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April 28, 2026

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Notice Regarding the Formulation of the Mid-Term Management Plan (Fiscal Years Ending March 2027 to March 2029)

We are pleased to announce that we have formulated a three-year medium-term management plan covering the period from the fiscal year ending March 2027 to the fiscal year ending March 2029, as detailed in the attached documentnt.

End

Medium-term Management Plan

Three years period FY27 Mach – FY29 March

CTS Co., Ltd.

Code number : 4345

April 28 , 2026

Review of the previous medium-term management plan (FY24 March – FY26 March)

	FY2023 Actual results	FY2026 Target value	FY2026 Actual results	Evaluation	Achievement rate
Sales (million yen)	10,797	12,885	**12,747**	×	98.9%
DDS	5,689	7,900	7,510	×	98.1%
SMS	3,642	3,585	3,870	✓	108.0%
Others	1,465	1,400	1,367	×	97.7%
Operating profit (million yen)	2,691	3,353	**3,369**	✓	100.5%
Operating profit margin	24.9%	25.0%	**26.4%**	✓	1.4pt
Repeat purchase rate	69.9%	90.0%	**70.0%**	×	△ 20.0pt
ROE	17.3%	20.0%	**18.8%**	×	△ 1.2pt

Overall review

- As a result, we did not transform into a business entity primarily focused on SAP.
- On the other hand, our focus on SAP resulted in achievements such as the expansion of B2B transactions, which gave us confidence in the correctness of our strategy.

Sales

- The SMS business performed strongly, exceeding its targets.
- The DDS business grew, mainly driven by SAP, but fell short of expectations.Overall sales did not meet the target.

Repeat purchase rate

- With the expansion of SAP, the acquisition of new customers has progressed.
  Due to the expansion of the customer base (denominator), the rate is Failure to reach the goal

Operating profit and operating profit margin

- SAP's integration proposal was well-received, leading to an expansion of B2B transactions and improved sales productivity.
- The improved sales productivity resulting from B2B transactions also contributed to increased profitability in We contributed to achieving our targets in both profit and profit margin.

ROE

- In addition to the accumulation of profits, the value of securities held will increase,
  Since net assets (denominator) increased more than expected, the financial base is Despite improvements, ROE fell short of the target.

Overall policy (following the previous medium-term plan)

Transforming from a "hardware-focused IT infrastructure rental company" to a "specialized construction ICT company that provides integrated data and information-related services (SAP) to support operations at construction sites."

Business activity policy (following the previous medium-term plan)

■ Development of the construction market

□ What

① Popularization of SAP (Construction Market)

② AI implementation in FFC (SAP + AI)

□ Where to

③ Approximately 2,600 regional general contractors nationwide

※This program is open to companies that expect to have at least 10 primary contractor construction sites per year.

④ Approximately 100 major general contractors nationwide

□ How

⑤ Promoting the development of a customer base through regular visits by the Sales Manager to key client contacts (B to B)

⑥ Efficient customer acquisition (B to C) through branch sales teams reaching out to key personnel on-site

⑦ Strengthening marketing, inside sales, and Customer Success Functions

Business activity policy (following the previous medium-term plan)

■ New Market Development

□ Where to

① Development of the government and public sector market

□ What

② Cloud video service package
(Network cameras, Communications and Networks, Cloud recording)

□ How

③ Replacement and addition of simple river monitoring cameras
④ Horizontal expansion from river management departments to roads, tourism, etc.

Medium-term management plan Financial activities policy

Financial activities policy (Newly Established)

1. Securing a strong financial foundation to support stable business operations and agile investments.

2. Promoting strategic investments to accelerate the evolution of SAP (content)

3. Continuation of a “progressive dividend” in line with sustained profit growth

Medium-term management plan Medium-term management objectives

- Based on our medium-term management plan, we will promote our business to achieve the following goals in the fiscal year ending March 2029.

Net Sales	DDS Sales	SAP Sales
16 billion yen 2026/3 Comparison + 25 %	10.6 billion yen 2026/3 Comparison + 41 %	5.5 billion yen 2026/3 Comparison + 96 %

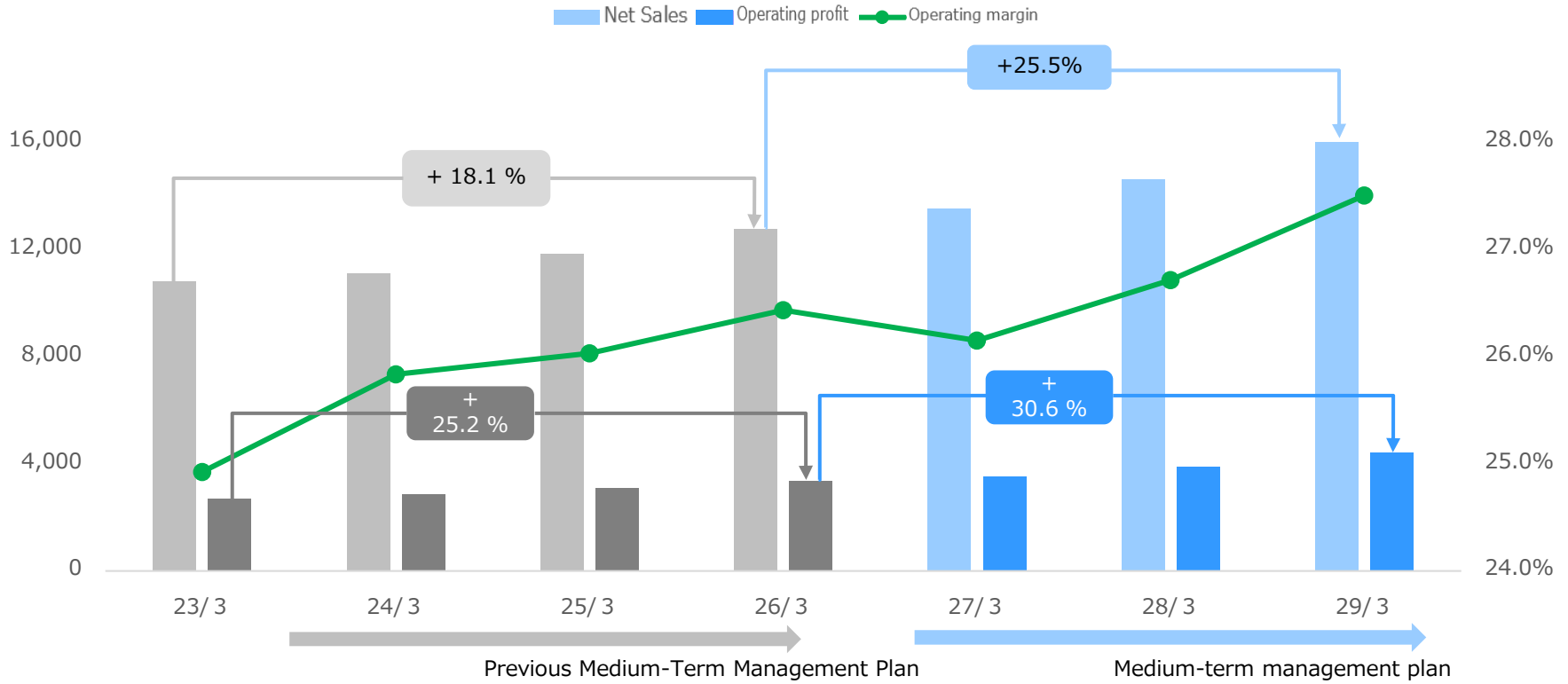
Operating Income	Operating margin	ROE
4.4 billion yen 2026/3 Comparison + 30 %	Over 25 %	Over 20%

Medium-term management plan Company-wide sales targets

20 consecutive periods of increased revenue and 18 consecutive periods of increased profit, thereby expanding our business performance and improving profitability.

Million of yen

	FY2023/3	FY2026/3			FY2029/3		
	Actual results	Actual results	FY2023/3 Comparison		Target value	FY2026/3 Comparison	
			Change	(%)		Change	(%)
Net sales	10,797	12,747	1,950	18.1%	16,000	3,252	25.5%
Operating profit	2,691	3,369	677	25.2%	4,400	1,030	30.6%
Operating margin	24.9%	26.4%	1.5pt	—	27.5%	1.1pt	—

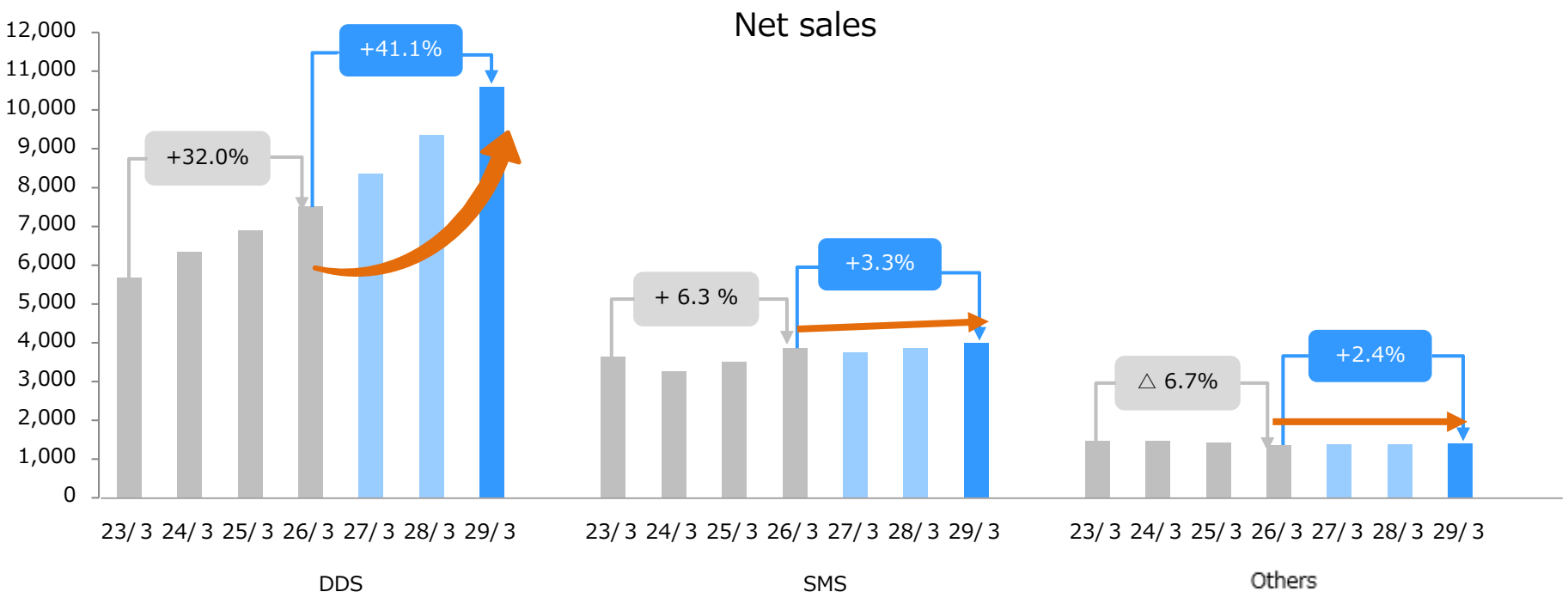


Medium-term management plan Sales targets by segment

We aim to expand our business, primarily through our DDS

Million of yen

	FY2023/3	FY2026/3			FY2029/3		
	Actual results	Actual results	FY2023/3 Comparison		Target value	FY2026/3 Comparison	
			Change	(%)		Change	(%)
DDS	5,689	7,510	1,820	32.0%	10,600	3,089	41.1%
SMS	3,642	3,870	228	6.3%	4,000	129	3.3%
Others	1,465	1,367	△ 98	△6.7%	1,400	32	2.4%
Total sales	**10,797**	**12,747**	**1,950**	**18.1%**	**16,000**	**3,252**	**25.5%**



Medium-term management plan Sales targets by business segment of the DDS

We aim to expand our business, primarily through SAP

Million of yen

	FY2023/3	FY2026/3			FY2029/3		
	Actual results	Actual results	FY2023/3 Comparison		Target value	FY2026/3 Comparison	
			Change	(%)		Change	(%)
SAP	1,571	2,795	1,223	77.9%	5,500	2,704	96.8%
Others	4,118	4,714	596	14.5%	5,100	385	8.2%
DDS Total	**5,689**	**7,510**	**1,820**	**32.0%**	**10,600**	**3,089**	**41.1%**

