total	15,643	2,044	17,688	(587)	17,101
Segment profit	1,211	(25)	1,185	—	1,185
Segment assets	9,668	363	10,031	—	10,031
Other items					
Depreciation and amortization	159	19	179	—	179
Amortization of goodwill	73	—	73	—	73
Amortization of customer-related assets	28	—	28	—	28
Share of profit (loss) of entities accounted for using equity method	94	—	94	—	94
Extraordinary income					
(Gain on change in equity)	10	—	10	—	10
(Share acquisition rights)	3	—	3	—	3
Extraordinary losses					
(Impairment loss)	—	9	9	—	9
(Loss on sale of investment securities)	9	—	9	—	9
(Loss on retirement of non-current assets)	43	17	61	—	61
(Loss on cancellation of contracts)	213	7	220	—	220
Increase in property, plant and equipment and intangible assets	199	48	247	—	247

(Note) Segment profit is reconciled to operating profit in the consolidated financial statements.

(Related information)

Previous fiscal year (January 1 - December 31, 2024)

1 Information by product and service

Information is omitted because similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

Information is omitted because net sales to unaffiliated customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment located outside Japan.

3. Information by major customer

Information is omitted because no single unaffiliated customer accounts for 10% or more of net sales in the consolidated statement of income.

Current fiscal year (January 1 - December 31, 2025)

1 Information by product and service

Information is omitted because similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

Information is omitted because net sales to unaffiliated customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment located outside Japan.

3. Information by major customer

Information is omitted because no single unaffiliated customer accounts for 10% or more of net sales in the consolidated statement of income.

(Information regarding impairment loss on non-current assets for each reporting segment)

Previous fiscal year (January 1 - December 31, 2024)

Not applicable.

Current fiscal year (January 1 - December 31, 2025)

In the current fiscal year, LTS, Inc. recorded an impairment loss on software in the Platform Business. The amount of the impairment loss recorded was 9 million yen.

(Information regarding amortization of goodwill and unamortized balance by reporting segment)

Previous fiscal year (January 1 - December 31, 2024)

(Millions of yen)

	Reporting Segment			Adjustment	Amount Shown in Consolidated Financial Statements
	Professional Services Business	Platform Business	Total		
Amortization for the period	137	—	137	—	137
Balance at end of period	561	—	561	—	561

(Note) In the current fiscal year, goodwill in the Professional Services Business decreased by 105 million yen due to the removal of Busy Bee, Inc., a consolidated subsidiary of LTS, Inc., from the scope of consolidation and its transition to an equity-method affiliate.

Current fiscal year (January 1 - December 31, 2025)

(Millions of yen)

	Reporting Segment			Adjustment	Amount Shown in Consolidated Financial Statements
	Professional Services Business	Platform Business	Total		
Amortization for the period	73	—	73	—	73
Balance at end of period	488	—	488	—	488

(Information regarding gain on negative goodwill by reporting segment)

Previous fiscal year (January 1 - December 31, 2024)

Not applicable.

Current fiscal year (January 1 - December 31, 2025)

Not applicable.

(Per share information)

	Previous consolidated fiscal year (January 1 - December 31, 2024)	Current consolidated fiscal year (January 1 - December 31, 2025)
Net assets per share	975.03 yen	1,055.68 yen
Profit per share	216.44 yen	153.78 yen
Profit per share fully diluted	212.82 yen	153.15 yen

(Note) 1. The basis for calculating profit per share and profit per share fully diluted is as follows.

Item	Previous consolidated fiscal year (January 1 - December 31, 2024)	Current consolidated fiscal year (January 1 - December 31, 2025)
Profit per share		
Profit attributable to owners of parent (million yen)	973	696
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	973	696
Average number of common shares during period (shares)	4,497,688	4,528,576
Profit per share fully diluted		
Adjustment to profit attributable to owners of parent (million yen)	—	—
Increase in number of common shares (shares)	76,458	18,599
(of which share acquisition rights (shares))	(76,458)	(18,599)
Summary of potential shares not included in the calculation of profit per share fully diluted because they have no dilutive effect	3 types of share acquisition rights (131,700 common shares)	4 types of share acquisition rights (145,200 common shares)

2. The basis for calculating net assets per share is as follows.

Item	Previous consolidated fiscal year	Current consolidated fiscal year
Total net assets (million yen)	4,566	4,763
Amount to be deducted from total net assets (million yen)	113	115
Net assets related to common shares at end of period (million yen)	4,452	4,648
Number of common shares at end of period used in the calculation of net assets per share (shares)	4,566,754	4,403,123

(Significant subsequent events)

Not applicable.