

Q1 FY2025 Financial Results

05/2025

LTS, Inc.

(TSE Prime Market Securities code 6560)

1. **Q1 FY2025 Performance**
2. Outlook for Q2 FY2025 and Beyond
3. Medium- to Long-Term Growth Scenario
4. Reference Material

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Q1 FY2025 Financial Results Summary

Net sales

4,421 million yen

YoY growth rate	8.7%
Quarterly plan achievement rate	104.3%
Budget progress rate	24.2%

Operating profit

423 million yen

YoY growth rate	19.5%
Quarterly plan achievement rate	118.4%
Budget progress rate	30.2%

(Reference) FY2025 forecast

Net sales	Operating profit
18,280 million yen	1,400 million yen
YoY growth rate 10.2%	YoY growth rate 26.4%

Q1 FY2025 Consolidated Financial Results

- **1Q standalone** Both net sales and operating profit slightly exceeded initial plans.
  (Progressed in line with the growth model that plans for financial results to surpass those of Q4 FY2024.)
  - Net sales: Steadily increased YoY.
  - Operating profit: Profit margin improved due to progress on in-house production. This led to strong growth YoY.
- **2Q forecast** Sales and profits expected to increase YoY. However, Q2 operating profit expected to fall below the Q1 level due to seasonal factors.

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Q1 FY2025 Consolidated Profit and Loss Statement

- Net sales and operating profit both slightly exceeded the initial plan.

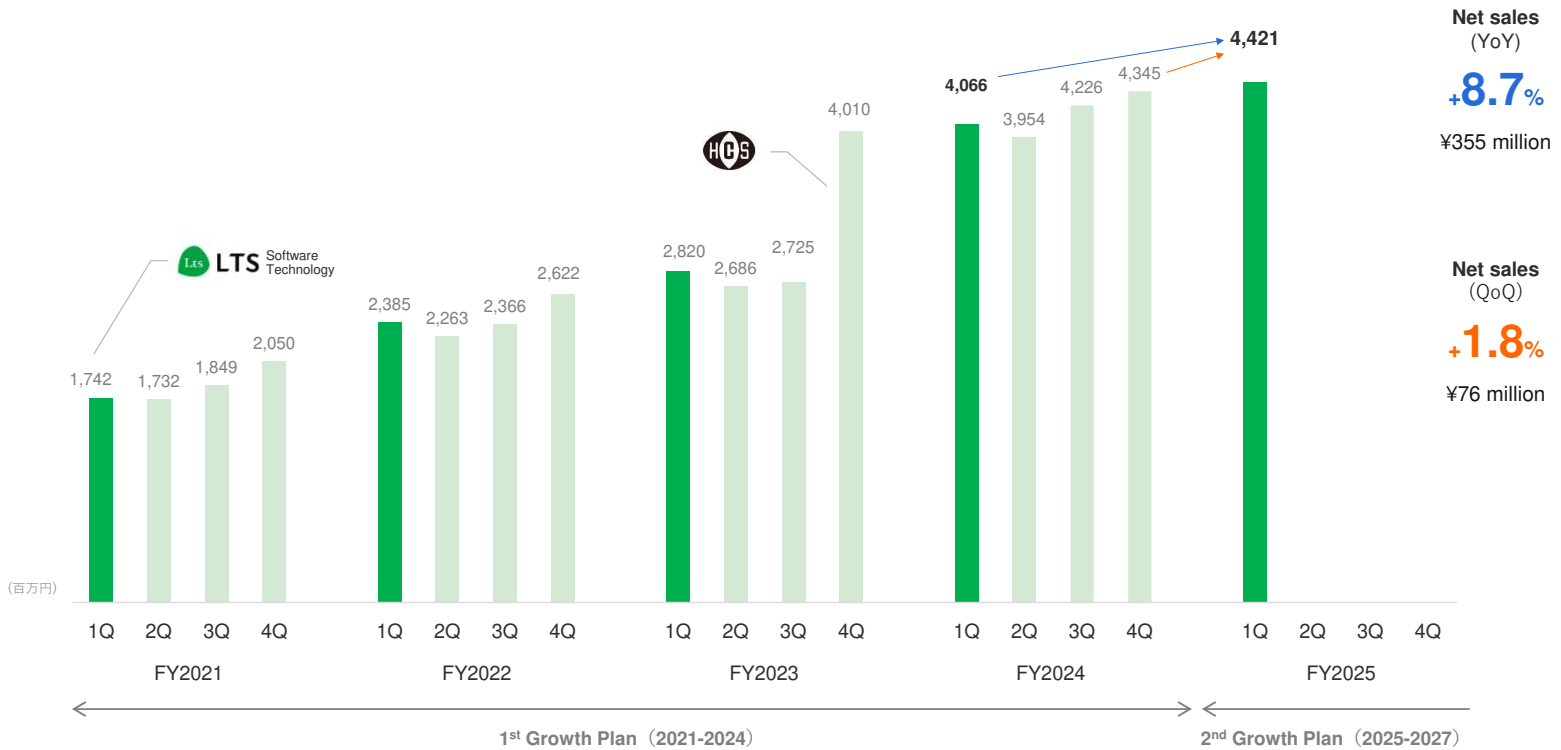
(Millions of yen)	Q1 FY2025 results	FY2025 full year plan		YoY % change		QoQ % change	
		Plan	Q1 progress	Q1 FY2024	YoY growth	Q4 FY2024	QoQ change
Net sales	**4,421**	18,280	24.2%	4,066	↑ 8.7%	4,345	↑ 1.8%
Gross profit	**1,558**	6,890	22.6%	1,444	7.9%	1,551	0.5%
Gross profit margin	**35.2%**	37.7%	-	35.5%	▲0.3pt	35.7%	
Operating profit	**423**	1,400	30.2%	354	↑ 19.5%	341	↑ 24.0%
Operating margin	**9.6%**	7.7%	-	8.7%	0.9pt	7.9%	1.8pt
Ordinary profit	**455**	1,350	33.7%	371	22.5%	273	66.3%
Profit before income taxes	**456**	1,350	33.8%	371	22.9%	525	▲13.2%
Profit attributable to owners of parent	**332**	900	37.0%	308	↑ 8.0%	273	↑ 21.9%

* EBITDA: ¥492 million/EBITDA margin: 11.1%

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Quarterly Trend in Consolidated Net Sales

- Achieved a record-high in quarterly net sales.



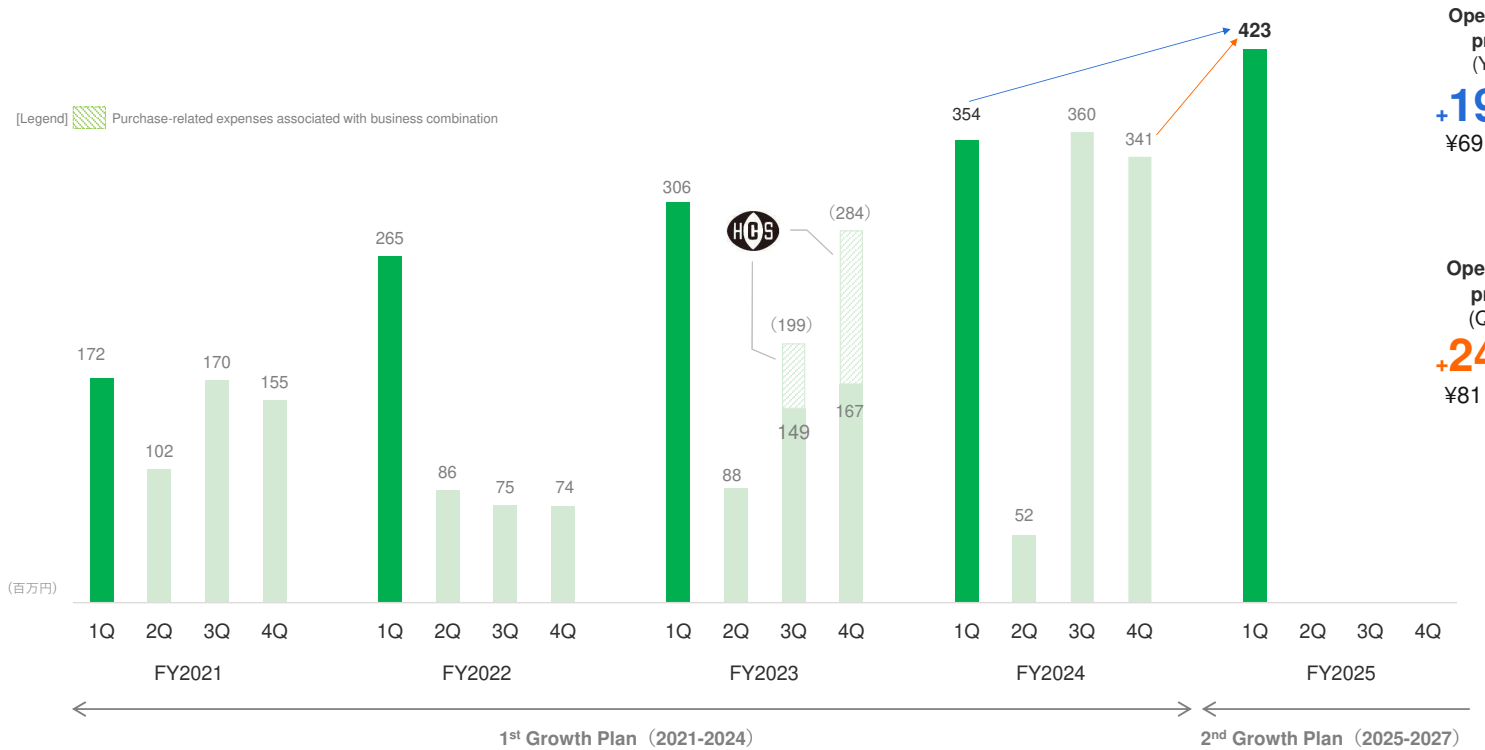
Net sales
(YoY)
+8.7%
¥355 million

Net sales
(QoQ)
+1.8%
¥76 million

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Quarterly Trend in Consolidated Operating profit

- Achieved a record-high in quarterly operating profit.



Operating profit (YoY)
+19.5%
¥69 million

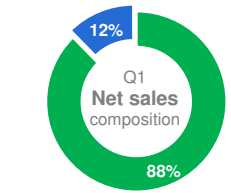
Operating profit (QoQ)
+24.0%
¥81 million

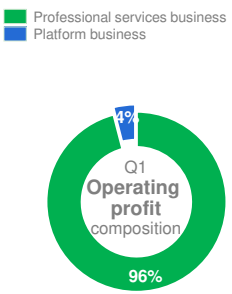
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Quarterly Performance Trends by Segment

- Demand for corporate reform remained strong, with both businesses continuing to grow.

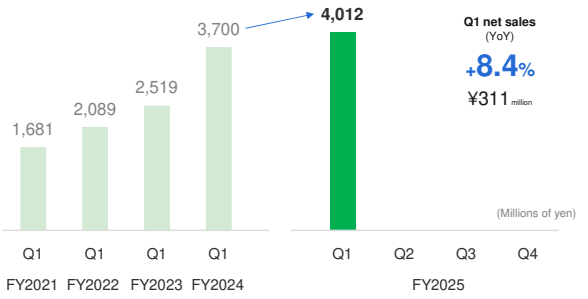
Business Structure

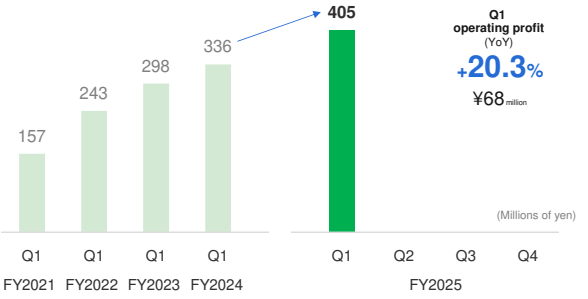




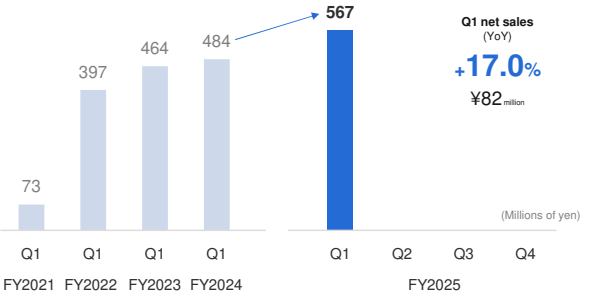
Professional services business
Platform business

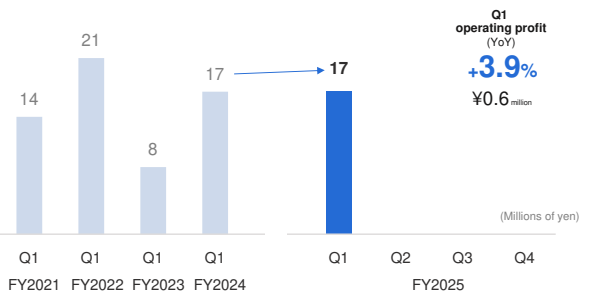
Professional services business





Platform business





*Net sales for each segment include internal sales.
Composition represents the proportion of net sales and operating profit between the two segments.

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Q1 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.

(Millions of yen)	Q1 FY2025 results	YoY		QoQ	
		FY2024 1Q	YoY change	FY2024 4Q	QoQ change
Current assets		6,172	1,805	8,281	▲303
Cash and deposits, etc.	**4,934**	3,514	↑ 1,419	5,447	↓ ▲513
Non-current assets	**2,923**	5,343	▲2,420	3,120	▲197
Total assets	**10,900**	11,515	▲615	11,402	▲501
Current liabilities	**3,178**	3,327	▲148	3,653	▲475
Non-current liabilities	**2,978**	4,371	▲1,392	3,182	▲203
Total liabilities	**6,156**	7,698	▲1,541	6,835	▲679
Interest-bearing debt	**3,591**	4,945	↓ ▲1,353	3,889	↓ ▲297
Total equity	**4,628**	3,729	898	4,452	175
Net assets	**4,743**	3,817	926	4,566	177
Equity ratio	**42.5%**	32.4%	↑ 10.1pt	39.1%	↑ 3.4pt

Reference indicators Q1 FY2025 results

Net cash	**1,342**
Net D/E ratio	**(0.29)**
Liquidity ratio	**251.0%**

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Q1 FY2025 Activities Summary

Human Resources

In addition to hiring managers, promoted training and retention measures

- 25 employees obtained professional qualifications in the PM and BA fields
- Certified as a 2025 Enterprise with Outstanding Health and Productivity Management for the fourth consecutive year
- Obtained Kurumin certification as a company that supports child rearing

Customers

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

- 11 new clients added as a result of marketing activities
- Expanded business with local governments, independent administrative agencies, national universities and other organizations in the public sector (partly due to a convergence of project deliveries at the end of the fiscal year)

Services

Improved both the value provided and sales capabilities by strengthening the structure in the data strategy field

- Established the new Strategic Consulting Business Headquarters
- Received the grand prize at the Satellite Data Utilization Awards 2024
- Began general sales of AI and Data analysis training tools

Group Management

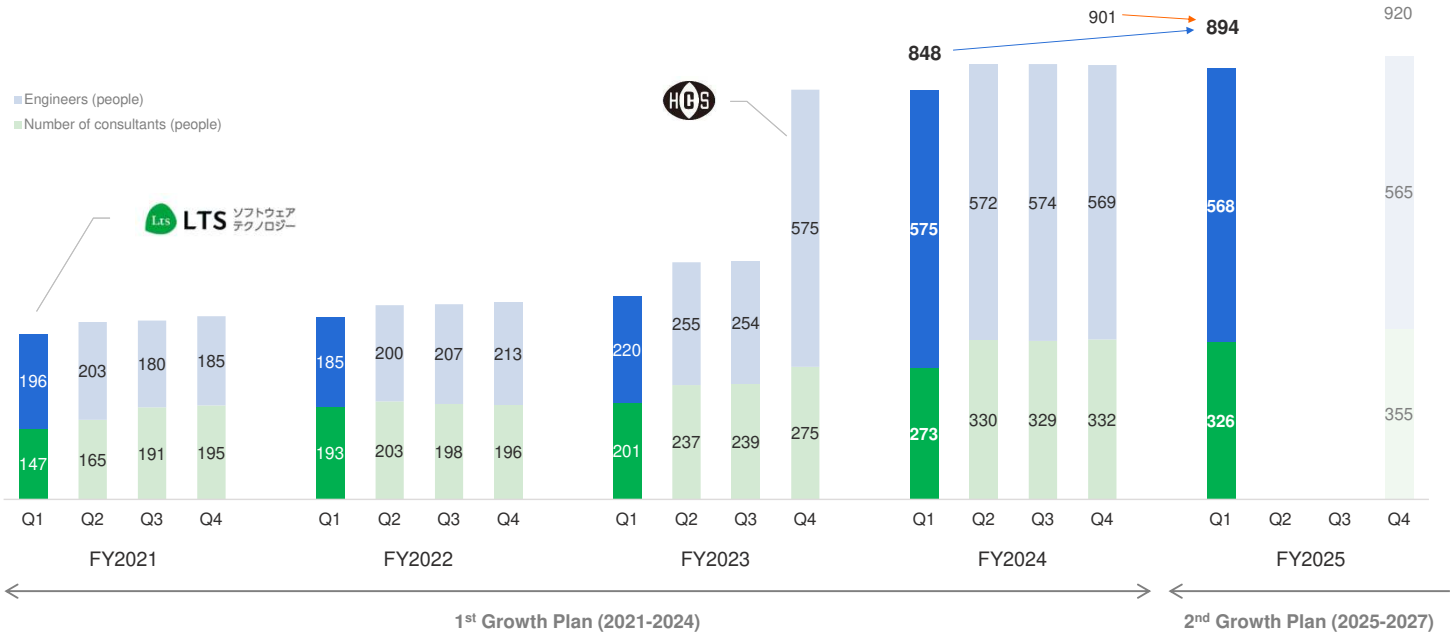
With the completion of the restructuring phase after the M&A, HCS is now fully operational under the new structure

- HCS will continue to contribute to profits exceeding amortization of goodwill expenses in this fiscal year
- Transferred all shares in Isis CO., LTD., a subsidiary of HCS Holdings, to NEEDS SHARE Co., Ltd. (impact on financial results will be minor)

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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%).
- Recruitment of frontline employees remains challenging due to the tight hiring environment, but the turnover rate is being controlled at 3.2%.
- Due to the deconsolidation of Isis CO., LTD. following the sale of its shares, the number of engineers decreased by 44 as of April.



Q1 Number of frontline employees (YoY)

+5.4%

46

Q1 Number of frontline employees (QoQ)

-0.8%

-7

*Total headcount across all roles: 1,090 (Frontline: 894 / Sales: 78 / Corporate staff: 118)

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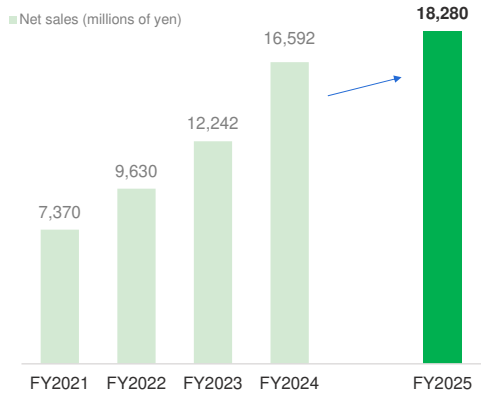
FY2025 Consolidated Performance Forecast

- 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

¥18,280 million

Net sales (YoY)
10.2%
¥1,688 million

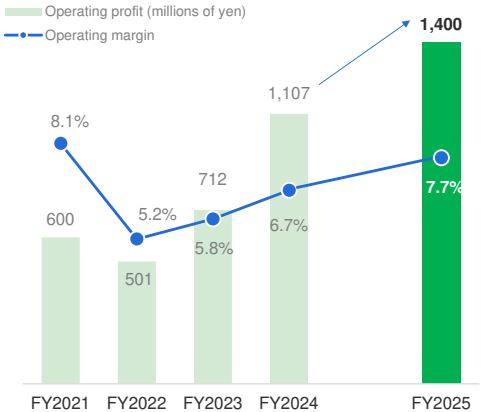


Operating profit

¥1,400 million

Operating profit (YoY)
26.4%
¥292 million

Operating margin (FY22-25)
2.5pt↑



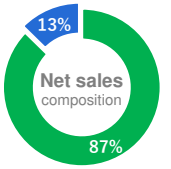
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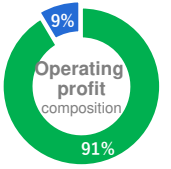
FY2025 Consolidated Performance Forecast (by Segment)

- Both segments are expected to continue achieving year-on-year increases in net sales and operating profit in the fiscal year ending December 2025.

(Millions of yen)	FY2025 forecast	FY2024 results	YoY change	YoY growth rate
Net sales (Consolidated)	**18,280**	16,592	1,688	10.2%
Professional Services Business	**16,500**	14,883	1,616	10.9%
Platform Business	**2,400**	2,237	162	7.3%
Operating profit (Consolidated)	**1,400** (7.7%)	1,107 (6.7%)	292 (1.0pt)	26.4%
Professional Services Business	**1,280** (7.8%)	1,031 (6.9%)	248 (0.8pt)	24.1%
Platform Business	**120** (5.0%)	76 (3.4%)	43 (1.6pt)	56.9%
Ordinary profit	**1,350** (7.4%)	1,069 (6.4%)	281 (0.9pt)	26.2%
Profit attributable to owners of parent	**900** (4.9%)	973 (5.9%)	▲73 (▲1.0pt)	▲7.5%

Reference





- Net profit attributable to owners of parent for FY2024 includes extraordinary income of 567 million yen from the sale of real estate in the second half, temporarily boosting profit before tax.
- For FY2025, no significant extraordinary income or losses are expected, and growth in ordinary profit alone serves as the basis for growth in both profit before tax and net profit.
- As a result, when comparing net profit attributable to owners of parent year on year, it shows a decrease of 7.5%.

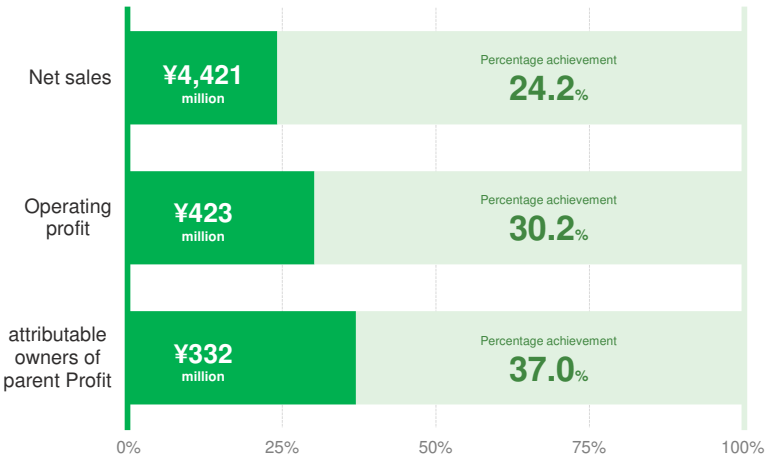
*Net sales for each segment include internal sales.
Composition represents the proportion of net sales and operating profit between the two segments.

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Progress on Consolidated Financial Results in Q1 FY2025

- Cumulative results through Q1 for both net sales and operating profit slightly exceeded the initial plan and remained strong.
- Q2 results are expected to show year-on-year increases in both net sales and operating profit, but operating profit is projected to fall below the Q1 level due to seasonal factors.
- While both risks and opportunities exist, the full-year forecast remains unchanged from the initial forecast as of May.

Financial results indicators	Q1 progress	Initial forecast
Net sales	¥4,421 million (Percentage achievement 24.2%)	¥18,280 million
Operating profit	¥423 million (Percentage achievement 30.2%)	¥1,400 million
attributable owners of parent Profit	¥332 million (Percentage achievement 37.0%)	¥900 million



Risk awareness and response status

- Corporate customer investment restraint due to concerns over a global economic slowdown
  → No specific impact such as project freezes has been observed at this time.
- Recruitment progress in Q1 fell slightly below the initial expectations.
  → While continuing proactive hiring, the structure is being maintained through the use of partner companies.
- Prolonged efforts to address delivery-related challenges in system development projects have led to increased cost burdens.
  → While engaging in customer negotiations and project recovery, efforts are underway to strengthen the development structure.
  (Proposal reviews, quality control, project manager training, etc.)

Opportunities and response status

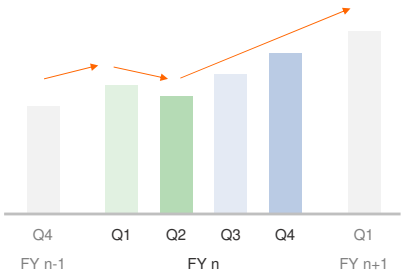
- Launch of long-term, large-scale projects with government agencies and major corporations
  → Aiming for continued orders to stabilize utilization rates and business performance
- Robust demand for data analytics and generative AI-related projects
  → Actively pursuing order acquisition to maximize revenue

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Seasonal Patterns by Quarter

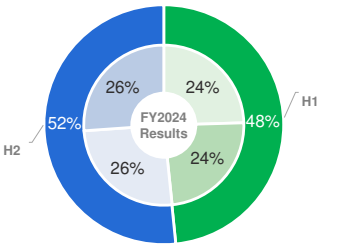
- In the current fiscal year as well, Q2 results are expected to fall below Q1 due to the overlap of a slow project period and the onboarding of new graduate employees.

Trend in net sales

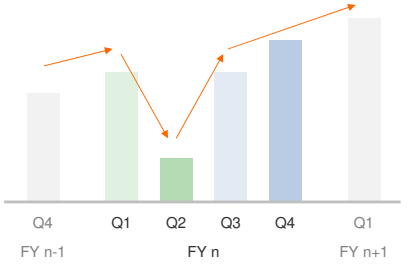


- Q1: Started at higher level than in Q4 of previous year due to development of previous year's hires.
- **Q2: Slightly lower than Q1 due to off-season for projects (temporary decrease in investment activities by companies whose fiscal year ends in March).**
- Q3: Project formation progresses at each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

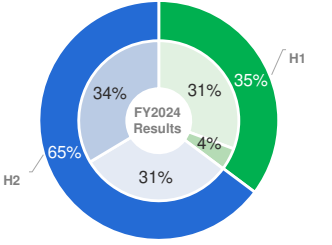


Trend in operating profit



- 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



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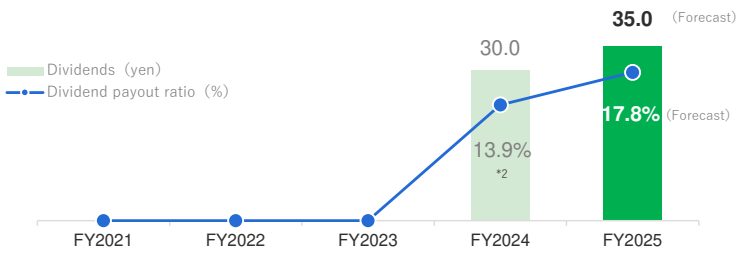
Dividends of surplus

- Dividend planned for end of FY2025, targeting dividend payout ratio of approximately 20%

Basic policy

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

Trend in annual dividend per share



	FY2021	FY2022	FY2023	FY2024	FY2025
Treasury share purchase amount *1	145 million	150 million	28 million	70 million	- million
Total dividend payout ratio	37.6 %	64.6 %	6.3 %	21.6 %	- %

Total dividend payout ratio

35.0 yen

(Ordinary dividend)
(Year-end dividend)

Dividend payout ratio

17.8%

(Calculated based on 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%.

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Criteria for Continued Prime Market Listing (current Status)

- As of the end of December 2024, the tradable share market cap is in a state of non-compliance due to slumping stock prices
- Through FY2025, LTS will meet the criteria for continued listing on the Prime Market by improving EPS and PER.

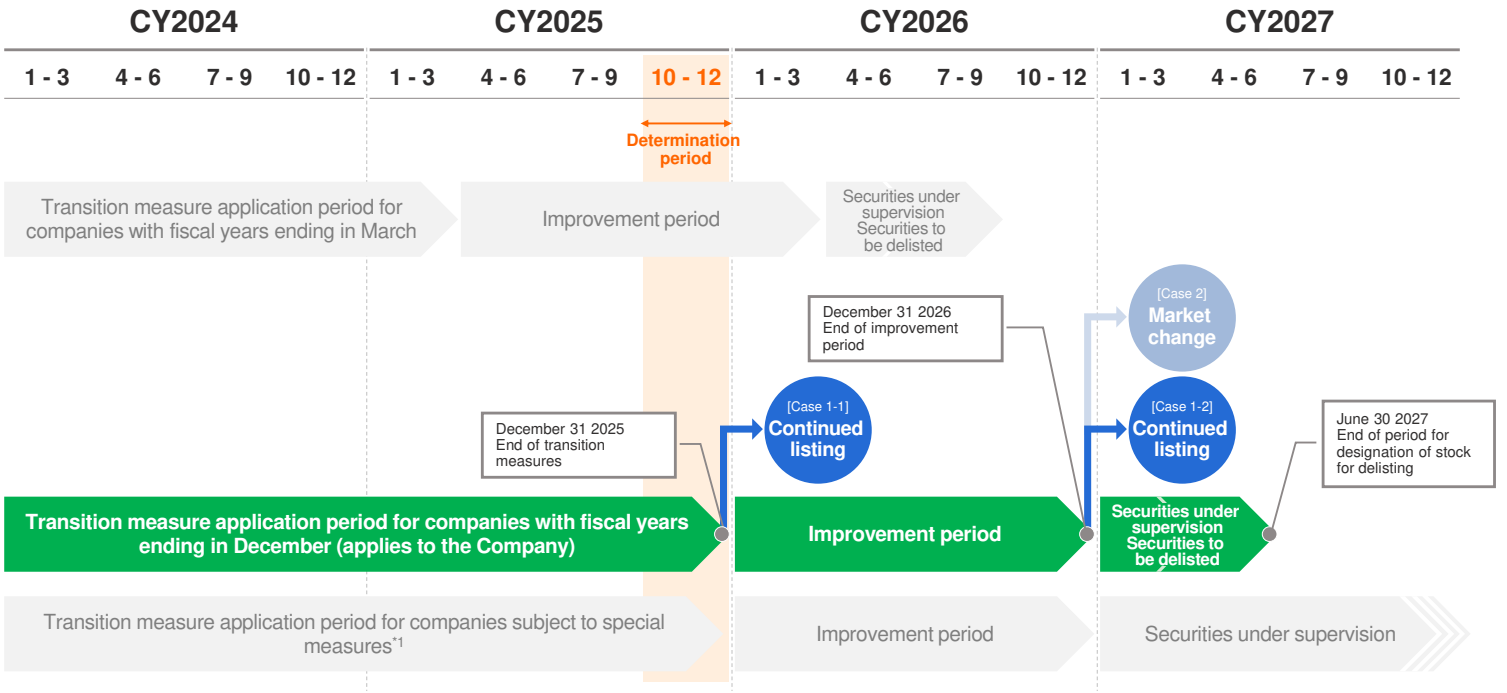
	Number of shareholders	No. of tradable shares	Tradable share ratio	Stock price	Tradable share market cap
Status	○	○	○	-	×
Criteria	**800** people	**20,000** units	**35.0** %	-	**100** (billions of yen)
Assessment as of March 2025	**2,216** people	**25,025** units	**53.7** %	**2,343** *1 yen	**58.6** (billions of yen)
⇅					⇅
Target as of December 2025	2,216 people	25,025 units	53.7 %	**3,997** *2 yen	**100.0** (billions of yen)

*1 Using average stock price for three-month period from January to March
*2 Reference value calculated by dividing the required tradable share market cap by the current number of tradable shares.

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Criteria for Continued Prime Market Listing - Schedule for Action

- If the continued listing criteria are not met during the transitional period, the primary option will be to transfer to the Tokyo Stock Exchange Standard Market, with a decision on the course of action to be made by mid-2026.



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

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

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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”** （Business architecture design, construction, and management)	×	- Organizational partner - **Enhancement of “ability to create change”** (Instilling change awareness and developing change leaders)	=	- Partner in collaborative innovation - **Evolution into “change creating company”** (Acquisition and Enhancement of business agility)

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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

VISION 2030 : Perform & Transform

1st Growth Plan	2nd Growth Plan	3rd Growth Plan
• Expanding business scale • Integrating services • Increasing M&A/PMI literacy	• Recovering profitability • Strengthening specialized service capabilities • Improving engagement • Deepening customer relationships	• Expanding business scale • Establishing and popularizing brand • Maximizing customer relationship value
Net sales growth rate Over 30% M&A 2 companies (including listed companies) 1,000 people Structure	Operating profit growth rate Over 20% Data/AI Strategy Arch/PM CM Key customers 30 companies eNPS	Net sales 15% growth LTV × NPS Business Agility No.1

FY2021 FY2022 FY2023 FY2024 **FY2025** **FY2026** **FY2027** FY2028 FY2029 FY2030

FY2030 Target

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

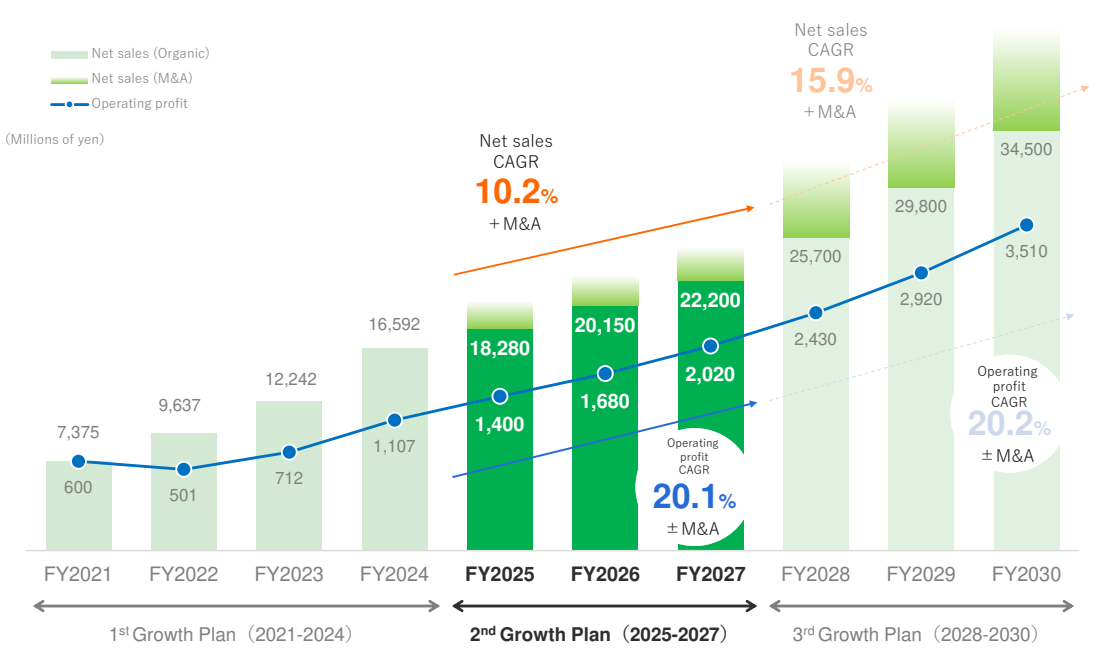
Best Partner for the Digital Era
(Transformation × Business × Organization ≈ Co-creation)

Professional
2,000 people
(Business agility experts)

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2nd Growth Plan – Performance Target Trends

- For 2025-2027, priority will be given to recovering profitability (operating profit margin), with planned average growth rate of 20% for operating profit
- Although not included in plan, discontinuous growth through M&A is being considered in addition to organic growth



Growth targets considering M&A

FY	Net sales	Operating margin
2030	¥50,000 million	Over 10%

Vision of organic growth

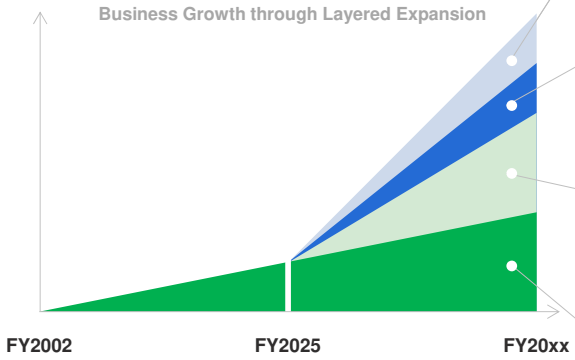
FY	Net sales	Operation profit
2027	¥22,200 million	¥2,020 million (Operating margin: 9.1%)
2030	¥34,500 million	¥3,510 million (Operating margin: 10.2%)

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.

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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



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)

Peripheral businesses

Strengthening new drivers of “X (Transformation)” initiatives

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

Evolve existing businesses

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)

Enhance existing businesses

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)

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Growth Scenarios for Existing Businesses – Classification of Profit Models

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

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

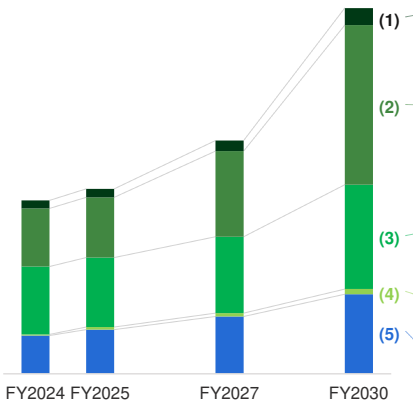
*1 Within regional revitalization initiatives, the Company operates spaces that bring together local governments, businesses, educational institutions, non-profit organizations, and individuals to foster connections and collaboration.
*2 Commissions are charged for matching projects and personnel as Resource Management fees.

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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.

Envisioned growth by service domain



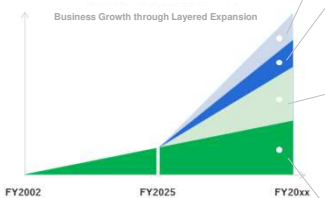
Service domain	Anticipated growth rate* FY2025-27	Anticipated growth rate* FY2028-30	Direction and initiatives for business growth
(1) **Strategy consulting**	Approx. 15%	Approx. 15%	• Develop individual expertise to be sought after through strategy plus industry and cutting-edge technology knowledge • Simultaneously advance medium- to long-term external recognition and exploration of new fields through research activities such as academic presentations, paper writing, and external communications
(2) **DX consulting**	Approx. 20%	Approx. 25%	• Establish a development framework for core expertise such as PM and BA and strengthen the organizational structure • Form business units centered on industries and solutions, simultaneously driving growth of each unit and expansion in the number of units
(3) **SI** (System Integration)	Approx. 5%	Approx. 15%	• Utilize public cloud services and promote agile development methodologies • Combine deep customer understanding (business, operations, organization) with expertise in architecture management to maximize customer value
(4) **Public services**	Approx. 15%	Approx. 15%	• Roll out the LTS-style regional revitalization model (community-based approach and industry-government-academia collaboration) • Activate open innovation by connecting the private sector and public sector
(5) **Resource management**	Approx. 10%	Approx. 10%	• Increase the proportion of high-value-added projects such as the implementation of subscription management tools • Strengthen the ecosystem by providing added value beyond matching, including counseling, training, and inter-company networking

*Projected average annual growth rate for FY2025 to FY2030 as of May 2025 (to be updated annually)

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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

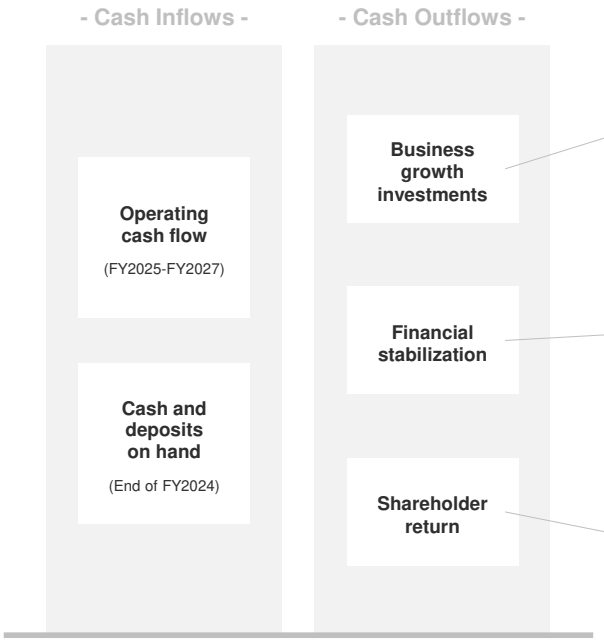


		～Past M&A～				～Future direction of M&A～	
		WAKUTO	IOTOI	SOFTEC	HCS	TBD	
Overseas businesses	Market cultivation					✓	• Local partners overseas
Peripheral businesses	Acquisition of new services					✓	• Training and coaching, BPO, investment and business creation, HR services, etc.
Evolve existing businesses	Strengthening of services: Incorporation of advanced technology/products		✓			✓	• Generative AI, digital twins, edge computing, blockchain, cybersecurity, etc.
	Strengthening of solutions				✓	✓	• MS365, SAP, SFDC, outsystems, PMO, etc.
Enhance existing businesses	Acquire resources: Consultants		✓			✓	• Strategic consulting, SX/GX consulting • Data consulting, AI consulting • DX consulting, ERP consulting
	Engineers	✓		✓	✓		• N/A (completed)

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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



Business growth investments

Continue investing aggressively to improve corporate value

Strategic M&A

Plan to proactively implement by seizing opportunities to drive discontinuous business growth and team recruitment

Establishment of operational infrastructure

Plan to enhance IT infrastructure, systems, and office facilities to improve operational productivity

Financial stabilization

Maintain financial soundness

Working capital

Plan to maintain necessary cash and deposits for business operations within a certain range, avoiding excessive holdings

Loan repayments

Prioritize recovery of equity ratio and net D/E ratio while moderately utilizing financial leverage

Shareholder return

Maximize while maintaining balance with business growth

Purchase of Treasury Shares

Plan to implement while balancing investment in growth and capital efficiency and implemented flexibly as needed

Dividends

Plan to provide stable and continuous shareholder returns targeting a dividend payout ratio of 20%

*Amounts and allocation of cash inflows and outflows will be disclosed in the future.

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1. Q1 FY2025 Performance
2. Outlook for Q2 FY2025 and Beyond
3. Medium- to Long-Term Growth Scenario
4. **Reference Material**

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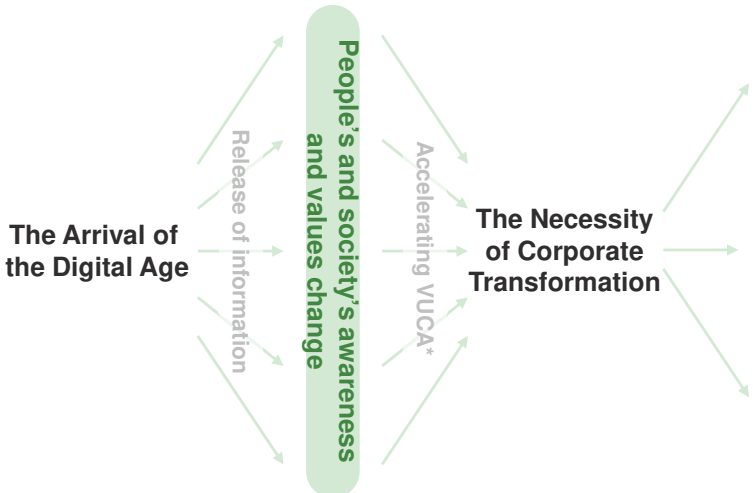
Macro Environment

(Digital era)

The Impact of the Digital Age on Companies

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

Impact of the Digital Age on Companies



Areas Companies Must Address

Management Strategy

- **Decision-making:** Emphasize speed (from plan-driven to change-driven)
- **Business creation:** Address additional destructive innovation
- **Industry restructuring:** Normalize intra-company collaboration and M&A

Operational IT

- **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

Organization Human Resources

- **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

*VUCA: Volatility, Uncertainty, Complexity, and Ambiguity

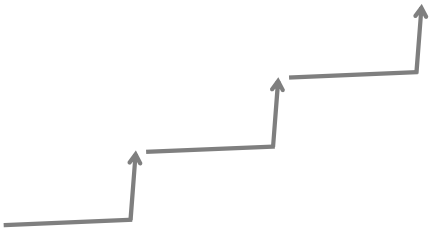
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Making reform routine

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

Era of “gradual” social change

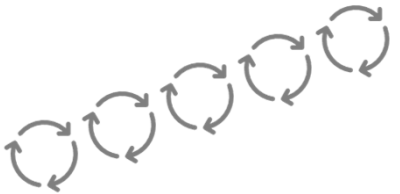
Gap closes through major change every 10 years



Slow x big x once

Era of “drastic” social change

Repeated reforms to continuously adapt to environmental changes



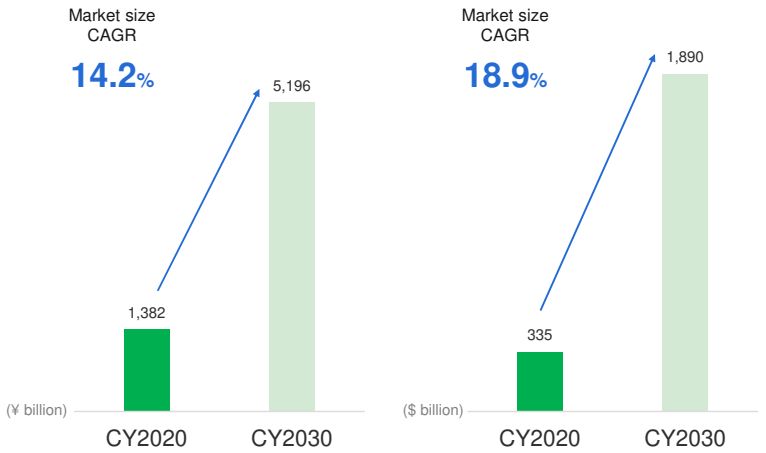
Fast x small x many times

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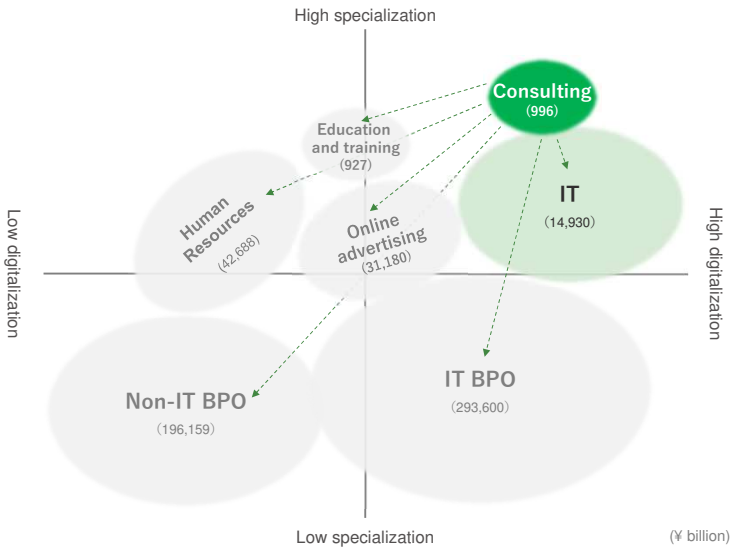
Expansion and Growth of Consulting Market

- 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)



Source: Prepared by LTS based on various information in "Digital Transformation Market Outlook" (2021) by Fuji Chimera Research Institute and "Digital Transformation Market - Industry Analysis and Forecast" (2021) by Panorama Data Insight

Source: Prepared by LTS based on various information from Yano Research Institute

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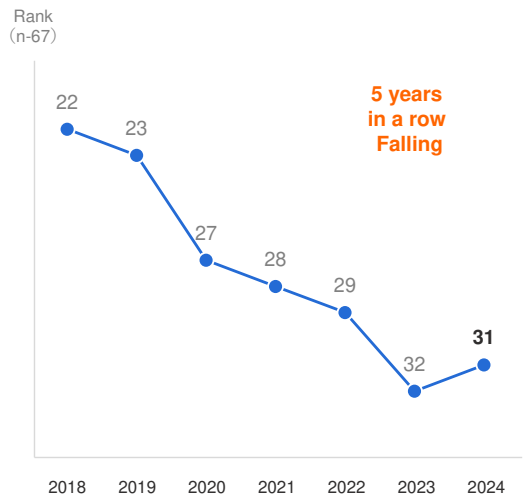
Micro Environment

(Business agility)

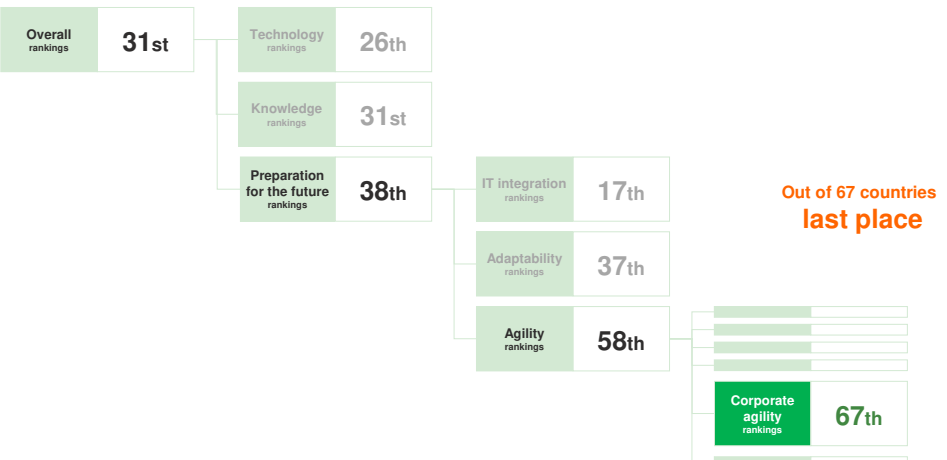
Social Issues in Japan - “Speed” is Lost

- Foundation of Japan’s industries subsiding in terms of GDP per capita, labor productivity, and other indicators, due in part to inability to respond to global mega-changes taking place
- To regain competitiveness in digital era where change is everyday occurrence, companies must acquire and strengthen agility

IMD World Digital Competitiveness Rankings



2024 Ranking: Element Breakdown



[Source] IMD World Competitiveness Center, “The 2023 IMD World Digital Competitiveness Ranking”(2023)

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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.

Corporate architecture

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

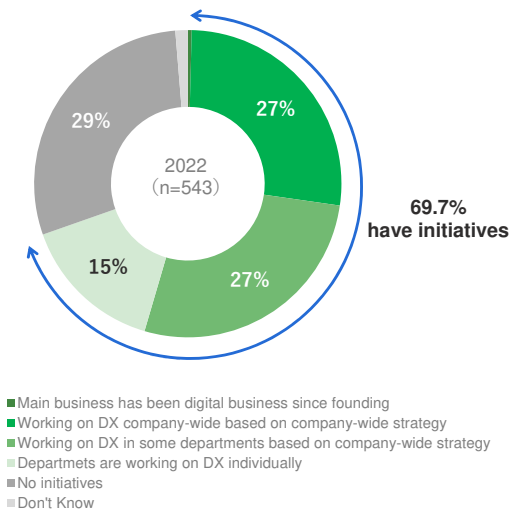
*Agility: A word that means quickness, swiftness, and nimbleness.
As a business term, it refers to the agility in management and organizational operations that is essential to respond quickly to fast-paced environmental changes.

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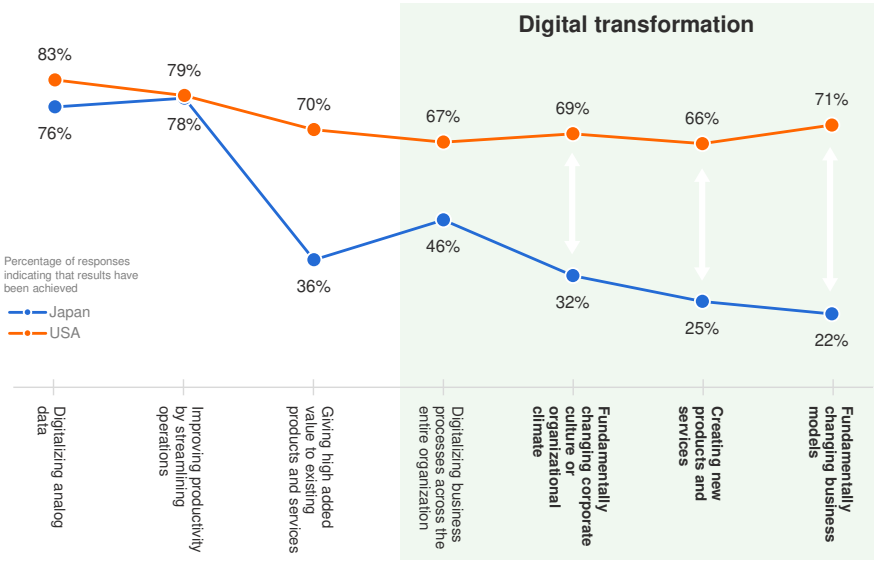
Progress of DX in Japanese Companies - Percentage of Companies Taking Action and Level of Action

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

Status of DX Initiatives at Japanese Companies



Content and results of initiatives (Japan vs US)

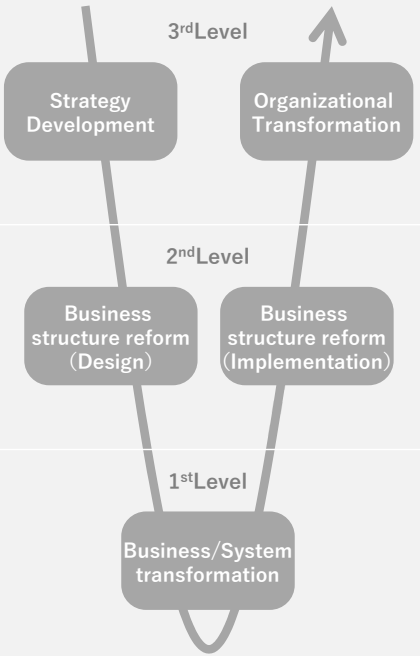


Source: Prepared by LTS based on “2023 IPA Human DX White Paper” by Information-technology Promotion Agency

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

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3.
Business Overview
(Supplementary information)

Changes in Consulting

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

1990s ▼ 2020s ▼

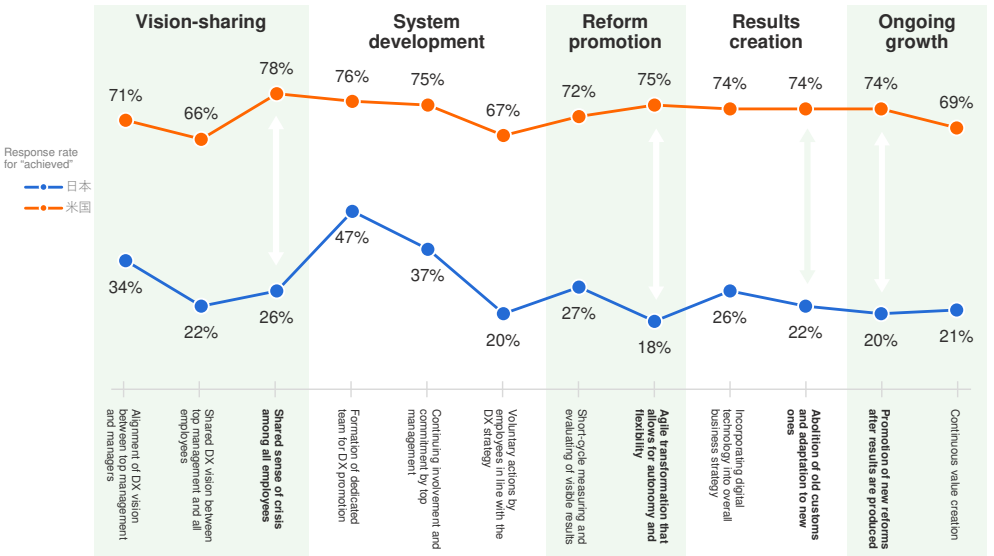
[Consulting 1.0] Specialized consulting	[Consulting 2.0] General Consulting	[Consulting 3.0] Collaborative innovation consulting
		
Advisor	**High class outsourcer**	**Partner**
• Suggesting “strategies” • **Presenting “best practices”**	• Providing “technology and systems” • **Providing “business engineering”**	• Sharing and promoting “growth programs" • **Developing "ability to change organizations“** • Committing to “business outcomes”
• New strategies “**fall**” through • Initiatives stop at “partial optimization”	• “**Relying on external consulting companies**” for planning and driving reform • Projects stop at “one-off measures”	• “**Few consulting firms**” go beyond a business model of being a supporter

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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

Vision-sharing	A shared sense of urgency regarding changes brought by the digital era has not been established.
System development	A system is in place, and initiatives are being implemented
Reform promotion	There is a lack of understanding and practice of highly agile transformation processes essential for DX
Results creation	Initiatives remain at the digitalization stage and do not reach transformation at the cultural level
Ongoing growth	DX initiatives become transient efforts led by dedicated teams, failing to establish a self-sustaining reform cycle

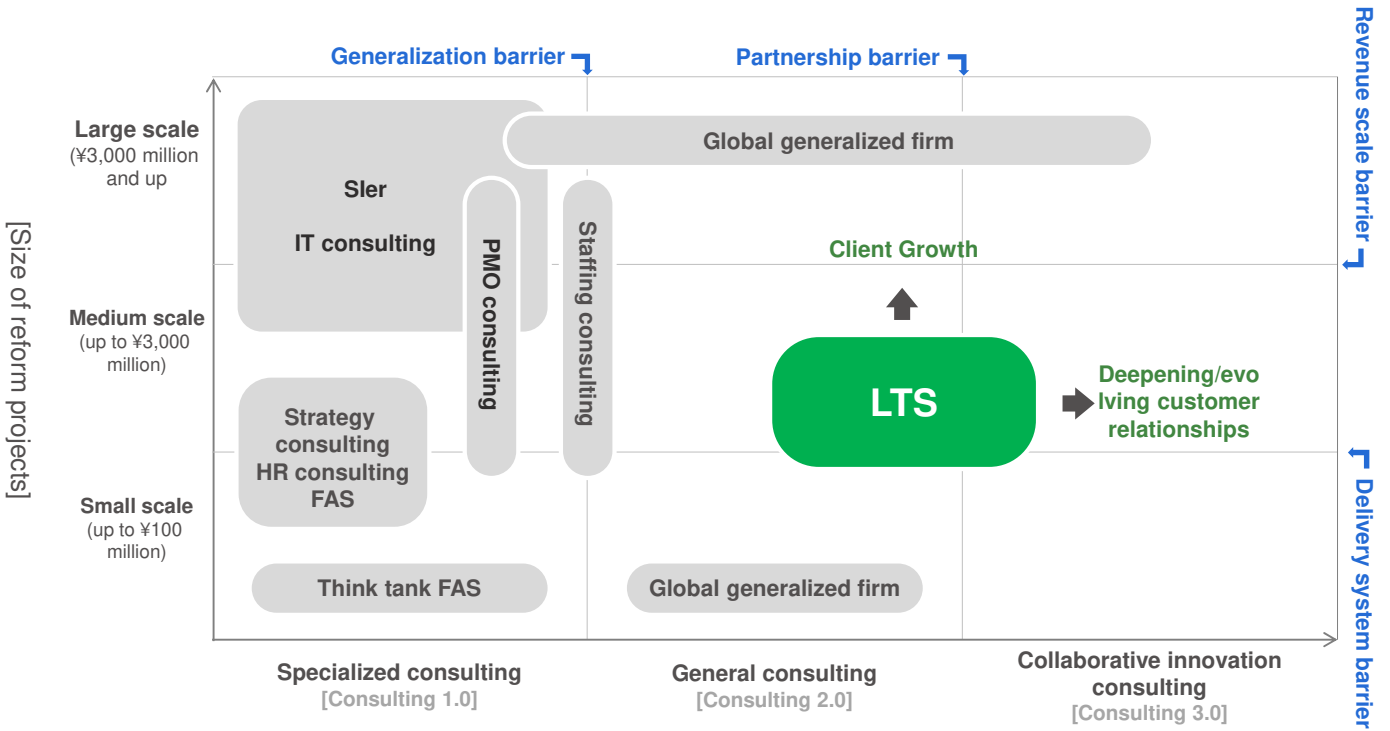
A partner in collaborative innovation is essential for successful DX implementation

Source: Prepared by LTS based on "2023 IPA Human DX White Paper" by Information-technology Promotion Agency

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Our strength- Midsize x Collaborative Innovation Consulting

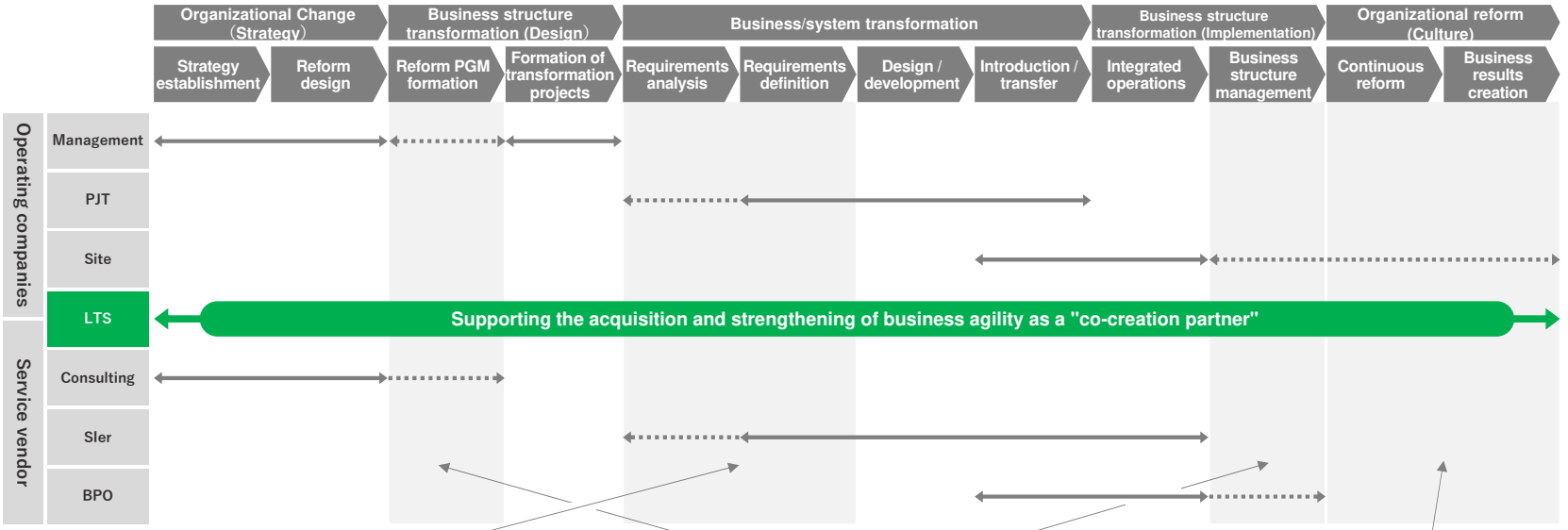
- We provide support for acquiring and enhancing business agility as a collaborative innovation partner to medium-sized to semi-major companies.



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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



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Customer Relationship Value - Depth x Breadth x Duration

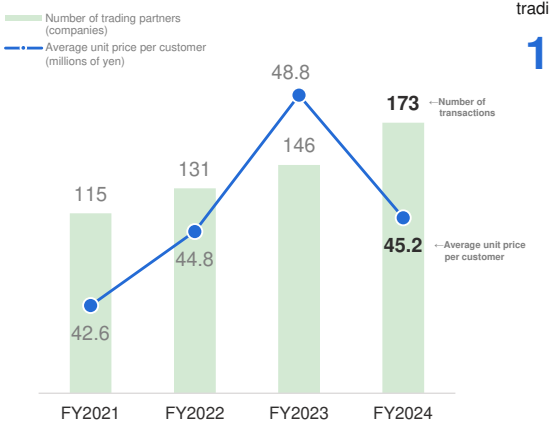
- While increasing the number of customers, continuously strengthen customer relationships by enhancing depth (average unit price per customer), breadth (number of departments engaged per customer), and duration (average years of engagement per customer).

Depth: Average unit price per customer

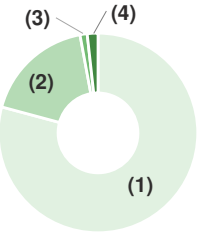
¥45.5 million

Relationships with corporate customers are deepening and evolving
(higher value provided and improved profitability)

CAGR
(Number of trading partners)
14.6%



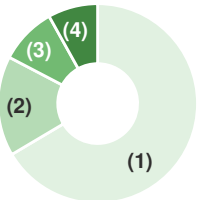
Breadth: Number of departments engaged per customer



Rollout within corporate customers is progressing
(diversification and deepening of relationships)

(1)	1 department engaged	79%	
(2)	3 or fewer departments engaged	18%	
(3)	5 or fewer departments engaged	1%	
(4)	**6 or more departments engaged**	**2%**	**3 companies**

Duration: Average years of engagement per customer



Trust and expectations from corporate customers continue
(stabilization of relationships and enhancement of brand)

(1)	3 or fewer years of engagement	66%	
(2)	6 or fewer years of engagement	16%	
(3)	9 or fewer years of engagement	9%	
(4)	**10 or more years of engagement**	**8%**	**14 companies**

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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)**

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

○Construction/Real Estate
- **HASEKO GROUP**
- **DAIWA HOUSE INDUSTRY CO., LTD.**
- **Chiyoda Corporation**

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

○Food/Restaurant/Healthcare
- **Kirin Holdings Company, Limited***
- **Chugai Pharmaceutical Co., Ltd.**
- **Japan Tobacco Inc. (JT)***

○Media/Education
- **Jiji Press, Ltd.**
- **TV Asahi Corporation**
- **Benesse Corporation**

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

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

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

○Consulting/IT
- **Digital Garage, Inc.**
- **IBM Japan, Ltd.**
- **Microsoft Japan Co., Ltd.**

○Government/Local Governments/National Corporations
- **Ministry of Economy, Trade and Industry**
- **Ministry of Internal Affairs and Communications**
- **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)

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4.
Growth Scenarios
(Supplementary information)

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

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

VISION 2030 (1st Growth Plan)

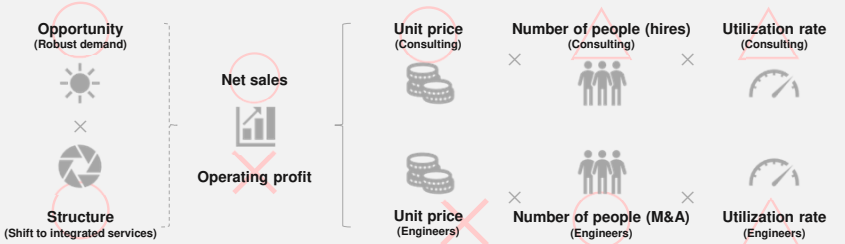
	Net sales	Operating profit
FY2021 (Initial plan)	¥12,000 million (CAGR of over 20%)	¥1,800 million (Operating margin of 15%)
FY2022 (Revised upward)	¥14,000 million (CAGR of over 20%-25%)	¥2,000 million (Operating margin of 14.3%)
FY2023 (Revised upward)	¥16,500 million (CAGR of over 30%)	¥2,000 million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

Initially expected scenario

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

Summary

- **Established service structure capable of providing integrated support for business and technology**
- **Failed to fully leverage** acquisition of engineering capabilities **to strengthen profitability**



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Review of “1st Growth Plan” - Initiatives

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

	Achievements/results	Problems	Current initiatives
Human Resources	● **Frontline personnel increased by 640 (up 245%)** • Significant increase in young employees through aggressive hiring • More than 400 engineers added through M&A • About 100 employees obtained certifications in specialized domains (PM, BA)	● **Imbalance in human resources portfolio** • Insufficient number of PM-level employees relative to team members • Insufficient number of consultants relative to engineers ● **Loss of opportunities for end-to-end services** • Unable to assemble project teams in a timely manner to meet inquiries from existing customers ● **Consultant unit price increased, but utilization rate declined** • Insufficient rigor in utilization management within small-scale teams • Delayed return on service development investments (poor balance between deepening and exploration) ● **Significant increase in number of engineers, but unit price and utilization rate remained flat** • Insufficient orders for integrated consultant and engineer services ● **Structural reform of the platform business taking longer than expected**	● **Strengthening human resources capable of discovering, structuring, and leading projects** • Accelerated PM-level hiring through compensation system revisions • Continued consultant hiring and explored team M&A opportunities • Business skill development for engineers (BA, PM)
Customers	● **Customer unit price increased (up 122.9%) with improved customer relationship value** • Established account sales structure (top 20 companies account for over 70%) • New customers increased by 153 companies (up 23.7%) • Domestic offices expanded, with regional revitalization support also ramping up		● **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
Services	● **Launched end-to-end reform support services** • Capital and business alliance with both FPT and YOKOGAWA groups ● **Accelerated business growth in advanced domains such as generative AI and GX** • SX and HC services ramping up		● **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	● **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	● **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

Reduced profit-generation capacity

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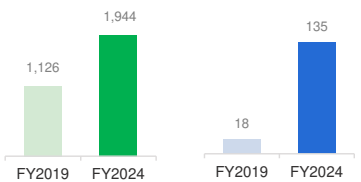
Results of Past M&A

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

WAKUTO Co., Ltd.

Net sales (FY19-FY24) **+73%**

Operating profit (FY19-FY24) **+635%**

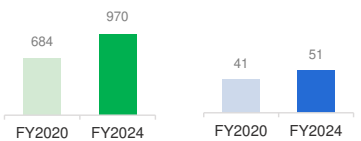


Net sales (Millions of yen) Operating profit

SOFTEC Co., Ltd.*1

Net sales (FY19-FY24) **+42%**

Operating profit (FY19-FY24) **+25%**

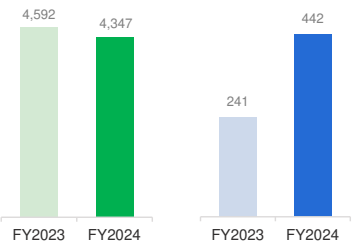


Net sales (Millions of yen) Operating profit

HCS HOLDINGS CO.,LTD.*2

Net sales (FY19-FY24) **-5%**

Operating profit (FY19-FY24) **+83%**



Net sales (Millions of yen) Operating profit

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

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Approach to Growth Investments

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

Non-capitalized investments

Human Resources

Recruiting

- Strengthen career hiring focused on PM-level professionals
- Advance new graduate recruitment (year-round and multinational approach)

- Recruiting expenses
- Personnel expenses (hiring-related)

Training

- Promote acquisition of professional qualifications such as BA and PM
- Participate in academic societies and research institutions for each specialized field

- Education and training expenses
- Personnel expenses (training-related)

Retention

- Continue wage increases in conjunction with profitability
- Create a work environment that is both comfortable and fulfilling

- Personnel expenses (pay and bonuses)
- Personnel expenses (benefits)
- Personnel expenses (internal communication-related)

Organizational culture

- Conduct training on corporate philosophy, DNA, etc. during onboarding and promotions
- Share through regular operations and performance evaluations

- Personnel expenses (internal communication-related)
- Personnel expenses (benefits)

Customers

Branding

- Research markets and CS
- Develop and communicate corporate/service content

- Advertising expenses
- Personnel expenses (PR/marketing-related)

Establishment of customer base

- Strengthen the account management system (develop account managers)
- Introduce CRM tools

- Personnel expenses (sales-related)
- Software

Services

R&D

- Delivery challenges for themes without precedent
- Participate in internal/external research activities

- Personnel expenses (R&D-related)

Intellectual property/KM

- Establish and operate processes for creating, accumulating, sharing, and utilizing knowledge
- Introduce KM tools

- Personnel expenses (KM-related)

Other

Sustainability

- Accelerate human resources investments
- Plan initiatives related to sustainability management

- Personnel expenses (sustainability-related)

Establishment of operational infrastructure

- Introduce IT equipment
- Establish IT infrastructure
- Use business-related cloud services

- Consumables
- Payment handling fees
- Depreciation and amortization

+ Capitalized investments

Other

M&A

- Anticipate medium- to large-scale projects to achieve discontinuous business growth
- Anticipate small-scale projects for team recruitment purposes

- Subsidiary shares / investment securities
- Goodwill

Business environment development

- Enhance IT infrastructure
- Strengthen office environment (renovation and expansion)
- Backbone system upgrade

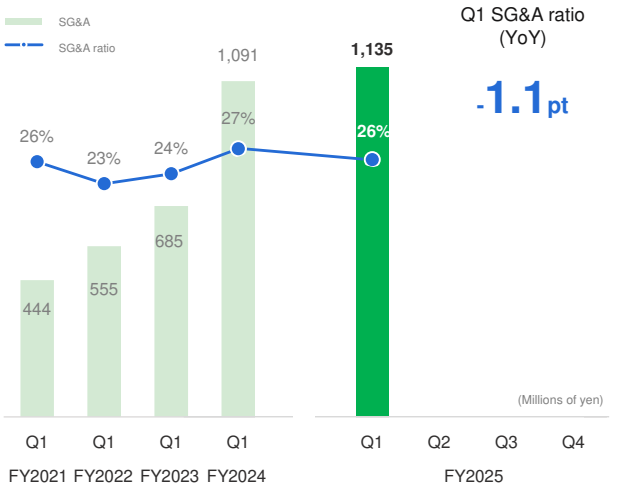
- Tools, instruments, and equipment
- Software

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5. Supplementary Data

Consolidated SG&A - Quarterly Trend

- Flexibly executing growth investments while continuously working to reduce baseline operating expenses



Q1 SG&A ratio (YoY)

-1.1pt

(Millions of yen)

Expense classification	Item	Amount	Percentage	Expense allocation policy
Shared	**Personnel expenses**	**714**	62.9%	• 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
Growth investments	**Recruiting expenses**	**64**	5.6%	• Actively investing in recruitment of PM-level personnel • Referral fees rising sharply
	Education and training expenses	**7**	0.6%	• Actively investing in obtaining PM and BA-related certifications
	Advertising expenses	**8**	0.7%	• Adjust flexibly to strengthen PR and IR
Growth-related expenditures	**Amortization of goodwill** (including amortization of customer relationship assets)	**26**	2.2%	
Baseline operating expenses	**Land/office rent**	**24**	2.1%	
	Depreciation and amortization	**19**	1.6%	
	Operational costs	**274**	24.2%	

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Consolidated Number of Employees – Quarterly Trends

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

	2021				2022				2023			2024					2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	▲Comsolodated SFTC											▲Consolidated HCS		▲Excluding AMG (partial business)				▲Excluding ISIS		
Consultant	147	165	191	195	193	203	198	196	201	237	239	275	273	330	329	332	326			
Engineer	196	203	180	185	185	200	207	213	220	255	254	575	575	572	574	569	568			
Sales/Business	33	41	37	35	36	49	49	49	50	70	69	81	80	88	83	79	78			
Corporate	39	39	40	46	48	52	55	65	65	67	67	114	119	124	121	116	118			
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			
Change (YoY)	126	132	132	138	47	56	61	62	74	125	120	536	525	485	478	37	29			
Change (QoQ)	125	33	0	13	1	42	5	14	13	93	0	430	2	53	-7	-11	-6			

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6.
Company Overview

Company Overview

Overview	
Company Name	LTS, Inc.
Founded	March 2002
Representative Director	Hiroaki Kabashima
Address (Head Office)	Akasaka Center Building(14F, 15F)
Capital Amount	767,810,900yen（as of March 31, 2025）
Number of employees	1,090 （as of March 31, 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

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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.

LTS, Inc.

Professional services business

LTS Software Technology, inc.

HIBIYA COMPUTER SYSTEM CO., LTD.

WAKUTO, inc.

HIBIYA RESOURCE PLANNING CO., LTD.

ME-lab Japan, Inc.

LTS ASIA CO., LIMITED

*Hong Kong corporation

Platform business

LTS Link, Inc.

関連会社

FPT CONSULTING JAPAN CO., LTD

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

Busy Bee, Inc.

*SOFTEC changed its name to LTS Software Technology, inc. / IoTol Japan to be absorbed by LTS on June 1 / HCS Holdings, Hibiya Computer System, aütomatigo, and Isis (some businesses) merged

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History of LTS Group

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



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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 & **E**nergize	Enjoy and energize
Respect	Respect
Surprise	Go outside the box and inspire

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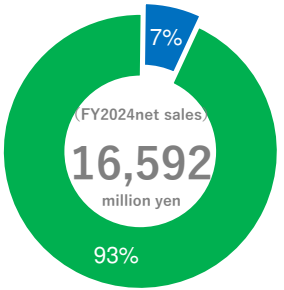
Business Structure

- 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

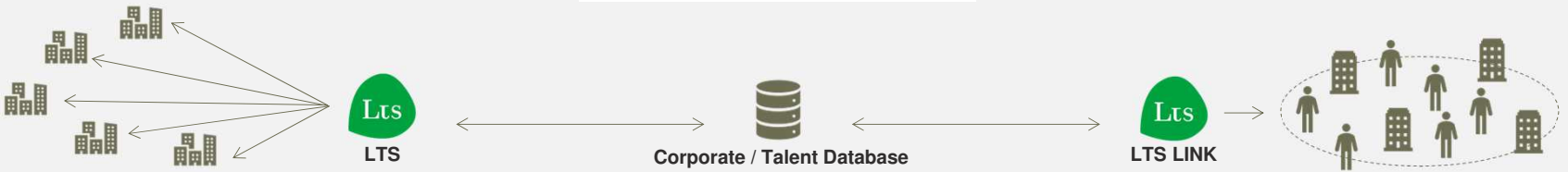
- Centered on services for large companies
- Promote co-creation with clients
- Utilize LINK as external resource database (synergy)



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)



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Service Domain

- As a partner in collaborative innovation, we support clients in acquiring and enhancing business agility throughout the lifetime (all corporate stages and all growth phases) in a total (end to end and crossover) manner. We aim to go beyond being just a partner in corporate change to provide consulting services that serve as a foundation for social change.

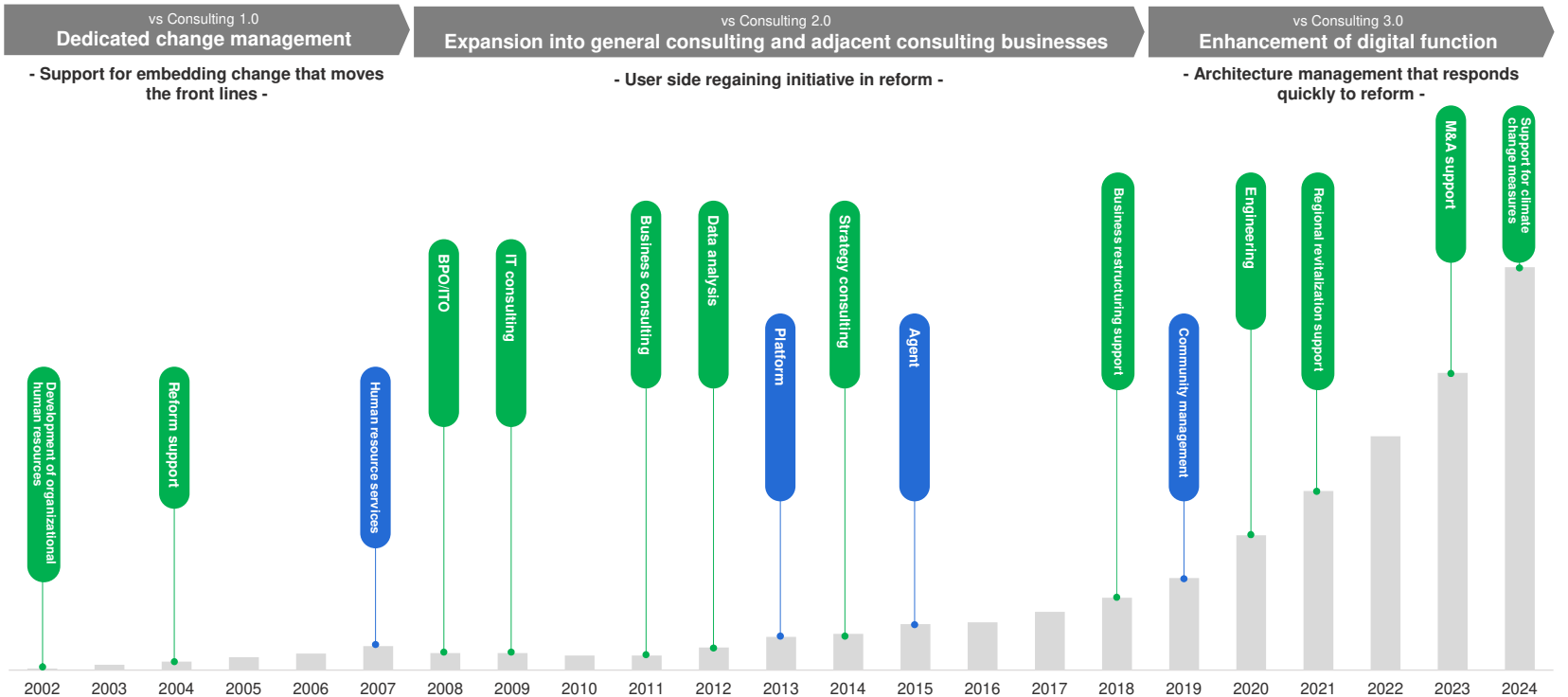
Acquisition and Enhancement of “business agility”

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

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Expansion of Service Offerings

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



*Graph represents net sales trend from 2002 to 2024

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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

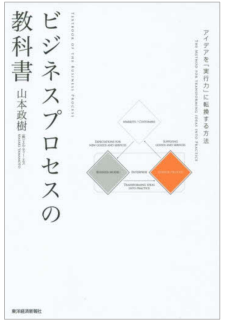
2015 | 2019 | 2021 | 2022 | 2023



Customer Co-Creation IT Business Based on Service Science

(Shoeisha)

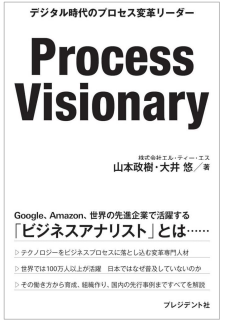
Provides direction for successful completion of projects using service science.



Business Process Textbook

(Toyo Keizai)

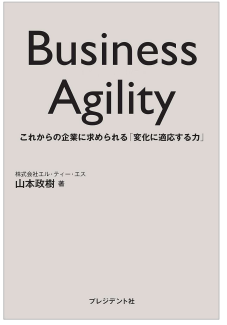
Explains what business processes are, how to manage them, and more in an easy-to-understand manner.



Process Visionary: Process Reform Leader for the Digital Era

(President)

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



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

(President)

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



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

(President)

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



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

(Toyo Keizai)

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



Beginner's Introduction to DX
(Editorial supervision)

(Gentosha)

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

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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.



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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)

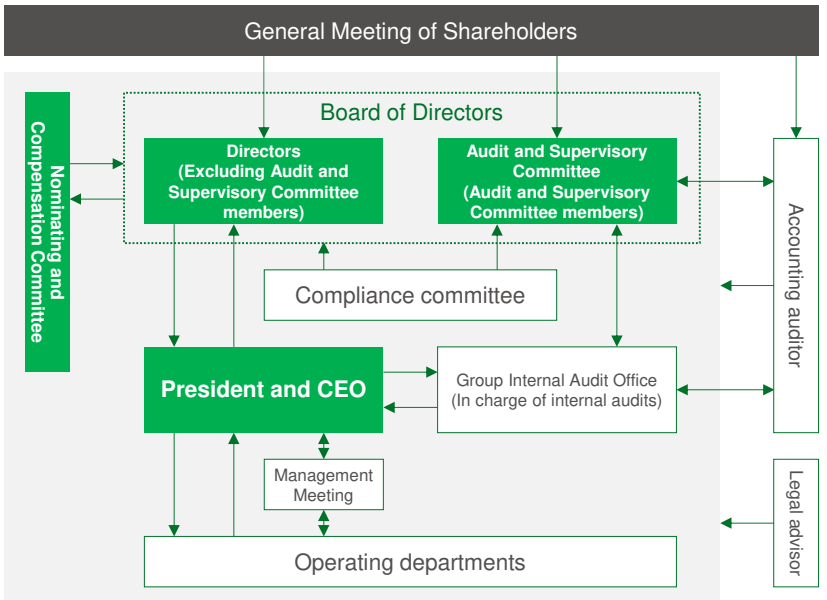
After joining Deloitte Touche Tohmatsu LLC, she became a certified public accountant and established Akiko Kawazoe CPA Office. Later, after working at Recruit Administration Co., Ltd. (Recruit Co., Ltd.), she became an employee of Hikari Audit Corporation in 2014. In March 2024, she became an Outside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



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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

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- 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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