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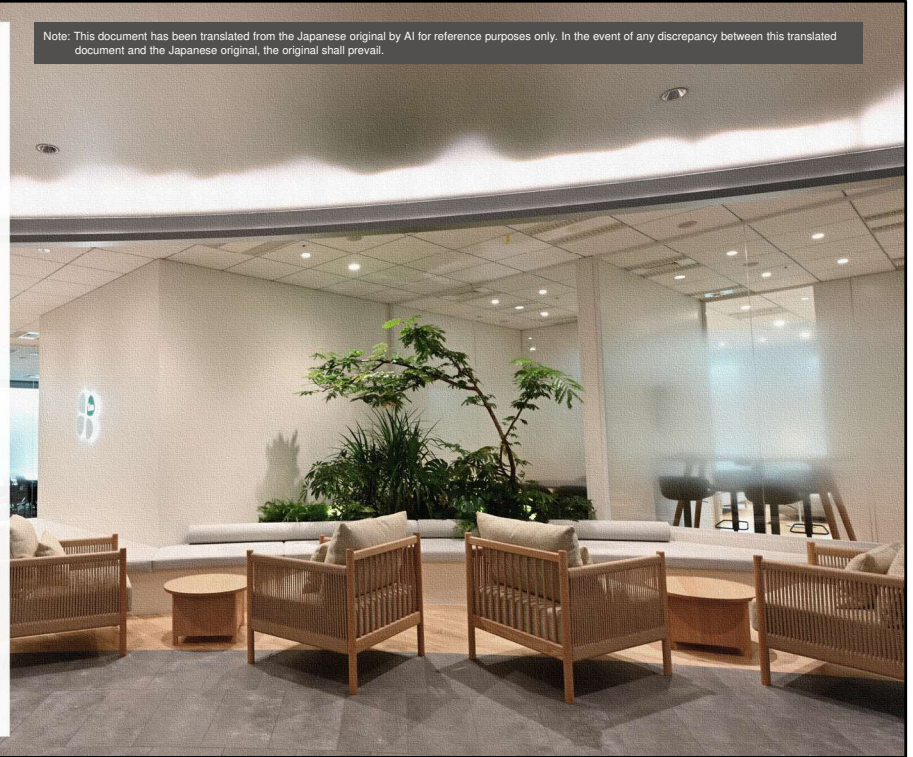
FY2026 Q1

Financial Results

05/2026

LTS, Inc.

(TSE Prime Market Securities code 6560)



I am Hiroaki Kabashima, CEO of LTS, Inc.

I will now present the financial results for the first quarter of the fiscal year ending December 31, 2026.

- 1. Business Overview**
2. FY2026 1Q Earnings
3. FY2026 2Q and Beyond Outlook
4. Medium- to Long-Term Growth Scenario
5. Shareholder Return & Capital Management Policy
6. Reference Material

First, an overview of our business.

Brand Slogan

Reprint



Install AGILITY in your Business

Best Partner for the Digital Era

Supporting management, business, and organizational operations of the digital era in addition to digitalization

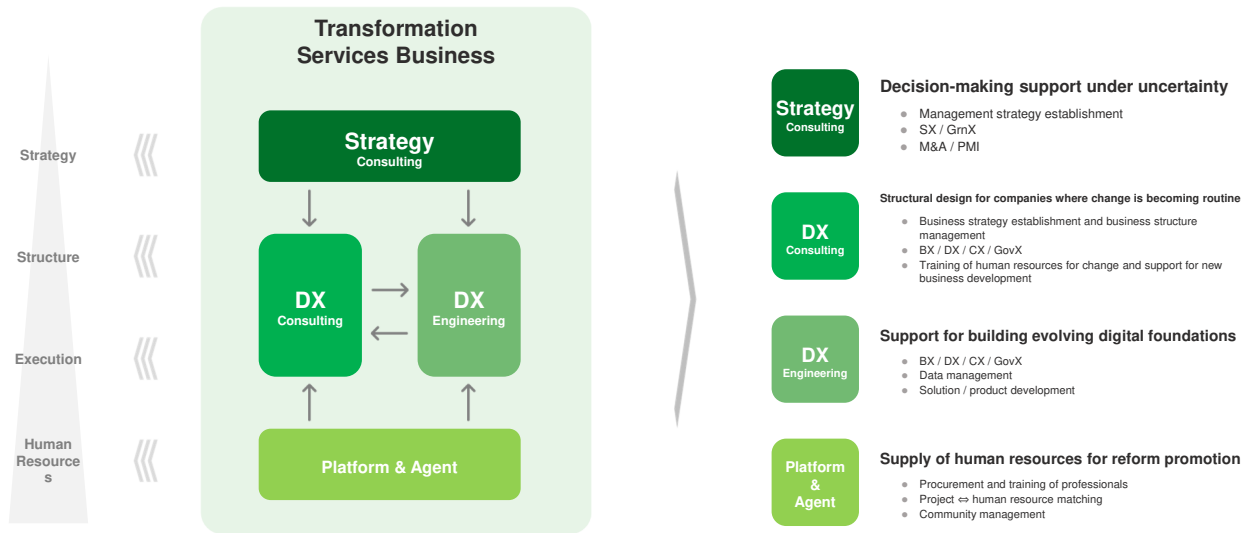


LTS aims to be the Best Partner for the Digital Era.

We are a company that supports not only digitalization and AI utilization, but also overall management, business, and organizational operations in an era of rapid and complex change.

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."

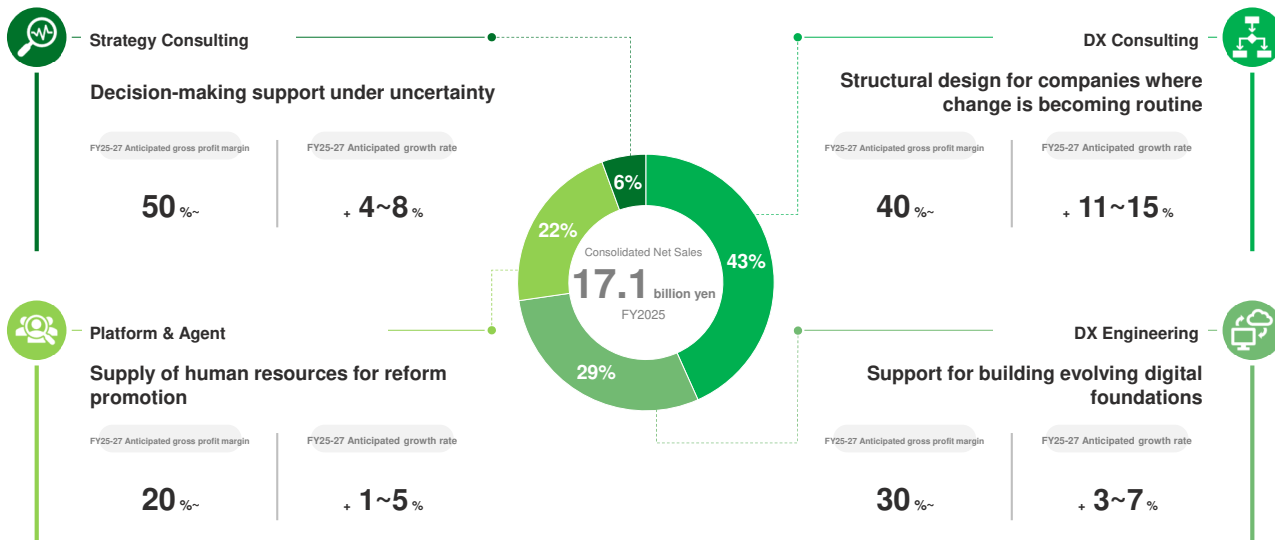


As for the business overview, we operate a single segment, the "Transformation Services Business."

As a partner to our customers, we support corporate strategy development, structural design to realize those strategies, and the execution of individual transformation projects.

Business Overview - Service Structure

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



* 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. Open Copyright ©2026 LTS Inc. All rights reserved. 5

LTS divides this business into four service units and is working to pursue business growth and promote business management.

The first is Strategy consulting. This service supports decision-making in an environment of increasing uncertainty. The gross profit margin is extremely high at over 50%, and we continue to achieve stable growth while also conducting R&D for our services.

The second is DX Consulting, which accounts for the largest portion of sales. We support the design of business structures for companies where transformation is becoming commonplace, as well as the promotion of individual projects. We anticipate a gross profit margin of around 40% and are working to improve the gross profit margin while growing rapidly.

Next is DX Engineering. This service supports the construction of evolving digital foundations. We aim for stable growth with a gross profit margin of over 30% as a guideline.

Finally, there is Platform & Agent. This service provides the professional human resources that are lacking when promoting each transformation.

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Next, I will explain the earnings for the first quarter.

Q1 FY2026 Financial Results Summary



Net sales (Q1)
4,391 million yen

YoY Growth Rate -0.7%
 vs Plan Achievement Rate 115.6%
 vs Guide progress 24.0%

Operating profit (Q1)
496 million yen

YoY Growth Rate +17.3%
 vs Plan Achievement Rate 124.1%
 vs Guide progress 31.0%

(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 (1Q standalone)

Profitability in the DX consulting area recovered, and operating profit reached a new record high for quarterly results

Results exceeded the plan, partly due to capturing one-time year-end demand
 The former Platform Business is in the final stage toward turning a profit
 Growth momentum in the DX engineering area has paused

Forecast (2Q/H1)

Although results will be lower than 1Q due to seasonal factors as in typical years, profit is expected to increase YoY

Large-scale projects have started despite being a slow project period
 The number of new graduate recruitment is approximately 50, at the same level as the past two years
 There is room to increase the utilization rate in the DX engineering area

Net sales reached 4,391 million yen, and operating profit reached 496 million yen.

Profitability in the DX consulting area recovered, and operating profit reached a new record high.

Regarding the outlook for Q2 and H1, due to typical seasonality, figures will be **lower than Q1**, but **we expect a YoY increase in profit.**

Q1 FY2026 - Consolidated Profit and Loss Statement

- Both net sales and operating profit show steady growth
- Gross profit and SG&A for FY25 Q1 and Q4 have been revised due to a reclassification of certain personnel expenses (from SG&A to cost of sales)
- Profit before tax was boosted by the recording of extraordinary income (gain on sale of investment securities: 62 million yen)

(Millions of yen)	FY2026 Q1 results (Cumulative)	FY2026 full year plan		YoY % change		FY2026 Q1 results (Standalone)	YoY % change		QoQ % change	
		Plan	Q1 progress	FY2025 Q1	YoY growth rate		FY2025 Q1	YoY growth rate	FY2025 Q4	QoQ change
Net sales	4,391	18,300	24.0%	4,421	↓ -0.7%				4,219	↑ 4.1%
Gross profit	1,406	6,217	22.6%	1,335	5.3%				1,297	8.4%
Gross profit margin	32.0%	34.0%	-	30.2%	1.8pt				30.8%	1.3pt
Selling, general and administrative expenses	910	4,617	19.7%	912	-0.3%				996	-8.7%
Operating profit	496	1,600	31.0%	423	↑ 17.3%		Same as left		301	↑ 64.8%
Operating margin	11.3%	8.7%	-	9.6%	1.7pt				7.1%	4.2pt
Ordinary profit	528	1,615	32.7%	455	16.0%				376	40.2%
Profit before income taxes	590	1,615	36.5%	456	29.3%				299	96.7%
Profit attributable to owners of parent	419	1,050	40.0%	332	↑ 26.0%				223	↑ 87.9%

* EBITDA: 554 million yen / EBITDA margin: 12.6%

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This section covers the P&L for the first quarter.

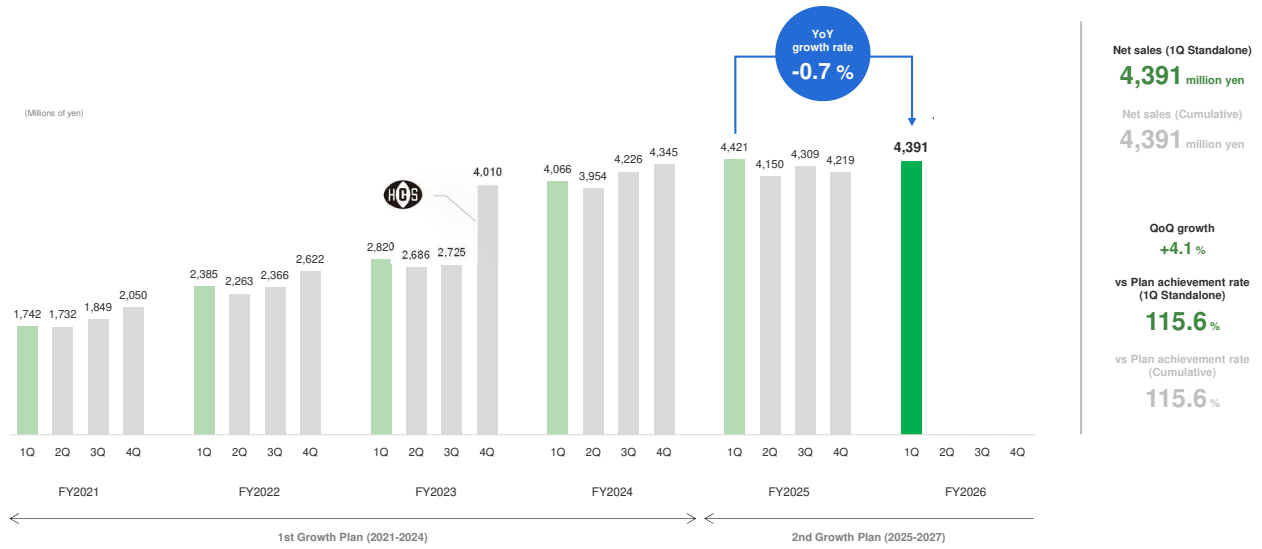
Net sales, **operating profit, and all profit levels have secured steady growth.**

As a supplementary point, we have revised the classification of certain personnel expenses. Please be aware of this when comparing gross profit and SG&A with the previous year.
(Reclassification of SG&A to cost of sales)

Extraordinary income was also recorded, boosting profit before tax.

Quarterly Trend in Consolidated Net Sales

- Growth in net sales was limited, partly due to the slowdown in growth in the Platform & Agent segment (excluding the impact of the deconsolidation of Isis CO., LTD. at the end of March 2025, there was a slight year-on-year increase)

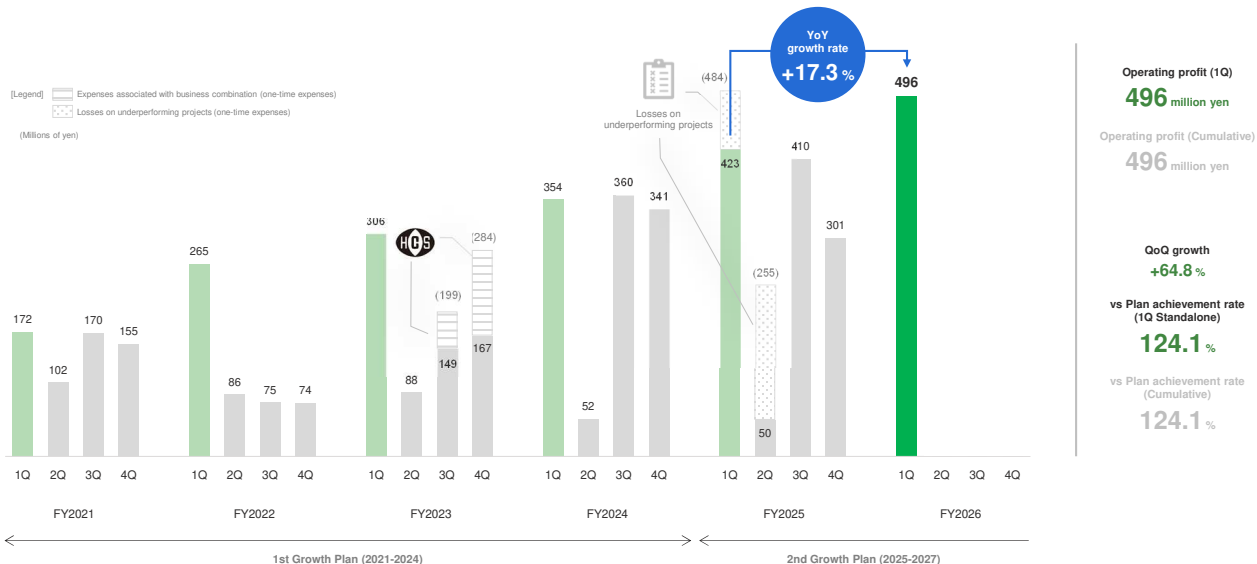


This is the quarterly trend in net sales.

Due in part to the slowdown in growth in the Platform & Agent segment, **growth in net sales has been limited.**

Quarterly Trend in Consolidated Operating profit

- The core DX consulting business made significant progress by capturing strong demand for corporate transformation
- While the Platform & Agent business continued to stall, standalone quarterly operating profit for 1Q reached a new record high



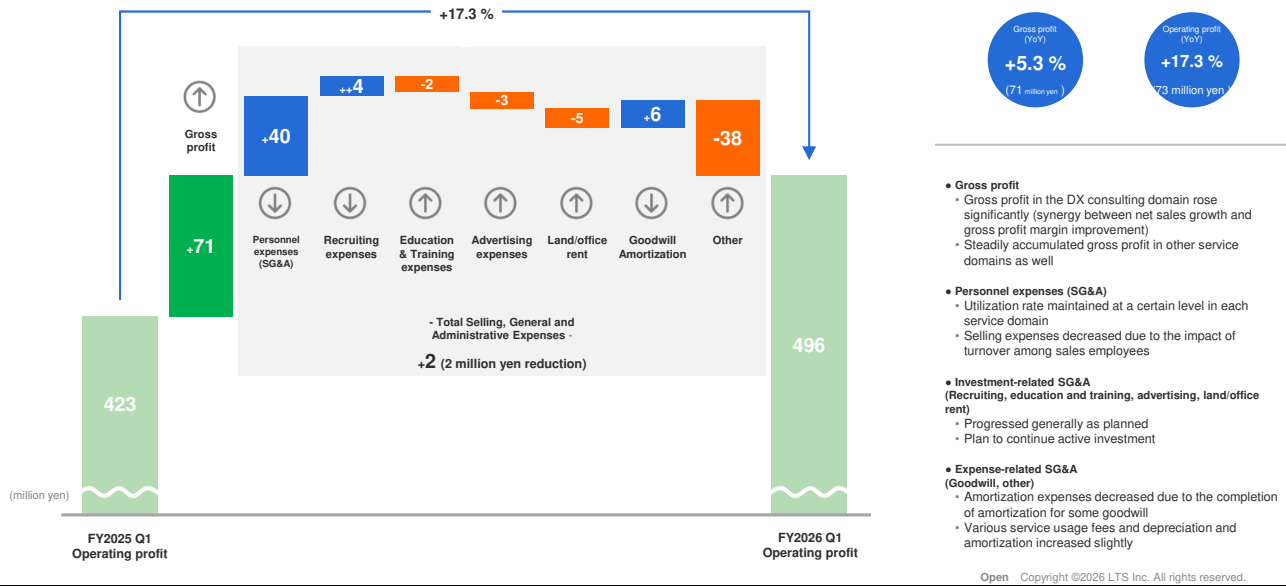
This is the quarterly trend in operating profit.

The core DX consulting business made significant progress by capturing robust demand.

While the Platform & Agent business continues to face some headwinds, standalone quarterly operating profit for Q1 reached a new record high.

Analysis of Factors for Change in Consolidated Operating Profit (Q1)

- Operating profit increased by +17.3% YoY as gross profit grew while the increase in SG&A was suppressed.



The factors behind the change in operating profit are as shown on this slide.

Gross profit grew while the increase in SG&A expenses was suppressed, resulting in **a 17.3% increase in profit year-on-year.**

Q1 FY2026 Consolidated Balance Sheet

- Financial soundness continues to improve as a result of steady business operations
- With a view to future business growth, we have concluded a commitment line agreement with a limit of 1 billion yen for the purpose of building a flexible and stable fund procurement structure and strengthening our financial base

(Millions of yen)	FY2026 Q1 results	YoY % change		QoQ % change		Reference indicators (FY2026 Q1 results)	
		FY2025 Q1	YoY change	FY2025 Q4	QoQ change		
Current assets	6,889	7,977	- 1,088	6,877	11	Net cash	513
Cash and deposits, etc.	3,182	4,934	↓ -1,751	3,376	↓ -194	Net D/E ratio	-0.10
Non-current assets	3,159	2,923	236	3,154	5	Liquidity ratio	220.9%
Total assets	10,049	10,900	-851	10,031	17		
Current liabilities	3,118	3,178	-59	3,102	16		
Non-current liabilities	1,905	2,978	-1,073	2,166	-260		
Total liabilities	5,024	6,156	-1,132	5,268	-244		
Interest-bearing debt	2,668	3,591	↓ -922	2,923	↓ -254		
Total equity	4,907	4,628	279	4,648	259		
Net assets	5,025	4,743	281	4,763	261		
equity ratio	48.8%	42.5%	↑ 6.4pt	46.3%	↑ 2.5pt		

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Next is the balance sheet.

As a result of steady operations, financial soundness has improved, **net assets have exceeded 5 billion yen, and the equity ratio has reached 48.8%.**

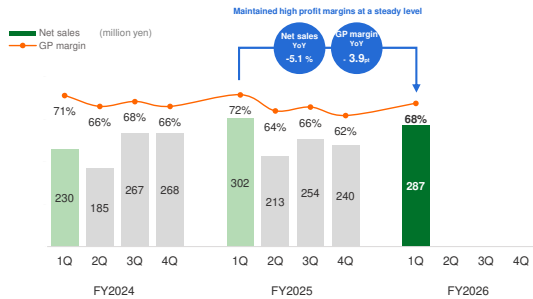
With a view toward future growth, we have also entered into a 1 billion yen commitment line agreement for the purpose of strengthening our financial base.

Reference) Earnings by Service Domain - Strategy con / DXcon

- The recovery in profitability of DX consulting outweighed the slowdown in Platform & Agent, boosting overall performance



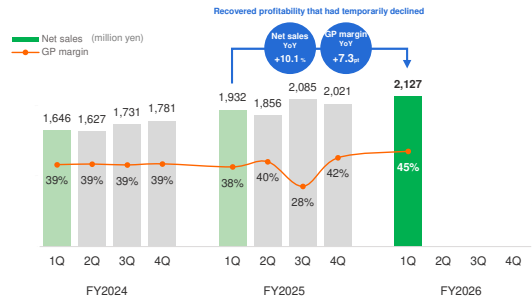
Strategic Consulting



- Overview (Net sales)**
 - Results | Revenue from performance-based projects recorded in FY2025 1Q has dissipated
 - Outlook | Strategy projects are on a downward trend in 2Q due to changes in the executive structure of client companies
- Overview (Gross profit margin)**
 - Results | 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 | Gross profit margin is expected to decline slightly as the number of projects decreases (idle capacity will be allocated to R&D)



DX Consulting



- Overview (Net sales)**
 - Results | Revenue expanded steadily in each business division, centered on large-scale public sector projects
 - Outlook | DX projects are on a downward trend in 2Q due to the impact of the fiscal year-end transition at client companies
- Overview (Gross profit margin)**
 - Results | Recovered the expected profit margin through continuous unit price increases and securing a certain level of utilization rate
 - Outlook | Although there is some impact from the intake of new graduates in 2Q, the profit margin is expected 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).

Earnings by service domain.

Overall, the recovery in profitability of DX Consulting outweighed the slowdown in the Platform & Agent domain, boosting overall performance.

In the Strategic Consulting domain, **high profit margins have been maintained at a steady level.**

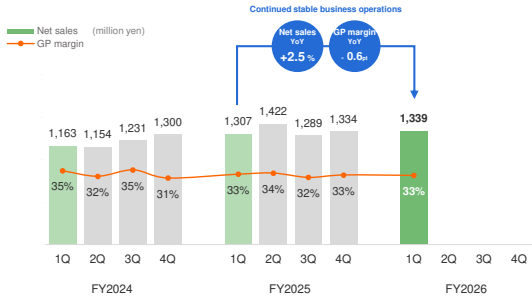
In the DX Consulting domain, **profitability, which declined last year, has been recovering since this fiscal year.**

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

- The recovery in profitability of DX consulting outweighed the slowdown in Platform & Agent, boosting overall performance



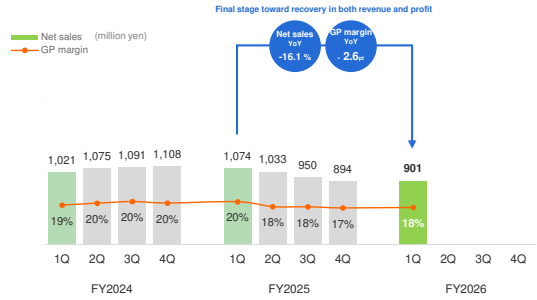
DX Engineering



- Overview (Net sales)**
 - Results | Although there was a YoY increase, initial assumptions were not met due to the impact of headcount reduction and lower utilization rates
 - Outlook | Structural reforms (improving liquidity and reskilling) are underway to shift services to high-value-added areas. As the decrease in total engineer utilization is expected to continue for a certain period, a gradual downward trend is anticipated from 2Q onwards.
- Overview (Gross profit margin)**
 - Results | Maintained a certain level by offsetting the decline in utilization rates with productivity improvements
 - Outlook | Expected to remain at the same level as 1Q



Platform & Agent



- Overview (Net sales)**
 - Results | In the external human resources matching service, revenue decreased as robust demand could not be monetized due to the weakening of the sales structure
 - Outlook | Expected to return to a growth trend from 2Q (strengthening of the structure will continue)
- Overview (Gross profit margin)**
 - Results | No significant fluctuations in matching fee levels
 - Outlook | While aiming to increase fees through unit price negotiations and new models such as team-based dispatch, levels are expected to remain steady

* 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).

The DX Engineering domain will **continue stable operations**.

The Platform & Agent domain is in the **final stage toward recovery in both revenue and profit**.

2nd Growth Plan Activities Progress - Quarterly Highlights

LTS



Talent / Organization

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

- Certified as a "Health & Productivity Management Outstanding Organization" for five consecutive years
- Continued activities to obtain professional qualifications in the PM and BA fields (8 employees obtained)
- Implemented minor changes to the personnel system renovated in FY2025
 - Raised the compensation structure in the strategic consulting field
 - Raised the starting salary for new graduates in consultant positions



Customers / Sales

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

- Number of new clients increased by 16 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 that transcends corporate frameworks, bringing together 7 major clients supported by LTS



Services

Exploring the expansion of non-labor-intensive services, centered on corporate reform support as business architects

- Mitsui O.S.K. Lines project supported by LTS won the IIBA Business Analysis Award (Encouragement Award)
- Increase in performance-based projects, primarily in the strategic consulting field
- Started sales of "AntiSocial Checker®" an anti-social force check SaaS developed by a subsidiary



Governance

Accelerated infrastructure development to support group management for efficient use of management resources and synergy creation

- Promoted optimal allocation of human resources through inter-company transfers (secondment/transfer)
- Established HRBP and FP&A to strengthen operational support for business divisions and subsidiaries through head office functions
- Promoted group integration of internal control processes and ISO certification

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The following is the progress of major activities.

Regarding human resources and organization, with a view to shifting to business operations based on generative AI, we have **begun adjusting our organization and human resources portfolio.**

We continue to encourage the acquisition of professional qualifications, and have also taken measures such as making minor changes to the personnel system revamped last year and further increasing compensation.

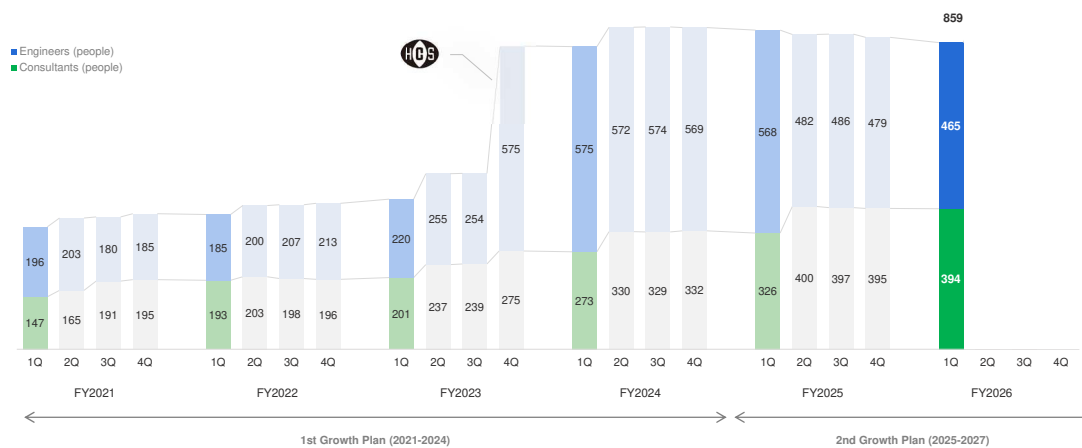
Regarding customer sales, as a result of marketing activities, the number of new clients increased by 16.

Account management is also progressing steadily, and **cross-selling to other services**, such as organizational transformation and human resources development, starting from DX consulting, is becoming more active.

Regarding services, based on corporate reform support as business architects, we are **also challenging ourselves with non-labor-intensive models.**

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

- Net decrease of 35 people YoY, primarily in engineering positions (54 new graduate employees joined in April)
 - 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
- The fiscal year-end frontline headcount was planned at 950, but this may change in the future in accordance with adjustments to the human resource portfolio



*Total headcount across all roles: 1,052 (Frontline: 859 / Sales: 66 / Corporate staff: 127 / Aggregated under the new HR system framework effective April 1, 2025)

Next, I will explain the trends in the number of frontline employees.

Regarding consultants, **we continue to proactively recruit** them.

We are working to **optimize the personnel composition** by curbing the recruitment of new graduates and junior-level staff and proactively recruiting high-level and experienced personnel.

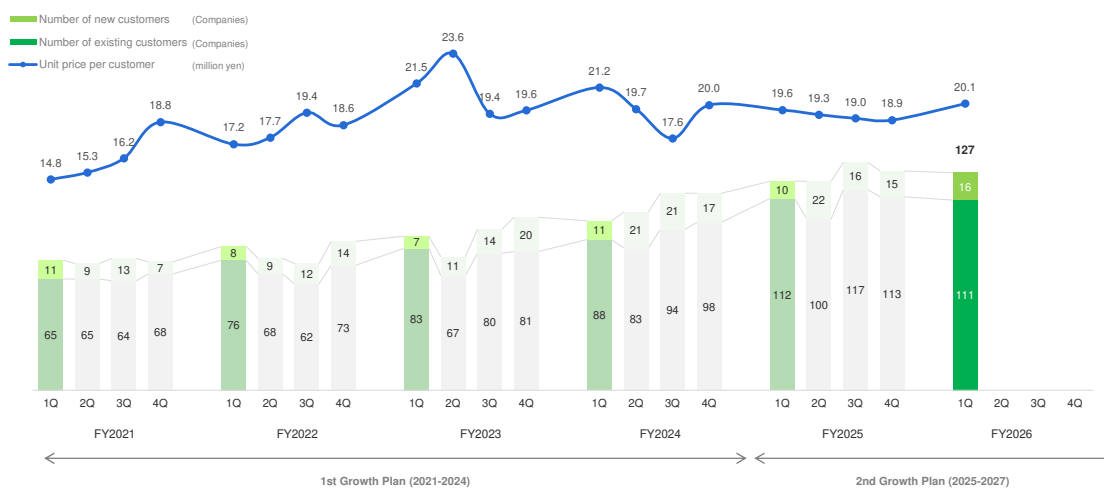
Regarding engineers, we have narrowed down our recruitment and **switched to a highly selective recruitment** mode.

By utilizing generative AI, internal productivity such as project delivery has improved dramatically, so we are recruiting mainly high-level human resources.

As a result, although we planned for 950 frontline employees at the end of the period at the beginning of the fiscal year, there is a possibility that this will change in the future.

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 customers 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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Next, we will look at customer relationship indicators.

For LTS standalone (Strategic Consulting and DX Consulting service domains), while continuously increasing the number of trading customers, we have also been able to **increase the unit price per customer** by deepening relationships with existing customers.

2nd Growth Plan Activity Progress - Service Case Studies



Strategic consulting

- **Client:**
Japan International Cooperation Agency (JICA)
- **Project:**
Demonstration of digital and space technologies based on the National Water Resources Master Plan
- **Challenge:**
Understanding the current situation of water resources and sophisticated management in Zambia, and realizing water resource management through the use of digital technology.
- **Solution:**
Proposed analysis technology using satellite precipitation data. Verified the use of satellite data for water resource management through local demonstrations.
- **Impact:**
Aiming to establish a foothold for business expansion in the African region, while contributing to sophisticated water resource management and GX promotion.
- **Features:**
A project to solve social issues using space technology x digital technology. Combining cutting-edge technology derived from academia with management and GX support.



 <https://lt-s.jp/news/pressrelease/2025-12-15>



DX consulting

- **Client:**
Mitsui O.S.K. Lines, Ltd.
- **Project:**
Visualization of operational processes and creation of standard operating manuals for improving vessel operation processes
- **Challenge:**
Visualization and standardization of operational processes in international vessel operations, as well as operational optimization and DX promotion.
- **Solution:**
Supporting the visualization of operational processes and the development of standard operating manuals by utilizing BPM (Business Process Management) and digital technology.
- **Impact:**
Received the "FY2025 Business Analysis Award, Incentive Award" from the IIBA Japan Chapter. Contributed to the creation of value-added time through the optimization and automation of operations and organizations.
- **Features:**
Practiced the use of process management tools, for which there are few examples in Japan. A leading case study that integrated business reform, DX, and standardization.



 <https://lt-s.jp/news/pressrelease/2026-02-12>

Here is a brief introduction to some service examples.

In the strategic consulting domain, we participated in a project for JICA to demonstrate digital and space technologies using the national water resources master plan as a theme. Specifically, this involves utilizing satellite data for water resource management in Zambia. This project is attracting attention as a social issue-solving project that utilizes both space and digital technologies.

In the DX consulting domain, we supported Mitsui O.S.K. Lines, Ltd. in improving their vessel operation processes. This initiative received the 2025 Business Analysis Award (Incentive Award) from the IIBA Japan Chapter.

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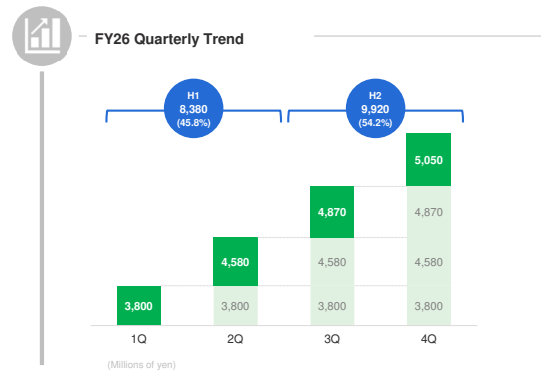
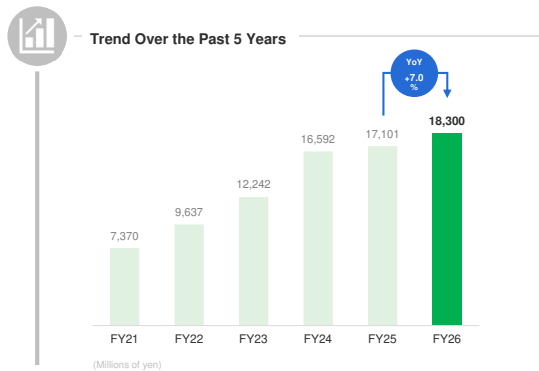
I will now explain the outlook for the second quarter and beyond.

FY2026 Consolidated Performance Forecast (Net Sales)

- Prioritizing profitability recovery in FY2026, with a focus on operating profit growth over net sales growth
- Regarding net sales in 2Q, while there is typically a downward trend compared to 1Q results due to a slow project period (a temporary decrease in investment activities by companies with a March fiscal year-end), in FY2026, the sales level is expected to be maintained, 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%



We plan for net sales of 18.3 billion yen this fiscal year.

The plan emphasizes operating profit growth over net sales growth.

FY2026 Consolidated Performance Forecast (Operating Profit)

- Prioritizing profitability recovery in FY2026, with a focus on 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).

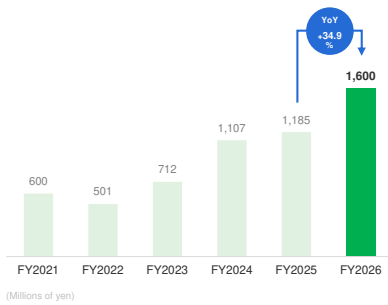
Operating profit
1,600 million yen

FY21-25 CAGR +18.5%

Operating margin 8.7%



Trend Over the Past 5 Years



FY26 Quarterly Trend



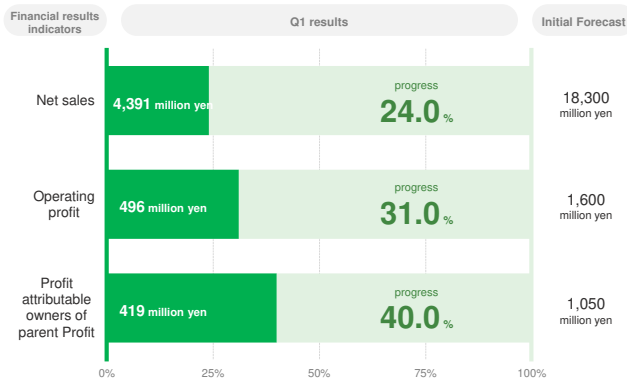
Operating profit is planned at 1.6 billion yen, an increase of 34.9% year-on-year.

Q1 FY2026 - Consolidated Financial Results

- Cumulative results through Q1 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 Q2 and beyond at this time.



Q1 business progress against initial forecast



Risk awareness and response status

- Prolonged decline in number of active employees in the former Platform Business (Professional Hub service)
 - ↳ Current situation | Number of active employees increased by +6.7% QoQ
 - ↳ Response | Strengthening of sales structure and raising fee levels
- Uncertainty in the progress of a large-scale project (quasi-delegation contract)
 - ↳ Current situation | Managing within the scope of normal project management
 - ↳ Response | Strengthening of contract management, quality control, and profit and loss management
- Changes in investment stance of corporate customers due to the turmoil in the Middle East
 - ↳ Current situation | No impact such as project freezes
 - ↳ Response | Closely monitoring macro trends and changes in corporate customer management policies



Opportunities and response status

- Robust demand for training of business architecture human resources
 - ↳ Current situation | "Digital Skill Standards" revised by METI and IPA
 - ↳ Response | Providing support that combines project execution with customer human resource training

Regarding business progress.

For net sales, operating profit, and profit, the **progress through 1Q has been tracking in line with initial assumptions.** There are no changes to the full-year forecast for 2Q and beyond at this time.

Risks and opportunities are listed on this slide.

We believe there has been no impact on customer investment posture so far.

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Next, I will explain our Medium- to Long-Term Growth Scenario.

Business Characteristics - Business Agility Enhancement Support

- A partner that overcomes obstacles at each level of corporate transformation by understanding business structures

Corporate transformation level	Initiative	Result of initiative	Cause of failure	Our support
<p>3rd level</p> <p>Strategy Development</p> <p>Organizational Transformation</p> <p>2nd level</p> <p>Business structure reform (Design)</p> <p>Business structure reform (Implementation)</p> <p>1st level</p> <p>Business/System transformation</p>	<p>Portfolio management</p> <p>(Program group + operation)</p>	<p>Transformation does not become routine, failing to increase competitiveness</p> <p>(Making "DX" an event, dependence on external partners)</p>	<p>Customs and culture have not changed</p> <p>(Divergent sense of crisis, continuation of conventional customs and ways of doing things)</p>	<p>[Organizational partner]</p> <p>Enhancement of "ability to create change"</p> <p>(Instilling change awareness and developing change leaders)</p>
	<p>Program management</p> <p>(A set of transformation projects)</p>	<p>Stopped at process digitalization</p> <p>(New products/services not created, business models unchanged)</p>	<p>Failure to comprehensively transform business structure</p> <p>(Separation of business and digital, individual optimization of operations by strong on-site teams)</p>	<p>[Business partner]</p> <p>Enhancement of "adaptability to change"</p> <p>(Business architecture design, construction, and management)</p>
	<p>Project management</p> <p>(A series of transformation actions)</p>	<p>Poor reform project ROI</p> <p>(Unsatisfactory quality, budget overruns, and schedule delays)</p>	<p>Weak structure and promotion on part of user companies</p> <p>(Insufficient requirements analysis, unclear requirements definition, inadequate project management)</p>	<p>[Transformation partner]</p> <p>Strengthening of "reform promotion skills"</p> <p>(Project support on the user side)</p>

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This slide illustrates how LTS supports the transformation of its client companies.

There are three levels of transformation.

The first is projects, **the second is programs that bundle multiple projects**, and the third is portfolio management, which involves strategic and organizational transformation.

What I would particularly like to emphasize here is the second level, **business structure management and design**.

Completing a single transformation project rarely leads to a dramatic increase in business competitiveness or productivity on its own.

Formulating a new strategy and significantly revising the business structure to execute that strategy.

Appropriately designing and promoting each project to realize that revision.

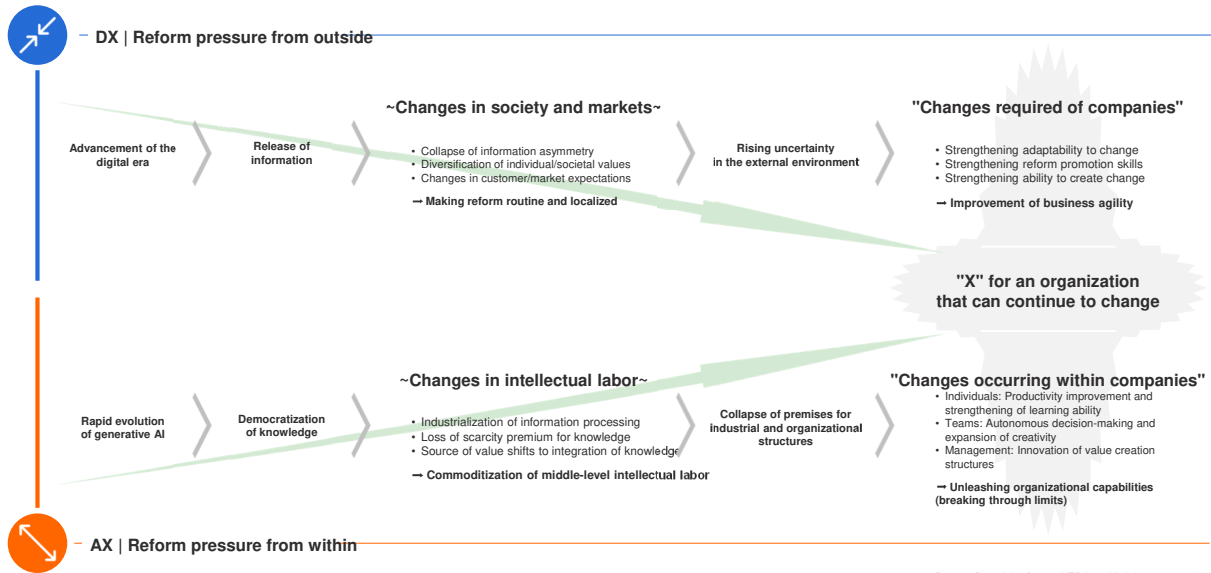
Furthermore, through this series of initiatives, we will enhance the client's internal adaptability to change and in-house production capabilities.

Only through these activities is it possible to increase business competitiveness and productivity.

First, **we have a wealth of experience in business structure management and design**. Furthermore, by providing client human resource development and organizational reform as a set, **we significantly increase the client's own adaptability to change**. And, **the ability to continue providing support over a long period of time** is a characteristic of LTS.

Environmental Awareness - Two "Xs" Driving Corporate Transformation

- DX makes companies "adapt to change," and AX transforms companies into "entities capable of change"
- The two "Xs" interact with each other and eventually converge into "X for an organization that can continue to change"



Next, I will explain how LTS perceives the market environment.

Currently, there are two major forces driving corporate reform.

The first is 'Digital,' namely **external reform pressure**.

Over the past decade, changes have been occurring rapidly and in complex ways due to the evolution and penetration of digital technology.

For companies, reform is not a one-time event but has become routine.

Themes vary widely, and reform is required at various levels, from the company-wide level to each site.

The second is 'AI,' namely **internal reform pressure**.

With the rapid evolution of generative AI added to the progress of digitalization, the source of value is shifting from processing information and executing predetermined tasks to the ability to integrate knowledge and make decisions.

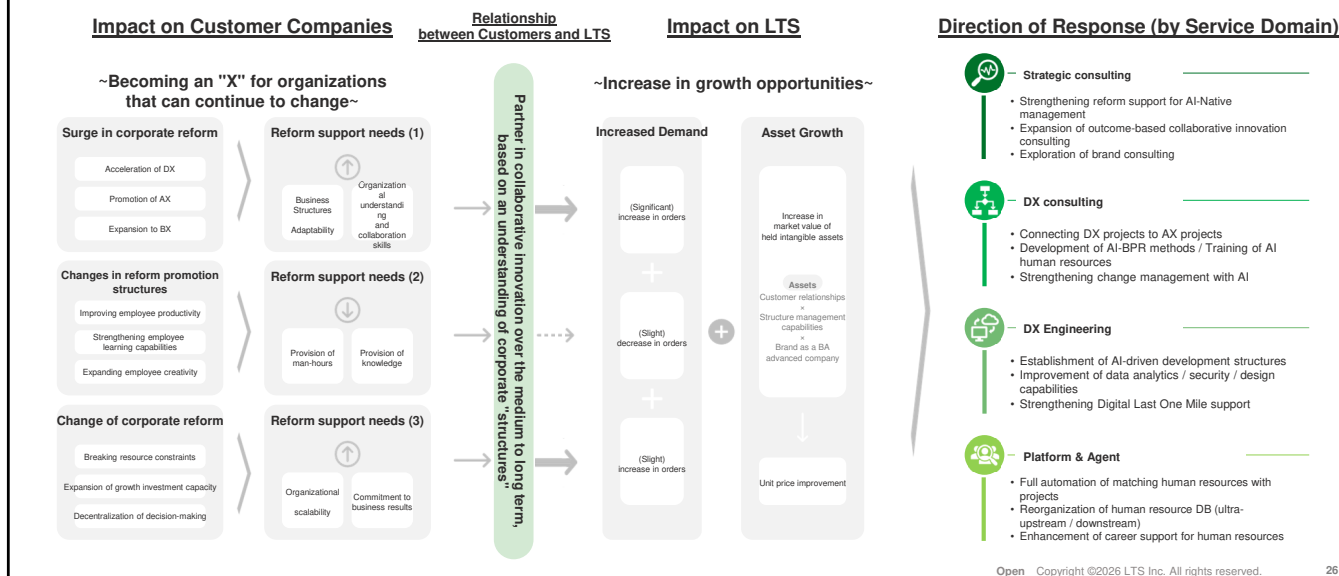
What is important is that these **two 'X's = reforms interact with each other**.

As organizational capabilities are expanded and liberated through internal changes in responding to external reforms, ultimately it converges on the theme of '**how to transform into an organization that can continue to change.**'

This is also exactly what we have been communicating all along: '**how to improve business agility.**'

Impact of Generative AI - For an "X" Partner

- As a company in a partner position that works with customers on business structure reform over the medium to long term, we recognize this as an opportunity to accelerate growth from the perspectives of increased demand and asset growth.



LTS has placed this environmental awareness at the core of its business, aiming to create results without separating strategy formulation, structural design, and project promotion.

First, to summarize the impact on customer companies, three changes are occurring due to the spread of generative AI.

The first point is the **surge in transformation**.

Demand for various transformations such as DX, AX, and BX itself is increasing significantly. However, since the core of transformation is to raise competitiveness and productivity at the business and functional levels, **understanding of business structures and organizations** has become indispensable in promoting transformation.

The second point is the **change in the reform promotion structure**.

Generative AI will dramatically improve the internal productivity of customers as well as the IT and consulting companies that support them. Therefore, we believe that **needs for services based on models such as providing man-hours or providing knowledge, which have been booming until now, will gradually decline**.

The third point is the **change in the nature of corporate transformation**.

If AI is used well, customers will be freed from the constraints of human resources. AI is more than a tool for automation and efficiency; it is also **a device that expands the capabilities of individuals, teams, and organizations**. Based on these factors, we recognize that we, as the supporting side, are ultimately required to have an **attitude of committing to business results**.

Because of the **customer base and positioning we have built up** over the years, we believe that **these changes on the customer side represent a greater opportunity than a threat for LTS**.

Specifically, we believe there are growth opportunities for LTS from two perspectives.

The first point is the **increase in demand**.

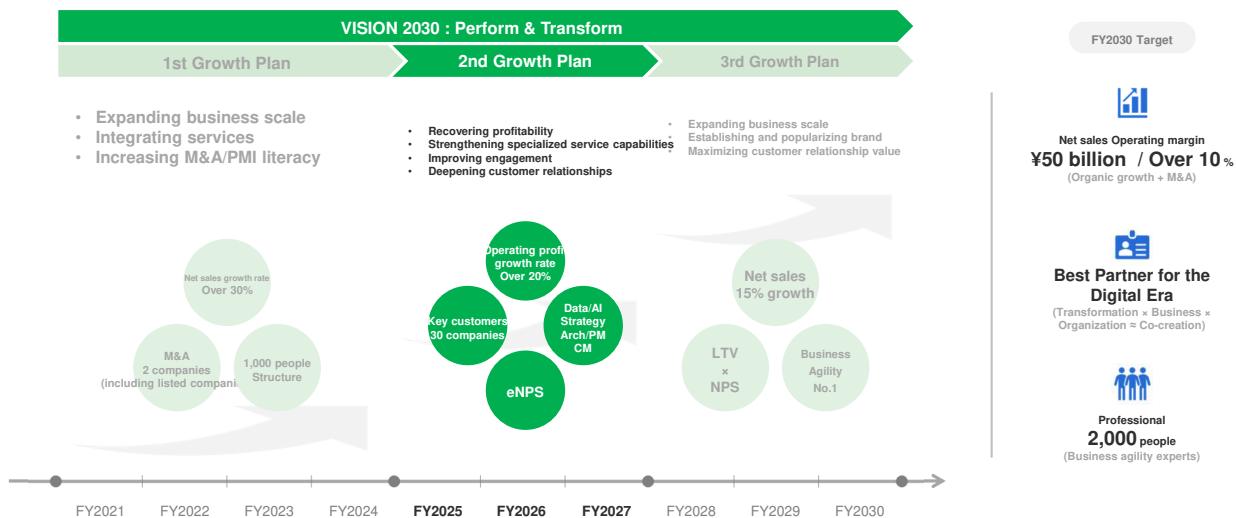
As the total volume of transformation projects increases, we expect an **expansion in orders**. In particular, we believe that expectations for partners who can take responsibility for structural design and implementation will increase, so we want to realize an increase in orders.

Regarding the second point of assets, the **customer relationships and customer base** that LTS has built up over many years, the **track record of support and assets in managing and designing business structures**, and the **recognition and brand image as a leading company in the field of business architects**. All of these will have a positive effect in this AI era. In order to translate these positive aspects into earnings, we plan to accelerate growth by incorporating them into our business activities through **improving unit prices** and other means.

The direction of response for each service domain is as described here.

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



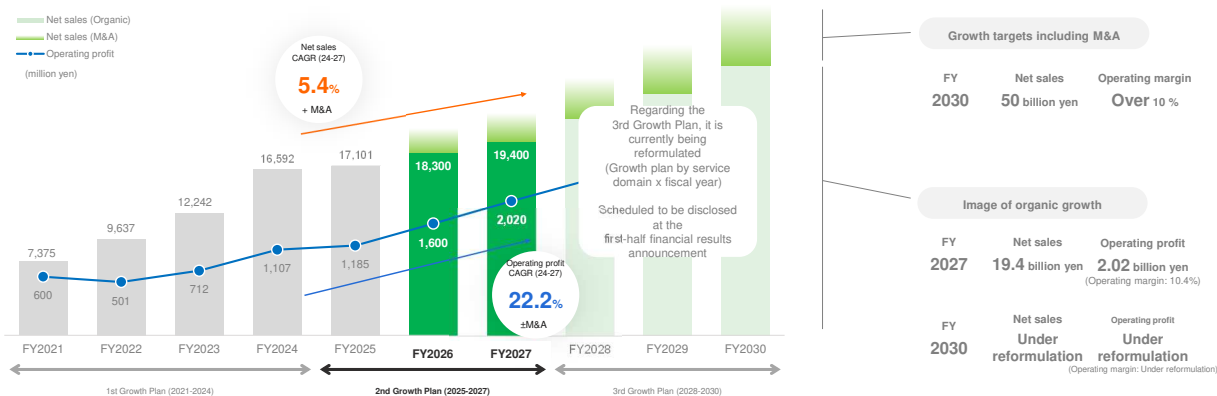
I will briefly provide supplementary information on the phasing toward 2030, which we have been communicating previously.

In the four years from 2021, we have expanded our scale, achieved the integration of services, and succeeded in M&A. On the other hand, as profitability declined, **we are prioritizing the recovery of profitability during the three years from 2025.**

At the same time, we are currently moving forward with a three-year period focused on themes such as strengthening customer relationships, which is a traditional strength, improving employee engagement including compensation increases, and strengthening specialized services.

2nd Growth Plan – Performance Target Trends

- In 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 continue the average operating profit growth rate of 20%.
- Although not included in the plan, we are also looking at non-linear growth through M&A in addition to organic growth.
- (Adjusted target figures for FY2026 and net sales target figures for FY2027 based on FY2025 results)



In light of the current highly uncertain management environment and the premise of growth scenarios with a large weight on new businesses (peripheral and overseas businesses) and M&A, we believe it is desirable to flexibly review strategies every year and reflect them in business plans for the following fiscal year and beyond. Therefore, rather than as a "Medium-Term Business Plan," we will announce a "Growth Plan" every few years as "reference information" for the purpose of sharing our growth image quantitatively with shareholders and investors. Copyright ©2026 LTS Inc. All rights reserved.

Regarding earnings targets, we are prioritizing the recovery of profitability and operating margin during the three-year period from 2025 to 2027.

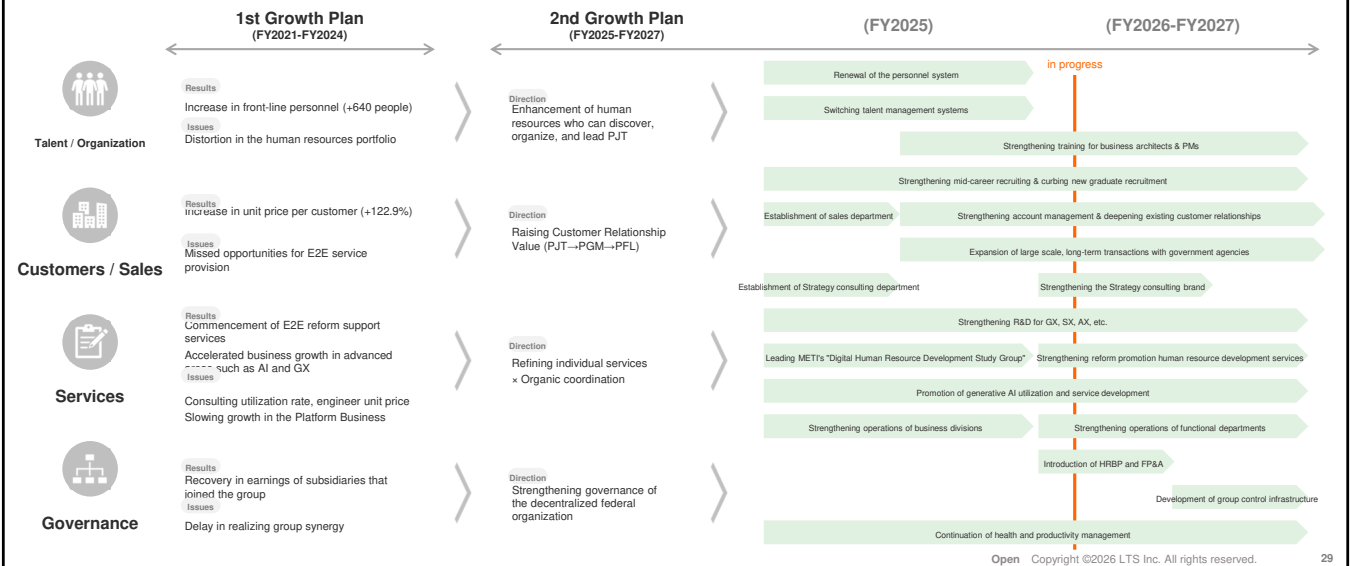
Each fiscal year, **we operate on the premise of growing operating profit by an average of 20%.**

From 2028 onward, we plan to continue this approach of maintaining an average operating profit growth rate of 20%.

Although not factored into the plan, **we continue to actively seek M&A opportunities.**

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

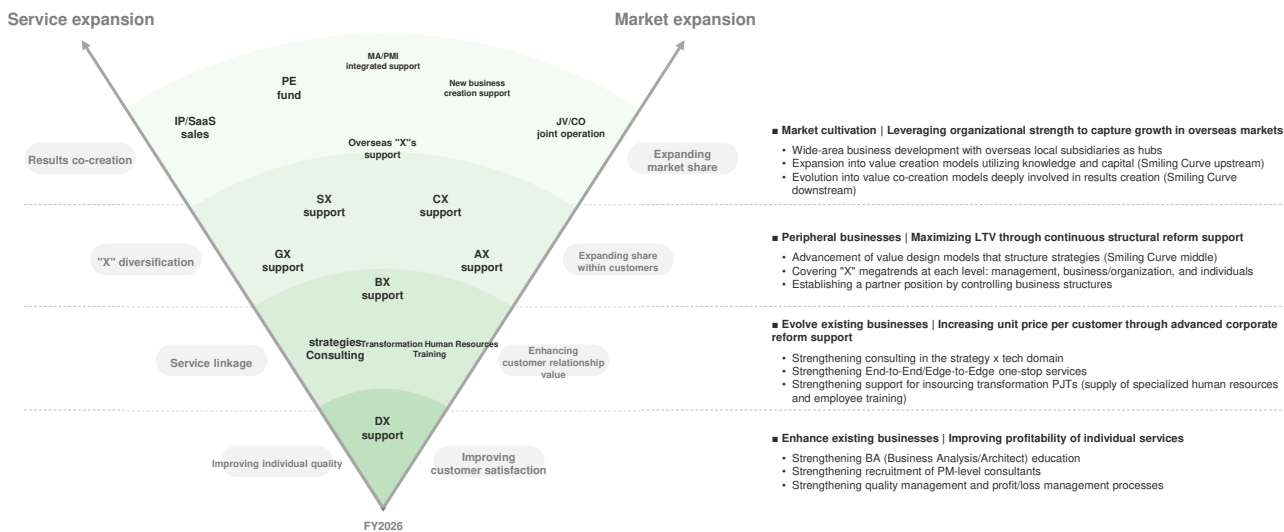


The progress of specific initiatives is as shown on this slide.

We believe that we are steadily promoting initiatives from the perspectives of people, customers, and services that will lead to the next stage of re-growth by reflecting on the results of the 1st Growth Plan and firmly resolving the identified homework.

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



Regarding our approach to business growth, as a comprehensive platform for transformation specializing in business architects, we aim for service expansion, increasing our share within customers, and expanding into peripheral markets over the medium to long term.

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 2025-2027, priority will be given to small-scale (~500 million yen) M&A for deepening and evolving existing businesses

[Legend] Target for consideration Minority investment

	Deepening and evolving existing businesses (Service enhancement)						Peripheral businesses (Service expansion)		Market cultivation (Service area expansion)	
	Incorporation of advanced technologies/products		Strengthening of solutions		Acquisition of human resources		Results	Target for consideration	Results	Target for consideration
	Results	Target for consideration	Results	Target for consideration	Results	Target for consideration				
Strategy Consulting										
DX Consulting										
DX Engineering										
Platform & Agent										
(Outside the 4 areas above)										

- Generative AI, digital twins
- edge computing
- blockchain
- cybersecurity

- MS365
- SAP, S/4HANA
- OutSystems

- Strategy, SX/GX
- Data, AI
- DX, ERP

- Training, HR services
- BPO, ITO
- Investment, business creation-related

- Overseas local partners
- Regional base partners

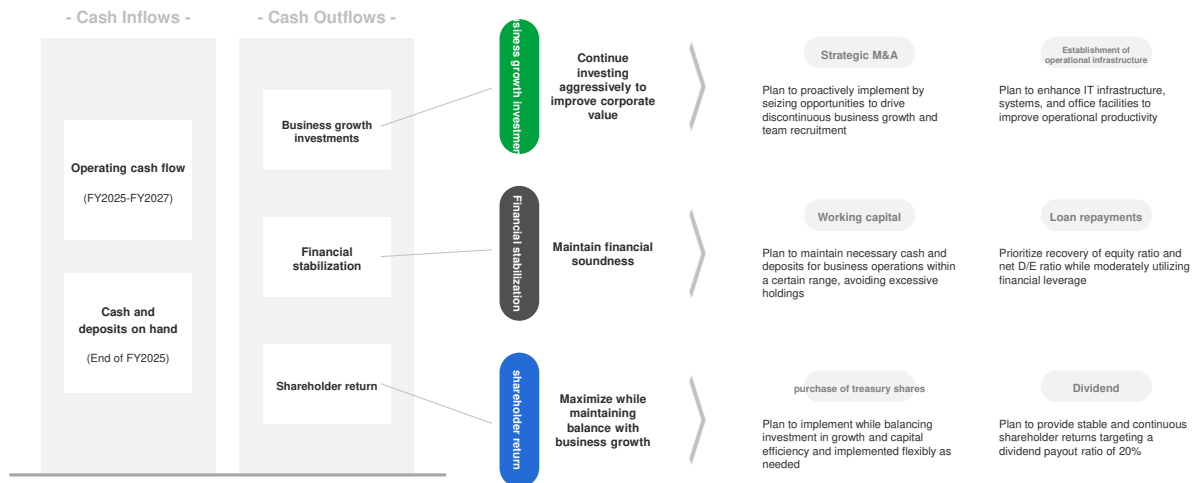
After clarifying the objectives of evolving existing businesses (specifically, incorporating advanced technologies and acquiring solutions and human resources), expanding into peripheral businesses, and expanding service areas, we are organizing and promoting activities such as M&A and collaboration for each of the four service domains.

1. Business Overview
2. FY2026 1Q Earnings
3. FY2026 2Q and Beyond Outlook
4. Medium- to Long-Term Growth Scenario
- 5. Shareholder Return & Capital Management Policy**
6. Reference Material

Finally, I will explain our Shareholder Return & Capital Management Policy.

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.

Regarding our Capital Allocation Approach, LTS aims to achieve both proactive business growth investments and the maximization of shareholder returns.

Dividends of surplus

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

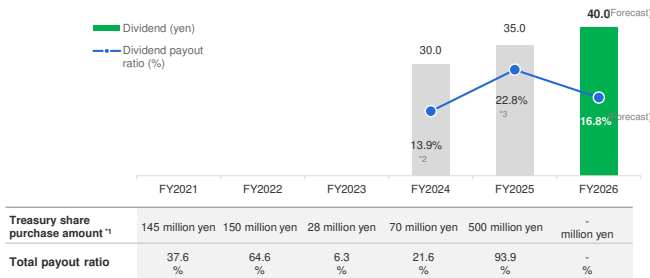


Basic policy

- 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



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%

For the end of the current fiscal year, we plan to pay a **40.0 yen ordinary dividend/year-end dividend**, targeting a dividend payout ratio of 20%.

While stock price growth is our primary focus, from the perspective of shareholder returns, we intend to appropriately determine and implement measures such as dividends and the purchase of treasury shares.

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 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.



End of File

This concludes the presentation of the first quarter financial results for LTS, Inc.

We believe we have made an extremely good start, and we will manage the company to demonstrate this in the form of earnings for the current fiscal year and for growth from next year onward.

We look forward to your continued support.