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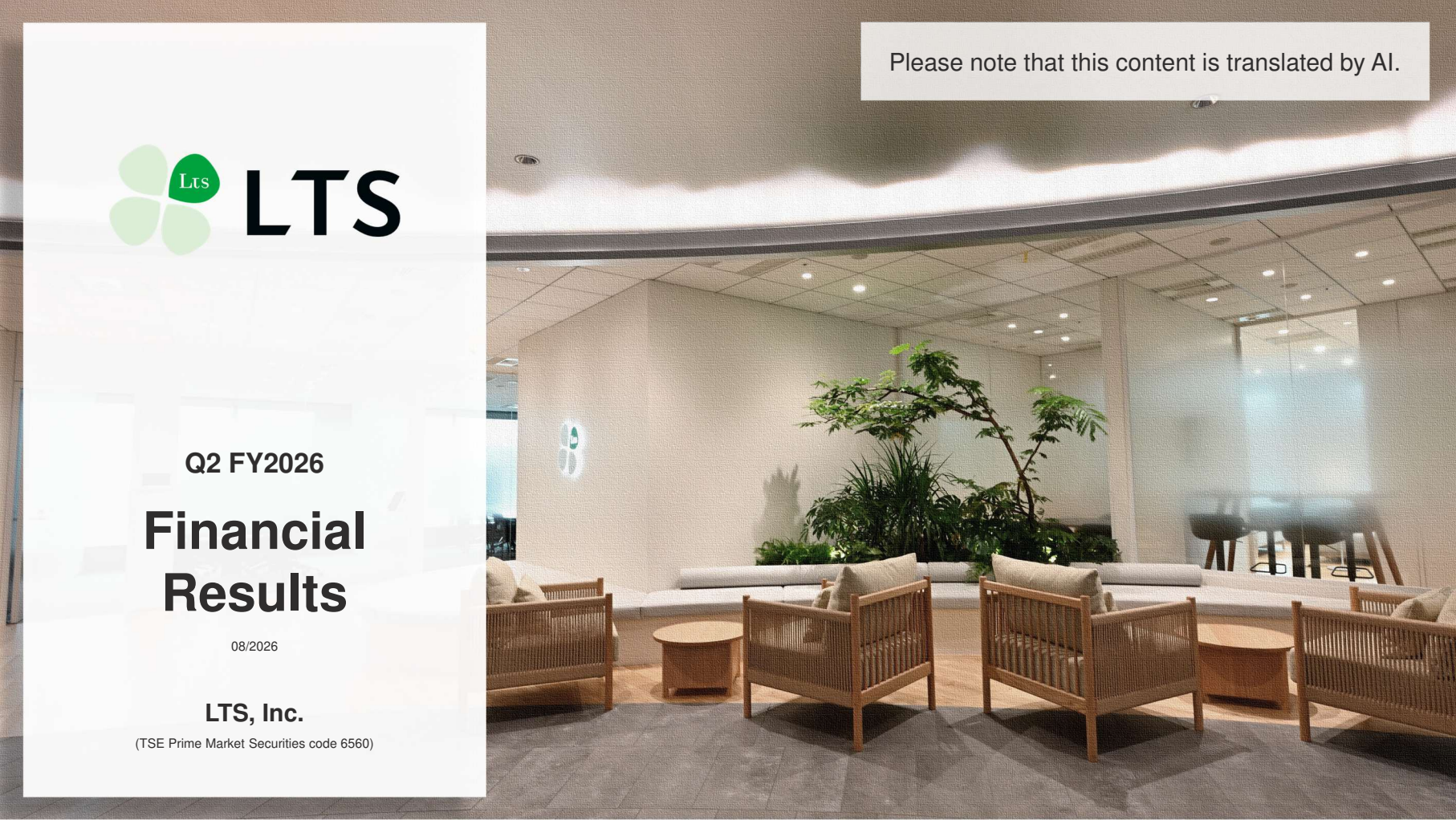

LTS

Q2 FY2026

Financial Results

08/2026

LTS, Inc.

(TSE Prime Market Securities code 6560)

1. **Business Overview**
2. FY2026 Q2 Earnings
3. FY2026 H2 Outlook
4. Change in Market Segment
5. Shareholder Return & Capital Management Policy
6. Mid to Long Term Growth Scenario
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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 “transformation driving force"**	×	- Business partner - **Enhancement of “adaptability to change"**	×	- Organizational partner - **Enhancement of “ability to create change"**	=	- Partner in collaborative innovation - **Evolution into "future-creating company"**

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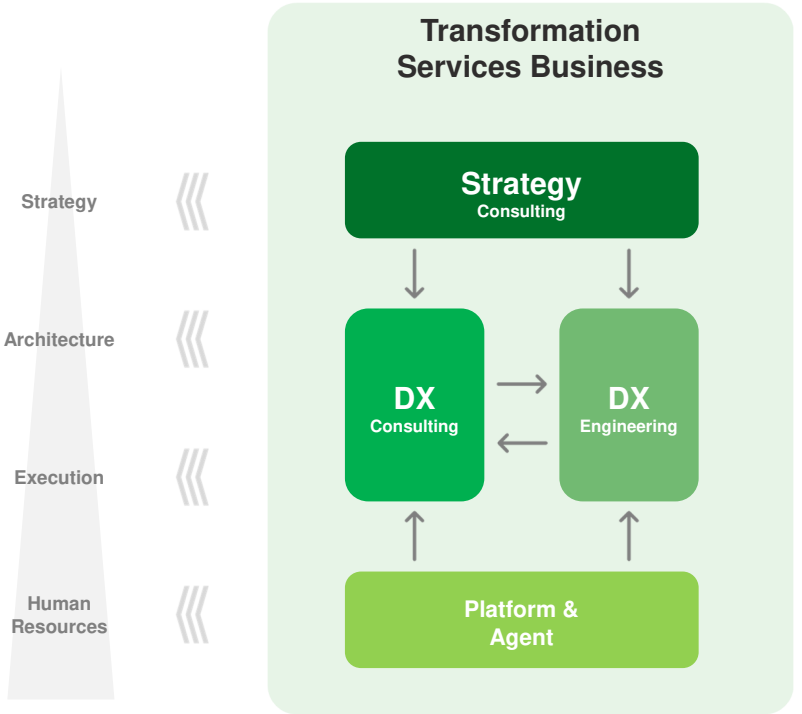
Business Overview - Transformation Services Business

- As a partner to clients, we support the transformation of corporate strategies, structures, execution, and human resources through the "Transformation Services Business."



Strategy Consulting

Decision-making support under uncertainty

- Management strategy establishment
- SX / GrnX
- M&A / PMI

DX Consulting

Structural design for companies where reform is becoming routine

- Business strategy establishment and business structure management
- BX / DX / CX / GovX
- Reform human resources training and new business development support

DX Engineering

Support for building evolving digital foundations

- BX / DX / CX / GovX
- Data management
- Solution / product development

Platform & Agent

Supply of reform promotion human resources

- Professional procurement and training
- Project and human resources matching
- Community operations

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Business Overview - Service Structure

- Promoting the "Transformation Services Business" across four service domains

Strategy consulting

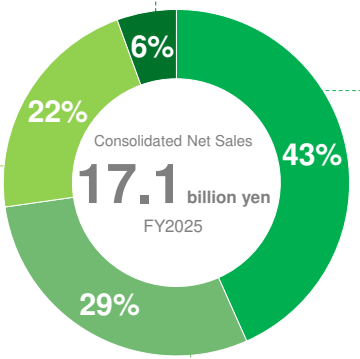
Decision-making support under uncertainty

FY25-27 Anticipated gross profit margin	FY25-27 Anticipated growth rate
50%~	+ 4~8%

DX Consulting

Structural design for companies where reform is becoming routine

FY25-27 Anticipated gross profit margin	FY25-27 Anticipated growth rate
40%~	+ 11~15%



Platform & Agent

Supply of reform promotion human resources

FY25-27 Anticipated gross profit margin	FY25-27 Anticipated growth rate
20%~	+ 1~5%

DX Engineering

Support for building evolving digital foundations

FY25-27 Anticipated gross profit margin	FY25-27 Anticipated growth rate
30%~	+ 3~7%

* From the fiscal year ending December 2026, the two former segments (Professional Services Business and Platform Business) have been integrated into a single segment, the Transformation Services Business.

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FY2026 Q2 - Financial Results Summary (H1)

Net sales (H1)

8,519 million yen

YoY growth rate (0.6%)
vs Plan Achievement Rate 101.7%
vs Guide progress 46.6%

Operating profit (H1)

650 million yen

YoY growth rate +37.3%
vs Plan Achievement Rate 101.6%
vs Guide progress 40.6%

(Reference) FY2026 Forecast

Net sales
18,300 million yen
YoY growth rate +7.0%

Operating profit
1,600 million yen
YoY growth rate +34.9%

Results (H1)

Net sales slightly decreased YoY but progressed according to plan
Operating profit reached a new record high for H1 results

Q2 standalone operating profit did not meet the plan, but reached a new record high for Q2
Profitability recovery and improvement in the DX consulting area drove overall earnings
Growth momentum in the DX engineering area has slowed

Forecast (H2)

While growth outlooks vary by area, initial forecasts for both net sales and operating profit are maintained

No change in the fundamental trend of increasing earnings from Q2 as the bottom toward Q3 and Q4
DX consulting area is accelerating growth
DX engineering area is carefully assessing the outlook

H1 FY2026 - Consolidated Profit and Loss Statement

- While net sales decreased slightly (due to the deconsolidation of Isis Co., Ltd.), each level of profit grew steadily
- As a result of a review of the classification of certain personnel expenses (reclassifying SG&A to cost of sales), gross profit and SG&A for FY25 Q1 and Q2 have been changed

(Millions of yen)	FY2026 H1 results	FY2026 full year plan		YoY % change		FY2026 Q2 results (Standalone)	YoY % change		QoQ % change	
		Plan	H1 progress	FY2025 H1	YoY growth rate		FY2025 Q2	YoY growth rate	FY2026 Q1	QoQ change
Net sales	**8,519**	18,300	46.6%	8,572	↓ (0.6%)	**4,128**	4,150	↓ (0.5%)	4,391	↓ (6.0%)
Gross profit	**2,631**	6,217	42.3%	2,399	9.6%	**1,224**	1,064	15.1%	1,406	(12.9%)
Gross profit margin	**30.9%**	34.0%	-	28.0%	2.9pt	**29.7%**	25.6%	4.1pt	32.0%	(2.4 pt)
Total SG&A	**1,981**	4,617	42.9%	1,926	2.8%	**1,070**	1,013	5.6%	910	17.6%
Operating profit	**650**	1,600	40.6%	473	↑ 37.3%	**153**	50	↑ 204.9%	496	↓ (69.0%)
Operating margin	**7.6%**	8.7%	-	5.5%	2.1pt	**3.7%**	1.2%	2.5pt	11.3%	(7.6 pt)
Ordinary profit	**706**	1,615	43.7%	525	34.4%	**178**	70	152.8%	528	(66.2%)
Profit before income taxes	**745**	1,615	46.2%	329	126.1%	**155**	(126)	-%	590	(73.6%)
Profit attributable to owners of parent	**506**	1,050	48.2%	226	↑ 123.2%	**86**	(105)	↑ -%	419	↓ (79.3%)

※ EBITDA: 761 million yen / EBITDA margin: 8.9%

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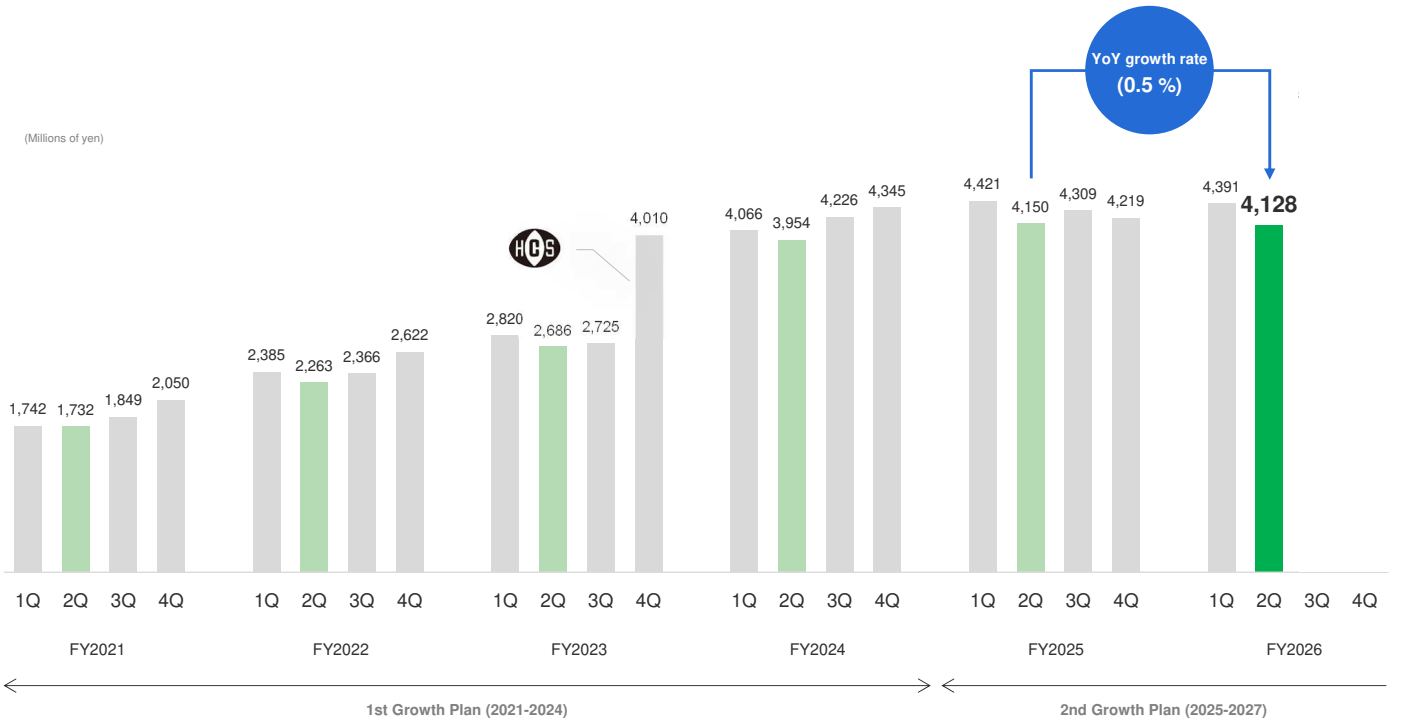
Quarterly Trend in Consolidated Net Sales

- Although net sales decreased slightly year-on-year, the business performed generally in line with expectations as we advanced the optimization of our business portfolio and shifted toward high-value-added projects.



Net sales (Q2 standalone)
4,128 million yen

Net sales (Cumulative)
8,519 million yen

QoQ growth
(6.0 %)

vs Plan Achievement Rate (Q2 standalone)
90.1 %

vs Plan Achievement Rate (Cumulative)
101.7 %

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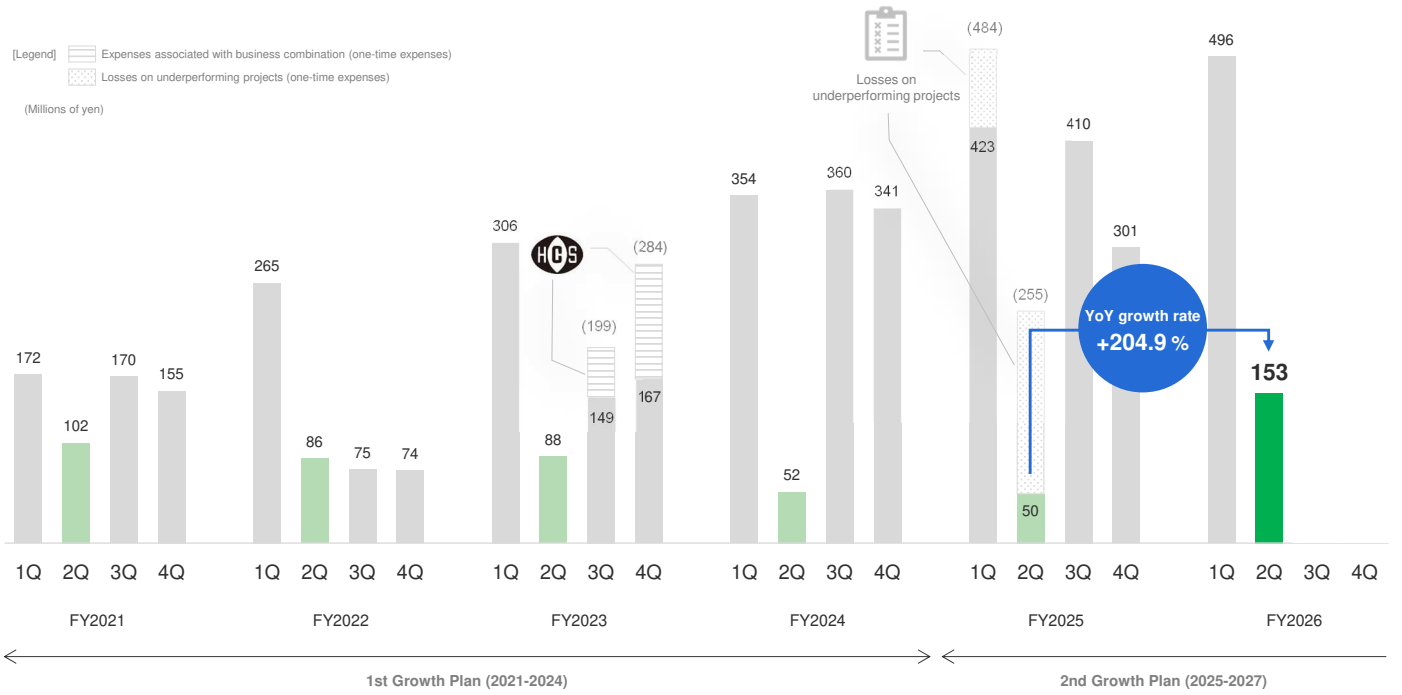
Quarterly Trend in Consolidated Operating profit

- While other service domains are stalling, the core DX consulting area has made significant progress by capturing strong demand for corporate transformation, and Q2 standalone quarterly operating profit has reached a new record high



Operating profit (Q2)
153 million yen

Operating profit (Cumulative)
650 million yen

QoQ growth
(69.0 %)

vs Plan Achievement Rate (Q2 standalone)
64.1 %

vs Plan Achievement Rate (Cumulative)
101.6 %

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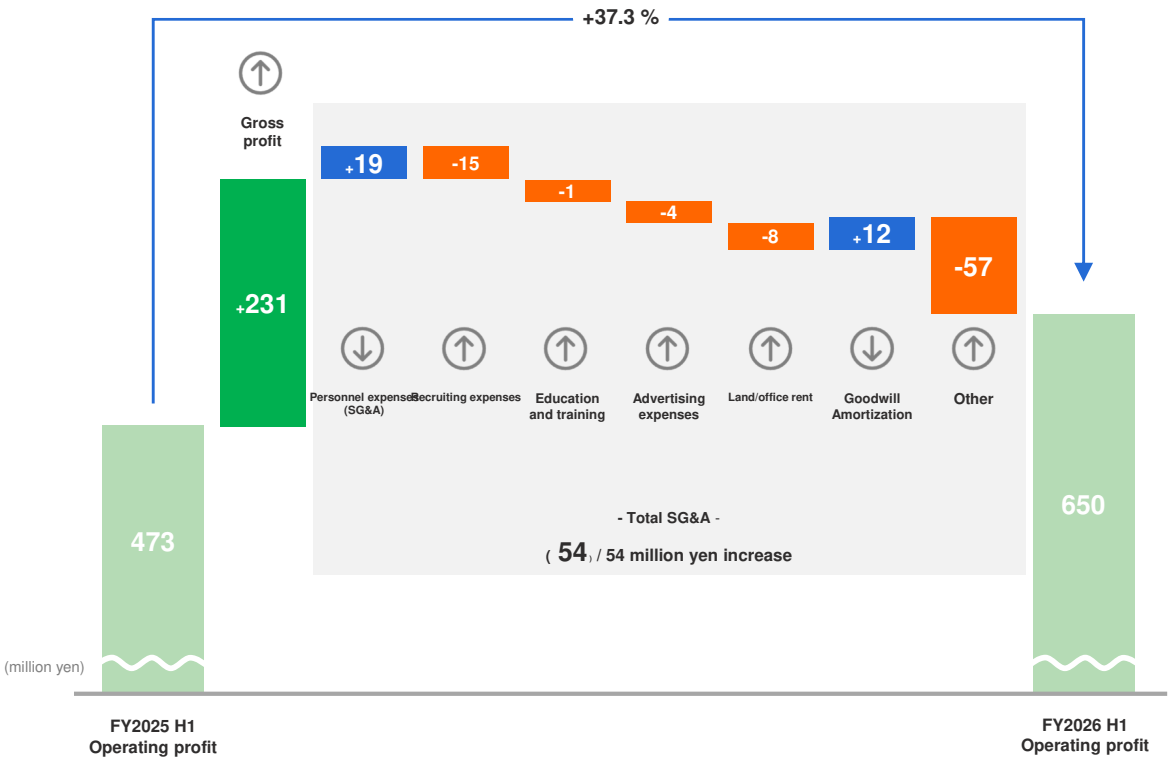
Factors for Change in Consolidated Operating Profit (H1)

- Operating profit increased by +37.3% YoY as gross profit grew while the increase in SG&A was suppressed



Gross profit (YoY) +9.6 % (231 million yen)

Operating profit (YoY) +37.3 % (176 million yen)

- **Gross profit**
  - Gross profit in the DX consulting domain rose significantly (synergy between net sales growth and gross profit margin improvement)
  - Steadily accumulated gross profit in other service domains as well
- **Personnel expenses (SG&A)**
  - Utilization rate maintained at a certain level in each service domain
  - Selling expenses decreased due to the impact of turnover among sales employees
- **Investment-related SG&A (Recruiting, education and training, advertising, land/office rent)**
  - Progressed generally as planned
  - Plan to continue active investment
- **Expense-related SG&A (Goodwill, other)**
  - Amortization expenses decreased due to the completion of amortization for some goodwill
  - Various service fees and depreciation and amortization increased slightly

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FY2026 Q2 - Consolidated Balance Sheet

- Financial soundness continues to improve as a result of steady business operations, and the equity ratio has recovered to the 50% level

(Millions of yen)	FY2026 Q2 results	YoY % change		QoQ % change	
		FY2025 Q2	YoY change (amount)	FY2026 Q1	QoQ change (amount)
Current assets	**6,864**	6,651	212	6,889	(25)
Cash and deposits, etc.	3,973	3,968	↑ 5	3,182	↑ 791
Non-current assets	**3,114**	3,065	49	3,159	(45)
Total assets	**9,978**	9,716	261	10,049	(70)
Current liabilities	**3,188**	3,294	(106)	3,118	69
Non-current liabilities	**1,673**	1,784	(111)	1,905	(232)
Total liabilities	**4,861**	5,078	(217)	5,024	(162)
Interest-bearing debt	2,428	2,369	↑ 59	2,668	↓ (240)
Total equity	**4,997**	4,524	473	4,907	89
Net assets	**5,117**	4,637	479	5,025	91
equity ratio	**50.1%**	46.6%	↑ 3.5pt	48.8%	↑ 1.2pt

Reference indicators (FY2026 Q2 results)	
Net cash	**1,544**
Net D/E ratio	**(0.30)**
Liquidity ratio	**215.3%**

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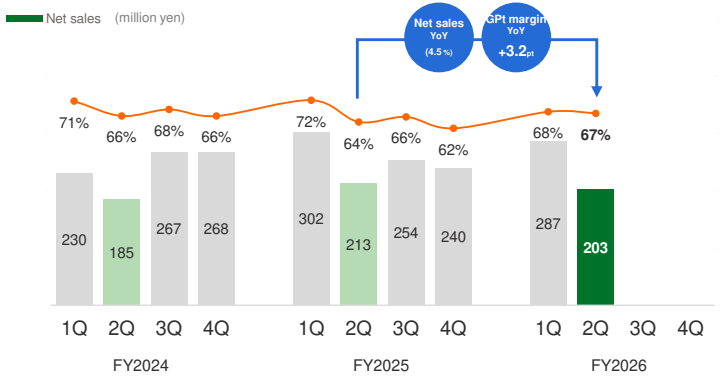
Reference) Earnings by Service Domain - Strategy con / DXcon

- Both the strategy and DX consulting domains have generally maintained strong performance, with 2Q serving as the bottom and an upward trend expected toward H2.

Strategy consulting

Although there are fluctuations in quarterly revenue, the underlying earning capacity remains stable.

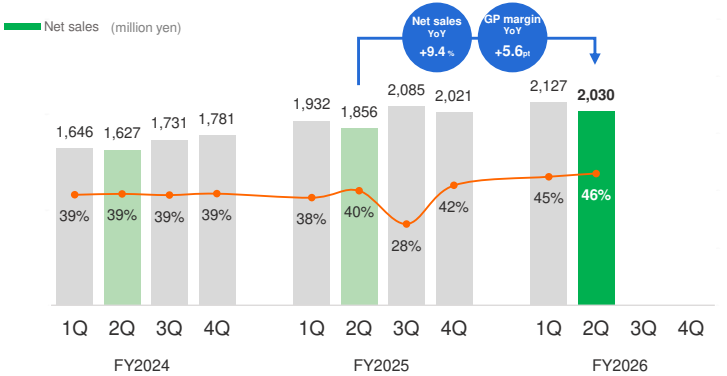


● Results
- Net sales | Decreased due to seasonality (reduction in projects due to changes in the executive structure of client companies)
- Gross profit margin | Since FY2025, many MGR-level employees have been assigned to R&D at the subsidiary promoting SX/GX consulting (ME-Lab Japan), and the profit margin is on a slight downward trend.

● Outlook
- Net sales | Utilization rates have been rising since July, and we expect a recovery in line with our base model.
- Gross profit margin | We anticipate the monetization of performance-based projects, leading to an expected increase in profit levels.

DX consulting

Profitability, which had temporarily declined, has steadily recovered, and we are entering a new growth phase driven by demand for generative AI.



● Results
- Net sales | Each business division is broadly expanding revenue, continuing balanced growth.
- Gross profit margin | Recovered the expected profit margin through continuous unit price increases and securing a certain level of utilization rate.

● Outlook
- Net sales | With the development of new graduate hires, we expect to transition to a stable revenue growth trend.
- Gross profit margin | Although there is some impact from the intake of new graduates, we expect the profit margin to continue at a steady level.

* Net sales for each service domain are figures before consolidated adjustments and do not match consolidated net sales. / Gross profit margin for each service domain does not include personnel expenses for non-operating time and does not match consolidated gross profit (margin).

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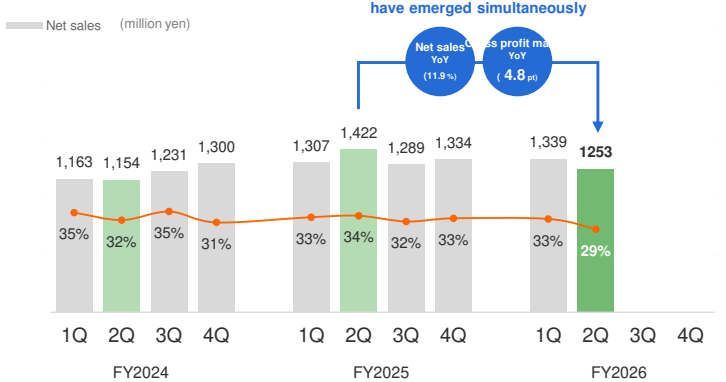
Reference) Earnings by Service Domain - DXeng / P&A

- In DX Engineering, downward pressure on utilization rates continues, and profitability has deteriorated in some PJTs
- In Platform & Agent, while the consultant dispatch domain is recovering, demand in the SES domain remains weak

DX Engineering

Structural factors for lower profitability and transient factors for earnings deterioration have emerged simultaneously

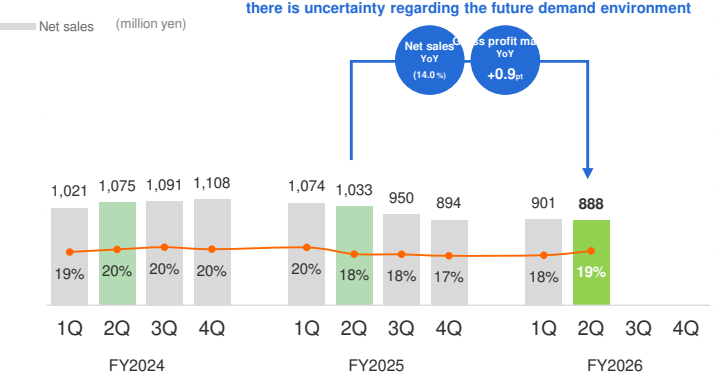


● Results
- Net sales | Structural reforms (improving liquidity and reskilling) are underway to shift services to high-value-added areas, and the total engineer utilization continues to decrease
- Gross profit margin | Temporarily below the assumed level due to the occurrence of PJTs with deteriorated profitability

● Outlook
- Net sales | A gradual downward trend is expected from 3Q onwards due to the continuation of structural reforms
- Gross profit margin | Expected to recover from the latter half of 3Q along with the normalization of PJT operations

Platform & Agent

While improvements in the profit structure are progressing, there is uncertainty regarding the future demand environment



● Results
- Net sales | While employee SES remains steady, the partner SES domain is experiencing delays in project matching due to changes in the supply and demand environment
- Gross profit margin | With the increase in new contracts, unit prices are being raised, and the level of matching fees has risen slightly

● Outlook
- Net sales | Signs of change in the demand environment necessitate cautious management in light of uncertainty
- Gross profit margin | Continue to seek opportunities for unit price improvement from 3Q onwards

* Net sales for each service domain are figures before consolidated adjustments and do not match consolidated net sales. / Gross profit margin for each service domain does not include personnel expenses for non-operating time and does not match consolidated gross profit (margin).

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2nd Growth Plan Activities Progress - Quarterly Highlights

Talent / Organization

Continuing to adjust the human resources portfolio in anticipation of a shift to business operations based on generative AI

- Renewed human resources recruitment criteria
  - Necessary conditions: Integrity, intellectual foundation, interpersonal comfort
  - Sufficient conditions: Independence/autonomy, results creation, learning agility, team value creation, will/philosophy
- Continuing activities to obtain professional qualifications in the PM and BA fields (19 employees obtained)
- Developed and introduced local LLM

Customers / Sales

In addition to developing promising new clients, continued to strengthen account sales for existing key customers

- Number of new clients increased by 13 as a result of marketing activities
- Cross-selling related to organizational transformation and human resources development became active, starting from DX consulting
- Organized a "Business Architect" study group (2nd meeting) that transcends corporate frameworks, bringing together 9 major clients supported by LTS

Services

Continuing to expand non-labor-intensive services, centered on corporate reform support as business architects

- Launched "Business Architecture Human Resources Training Service" in compliance with "Digital Skill Standards Ver2.0"
- Full-scale launch of activities by LTS Strategy Pte.Ltd. (Singapore subsidiary), which promotes cross-border M&A services
- Full-scale launch of physical AI and robotics business

Governance

Improving processes to strengthen management control systems in parallel with infrastructure development to support group management

- Established business review processes (Business Headquarters/Subsidiaries)
- Strengthened interviews of executive officers by Outside Directors
- Promoted group integration of internal control processes and ISO certification

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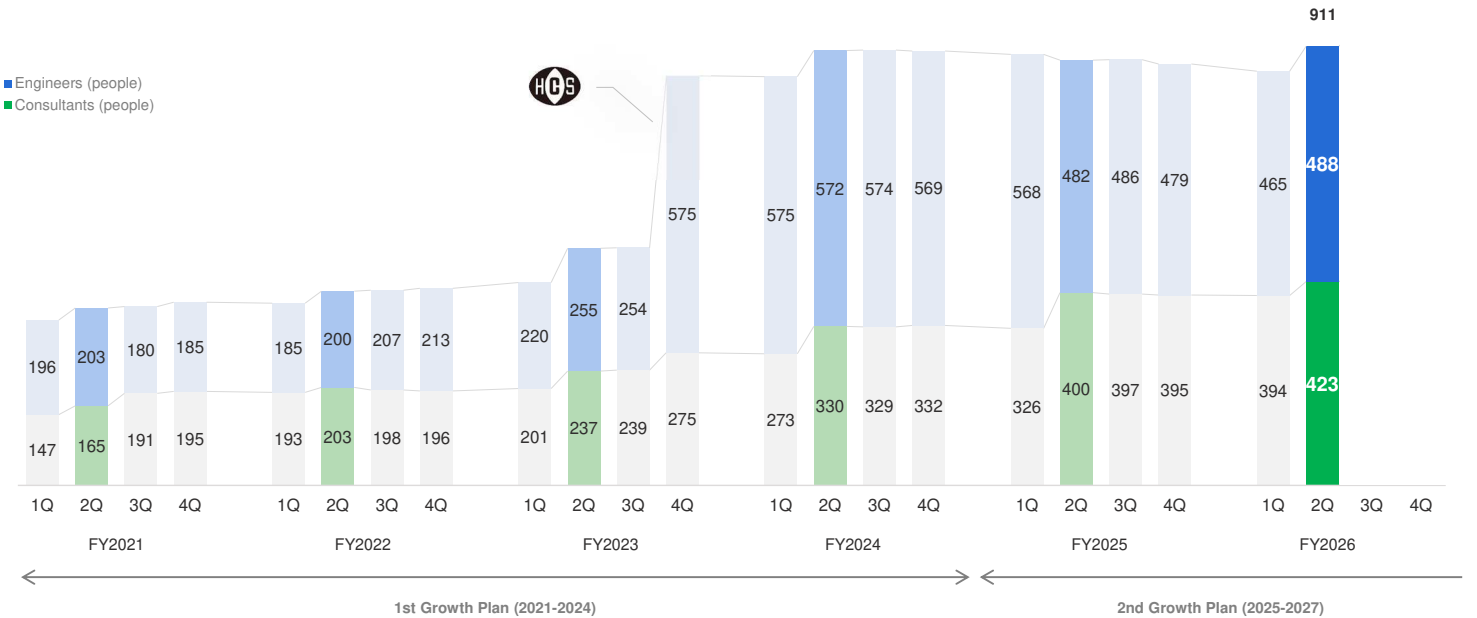
2nd Growth Plan Progress - Number of Frontline Employees (Consolidated)

- Net increase of 29 people YoY, primarily in consulting positions
  - Consultants: Continued proactive hiring (promoting optimization of personnel composition by curbing new graduate recruitment and increasing mid-career hiring)
  - Engineers: Curbing recruitment by incorporating the utilization and impact of generative AI
- We plan to continue selective hiring with an emphasis on quality, without being bound by the initial plan (950 frontline employees at the end of the fiscal year)



* Total headcount across all roles: 1,103 (Frontline: 911 / Sales: 62 / Corporate staff: 130 / Aggregated under the new HR system framework effective April 1, 2025)

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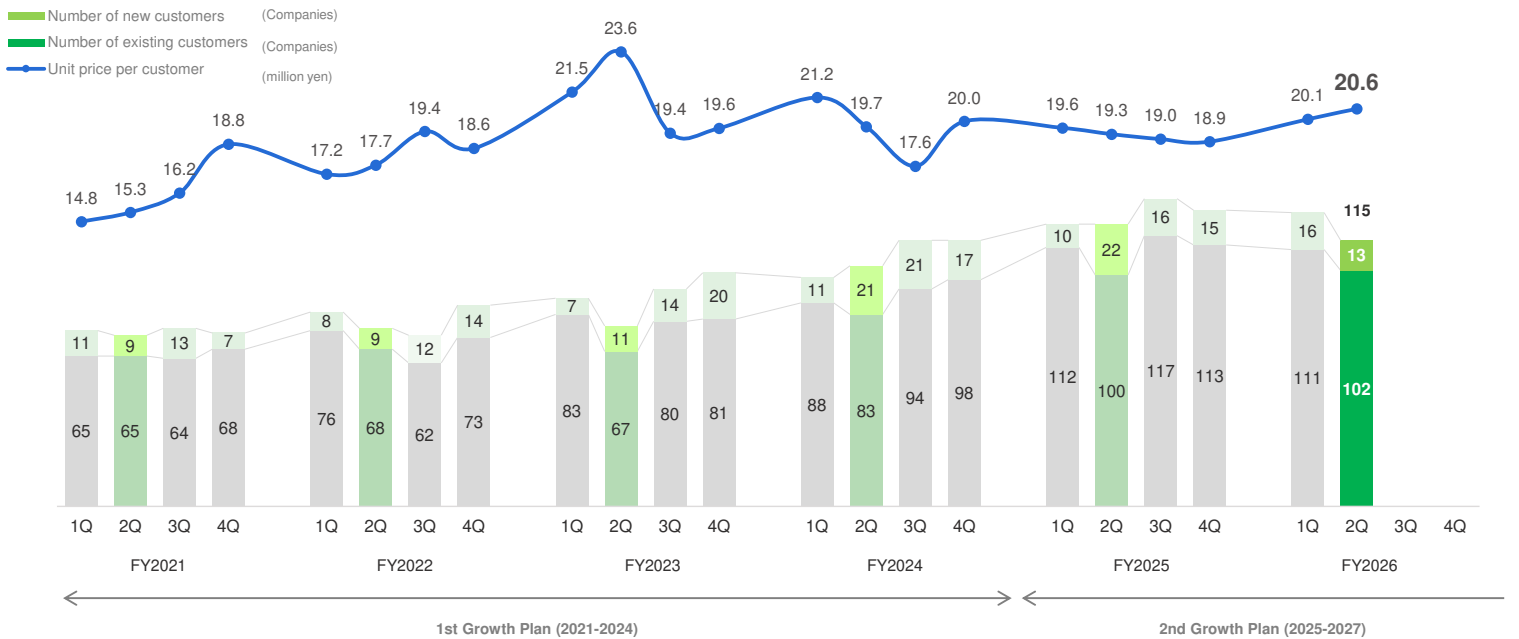
2nd Growth Plan Progress - Customer Relationship Indicators

- LTS standalone (Strategic Consulting and DX Consulting) has continuously increased the number of active customers while also gradually improving the unit price per customer by deepening relationships with existing customers.
  - New customer acquisition: Continuous inquiries are generated through marketing activities such as customer word-of-mouth, seminars, lectures, publications, and article distribution.
  - Net sales composition: The percentage of the top 20 companies in total net sales gradually decreased from an average of 83% in FY2021 to an average of 71% in FY2025, showing progress in the diversification of the revenue base.



* For LTS standalone, the number of customers for whom net sales were recorded in the relevant quarter is counted (dormant customers and customers with no transactions during the period are excluded).

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2nd Growth Plan Activity Progress - Service Case Studies

Strategy consulting

- **Client:**
Japan Aerospace Exploration Agency (JAXA) | Space Strategy Fund (Joint proposal with Oki Electric Industry Co., Ltd.)
- **Project:**
Research, development, and commercialization of a next-generation infrastructure monitoring system integrating satellite and ground IoT sensors
- **Challenge:**
Against the backdrop of intensifying natural disasters and aging infrastructure, it is necessary to realize a preventive maintenance system that integrates satellite data, ground sensors, and existing inspection data.
- **Solution:**
Developed an AI algorithm that integrates satellite data and ground IoT sensor data to build a next-generation monitoring system for early detection of abnormal signs.
- **Impact:**
Promote the shift from reactive to preventive maintenance for infrastructure management, while aiming for expansion into overseas markets such as Turkey and Southeast Asia.
- **Features:**
A national project that combines LTS's strengths in "AI/Data Utilization," "Social Infrastructure DX," and "New Business/Commercialization Concept."

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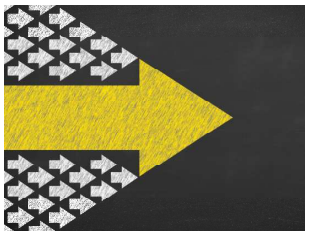
DX consulting

- **Client:**
Shizuoka Prefecture
- **Project:**
Problem-solving DX practical training based on "Digital Skill Standards (DSS)" (DX promotion leader training)
- **Challenge:**
For core personnel promoting administrative DX, it is difficult to acquire practical skills and self-propulsion through classroom learning alone; therefore, it is necessary to develop human resources who can promote transformation in actual practice.
- **Solution:**
Provided practical training in a PBL (Project Based Learning) format. Supported the entire process from business visualization and analysis to improvement plan formulation and results presentation.
- **Impact:**
While strengthening the practical skills of DX promotion leaders, we built a standard model for DX human resources development in Shizuoka Prefecture. Contributed to the development of a continuous administrative DX promotion foundation.
- **Features:**
Implemented the "Digital Skill Standards (DSS)" defined by the national government (METI) into practice, and implemented a standard model for transformation human resources development in local government.



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FY2026 Consolidated Performance Forecast (Net Sales)

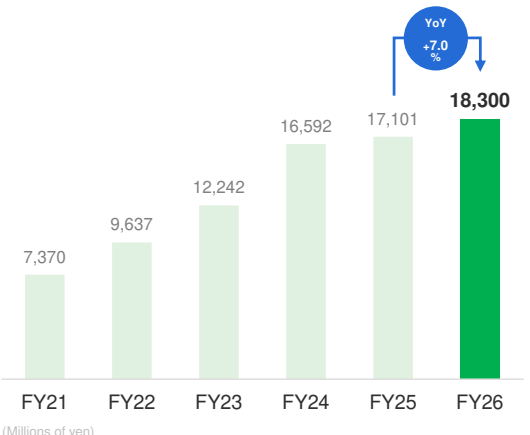
- In FY2026, LTS, Inc. will continue to prioritize the recovery of profitability and emphasize operating profit growth over net sales growth.
- Regarding net sales in 2Q, there is usually a tendency for results to fall below 1Q levels due to a slow project period (a temporary decrease in investment activities by companies with a March fiscal year-end). However, in FY2026, LTS, Inc. expects to maintain sales levels, partly due to the impact of net sales recognition based on the percentage-of-completion method.

Net sales

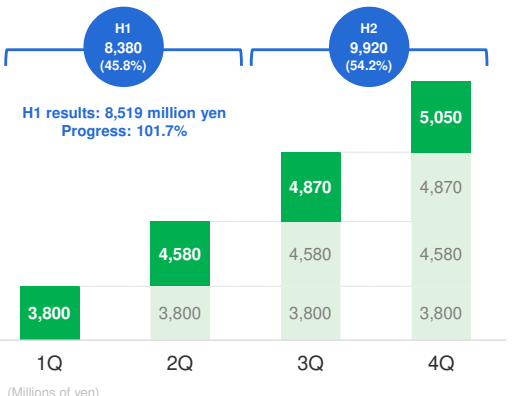
18,300 million yen

FY21-25 CAGR +23.4%

Trend Over the Past 5 Years



FY26 Quarterly Trend



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FY2026 Consolidated Performance Forecast (Operating Profit)

- In FY2026, LTS, Inc. will continue to prioritize the recovery of profitability and emphasize operating profit growth over net sales growth.
- Operating profit in 2Q is expected to be significantly lower than 1Q results due to the annual intake of new graduate employees (three-month training for employees joining in April).

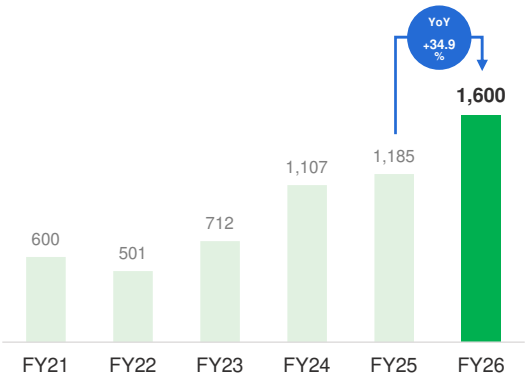
Operating profit

1,600 million yen

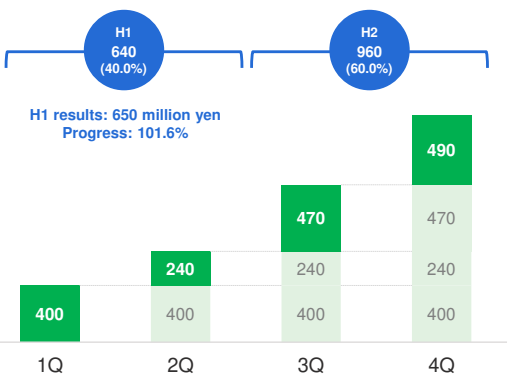
FY21-25 CAGR +18.5%

Operating margin 8.7%

Trend Over the Past 5 Years



FY26 Quarterly Trend



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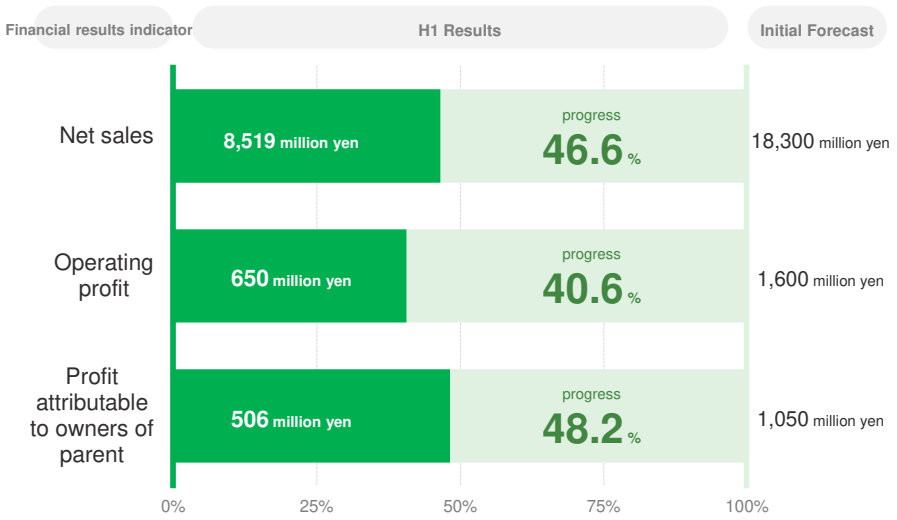
FY2026 Q2 - Consolidated Financial Results (H1)

- Cumulative results through H1 for net sales, operating profit, and profit attributable to owners of parent are tracking in line with initial assumptions
- There are no changes to the earnings forecast for 3Q and beyond at this time

H1 business progress against initial forecast



Risk awareness and response status

- Prolonged decline in number of active employees in the former Platform Business (Freelance Consultants)
  - Current situation | Number of active employees increased by +3.9% (QoQ) and is on a recovery trend
  - Response | Strengthening of sales structure and raising fee levels are ongoing
- Changes in demand environment facing the subsidiary SES service (Freelance Engineers)
  - Current situation | No impact on employee SES, but partner SES closing rate has declined
  - Response | Prioritizing orders for employee SES and promoting engineer skill enhancement
- Uncertainty in the progress of large-scale projects
  - Current situation | Some projects have become unprofitable
  - Response | Recovery measures have been completed, and we are continuing to work toward resolution

Opportunities and response status

- Robust demand for training of business architecture human resources
  - Current situation | Accumulation of service provision track record based on the revised DSS
  - Response | Using human resource training services as a hook to expand into overall corporate transformation support

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Market Segment Change - Criteria for Continued Prime Market Listing

- As of the end of June 2026, the tradable share market cap is in a state of non-compliance, and considering the current situation comprehensively, we recognize that achieving compliance with the criteria within the transition measure application period is not easy.
- We plan to apply to the Tokyo Stock Exchange for a market segment change from the Prime Market to the Standard Market.

	Number of shareholders	Number of tradable shares	Distribution stock ratio	Stock price	Tradable share market cap
Status	○	○	○	-	×
Criteria	**800** people	**20,000** units	**35.0** %	-	**10** billion yen
June 2026 Assessment as of	**1,639** people	**23,642** units	**50.0** %	**1,708** *1 yen	**4.03** billion yen
⇅					⇅
December 2026 Target as of	1,639 people	23,642 units	50.0 %	**4,230** *2 yen	**10** billion yen
⇅					⇅
(STD Market) Criteria	400 people	2,000 units	25.0 %	-	1 billion yen

*1: Using the average stock price for the three-month period from April to June 2026
*2: Reference value calculated by dividing the required tradable share market cap by the current number of tradable shares

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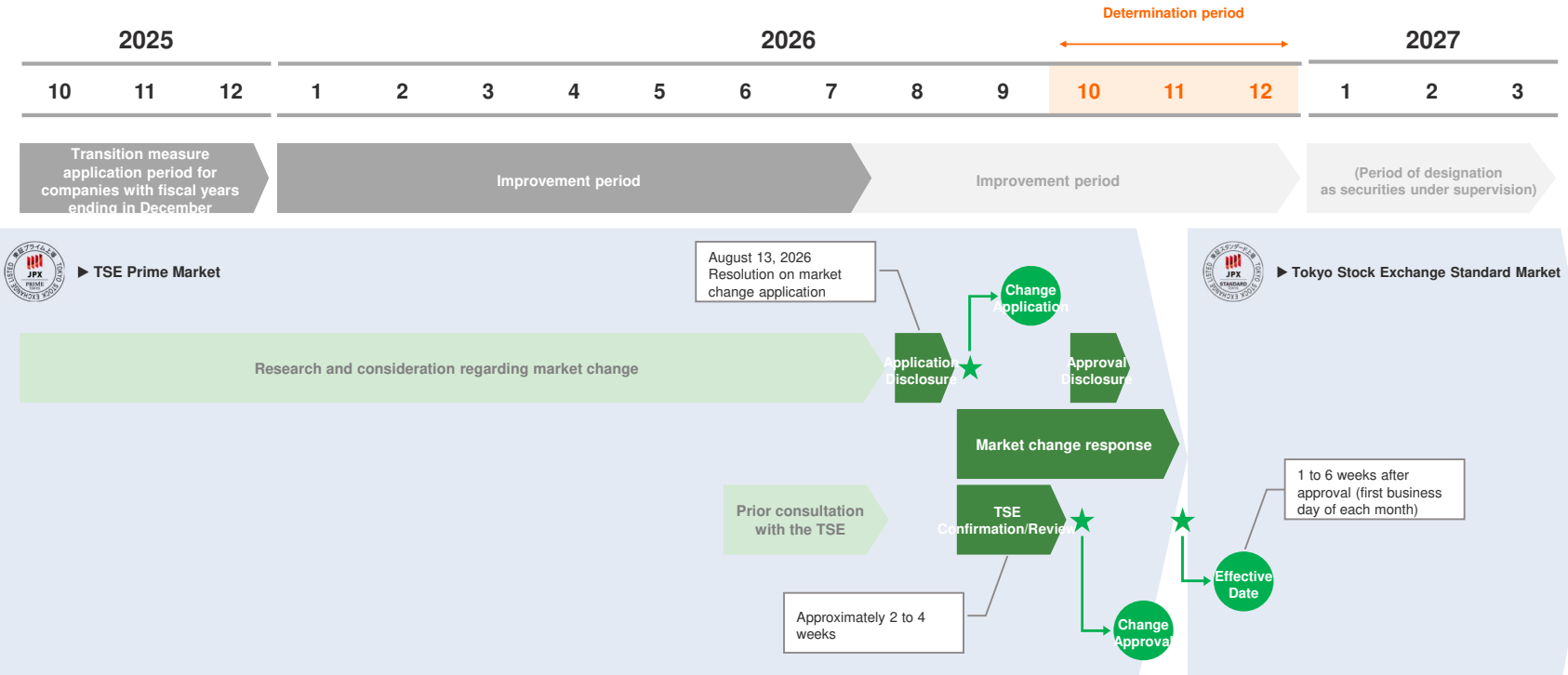
Market Change - Schedule for Action

- The transition is expected to be completed in approximately 3 to 6 weeks from the application for the market change.
- Details regarding the review of medium-term growth strategies, including re-listing on the Prime Market, will be disclosed in stages in future financial results announcements.



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

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Market Segment Change - Expected Impact and Response

- Given our business model and presence among client companies, the impact of the market segment change on our business is limited.
- We will continue to actively engage in governance and dialogue with the capital markets, striving to improve corporate value over the medium to long term.

Impact	Maintain		Strengthen
- Service Market - None	**Business Strategy** • Strengthening competitiveness in business architecture • Partner position for midsize companies • LTV maximization model based on customer relationship assets		
- Capital Market - Valuation decline Liquidity decline Changes in shareholder composition Reduction in listing maintenance costs Other	**Governance** • Protection of shareholder rights and constructive dialogue • Ratio of independent outside directors, functions of the Nominating and Compensation Committee • Internal control and risk management		**Governance** • Management promotion conscious of cost of capital and stock price • Improvement of Board of Directors effectiveness • Management reflecting dialogue with investors
	Shareholder Retur • Set EPS growth as the core of shareholder returns • Implement stable and continuous dividends • Implement flexible purchase of treasury shares	**FY2026 Earnings** • Net sales: 18,300 million yen • Operating profit: 1,600 million yen • DPS: 40 yen (Ordinary dividend / Year-end dividend)	**Capital Policy** • Clarification of Capital Allocation • Refinement of shareholder return policy • Promotion of measures for individual investors to restore liquidity
	IR Policy • Timely disclosure based on transparency, fairness, and continuity • Active information dissemination to promote corporate understanding • Establishment and operation of an IR organization		**IR & SR Initiatives** • Explanation regarding market change • Formulation and disclosure of plans for re-listing on the Prime Market • Continuation of measures to improve recognition among individual investors
- Labor Market - None	**Human Resources** • Increase in consultant & manager ratio • Improvement in engagement • Selective hiring emphasizing relationships and empathy		

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Reprint

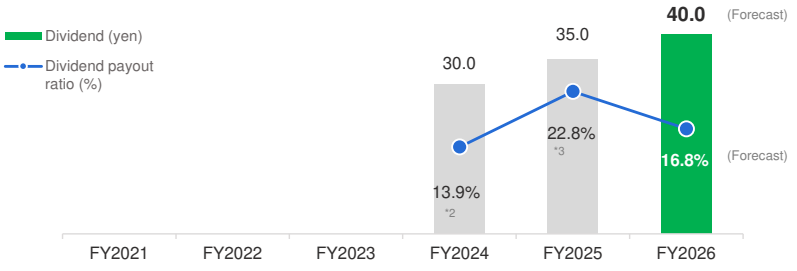
Dividends of surplus

- Dividend planned for end of FY2026, targeting dividend payout ratio of approximately 20% (¥5.0 increase)

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	FY2026
Treasury share purchase amount *1	145 million yen	150 million yen	28 million yen	70 million yen	500 million yen	- million yen
Total dividend payout ratio	37.6 %	64.6 %	6.3 %	21.6 %	93.9 %	- %

FY2026 Dividend Forecast

Annual dividend per share

40 yen

(Ordinary dividend)
(Year-end dividend)

dividend payout ratio

16.8 %

(Calculated based on the FY2026 earnings 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% / *3: Dividend payout ratio based on ordinary profit excluding the impact of extraordinary gains and losses = 13.2%

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Purchase of treasury shares

- Resolved to purchase treasury shares at the Board of Directors meeting held on August 13, 2026, as part of capital policy to consider the short-term impact on share supply and demand due to the change in market segment, and to improve corporate value over the medium to long term.

Reasons for purchase

- Stabilization of share supply and demand with consideration for the interests of existing shareholders, based on the short-term impact on share supply and demand due to the change in market segment
- Improvement of shareholder value and formation of a stable shareholder base over the medium to long term
- Improvement of capital efficiency and earnings per share (EPS)

Upper limit of purchase

- Number of shares to be purchased: Maximum 120,000 shares

(2.72% of the total number of shares issued excluding treasury shares)

- Total purchase amount: Up to 0.2 billion yen *1

Period and method of purchase

- August 14, 2026 to January 29, 2027 *2
- Implemented through market purchases on the Tokyo Stock Exchange

*1: Calculated with reference to the total holdings of index-linked funds that include the Company's shares (based on the Company's research as of the end of July 2026)
*2: For the period from February 2027 onwards, we plan to reconsider in view of the rebalancing period of index-linked funds

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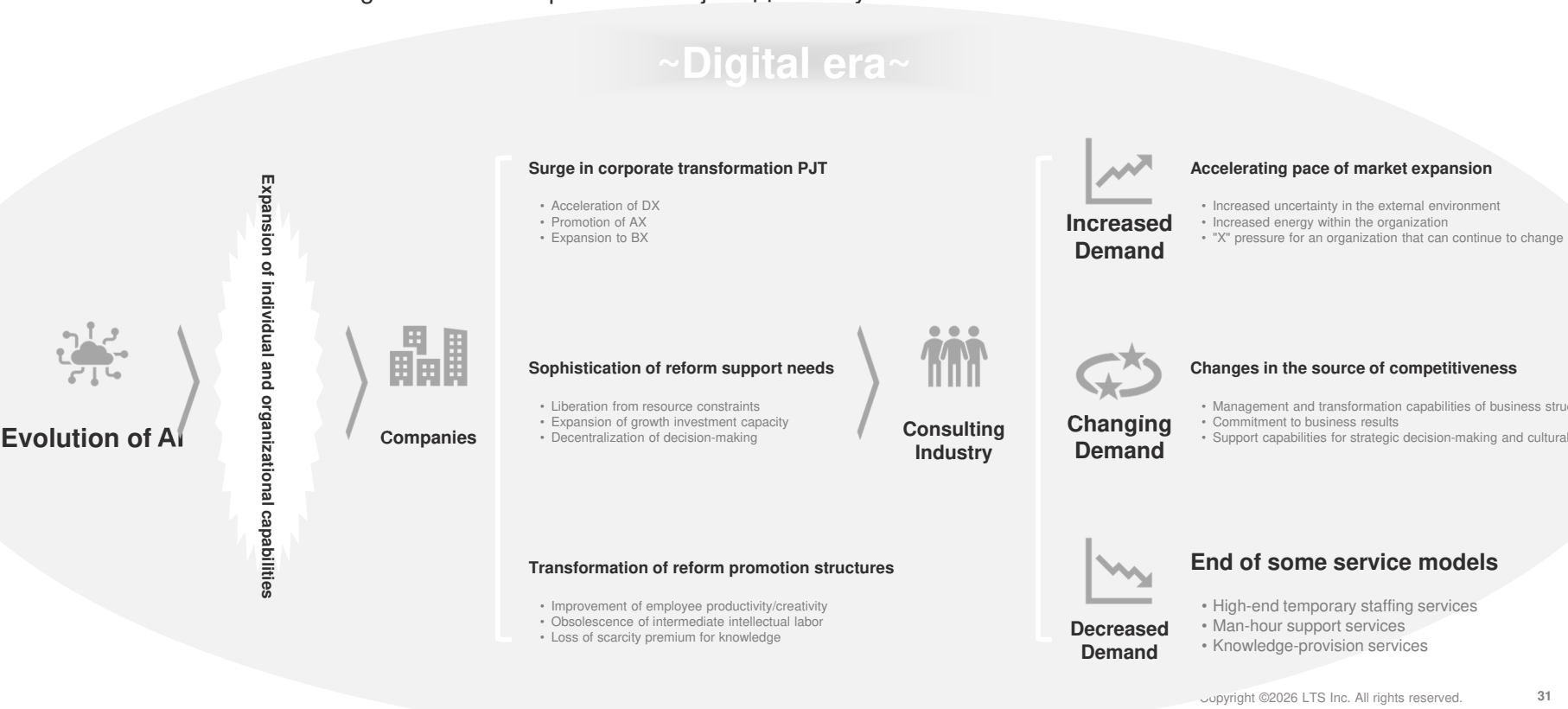
Environmental Awareness - Two "Xs" Driving Corporate Transformation

- For LTS, which does not focus on temporary staffing, man-hour support, or knowledge-provision services, the increase and change in demand represent a major opportunity



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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 compani 1,000 people Structure	Operating profit growth rate Over 20% Key customers 30 companies Data/AI Strategy Arch/PM CM 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 / Operating margin
50 billion yen / **10**% over
(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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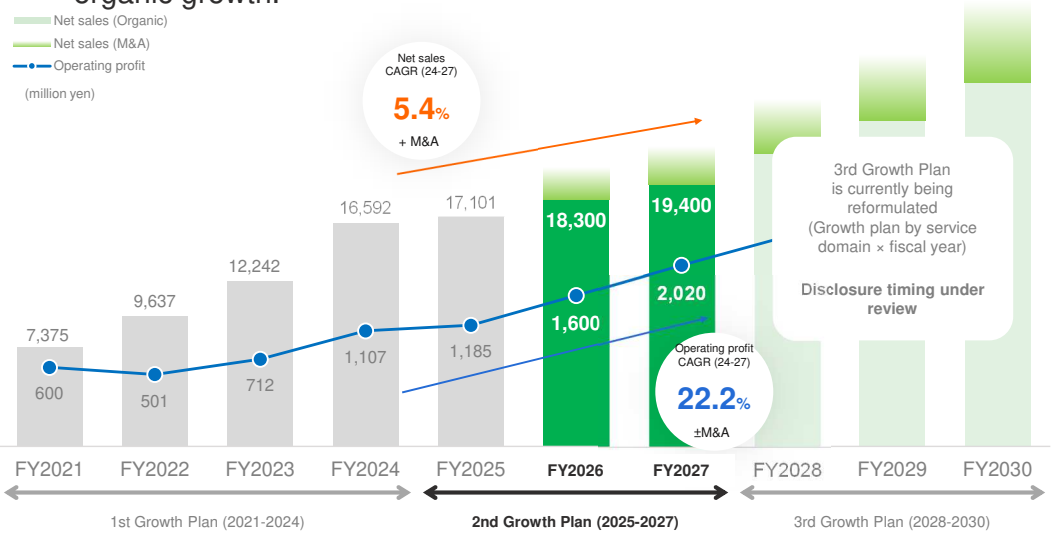
2nd Growth Plan – Performance Target Trends

- For the 2025-2027 period, we are prioritizing the recovery of profitability (operating margin) and aiming for an average operating profit growth rate of 20%.
- For the 2028-2030 period, we also plan to maintain an average operating profit growth rate of 20%.
  - We had planned to disclose the 3rd Growth Plan at the time of the FY2026 interim financial results, but we have decided to review the disclosure timing to redefine the direction of future business growth and reconstruct our growth strategy, viewing changes in the business environment, such as the change in market segment and the emergence of generative AI, as new growth opportunities.
- Although not incorporated into the plan, we are also considering non-linear growth through M&A in addition to organic growth.



Growth targets considering M&A

FY	Net sales	Operating margin
2030	50 billion yen	Over 10 %

Vision of organic growth

FY	Net sales	Operating profit
2027	19.4 billion yen	2.02 billion yen (Operating margin: 10.4%)
2030	Currently being reformulated	Currently being reformulated (Same as above)

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 appropriate.

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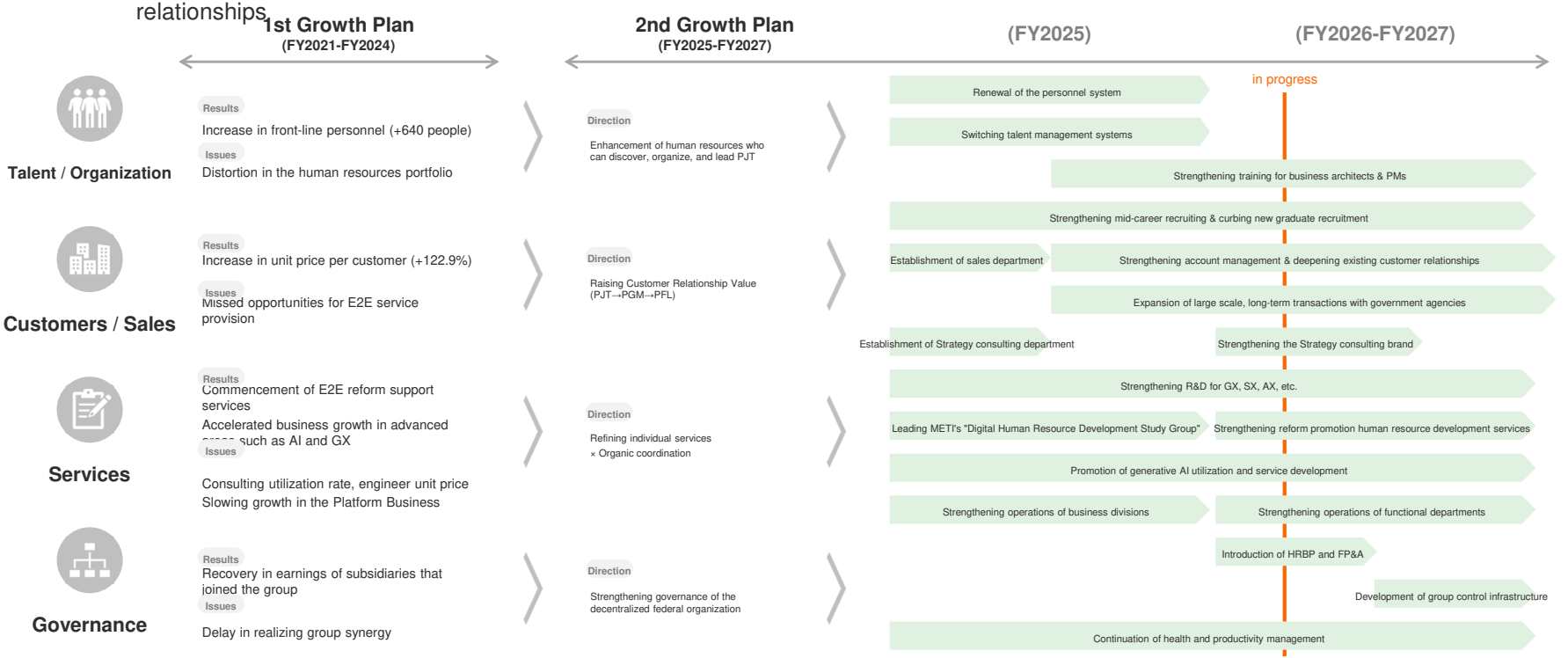
2nd Growth Plan - Progress of Initiatives

- In the 1st Growth Plan, while we acquired comprehensive capabilities as a partner for corporate customers, our profit-generating capacity declined
- In the 2nd Growth Plan, we aim to recover profitability by strengthening service competitiveness, employee engagement, and customer relationships



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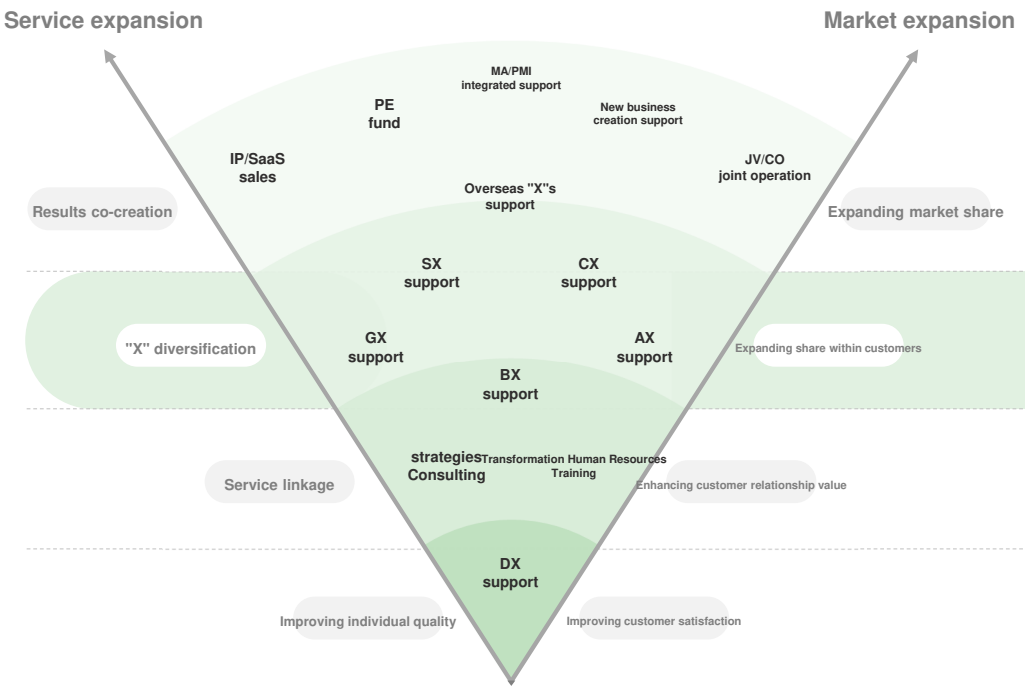
2nd Growth Plan - Business Growth Strategy

- Aiming to be the Best Partner for the Digital Era as a comprehensive transformation platform specializing in business architects



■ **Market cultivation | Leveraging organizational strength to capture growth in overseas markets**

- Wide-area business development with overseas local subsidiaries as hubs
- Expansion into value creation models utilizing knowledge and capital (Smiling Curve upstream)
- Evolution into value co-creation models deeply involved in results creation (Smiling Curve downstream)

■ **Peripheral businesses | Maximizing LTV through continuous structural reform support**

- Advancement of value design models that structure strategies (Smiling Curve middle)
- Covering "X" megatrends at each level: management, business/organization, and individuals
- Establishing a partner position by controlling business structures

■ **Evolve existing businesses | Increasing unit price per customer through advanced corporate reform support**

- Strengthening consulting in the strategy x tech domain
- Strengthening End-to-End/Edge-to-Edge one-stop services
- Strengthening support for insourcing transformation PJTs (supply of specialized human resources and employee training)

■ **Enhance existing businesses | Improving profitability of individual services**

- Strengthening BA (Business Analysis/Architect) education
- Strengthening recruitment of PM-level consultants
- Strengthening quality management and profit/loss management processes

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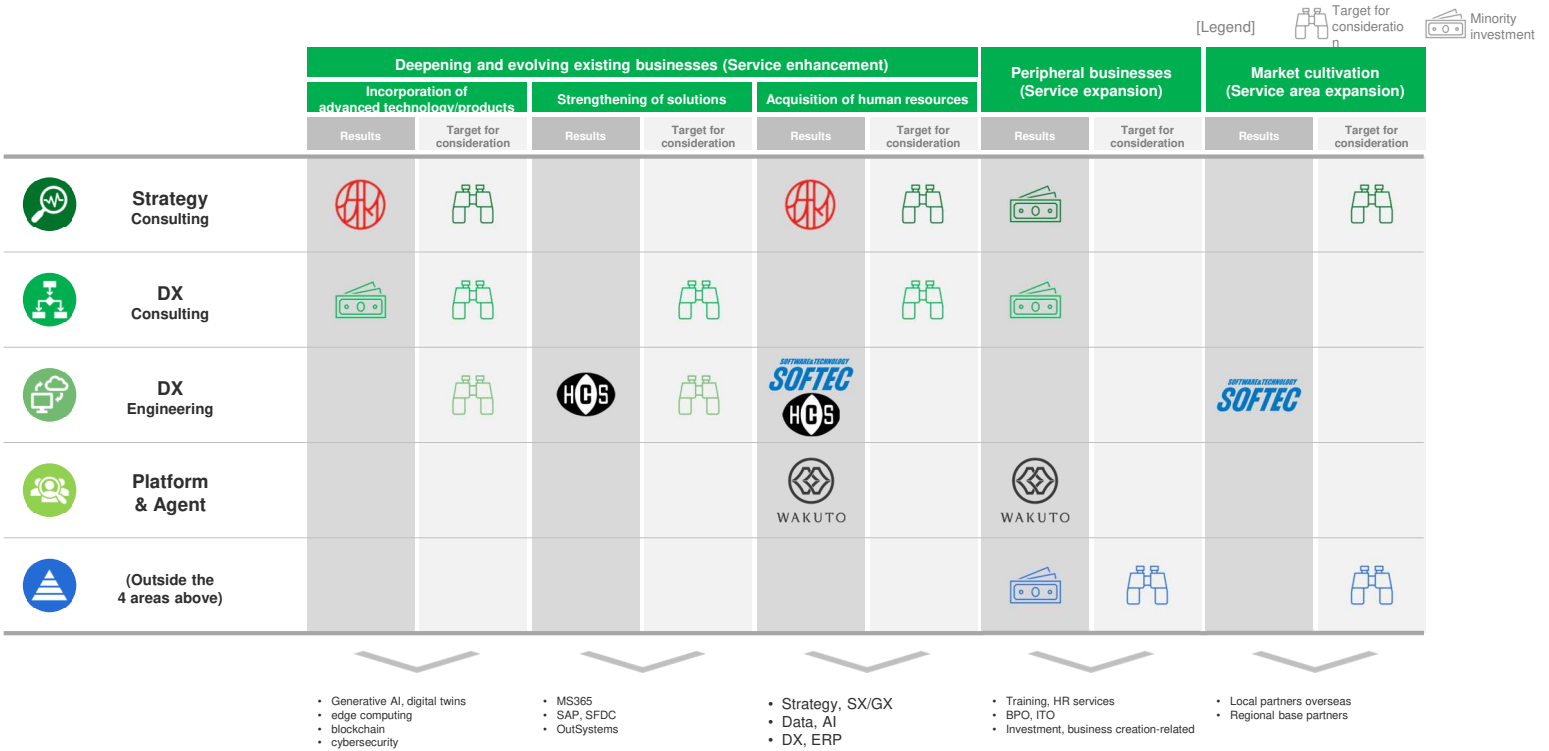
2nd Growth Plan - M&A Strategy for Discontinuous Growth

- While focusing on organic growth, we plan to actively utilize M&A as an important growth strategy option
- In FY2025-FY2027, priority will be given to small-scale (~500 million yen) M&A for deepening and evolving existing businesses



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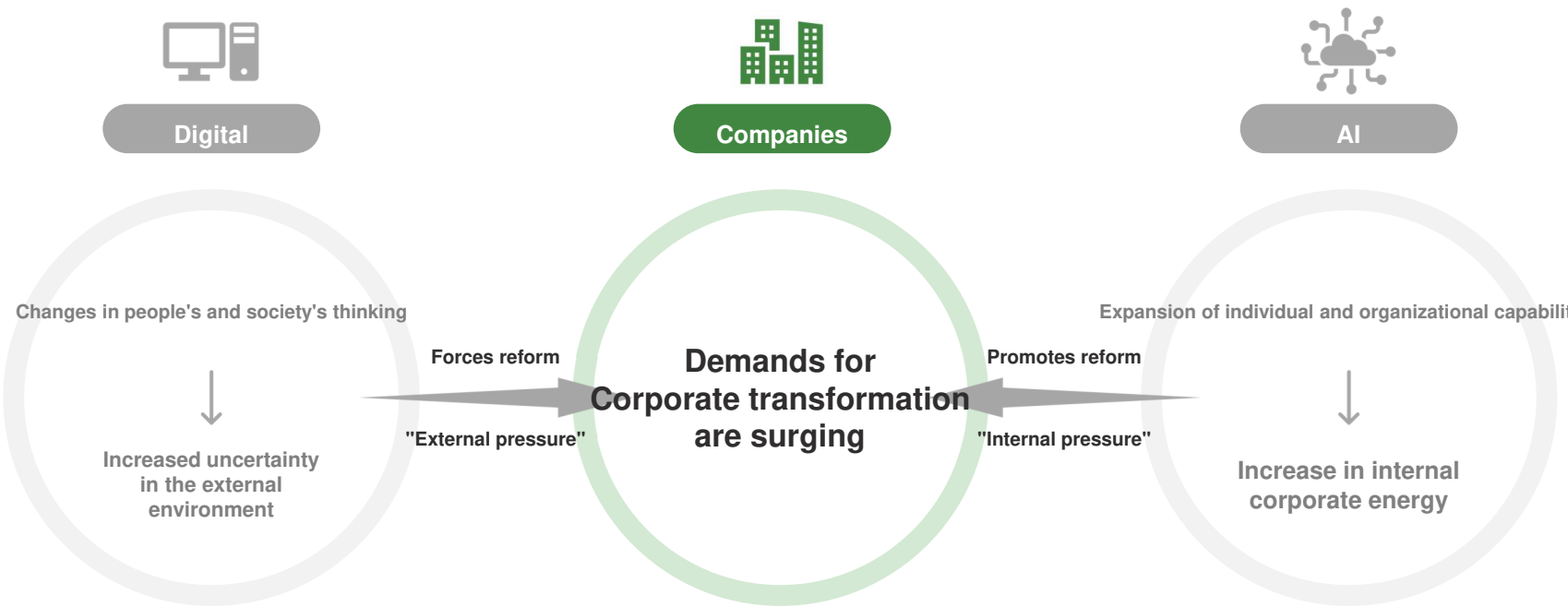
1.

Market Trends

(Expansion)

The Era of Transformation - Making "Corporate Transformation" Routine

- Changes in society and the world have become a continuous pressure for corporate transformation, and companies must adapt to environmental changes.



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Growth Market - Japan, a Consulting Laggard

- The consulting market supporting corporate transformation continues to grow globally (around 15%)
- In particular, the Japanese consulting market still has significant room for penetration and development compared to the U.S. market

	Market Size and Market Stage	Progress of DX
	"Expansion Phase" × AI Integration Market size: Small (approx. 1 trillion yen) Ratio to GDP: Low (approx. 0.1%)	**Digitalization** Addressing labor shortages productivity improvements ERP implementation / SI
	↓ 5x ↑	↓↑
	"Maturity Phase" × AI Integration Market size: Large (approx. 25 trillion yen) Ratio to GDP: High (approx. 0.5%)	**Transformation** Innovation Business transformation DX / AX / SX / GX

Source: Prepared by LTS based on IDC Japan "Domestic Digital Business (DB) Professional Services Market Forecast" (2025), IMF statistics, and various public information

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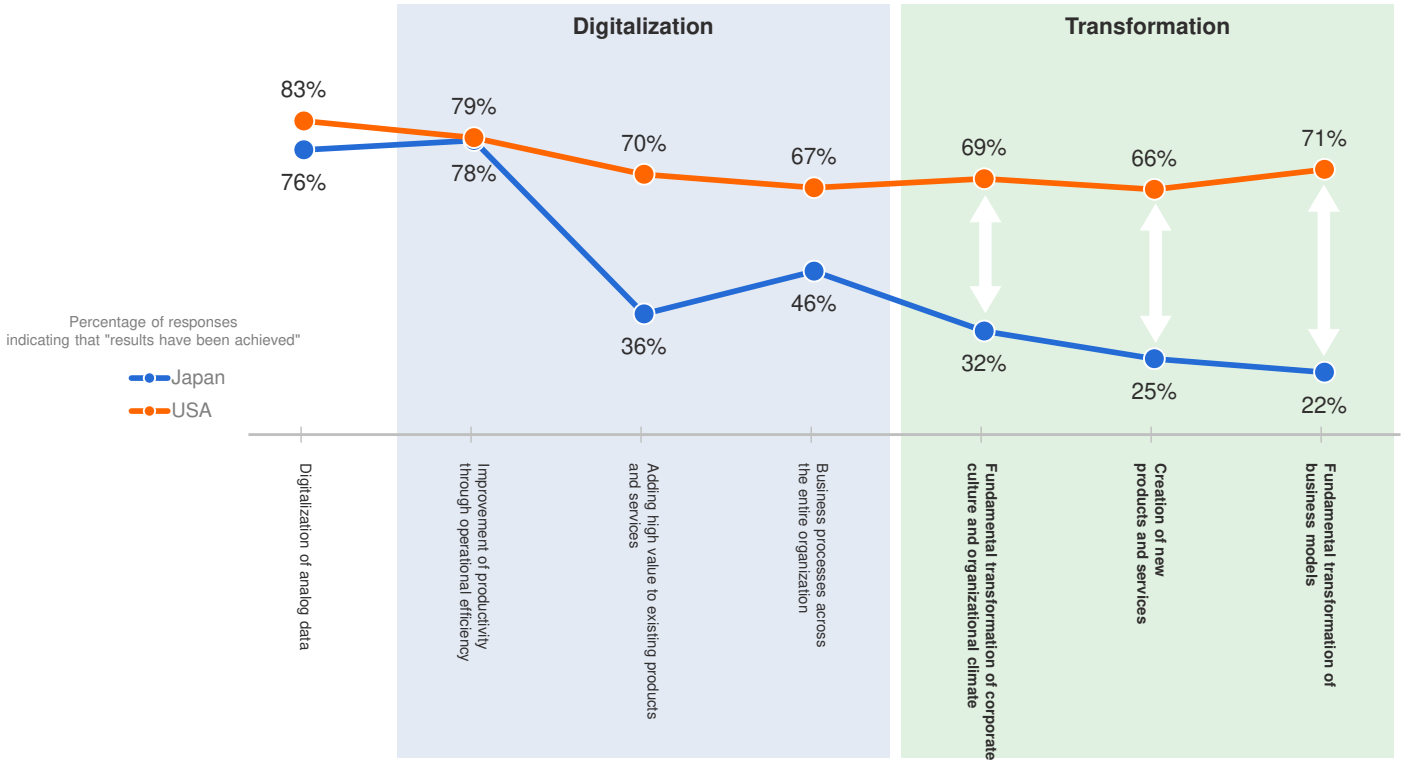
DX Challenges for Japanese Companies - Lag in DX

- Most initiatives by Japanese companies are limited to the "digitalization of data and processes" stage
- Lagging behind US companies that are pursuing "transformation with digital as a business assumption"



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

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Reasons for Low Business Agility - Specialized Human Resources (BA) Driving Transformation

- The biggest reason for the low transformation capability of Japanese companies is that while there are people who draw up strategies, people who build IT, and people who run the site, there are no specialized human resources within the company who transform the business itself.

	Organizational structure	IT / Data	Main body driving transformation	
	Walls between organizations Silos Seniority system	**Low utilization** Legacy dependence Defensive IT	**Absent or scattered** Management is planning IT department is IT Site is improvement	**Corporate Transformation = "Event"**
	Business units Completion Business unit basis Product unit basis	**High utilization** Cloud utilization Offensive IT	**Specialized human resources exist** CxO Strategy consultants **Business architects (BA)**	**Corporate Transformation = "Function"**

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2.

LTS Characteristics

(Business Architecture)

Training of digital promotion human resources as a national policy

- The reason why DX in Japan is not progressing is not a "lack of technology" but a "lack of human resources capable of transforming management and business"
- Among transformation promotion human resources, there is an overwhelming shortage of business architects
- LTS leads the "Task Force on the Development of Business Architecture Human Resources" as the chair

National vision

Society 5.0

Cultivating human resources who create new value for the world

Basic strategy

Priority Plan for the Realization of a Digital Society

Digital promotion human resources Training 2.3 million people

Skill-based learning, training, and employment

Policies of each ministry

Digital human resource Development Report

IT human resources

Transformation Human Resources

Business domain

Engineering domain

Digital literacy domain

Business Architect

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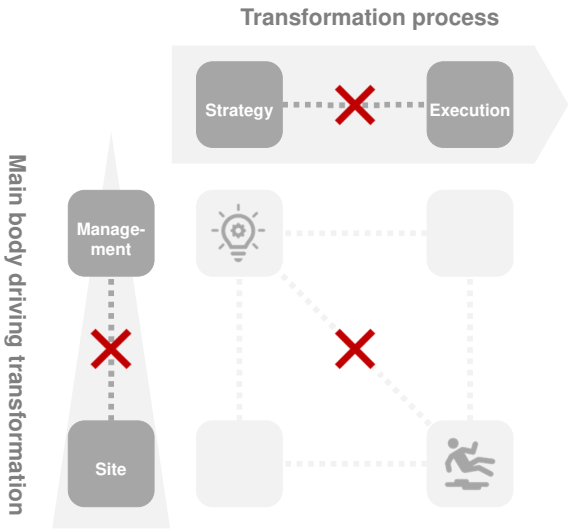
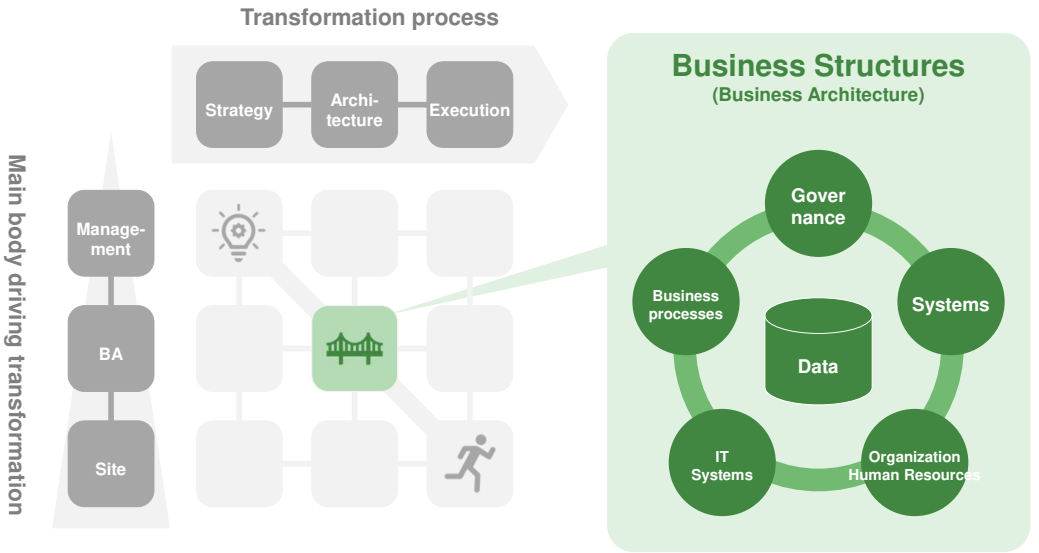
Key to Corporate Transformation - Business Architects

- By installing business architect functions within a company, it becomes possible to integrally design the structures required to implement strategies, thereby advancing fundamental corporate transformation.

Common transformation approach



Grounded transformation approach



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Business Characteristics - 3-Layer U-Shaped Model for Corporate Transformation

- Business architects support transformation promotion functions, providing comprehensive, end-to-end support for diverse “X”

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3.
Business Overview
(Supplementary information)

Changes in Consulting

- Currently, there is a need for a partner who will jointly drive the transformation over the mid- to long term.

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"**	• Introducing “solutions” on the ground • **Providing "business execution capability"**	• **Integrating, managing, and promoting “transformation programs”** • Developing “organizational transformation talent” • 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"	• **Unable to understand, utilize, or introduce "BA"** • There are few options of consulting companies that can serve as partners

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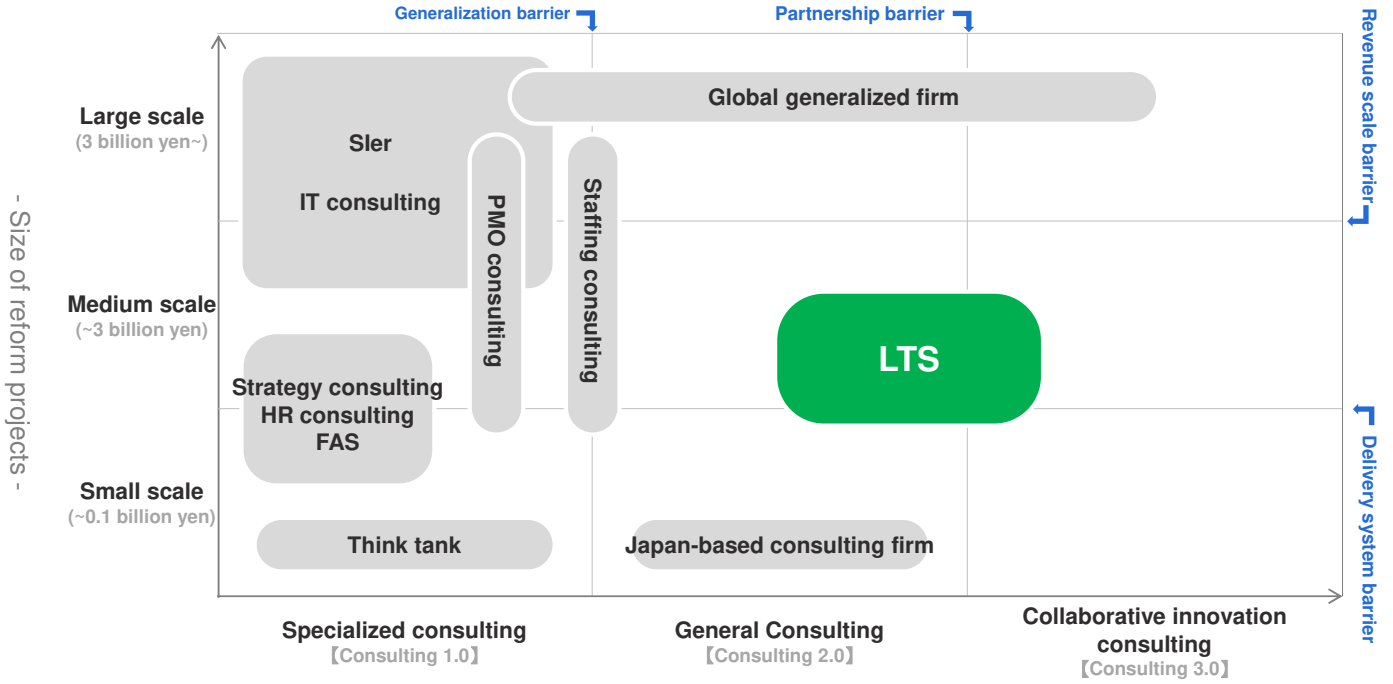
Our strength- Midsize x Collaborative Innovation Consulting

- 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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Customer Relationship Value - List of Customers

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

●Trade
- ITOCHU Corporation*
- Mitsubishi Corporation
- Metal One Corporation

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

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

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

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

●Construction/Real Estate
- DAIWA HOUSE INDUSTRY CO., LTD.
- Tokyu Construction Co., Ltd.
- HASEKO GROUP

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

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

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

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

●Services
- 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 agencies / local governments / National Corporations
- Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, Ministry of Defense
- Gunma prefecture / Shizuoka prefecture Hiroshima prefecture
- Okayama university/ Hiroshima university

Many others

(*More than 10 years of engagement)

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

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4.

Service domain

(Supplementary information)

Reprint

Profit Model and Profitability by Service Domain

- As profitability in the DX engineering domain is recovering, the DX consulting domain, where profitability has not yet reached the benchmark, is the key point for profitability improvement (large room for growth as it is also a volume zone).

Service domain	Responsible organization	Human Resources	Profit model	Profitability indicator (Gross profit margin)	
Strategy Consulting	ME-Lab. (Strategy division)	Consultants 40 people (FY25 results)	High Unit price × Medium Utilization rate × Small Number of people × Short duration	66.2% (FY25 results)	50 % ~ (Baseline)
DX Consulting	LTS (DX division)	Consultants 350 people (FY25 results)	Medium Unit price × High Utilization rate × Medium Number of people × Medium duration + External resources	36.8% (FY25 results)	40 % ~ (Baseline)
DX Engineering	HCS / HRP / LTS SoftTech	Engineers 450 people (FY25 results)	Project unit price × Number of projects	32.9% (FY25 results)	30 % ~ (Baseline)
Platform & Agent	WAKUTO / LTS Link	Engineers & Sales 110 people (FY25 results)	Agent fee × Number of arrangements + Paid membership fees	18.4% (FY25 results)	20 % ~ (Baseline)

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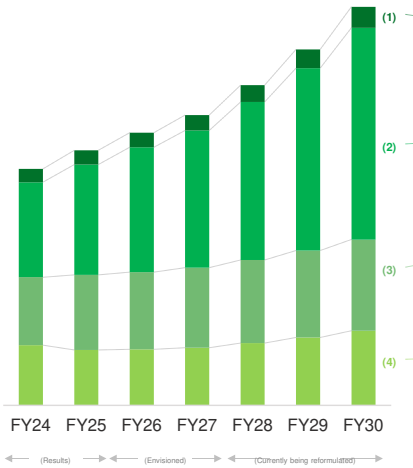
Growth Scenarios by Service Domain

- During the FY2025-27 period, priority will be given to recovering and improving profitability, and net sales growth for each service domain is planned to be somewhat restrained.
- To pursue net sales growth again from FY2028, the anticipated growth rate will be raised for all service domains.

- Reference -
Net Sales Growth by Service Domain
(Image)



Service domain	Anticipated growth rate * FY2025-27	Anticipated growth rate * FY2028-30	Direction and initiatives for business growth
(1) **Strategy** Consulting	+ 4~8 %	+ 10~14 %	• Refine individual strengths to be sought after through strategy plus alpha (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	+ 11~15 %	+ 16~20 %	• 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) **DX** Engineering	+ 3~7 %	+ 4~8 %	• 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) **Platform & Agent**	+ 1~5 %	+ 8~12 %	• Stabilize and increase the number of matches by strengthening the sales structure (increasing personnel and improving productivity) • Strengthen the ecosystem by providing added value beyond matching

- Under re-formulation -

* Projected average annual growth rate for FY2026 to FY2030 as of February 2026 (to be updated annually)

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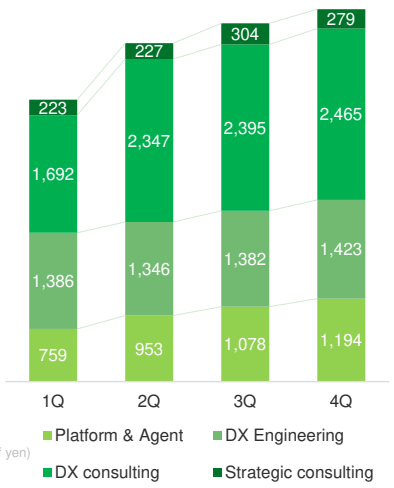
Earnings Forecast by Service Domain

- The favorable market environment continues, and LTS, Inc. aims for (1) stable top-line growth and (2) continuous 20% growth in operating profit, driven by the core DX consulting domain.

- Reference -
Net Sales Composition by Service Domain (FY2026)



(Millions of yen)

Assumptions for Earnings Forecast

		Net sales	Year-on-year growth rate
strategies Consulting ing	**"Investment" phase for brand establishment** - Strengthening the structure by recruiting and training strategy consultants - Continuing R&D and external communication of cutting-edge SX and GX services - Performance-based services such as M&A support also began contributing to earnings	**1,033 million yen** (Composition: 5.3%)	(YoY) + 2-4 %
DX Consulting ing	**"Business Expansion" phase driven by the deepening of DX** - Leading national projects for digital human resources development - Actively securing orders for large-scale DX projects for government agencies and large corporations - Positioning to build generative AI into business activities	**8,899 million yen** (Composition: 45.7%)	(YoY) + 12-14 %
DX Engineers ing	**"Productivity Improvement" phase utilizing generative AI** - Continuing long-term stable transactions with clients - Exploring non-man-hour-based businesses through recruiting restraint and improved operational efficiency using generative AI	**5,537 million yen** (Composition: 28.5%)	(YoY) + 2-4 %
Plat form & Agent	**"Structural Reform" phase with top priority on business turnaround** - Concentrating sales resources on the core Professional Hub and SES - Parallel initiatives for renewed growth from FY2027 - Promoting reskilling to adapt to the increasing sophistication of job requirements	**3,984 million yen** (Composition: 20.5%)	(YoY) + 0-2 %

Strengthening collaboration in specific customers and solutions

* Figures are before considering consolidated adjustments and do not match consolidated net sales.

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5.
Growth Scenarios
(Supplementary information)

Reprint

Review of 1st Growth Plan - Issues and Initiatives

- Improve profit generation capability by linking abundant opportunities with enhanced service capabilities

	Achievements and Results	Issues	Current Initiatives
Human Resource	**Front-line personnel increased by 640 (up 245%)** • Significant increase in young employees due to proactive hiring • Over 400 engineers added through M&A • Approximately 100 people obtained certifications in specialized areas (PM and BA)	**Distortion occurred in the human resource portfolio** • Insufficient number of PMs relative to the member layer • Insufficient number of consultants relative to engineers ↓ **Opportunity loss for end-to-end services occurred** • Unable to form PJT structures in a timely manner in response to inquiries from existing customers ↓↑ ↓↑ **Consultant unit price rose, but utilization rate declined** • Insufficient intensity of utilization management in small scale organizations • Delay in recovery of service development investment (deterioration of balance between deepening and exploration) **Significant increase in the number of engineers, but unit price and utilization rate remained flat** • Insufficient orders for integrated consulting & engineer services + + **Structural reform of the Platform Business has been prolonged**	**Enhancement of human resources who can discover, organize, and lead PJT** • Accelerated recruitment of PMs through revision of the compensation system • Continued recruitment of consultants and exploration of team M&A • Business skill development for engineers (BA and PM)
Customers	**Customer Relationship Value improved and unit price per customer also increased (up 122.9%)** • Established account sales structure (over 70% in the top 20 companies) • New customers also increased by 153 companies (up 23.7%) • Domestic bases expanded and regional revitalization support began in earnest		**Raising Customer Relationship Value (PJT→PGM→PFL)** • Strengthening expertise on an industry axis (services and individuals) • Placement and training of account managers • Expansion of strategy establishment, business structure management, and reform human resource development areas
Services	**Started providing end-to-end reform support services** • Capital and business alliances with both FPT and YOKOGAWA groups **Accelerated business growth in advanced areas such as generative AI and GX** • SX and HC services launched in earnest		**Refining individual services × organic coordination** • Reorganization into specialized organizations by service domain and pursuit of individual growth • Deploy end-to-end services across service domains with a customer-centric and opportunity-driven approach
Group Management	**Recovery in earnings of subsidiaries that joined the group** • Sharing of service and sales assets • Integrated part of corporate functions and infrastructure • MVV re-establishment (collaboration axis) and office relocation (collaboration space)	**Delay in realizing synergy across the entire group** • No initiatives for reorganization of administrative operations and cost optimization • Need to organize the framework for business division management and group management	**Strengthening governance of the decentralized federal organization** • Thorough business efficiency management (performance management by profit model) • Sharing of resources across companies and departments • Ensuring consistency through vision & culture

Profit generation capability declined

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FY2026 Consolidated Performance Forecast (Supplementary Information)

- Based on FY2025 results, net sales growth speed will be slightly suppressed
- In line with the Mid to Long Term Growth Scenario, operating profit will maintain steady growth in both growth rate and operating margin

4 consecutive periods increased revenue and profit

(Millions of yen)	FY2025 Initial assumptions	FY2025 results	Evaluation by Segment	(As of FY25 initial) FY2026 forecast	(As of FY25 end) Current Situation and Response: Assumptions for adjustment	Adjustment amount	FY2026 forecast	Change	Growth
Net sales	18,280	17,101		20,150		(1,850) →	**18,300**	1,198	+7.0 %
Former Professional Services Business	16,500	15,643	Achievement rate: 94.8% Outsourcing sales are gradually decreasing →	18,000	Demand is strong, but prioritizing profitability without relying on outsourcing sales	(1,050)	16,950	1,306	8.4%
Former Platform Business	2,400	2,044	Achievement rate: 85.2% Number of matching constraints decreased →	2,800	Delays in establishing a structure to strengthen sales capabilities resulted in opportunity losses	(800)	2,000	(45)	(2.2%)
Operating profit	1,400 (7.7%)	1,185 (6.9%)		1,680 (8.3%)		(80) →	**1,600 (8.7%)**	414 (1.8pt)	+34.9 %
Former Professional Services Business	1,280 (7.8%)	1,211 (7.7%)	Achievement rate: 94.6% Exceeded if not for one-time losses →	1,525 (8.5%)	Unit price continues to rise, and utilization rate is also trending stably	+30	1,555	343	+28.4 %
Former Platform Business	120 (5.0%)	(25) ((1.2%))	Achievement rate: (21.2%) Decrease in sales directly linked to profit decline →	155 (5.5%)	Structural reforms are complete, but profit generation capability is still recovering	(110)	45	70	n/a

Ordinary profit	**1,615**	**Assumed EPS**
Profit attributable to owners of parent	**1,050**	**238.5 yen**

*Net sales for each segment include internal sales.

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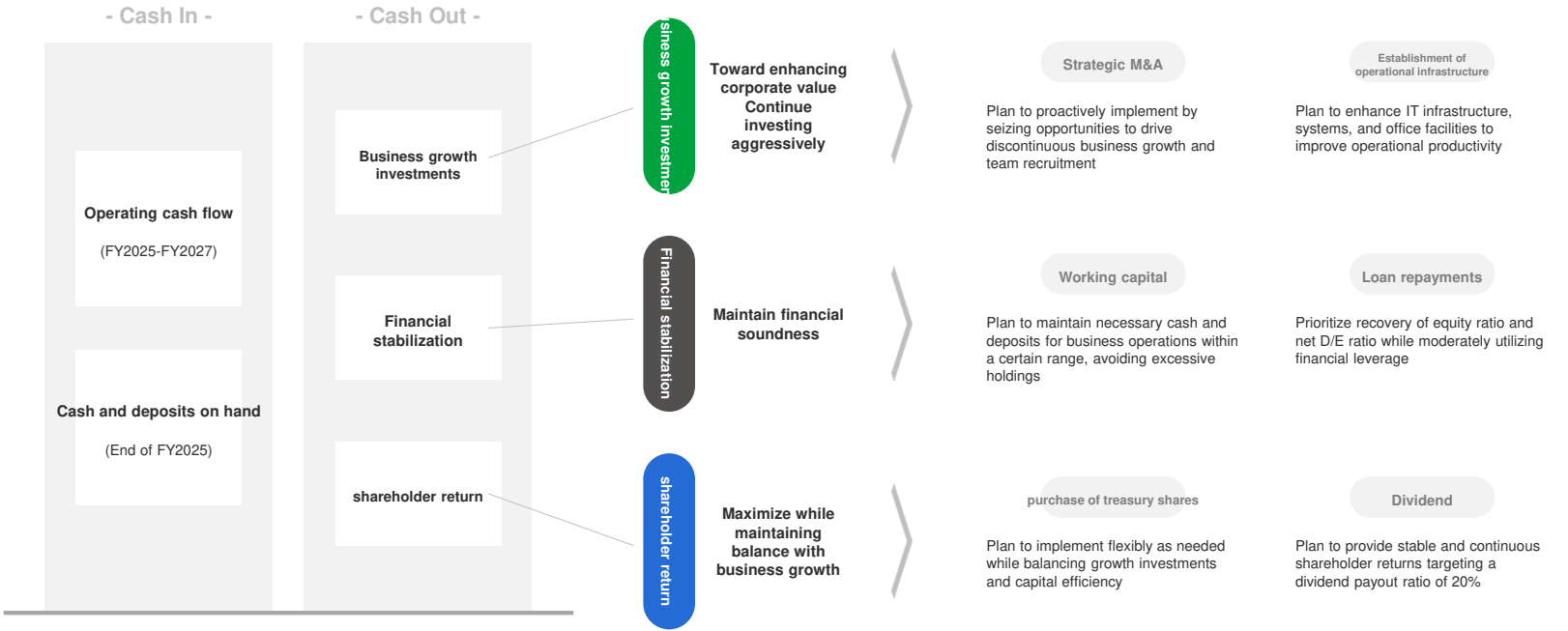
Capital Allocation Approach

- 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



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

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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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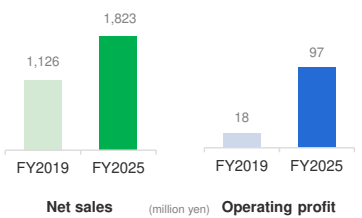
Results of Past M&A

- By joining the LTS Group, each company has improved performance (comparison between the fiscal year immediately before joining and the fiscal year ending December 2026).
  - WAKUTO Co., Ltd.: Fiscal year ended March 2019 ⇔ FY2025
  - SOFTEC Co., Ltd.: Fiscal year ended June 2020 ⇔ FY2025
  - HCS Holdings Co., Ltd.: Fiscal year ended March 2023 ⇔ FY2025

WAKUTO Co., Ltd.

Net sales (FY19-FY25) **+62 %**

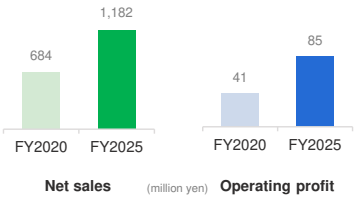
Operating profit (FY19-FY25) **+430 %**



SOFTEC Co., Ltd. *1

Net sales (FY20-FY25) **+73 %**

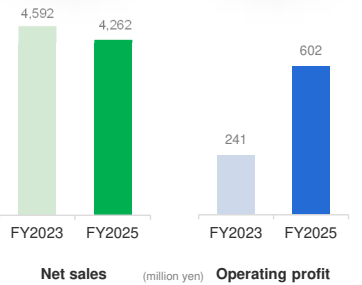
Operating profit (FY20-FY25) **+110 %**



HCS Holdings Co., Ltd. *2

Net sales (FY23-FY25) **(7%)**

Operating profit (FY23-FY25) **+150 %**



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

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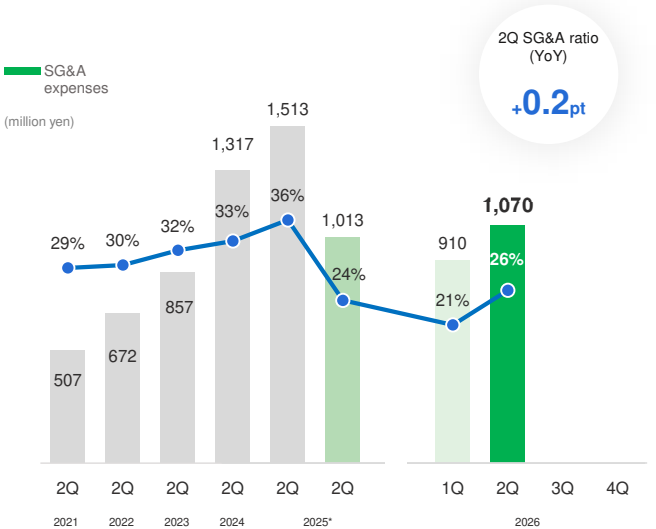
6.
Supplementary Data

Consolidated SG&A - Quarterly Trend

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



(million yen)

Expense classification	Item	Amount	Percentage	Expense allocation policy
Shared	Personnel expenses	559	52.2%	• Proactively execute growth investments (R&D, internal PJT, and training participation) and growth-related expenditures (sales and intellectual property development) within a defined discipline • Minimize unintended employee idle time
Growth Investments	Recruiting expenses	80	7.5%	• Actively investing in recruitment of PM-level personnel • Referral fees rising sharply
	Education and training expenses	29	2.7%	• Actively investing in obtaining PM and BA related certifications
	Advertising expenses	10	0.9%	• Adjust flexibly to strengthen PR and IR
Growth-related expenditures	Amortization of goodwill (including amortization of customer relationship assets)	20	1.9%	
Baseline Operating expenses	Land/office rent	29	2.7%	
	Depreciation and amortization	21	2.0%	
	Operational costs	322	30.1%	

*Reflects a review of the classification for certain personnel expenses (reclassified from SG&A to cost of sales). Figures and ratios before the review are shown in gray, and those after the review are shown in green.

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Consolidated Number of Employees - Quarterly Trends

- Reference: Trends in Consolidated Number of Employees from FY2021 Q1 to FY2026 Q2

	2021				2022				2023				2024				2025				2026			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	▲SFTC Consolidated											▲HCS Consolid		▲AMG Exclusion from consolidatio				▲ISIS Exclusion from consolidation								
Consultants	147	165	191	195	193	203	198	196	201	237	239	275	273	330	329	332	326	400	397	395	394	423				
Engineers	196	203	180	185	185	200	207	213	220	255	254	575	575	572	574	569	568	482	486	479	465	488				
Salses Staff	33	41	37	35	36	49	49	49	50	70	69	81	80	88	83	79	78	64	64	63	66	62				
Corprate Staff	39	39	40	46	48	52	55	65	65	67	67	114	119	124	121	116	118	126	123	126	127	130				
Else												14	14													
Total	415	448	448	461	462	504	509	523	536	629	629	1,059	1,061	1,114	1,107	1,096	1,090	1,072	1,070	1,063	1,052	1,103				
Net change (Yo	126	132	132	138	47	56	61	62	74	125	120	536	525	485	478	37	554	443	441	4	-9	31				
Net change (Q	125	33	0	13	1	42	5	14	13	93	0	430	2	53	-7	-11	31	-18	-2	-7	-44	51				

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6.
Company Overview

Company Overview

Overview

Company Name	LTS, Inc.
Founded	March 2002
President and CEO	Representative Director, President Executive Officer Hiroaki Kabashima
Address	Akasaka Center Building, 1-3-13 Motoakasaka, Minato-ku, Tokyo
Capital Amount	839,963,900 yen (as of June 30, 2026)
Number of employees	1,103 (as of June 30, 2026)
Service	Transformation Services Business ・Strategy consulting ・DX Consulting ・DX Engineering ・Platform & Agent
Fiscal year-end	December
Stock listing	Tokyo Stock Exchange, Prime Market (Securities code: 6560)

Brand

To help solve customer problems and bring about growth,
rather than simply providing external support,
LTS integrates with the customer as one of the leaves,
turning three leaves into four,
Being an "entity that brings about qualitative change"

Standing on the same footing as the customer as one of the leaves,
working together to promote reform,
being a "True Partner."

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Group Management

- In January 2026, the organizational structure was changed to consist of 8 consolidated subsidiaries and 2 equity-method affiliates

株式会社
エル・ティー・エス

Subsidiaries

ME-lab Japan, Inc.

LTS ASIA CO., LIMITED
*Hong Kong corporation

LTS Strategy Pte.Ltd.
*Singapore corporation

Hibiya Computer System Co., Ltd.

Hibiya Resource Planning Co., Ltd.

LTS Software Technology, Inc.

WAKUTO Co., Ltd.

LTS Link, Inc.

Affiliates

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 was absorbed by LTS, Inc. / HCS Holdings and Hibiya Computer System merged

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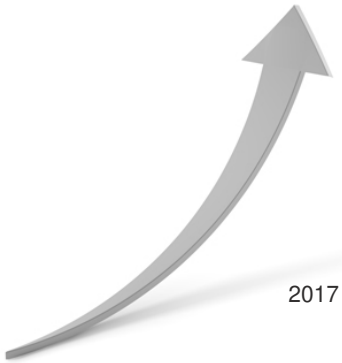
History of LTS Group

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



2024 Established **ME-Lab Japan, Inc.** and reorganized group companies

2023 **Consolidated HCS Holdings and 5 other companies**

2020 Market change to the First Section of the Tokyo Stock Exchange (currently **Prime Market**)

2017 Listed on the **Tokyo Stock Exchange Mothers Market**

2008 Changed company name to **LTS, Inc.**

2002 Established **L.T. Solutions Co., Ltd.**

Expanded head office (15F) 2024

Head office moved to Akasaka Center Building (14F) 2022

Iotoi Japan / **SOFTEC** become consolidated subsidiaries 2020

Established FPT Consulting Japan
WAKUTO becomes a consolidated subsidiary 2019

" **Assign Navi** " service started 2014

Start of recruitment of first batch of new graduates 2008

Full-scale launch of **transformation support consulting to support strategy implementation** 2003

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Corporate Philosophy

Reprint

Mission

Unleash potential

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

Vision

**A professional company
Professional
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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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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Reprint

Publications

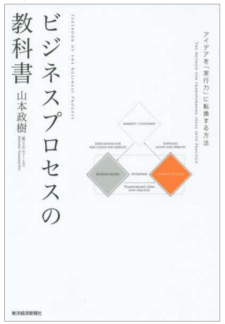
- LTS was among the first to advocate the concept of "business agility" and continues to raise awareness about the social issue of sluggish digital competitiveness

2015

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

(Shoeisha)

Provides direction for successful completion of projects using service science.

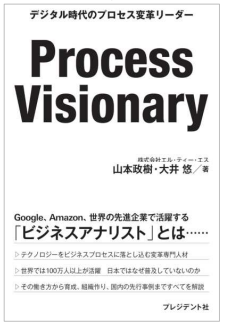


"Business Process Textbook"

(Toyo Keizai)

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

2019

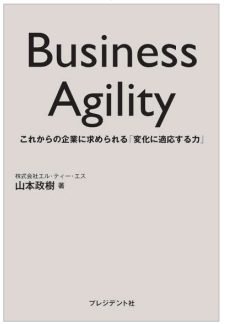


"Process Visionary: Process Reform Leader for the Digital Era"

(President)

Explains all about "business analysts," experts in operational improvement for companies in the digital era.

2021



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

(President)

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

2022

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

(President)

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

"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.

2023

"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 (Hiroaki Kabashima)

Representative Director
President Executive Officer

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

Sungil Lee (Sungil Lee)

Director
Vice President and Executive Officer

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

Yu Kamemoto (Yu Kamemoto)

Director
Vice President and Executive Officer

General Manager of Strategy Consulting Business Headquarte

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 (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 (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 Full-time Statutory Auditor of LTS, Inc., and in March 2019, he became an Outside Director. In June 2022, he became Corporate Auditor of subsidiary WAKUTO Co., Ltd.

Naoki Takahashi (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 worked at Coca-Cola (Japan) Company, Limited; he served as Director and Senior Vice President of 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, Inc. and became an Outside Director in March 2019.

Akiko Kawazoe (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. (currently Recruit Co., Ltd.) in 2014, she became an employee of Hikari Audit Corporation. In March 2024, she became an Outside Director of LTS, Inc.

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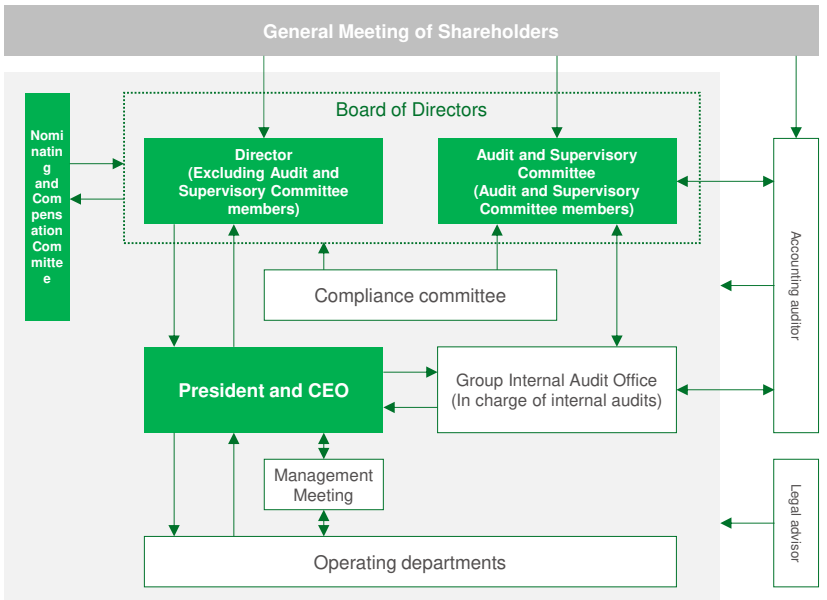
Corporate Governance Structure

- LTS, Inc. considers the strengthening of corporate governance to be one of its important management priorities in order to expand corporate value, ensure continued existence, and contribute to society, and is taking the necessary measures to achieve this.



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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Disclaimer and Note

Disclaimer

- LTS, Inc. (“the Company”) provides financial information, management indicators, and other information only as a reference. No representations or warranties are made, express or implied, with regard to the content herein.
- The Company prepared this material using current generally known information about social and economic conditions and certain assumptions that we deemed to be reasonable. The information found in this material is subject to change without notice due to changes in business conditions or for other reasons.

Note on Forward-Looking Statements

- The material and information provided with this announcement contain so-called "forward-looking statements" (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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