Financial Results for Second Quarter of the Year Ending December 2026 (Interim Period) [Japan GAAP] (Consolidated)

August 13, 2026

Name of Company: LTS, Inc.
Stock Exchange Listing: Tokyo
Stock Code: 6560
URL https://lt-s.jp/
Representative: Title: Representative Director, President Executive Officer Name: Hiroaki Kabashima
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Date of filing of H1 report: August 13, 2026
Date of commencement of dividend payment: —
Preparation of supplementary materials: Yes
Convening of a results meeting: Yes

(Amounts less than one million are rounded down)

1. Financial results for second quarter of fiscal year ending December 2026 (interim period) (January 1, 2026 - June 30, 2026)

(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	%
Interim period of the year ending December 2026	8,519	(0.6)	650	37.3	706	34.4	506	123.2
Interim period of the year ended December 2025	8,572	6.9	473	16.6	525	23.9	226	(36.1)

(Note) Comprehensive income
Interim period of the year ending December 2026: 503 million yen 142.7%
Interim period of the year ended December 2025: 207 million yen -43.6%

	Profit per share	Profit per share fully diluted
	Yen	Yen
Interim period of the year ending December 2026	115.02	114.60
Interim period of the year ended December 2025	49.68	49.48

(2) Financial position (consolidated)

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
Interim period of the year ending December 2026	9,978	5,117	50.1
Year ended December 2025	10,031	4,763	46.3

(Reference) Shareholders' equity
Interim period of the year ending December 2026: 4,997 million yen
Year ended December 2025: 4,648 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 2025	—	0.00	—	35.00	35.00
Year ending December 2026	—	0.00			
Year ending December 2026 (forecast)			—	40.00	40.00

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

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

(Percentage figures represent year-on-year change)

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

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

* Notice

(1) Material changes in the scope of consolidation during the period: Yes
New consolidations: 1 company (ies) (Company name(s)) LTS Strategy Pte.Ltd.
Exclusions: – company (ies) (Company name(s)) –
(Note) For details, please refer to "Additional Information" on page 9 of the accompanying materials.

(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: No
(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	Interim period of the year ending December 2026	4,725,185 shares	Year ended December 2025	4,725,085 shares
(b) Treasury shares at end of period	Interim period of the year ending December 2026	321,962 shares	Year ended December 2025	321,962shares
(c) Average number of shares during period	Interim period of the year ending December 2026	4,403,143 shares	Interim period of the year ended December 2025	4,567,489 shares

* Review of accompanying quarterly consolidated financial statements by certified public accountant or auditing firm: 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.

○ Contents of Accompanying Materials

1. Analysis of Operating Performance and Financial Position

(1) Overview of Operating Performance for the Interim Period

During the interim consolidated accounting period (January 1, 2026 - June 30, 2026), the Japanese economy showed a gradual recovery trend as the employment and income environment continued to improve. On the other hand, there are risks of a downturn in the economy due to the impact on personal consumption from factors such as weakening consumer sentiment caused by continued price increases, and rising resource prices due to the escalation of the situation in the Middle East. Attention is also required with regard to the effects of fluctuations in the financial and capital markets, and the situation remains uncertain.

In the information services industry, which is the main business domain of our Group, demand for digital transformation (DX) to respond to changes in the social environment remains robust, and system-related investments, including AI transformation (AX), remained steady.

Under these business circumstances, the Group sought to become the "Best Partner for the Digital Era" by not only supporting individual projects but also acting as a partner in co-creating the transformations, businesses, and organizations that respond to change and pave the way for the future. We have been providing one-stop support and solutions based on an understanding of corporate structures by working closely with customers at their operational sites to support management, business, and organizational operations. Specifically, we launched the "Business Architecture Talent Development Service" as consulting support for building a foundation for DX and transformation promotion. We have focused on practical, hands-on training support to cultivate the foundational and execution capabilities of personnel responsible for driving corporate DX and business transformation, operational labor-saving support for ITOCHU Corporation to build a sales platform with a view toward AI utilization, and 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 and promoted initiatives to further expand our stable service delivery capabilities, such as starting to adjust our human resource portfolio in anticipation of a shift to business operations based on generative AI.

As a result, the performance for the interim consolidated accounting period was as follows: net sales of 8,519 million yen (down 0.6% year on year), operating profit of 650 million yen (up 37.3% year on year), ordinary profit of 706 million yen (up 34.4% year on year), and profit attributable to owners of parent of 506 million yen (up 123.2% year on year).

The Group previously had two reporting segments, the "Professional Services Business" and the "Platform Business," but from this interim consolidated accounting period, this has been changed to a single segment, the "Transformation Services Business." Details are as described in "2. Interim Period Consolidated Financial Statements and Main Notes (4) Notes to the Interim Period Consolidated Financial Statements (Segment Information)."

(2) Overview of Financial Position for the Interim Period

Total assets at the end of the interim consolidated accounting period were 9,978 million yen, a decrease of 53 million yen from the end of the previous fiscal year. This was primarily due to an increase of 596 million yen in cash and deposits and 25 million yen in deferred tax assets, offset by a decrease of 497 million yen in accounts receivable and contract assets, 156 million yen in income taxes receivable, and 25 million yen in goodwill.

Liabilities came to 4,861 million yen, a decrease of 407 million yen from the end of the previous fiscal year. This was primarily due to an increase of 245 million yen in income taxes payable and 34 million yen in provision for loss on order received, offset by a decrease of 493 million yen in long-term borrowings, 371 million yen in accounts payable - other, and 44 million yen in provision for bonuses.

Net assets amounted to 5,117 million yen, an increase of 353 million yen from the end of the previous fiscal year. This was primarily due to an increase of 352 million yen in retained earnings. The Equity-to-asset ratio is 50.1%.

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

In regard to the consolidated earnings forecast for the fiscal year ending December 2026, no changes have been made to the full-year earnings forecast announced in the financial results summary on February 13, 2026.

2. Interim Period Consolidated Financial Statements and Main Notes

(1) Interim Period Consolidated Balance Sheet

(Millions of yen)

	Previous consolidated fiscal year (ended December 31, 2025)	Interim period of the current fiscal year (ended June 30, 2026)
Assets		
Current assets		
Cash and deposits	3,376	3,973
Accounts receivable and contract assets	2,845	2,348
Electronically recorded monetary claims - operating	160	150
Work in process	23	24
Income taxes receivable	156	—
Other	317	369
Allowance for doubtful accounts	(1)	(1)
Total current assets	6,877	6,864
Non-current assets		
Property, plant and equipment		
Land	645	645
Other	644	655
Total property, plant and equipment	1,289	1,300
Intangible fixed assets		
Goodwill	488	463
Customer-related assets	166	151
Software	90	73
Software in progress	2	6
Other	0	0
Total intangible fixed assets	747	694
Investments and other assets		
Leasehold and guarantee deposits	323	315
Deferred tax assets	53	78
Investment securities	551	545
Other	188	179
Total investments and other assets	1,117	1,119
Total non-current assets	3,154	3,114
Total assets	10,031	9,978

(Millions of yen)

	Previous consolidated fiscal year (ended December 31, 2025)	Interim period of the current fiscal year (ended June 30, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	777	765
Current portion of long-term borrowings	958	948
Accounts payable - other	734	363
Income taxes payable	51	296
Provision for bonuses	288	243
Provision for bonuses for directors (and other officers)	4	0
Contract liabilities	24	38
Provision for loss on order received	0	34
Other	263	496
Total current liabilities	3,102	3,188
Non-current liabilities		
Long-term borrowings	1,959	1,476
Retirement benefit liabilities	151	160
Deferred tax liabilities	40	33
Other	14	3
Total non-current liabilities	2,166	1,673
Total liabilities	5,268	4,861
Net assets		
Shareholders' equity		
Share capital	839	839
Capital surplus	1,092	1,092
Retained earnings	3,504	3,856
Treasury shares	(793)	(793)
Total shareholders' equity	4,642	4,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	—
Foreign currency translation adjustment	1	2
Total accumulated other comprehensive income	5	2
Subscription rights to shares	115	119
Total net assets	4,763	5,117
Total liabilities and net assets	10,031	9,978

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

Interim Period consolidated statement of income

(Millions of yen)

	Interim period of the previous fiscal year (January 1 - June 30, 2025)	Interim period of the current fiscal year (January 1 - June 30, 2026)
Net sales	8,572	8,519
Cost of sales	6,172	5,887
Gross profit	2,399	2,631
Selling, general and administrative expenses	1,926	1,981
Operating profit	473	650
Non-operating income		
Subsidy income	18	8
Share of profit of entities accounted for using equity method	40	52
Rent on real estate	32	31
Other	10	8
Total non-operating income	101	102
Non-operating expenses		
Interest expenses	22	20
Real estate rental expense	23	22
Other	4	2
Total non-operating expenses	49	45
Ordinary profit	525	706
Extraordinary income		
Gain on change in equity	10	—
Gain on reversal of subscription rights to shares	3	—
Gain on sale of investment securities	—	62
Total extraordinary income	14	62
Extraordinary losses		
Loss on sale of investment securities	9	—
Loss on valuation of investment securities	—	22
Loss on retirement of non-current assets	11	—
Provision for loss on contracts	188	—
Total extraordinary losses	209	22
Profit before income taxes	329	745
Income taxes - current	264	270
Income taxes - deferred	(160)	(30)
Total income taxes	103	239
Profit	226	506
Loss attributable to non-controlling interests	(0)	—
Profit attributable to owners of parent	226	506

Interim period consolidated statement of comprehensive income

(Millions of yen)

	Interim period of the previous fiscal year (January 1 - June 30, 2025)	Interim period of the current fiscal year (January 1 - June 30, 2026)
Profit	226	506
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	(4)
Foreign currency translation adjustment	(0)	1
Total other comprehensive income	(18)	(3)
Comprehensive income	207	503
(Breakdown)		
Comprehensive income attributable to owners of parent	208	503
Comprehensive income attributable to non-controlling interests	(0)	—

(3) Interim Period Consolidated Statement of Statement of Cash Flows

(Millions of yen)

	Interim period of the previous fiscal year (January 1 - June 30, 2025)	Interim period of the current fiscal year (January 1 - June 30, 2026)
Cash flows from operating activities		
Profit before income taxes	329	745
Depreciation and amortization	90	74
Amortization of goodwill	36	25
Amortization of customer-related assets	14	14
Interest expenses	22	20
Share of loss (profit) of entities accounted for using equity method	(40)	(52)
Loss (gain) on change in equity	(10)	—
Gain on reversal of subscription rights to shares	(3)	—
Loss (gain) on sale of investment securities	9	(62)
Loss (gain) on valuation of investment securities	—	22
Loss on retirement of non-current assets	11	—
Decrease (increase) in trade receivables	219	507
Decrease (increase) in inventories	2	(1)
Increase (decrease) in trade payables	104	(12)
Increase (decrease) in accounts payable - other	(156)	(142)
Increase (decrease) in accrued consumption taxes	(207)	182
Increase (decrease) in contract liabilities	101	14
Increase (decrease) in provision for bonuses	2	(48)
Increase (decrease) in provision for loss on order received	34	34
Increase (decrease) in provision for contract losses	188	—
Increase (decrease) in net defined benefit liability	11	8
Other	(78)	20
Subtotal	683	1,354
Interest and dividends received	2	4
Interest paid	(20)	(21)
Income taxes paid	(554)	(91)
Income taxes refund	0	214
Payments associated with cancellation of contracts	—	(191)
Cash flows from operating activities	112	1,268
Cash flows from investing activities		
Payments into time deposits	(1)	(1)
Proceeds from withdrawal of time deposits	6	—
Purchase of property, plant and equipment	(54)	(105)
Purchase of intangible assets	(26)	(3)
Payments for retirement of non-current assets	(6)	(0)
Payments of leasehold and guarantee deposits	(1)	(0)
Proceeds from refund of leasehold and guarantee deposits	0	1
Payments of loans receivable	(0)	—
Proceeds from collection of loans receivable	—	0
Purchase of investment securities	(29)	—
Proceeds from sale of investment securities	184	91
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	3	—
Purchase of insurance funds	(4)	(5)
Proceeds from cancellation of insurance funds	0	4
Payments for capital contributions	—	(2)
Payments for settlement of asset retirement obligations	—	(3)
Net cash provided by (used in) investing activities	71	(25)

(Millions of yen)

	Interim period of the previous fiscal year (January 1 - June 30, 2025)	Interim period of the current fiscal year (January 1 - June 30, 2026)
Cash flows from financing activities		
Repayments of short-term borrowings	(30)	—
Repayments of long-term borrowings	(1,488)	(493)
Proceeds from issuance of shares	0	0
Purchase of treasury shares	(0)	—
Dividends paid	(136)	(153)
Repayments of lease liabilities	(0)	(1)
Net cash provided by (used in) financing activities	(1,655)	(647)
Effect of exchange rate change on cash and cash equivalents	(0)	1
Net increase (decrease) in cash and cash equivalents	(1,471)	596
Cash and cash equivalents at beginning of period	5,439	3,376
Cash and cash equivalents at end of interim period	3,968	3,973

(4) Notes to the Interim Period Consolidated Financial Statements

(Notes Related to Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

Interim period of the current fiscal year (January 1 - June 30, 2026)
(Important Changes in Scope of Consolidation) LTS Strategy Pte. Ltd., which was a non-consolidated subsidiary in the previous fiscal year, has been included in the scope of consolidation from the interim period of the current fiscal year due to its increased importance. (Changes in Presentation) Certain personnel expenses of the Company, which were previously recorded as selling, general and administrative expenses, are included in cost of sales from the interim period of the current fiscal year. This change was implemented to more appropriately reflect the actual state of the business by reviewing the classification of personnel expenses, triggered by the review of service domains and performance management units described in (Notes to Segment Information). To reflect this change in presentation, the interim consolidated statement of income for the interim period of the previous fiscal year has been reclassified. As a result, 481 million yen of personnel expenses previously recorded in "selling, general and administrative expenses" in the interim consolidated statement of income for the interim period of the previous fiscal year has been reclassified to "cost of sales." Consequently, "cost of sales" increased from 5,690 million yen to 6,172 million yen, and "selling, general and administrative expenses" decreased from 2,408 million yen to 1,926 million yen.

(Segment Information)

[Segment Information]

I Interim period of the previous fiscal year (January 1 - June 30, 2025)

This information is as described in "II Interim period of the current fiscal year (Matters related to changes in reporting segments, etc.)."

II Interim period of the current fiscal year (January 1 - June 30, 2026)

The Group has a single segment, the "Transformation Services Business," and therefore this information is omitted.

(Matters related to changes in reporting segments, etc.)

The Group previously classified its operations into two reporting segments: the "Professional Services Business" and the "Platform Business." However, in light of the growth of multiple service areas with different revenue and growth models within the "Professional Services Business," and the decline in the "Platform Business" as a proportion of overall performance due to the high growth of the "Professional Services Business," we have reviewed our service domains and performance management units to achieve further business growth. Accordingly, from the perspective of the actual decision-making process for business development and management resource allocation, the Group has changed its reporting segment to a single segment, the "Transformation Services Business," effective from the current interim consolidated fiscal year.

Due to this change, segment information for the previous interim consolidated fiscal year and the current interim consolidated fiscal year has been omitted.

(Revenue Recognition)

Breakdown of revenue from contracts with customers

(Millions of yen)

	Interim period of the previous fiscal year (January 1 - June 30, 2025)	Interim period of the current fiscal year (January 1 - June 30, 2026)
Strategy Consulting	514	486
DX Consulting	3,824	4,172
DX Engineering	2,576	2,354
Platform & Agent	1,655	1,505
Revenue from contracts with customers	8,572	8,519
Net sales to unaffiliated customers	8,572	8,519

(Note) As described in "(Matters related to changes in reporting segments, etc.)" under "(Segment Information, etc.)" in "(4) Notes to the Interim Consolidated Financial Statements" of the "Interim Consolidated Financial Statements and Main Notes," in line with the redefinition of service domains for further business growth, the method of presenting information on the breakdown of revenue from contracts with customers has been changed from the current interim consolidated fiscal year. Accordingly, the information on the breakdown of revenue from contracts with customers for the previous interim consolidated fiscal year is presented based on the revised categories. The revised categories are as follows.

New Classification	Details of New Classification (Main Services)	Old Classification
Strategy Consulting	Decision-making support under uncertainty	Strategy & Innovation
DX Consulting	Structural design for companies where transformation is becoming routine	Business Process & Technology Social & Public
DX Engineering	Support for building evolving digital foundations	Business Process & Technology Social & Public
Platform & Agent	Supply of transformation-promoting human resources	Business Process & Technology Assign Navi Professional Hub Growth Company Club