

Financial Results for First Quarter of the Year Ending December 2025 [Japan GAAP] (Consolidated)

May 14, 2025

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 commencement of dividend payment: –
 Preparation of quarterly supplementary materials: Yes
 Convening of a quarterly results meeting: No

(Amounts less than one million are rounded down)

1. Financial results for first quarter of fiscal year ending December 2025 (January 1, 2025 - March 31, 2025)

(1) Operating results (consolidated) (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	%
Q1 of the year ending December 2025	4,421	8.7	423	19.5	455	22.5	332	8.0
Q1 of the year ended December 2024	4,066	44.2	354	15.3	371	9.8	308	34.4

(Note) Comprehensive income Q1 FY2025: 311 million yen (-1.3%) Q1 FY2024: 315 million yen (37.2%)

	Profit per Share	Profit per share fully diluted
	yen	yen
Q1 of the year ending December 2025	72.89	72.58
Q1 of the year ended December 2024	68.51	67.08

(Note) In the fiscal year ending December 2024, the provisional accounting treatment for business combinations has been finalized. Accordingly, the figures for first quarter of the fiscal year ending December 2024 have been adjusted to reflect the finalized accounting treatment.

(2) Financial position (consolidated)

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
Q1 of the year ending December 2025	10,900	4,743	42.5
Year ended December 2024	11,402	4,566	39.1

(Reference) Shareholders' equity Q1 FY2025: 4,628 million yen FY2024: 4,452 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Total
	yen	yen	yen	yen	yen
Year ended December 2024	–	0.00	–	30.00	30.00
Year ending December 2025	–				
Year ending December 2025 (forecast)		0.00	–	35.00	35.00

(Note) Revision to the most recently announced dividend forecast: No

3. Forecast for the fiscal year ending December 2025 (January 1, 2025 - December 31, 2025)

(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	18,280	10.2	1,400	26.4	1,350	26.2	900	-7.5	197.08

(Note) Revisions to the most recently announced earnings forecast: No

* Notice

(1) Changes in main subsidiaries during year to quarter end: Yes

(Changes in specific subsidiaries accompanied by changes in the scope of consolidation)

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

(Note) For details, please refer to the attached document, page 8, "Additional Information."

(2) Application of accounting treatment specific to the preparation of the quarterly consolidated financial statements: No

(3) 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

(4) Number of shares outstanding (common shares)

(a) Shares outstanding (including treasury shares) at end of period

(b) Treasury shares at end of period

(c) Average number of shares during period

Q1 of year ending December 2025	4,658,275 shares	Year ended December 2024	4,657,375 shares
Q1 of year ending December 2025	90,641 shares	Year ended December 2024	90,621 shares
Q1 of year ending December 2025	4,567,236 shares	Q1 of year ended December 2024	4,498,997 shares

* Review by a certified public accountant or auditing firm of the attached quarterly consolidated financial statements: No

* 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 Quarterly Operating Performance

During the first three months of the current fiscal year (January 1 to March 31, 2025), the Japanese economy showed a gradual recovery trend as the employment and income environment continued to improve, despite some remaining signs of stagnation. On the other hand, downside risks remain, including a potential decline in personal consumption due to weakening consumer sentiment amid continued inflation, as well as the impact of U.S. policy trends such as trade measures. The situation continues to be characterized by uncertainty, with attention also needed to fluctuations in financial and capital markets.

In the information services industry, which is the main business domain of our Group, digital transformation (DX) initiatives are in full swing to respond to changes in the social environment. Demand for diversified project support remained steady due to the high-priority need for services to support internal reform activities, including introducing task performing robots such as AI and RPA (robotic process automation) and promoting telecommuting and other work style reform.

Under these business circumstances, the 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 our customers implement change as a partner in creating people, businesses, and organizations that can respond to change and pave the way for the future. We have 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 transformation through a platform connecting the IT industry. In our professional services business, we 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. We also continued proactive hiring and human resource development activities, promoting initiatives to further expand our stable service delivery capabilities. In our platform business, we strengthened our organizational structure and focused on expanding existing services, with a particular emphasis on the Professional Hub service.

As a result of the above, during the first three months of the fiscal year under review, we achieved net sales of ¥4,421 million (up 8.7% year on year), operating profit of ¥423 million (up 19.5% year on year), and ordinary profit of ¥455 million (up 22.5% year on year), and profit attributable to owners of parent of ¥332 million (up 8.0% year on year).

The business combination with HCS Holdings Corporation (now Hibiya Computer System Co., Ltd.) that occurred on October 23, 2023, was provisionally accounted for and finalized in the previous consolidated fiscal year. With the finalization of the provisional accounting treatment, the review of the allocation of acquisition costs has been incorporated into the comparative information presented in the quarterly consolidated financial statements for the first three months of the current fiscal year. Additionally, the amounts used for comparison and analysis with the first three months of the previous fiscal year reflect the revised initial allocation of acquisition costs following the finalization of the provisional accounting treatment.

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

(Professional Services Business)

In our professional services business, as the environment surrounding the IT division continues to evolve, favorable conditions created by robust demand for DX continued to provide a boost for us to steadily acquire traditional consulting projects (operational analysis/design, IT introduction support, onsite deployment) based on our strength of visualizing and improving operations utilizing business process management. We 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. ME-lab Japan Inc., a consolidated subsidiary supporting corporate Green Transformation (GX) initiatives, including climate change response, actively worked to expand new service offerings in advanced fields. Notably, its Wide-Area Blue Carbon Potential Estimation Service Using Satellite Data and Transfer Learning received the Grand Prize at the Satellite Data Utilization Awards 2024.

As a result, net sales in the professional services business came to ¥4,012 million (up 8.4% year on year) and segment profit (operating profit) came to ¥405 million (up 20.3% year on year).

(Platform Business)

In our platform business, under the slogan “Good People, Good Companies, Good Opportunities,” we support IT business operators and companies utilizing IT in solving a wide range of challenges through a platform built on IT businesses and professional human resources. As of March 31, 2025, membership of Assign Navi—a platform offering business matching and learning opportunities—had steadily grown to 14,419 members, including both corporate and individual members, an increase of 196 members from the end of the previous fiscal year. In addition to the increased results of the Assign Navi and Professional Hub matching and member services in conjunction with expansion of the membership base, we also steadily expanded our platform services based on connecting IT business operators with professional human resources, including continued support for the introduction and operation of subscription platforms in the cloud business. At the same time, we worked to strengthen our organizational structure to drive revenue growth from existing services.

As a result, net sales in the platform business came to ¥567 million (up 17.0% year on year), and the segment profit (operating profit) came to ¥17 million (up 3.9% year on year).

(2) Overview of Quarterly Financial Position

Total assets at the end of the first three months of the fiscal year were ¥10,900 million, down ¥501 million from the end of the previous fiscal year. This was primarily due to a ¥513 million decrease in cash and deposits.

Liabilities came to ¥6,156 million, down ¥679 million from the end of the previous fiscal year. This was primarily due to a ¥416 million decrease in income taxes payable and a ¥266 million decrease in long-term borrowings.

Net assets amounted to ¥4,743 million, an increase of ¥177 million from the end of the previous fiscal year. This was primarily due to a ¥195 million increase in retained earnings. The equity ratio was 42.5%.

(3) Explanation of Consolidated Earnings Forecasts and Other Future Projections

In regard to the consolidated earnings forecast for the fiscal year ending December 2025, no changes have been made to the full-year consolidated earnings forecast announced on February 13, 2025.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous consolidated fiscal year (ended December 31, 2024)	First three months of the current fiscal year (ended March 31, 2025)
Assets		
Current assets		
Cash and deposits	5,447	4,934
Accounts receivable and contract assets	2,462	2,539
Electronically recorded monetary claims - operating	129	151
Work in process	30	33
Other	213	320
Allowance for doubtful accounts	(1)	(1)
Total current assets	8,281	7,977
Non-current assets		
Property, plant and equipment		
Land	645	645
Other	592	572
Total property, plant and equipment	1,237	1,217
Intangible fixed assets		
Goodwill	561	543
Customer-related assets	194	187
Software	78	105
Software in progress	39	16
Other	2	1
Total intangible fixed assets	876	855
Investments and other assets		
Leasehold and guarantee deposits	291	286
Deferred tax assets	85	83
Investment securities	560	404
Other	70	75
Total investments and other assets	1,006	850
Total non-current assets	3,120	2,923
Total assets	11,402	10,900

(Millions of yen)

	Previous consolidated fiscal year (ended December 31, 2024)	First three months of the current fiscal year (ended March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	921	930
Short-term borrowings	40	10
Current portion of long-term borrowings	860	794
Accounts payable - other	502	371
Income taxes payable	573	157
Provision for bonuses	187	132
Provision for bonuses for directors (and other officers)	4	0
Contract liabilities	27	163
Provision for loss on order received	3	62
Other	531	554
Total current liabilities	3,653	3,178
Non-current liabilities		
Long-term borrowings	2,981	2,780
Retirement benefit liabilities	141	147
Deferred tax liabilities	45	44
Other	13	6
Total non-current liabilities	3,182	2,978
Total liabilities	6,835	6,156
Net assets		
Shareholders' equity		
Share capital	767	767
Capital surplus	1,019	1,019
Retained earnings	2,944	3,140
Treasury shares	(293)	(293)
Total shareholders' equity	4,438	4,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	(8)
Foreign currency translation adjustment	1	1
Total accumulated other comprehensive income	14	(6)
Subscription rights to shares	112	114
Non-controlling interests	1	1
Total net assets	4,566	4,743
Liabilities and net assets	11,402	10,900

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

Quarterly consolidated statement of income

First three months of the fiscal year

(Millions of yen)

	First three months of the previous fiscal year (January 1 - March 31, 2024)	First three months of the current fiscal year (January 1 - March 31, 2025)
Net sales	4,066	4,421
Cost of sales	2,621	2,863
Gross profit	1,444	1,558
Selling, general and administrative expenses	1,090	1,135
Operating profit	354	423
Non-operating income		
Subsidy income	10	12
Share of profit of entities accounted for using equity method	4	24
Rent on real estate	19	15
Other	6	5
Total non-operating income	40	58
Non-operating expenses		
Interest expenses	12	12
Real estate rental expense	2	11
Other	8	2
Total non-operating expenses	23	26
Ordinary profit	371	455
Extraordinary income		
Gain on change in equity	—	10
Total extraordinary income	—	10
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	—	0
Loss on sale of investment securities	—	9
Total Extraordinary losses	—	9
Profit before income taxes	371	456
Income taxes-current	96	147
Income taxes-deferred	(31)	(23)
Total income taxes	65	123
Profit	305	332
Loss attributable to non-controlling interests	(2)	(0)
Profit attributable to owners of parent	308	332

Quarterly consolidated statement of comprehensive income

First three months of the fiscal year

(Millions of yen)

	First three months of the previous fiscal year (January 1 - March 31, 2024)	First three months of the current fiscal year (January 1 - March 31, 2025)
Profit	305	332
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(20)
Foreign currency translation adjustment	0	(0)
Total other comprehensive income	10	(21)
Comprehensive income	315	311
(Breakdown)		
Comprehensive income attributable to owners of parent	318	311
Comprehensive income attributable to non-controlling interests	(2)	(0)

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

Not applicable.

(Shareholders' Equity)

First three months of the previous fiscal year (January 1 - March 31, 2024)

(1) Dividend payment amount

Not applicable.

(2) Dividends with a record date falling within the first three months of the fiscal year but becoming effective after the end of the first three months of the fiscal year

Not applicable.

First three months of the current fiscal year (January 1 - March 31, 2025)

(1) Dividend payment amount

Resolution	Type of shares	Source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular general meeting held on March 25, 2025	Common shares	Retained earnings	137	30.00	December 31, 2024	March 26, 2025

(2) Dividends with a record date falling within the first three months of the fiscal year but becoming effective after the end of the first three months of the fiscal year

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

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

The Accounting Standard for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes (ASBJ Statement No. 27, issued on October 28, 2022; hereinafter the "2022 Revised Accounting Standard") and related standards have been applied from the beginning of the first three months of the fiscal year. With respect to the revisions concerning the classification of income taxes (taxation on other comprehensive income), we have followed the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, issued on October 28, 2022; hereinafter the "2022 Revised Implementation Guidance"). This has no impact on the quarterly consolidated financial statements.

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 first three months of the fiscal year. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been prepared reflecting the retrospective application. This has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Additional Information)

First three months of the current fiscal year
(January 1 - March 31, 2025)

(Important Changes in Scope of Consolidation)

During the first three months of the fiscal year, Hibiya Computer System Co., Ltd., a consolidated subsidiary of the Company, 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.

(Notes on Segment Information)

First three months of the previous fiscal year (January 1 - March 31, 2024)

1. Information Regarding Amounts of Net Sales, Profit, and Loss for Each Reporting Segment

(Millions of yen)

	Reporting Segment			Adjustment	Total Shown in Quarterly Consolidated Statement of Income (Note)
	Professional Services Business	Platform Business	Total		
Net sales					
Net sales to unaffiliated customers	3,696	369	4,066	—	4,066
Transactions with other segments	3	114	118	(118)	—
Total	3,700	484	4,184	(118)	4,066
Segment profit	336	17	354	—	354

(Note) Segment profit is reconciled to operating profit presented in the quarterly consolidated statement of income.

2. Impairment Loss or Goodwill on Non-current Assets for Each Reporting Segment

(Important Changes in Amount of Goodwill)

In the first quarter period of the current fiscal year, Busy Bee, Inc., which was previously a consolidated subsidiary of the Company, was removed from the scope of consolidation and became an equity-method affiliate. As a result, goodwill in the professional services business decreased by ¥105 million.

First three months of the current fiscal year (January 1 - March 31, 2025)

1. Information Regarding Amounts of Net Sales, Profit, and Loss for Each Reporting Segment

(Millions of yen)

	Reporting Segment			Adjustment	Total Shown in Quarterly Consolidated Statement of Income (Note 1)
	Professional Services Business	Platform Business	Total		
Net sales					
Net sales to unaffiliated customers	4,010	411	4,421	—	4,421
Transactions with other segments	1	155	157	(157)	—
Total	4,012	567	4,579	(157)	4,421
Segment profit	405	17	423	—	423

(Note) 1. Segment profit is reconciled to operating profit presented in the quarterly consolidated statement of income.

2. In line with the material revision to the initial allocation of acquisition costs described in “Material Revision of the Initial Allocation of Acquisition Costs in Comparative Information” under “Business Combinations,” the segment information for the first three months of the previous fiscal year is presented reflecting this revision.

(Notes on Consolidated Statement of Cash Flows)

A quarterly consolidated cash flow statement has not been prepared for the first three months of the current fiscal year. Additionally, the depreciation and amortization (including amortization of intangible fixed assets other than goodwill and customer-related assets) as well as the amortization of goodwill and customer-related assets for the first three months of the fiscal year are as follows.

	First three months of the previous fiscal year (January 1 - March 31, 2024)	First three months of the current fiscal year (January 1 - March 31, 2025)
Depreciation and amortization	33 million yen	44 million yen
Amortization of goodwill	23 million yen	18 million yen
Amortization of customer-related assets	7 million yen	7 million yen

(Business Combinations)

(Material revision of the initial allocation of acquisition costs in comparative information)

The business combination with HCS Holdings Corporation (now Hibiya Computer System Co., Ltd.) that occurred on October 23, 2023, was provisionally accounted for and finalized in the previous consolidated fiscal year. With the finalization of the provisional accounting treatment, the initial allocation of acquisition costs was reviewed, and as a result, a material revision to the initial allocation of acquisition costs has been reflected in the comparative information included in the quarterly consolidated financial statements for the first three months of the fiscal year.

As a result, in the consolidated statement of income for the first three months of the previous fiscal year, operating profit decreased by ¥4 million, ordinary profit and profit before income taxes each decreased by ¥5 million, while quarterly net profit and quarterly profit attributable to owners of parent decreased by ¥3 million.

(Revenue Recognition)

First three months of the previous fiscal year (January 1 - March 31, 2024)

(Millions of yen)

	Reporting Segment		Total
	Professional Services Business	Platform Business	
Business Process & Technology	3,442	—	3,442
Strategy & Innovation	207	—	207
Social & Public	46	—	46
Assign Navi	—	12	12
Professional Hub	—	356	356
Growth Company Club	—	0	0
Other	—	—	—
Revenue from contracts with customers	3,696	369	4,066
Net sales to unaffiliated customers	3,696	369	4,066

First three months of the current fiscal year (January 1 - March 31, 2025)

(Millions of yen)

	Reporting Segment		Total
	Professional Services Business	Platform Business	
Business Process & Technology	3,390	—	3,390
Strategy & Innovation	437	—	437
Social & Public	182	—	182
Assign Navi	—	12	12
Professional Hub	—	373	373
Growth Company Club	—	0	0
Other	—	25	25
Revenue from contracts with customers	4,010	411	4,421
Net sales to unaffiliated customers	4,010	411	4,421