

Business and Financial Update for the 1st Half of Fiscal Year 2025

ITOCHU Techno-Solutions Corporation

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(Repost) FY2025 Plan

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Financial Results for 1st Half of FY2025

- Revenue and all income items reached record highs. All the income items grew by double-digit percentages YoY, while gross profit margin increased by 1.7 percentage points YoY and operating income margin by 0.6 percentage points YoY, setting new record highs for the first half of a fiscal year.
- We steadily captured IT investment demand across a wide range of industries, achieving record-high orders received for the first half and a new record high for backlogs.

(in billion yen)

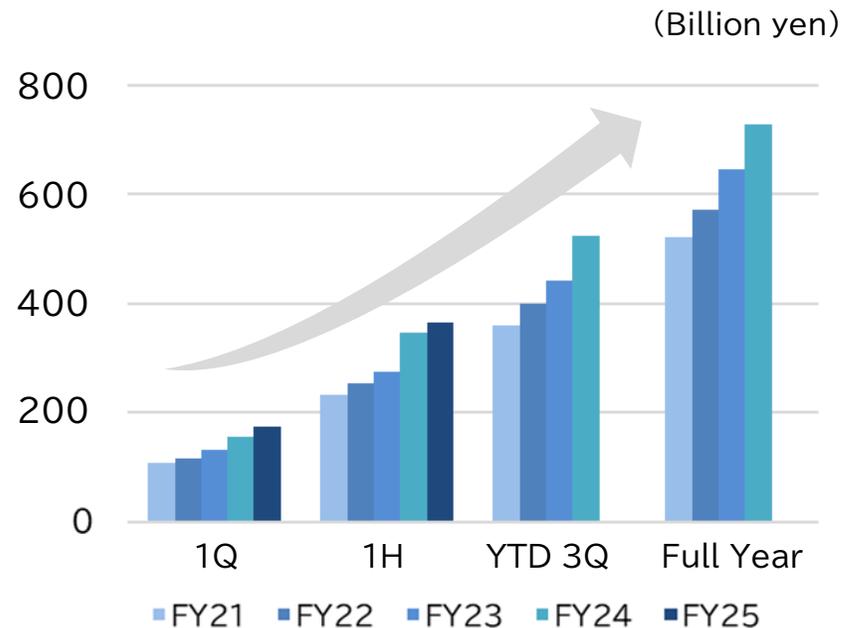
	1st Half FY2024 Results	1st Half FY2025 Results	YoY change	YoY change (%)
Revenue	345.6	364.0	+18.4	+5.3%
Gross profit	85.2	95.8	+10.6	+12.5%
Gross profit margin	24.6%	26.3%	+1.7p	-
Other income and expenses	(54.9)	(61.6)	(6.7)	+12.3%
Operating income	30.3	34.2	+3.9	+12.8%
Operating income margin	8.8%	9.4%	+0.6p	-
Net profit attributable to CTC's shareholders	21.4	24.3	+3.0	+13.9%
Orders received	356.1	364.9	+8.8	+2.5%
Backlogs	453.9	479.9	+26.0	+5.7%

Financial Results for 1st Half of FY2025

- IT investments have remained strong across various industries. By catering to digital transformation needs of customers across all segments, we have achieved YoY revenue growth for 17 consecutive quarters since 1Q of FY2021 (see Graph 1.)
- Driven by growth in two of our focus area businesses, AI and security businesses, and in high-value-added development businesses, gross profit increased YoY, resulting in the growth of operating income margin (see Graph 2,3.)

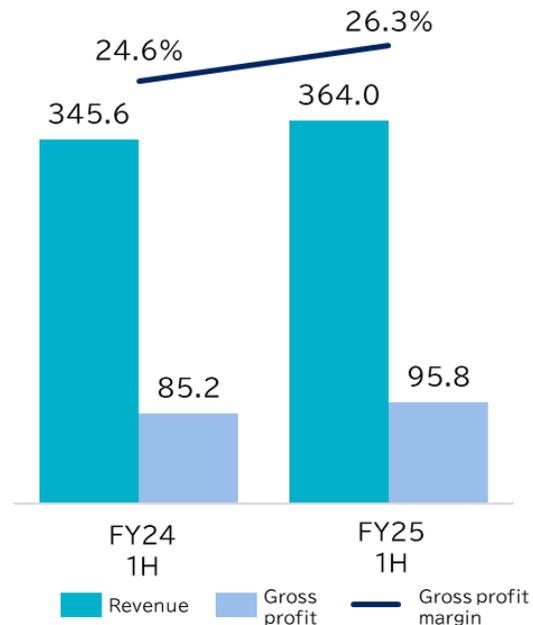
Graph 1

CTC Group Historical YTD Quarterly Revenue



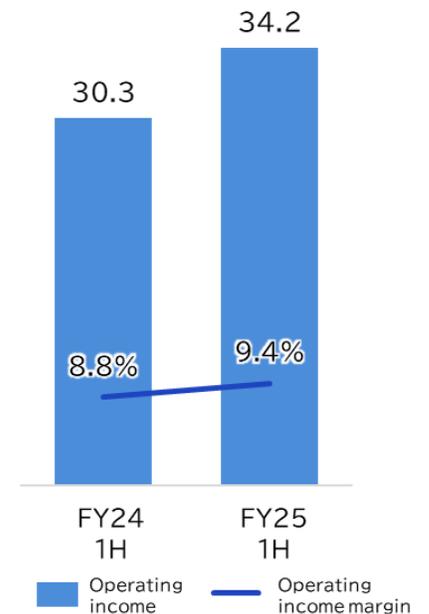
Graph 2

CTC Group Historical Revenue, Gross Profit, Gross Profit Margin



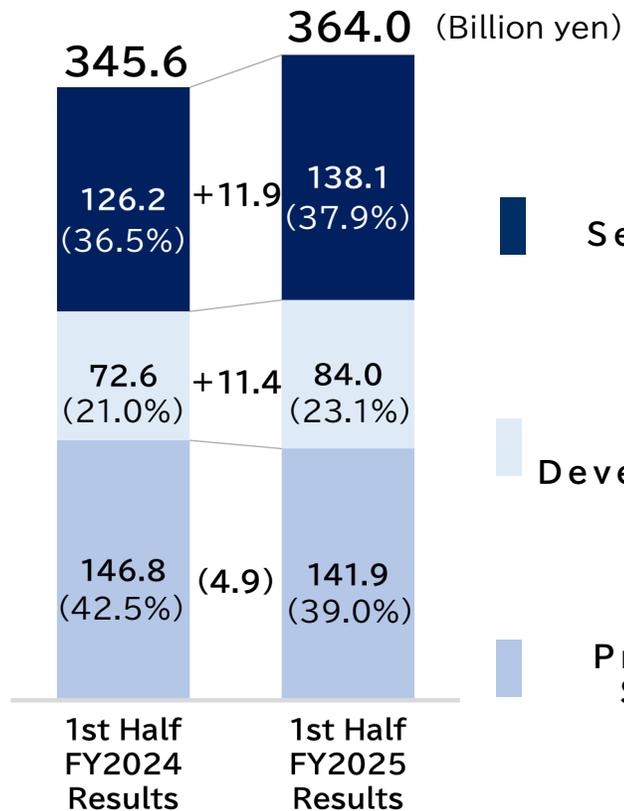
Graph 3

CTC Group Historical Operating Income, Operating Income Margin (Billion yen)



Revenue by Business Model

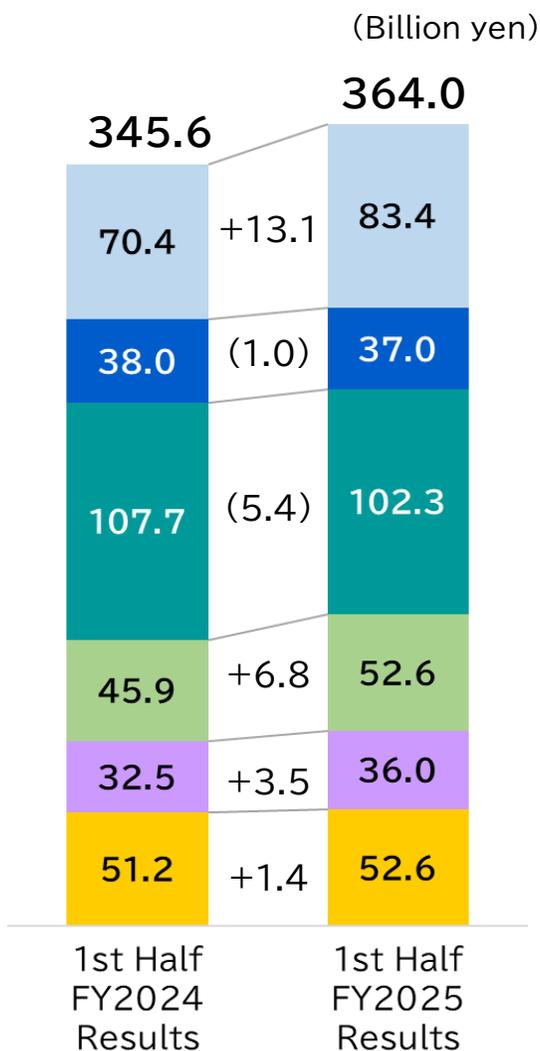
- Revenue from supporting security countermeasures essential for business continuity and cloud adoption grew across a wide range of industries. Revenue from software sales as well as from development projects for municipal governments to enhance security, which is spearheaded by the central government, also performed well.
- Revenue from one-stop cloud services increased. Revenue from maintenance and operation services was strong, driven by the growth of projects that combine multiple business models.



Major initiatives

- ✓ Offered managed services and public cloud services mainly to electric power companies, public sectors
- ✓ Offered operational support to ensure the stable operation of internal OA infrastructure platforms CTC developed for financial institutions
- ✓ Helped a consumer goods manufacturer operate a system platform designed to strengthen brand value
- ✓ Upgraded information platform systems for municipal governments to enhance security
- ✓ Developed business systems for telecommunications carriers
- ✓ Offered analytical simulations to enhance seismic safety for energy-related facilities
- ✓ Sold security software to manufactures to address growing cyber threats
- ✓ Supported upgrades of telecommunications carriers' network equipment that sustains critical social infrastructure
- ✓ Sold large-scale data analytics software to various industries such as manufacturing and transportation

(Reference) Revenue by Business Group



Major impacts for YoY changes

Enterprise	<ul style="list-style-type: none"> (+) Sale of security software for manufactures (+) Sale of software for manufacturers to advance network capabilities (+) Earthquake resistance analysis for energy-related facilities (+) Operational support for a system platform of a consumer goods manufacturer (+) Sale of data analytics software for manufacturers
Retail and Service	<ul style="list-style-type: none"> (+) Provision of services including maintenance and operations services for retailers (-) POS system deployment projects for the energy industry
Telecommunication	<ul style="list-style-type: none"> (+) Business system development projects for telecommunications carriers (+) Network equipment upgrading for telecommunications carriers (-) Generative AI platform building projects for internet-based service providers
Regional & Social Infrastructure	<ul style="list-style-type: none"> (+) Customer management system platform development projects for social infrastructure companies (+) Upgrades of information platform systems for municipal governments (+) Provision of cloud services for electric power companies and public sectors
Financial Service	<ul style="list-style-type: none"> (+) Virtual platform deployment projects for megabanks (+) Internal system development projects for online financial institutions (+) Operational support for internal OA system platforms of financial institutions
Others	<ul style="list-style-type: none"> (+) Server deployment projects for data centers by our consolidated subsidiary in the U.S. (+) Data center facility construction work by one of our consolidated subsidiaries in Japan

(Repost) FY2025 Plan

	FY2024 Results	FY2025 Plan	YoY change	YoY change (%)
	(Billions of yen)			
Revenue	728.2	825.0	+96.8	+13.3%
Gross profit	187.7	214.0	+26.3	+14.0%
Gross profit margin	25.8%	25.9%	+0.1p	-
Other income and expenses	(120.2)	(136.5)	(16.3)	+13.6%
Operating income	67.6	77.5	+9.9	+14.7%
Operating income margin	9.3%	9.4%	+0.1p	-
Net profit attributable to CTC's shareholders	50.3	55.0	+4.7	+9.3%
Orders received	763.8	870.0	+106.2	+13.9%
Backlogs	479.0	524.0	+45.0	+9.4%

Key Focus Topics

Four Focus Areas

- ✓ Expand business further by enhancing technological capabilities in cloud native, security, data & analytics, and advanced AI
- ✓ Expand AI-related business portfolio, including AI agent construction services

Capability Improvement

- ✓ Enhance consulting capabilities through collaboration with the ITOCHU's digital business group
- ✓ Improve quality and operational efficiency through the use of AI in SI development
- ✓ Accelerate rollout of proprietary services to drive business expansion

Key Initiatives and Progress in CTC Group's 4 Focus Areas

Advanced AI

- Officially launched AI-powered cloud service in the U.S.
- Launched a liquid cooling solution to achieve high energy efficiency
- Conducted a PoC experiment on AI-driven development

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Data & Analytics

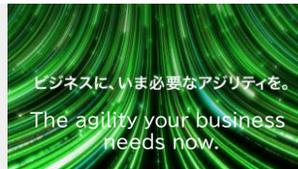
- Launched an end-to-end support service for the manufacturing industry, from identifying challenges for digital transformation to implementing systems
- Supported development of data analytics platforms tailored to industries handling large amounts of data such as transportation



Cloud Native

- Launched CUVIC CP+ to accelerate safe and rapid cloud-native transformation
- Launched a cloud-based bond management system

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Security

- Launched cybersecurity assessment service based on the Financial Services Agency guidelines
- Trained approximately 4,000 security personnel representing about 70% of our workforce to meet the growing demand for cybersecurity measures



CTC's proprietary AI-powered operations service to tackle organizational issues both in IT and business functions

- StageCrew™ is CTC's proprietary AIOps* service developed to address organizational challenges in system development and operations, such as scattered information/lack of information sharing, high dependency on individual expertise and lack of skills.
- The service features AI-driven incident analysis and automatic creation of documents including manuals, helping address organizational challenges not only in DevOps (IT unit) but also in BizOps (business units including sales and marketing).

*A methodology called AI-powered Ops to support and automate operations using AI

Organizational challenges

IT Unit

Brand reputation damage risk due to prolonged incident response times and system disruptions caused by skill shortages and siloed expertise

Business Unit

Prolonged time required to create operation manuals due to scattered information/lack of information sharing

Address organizational challenges using AI



Feature 1)

AI-driven analysis

- Automate information gathering and data analysis with centralized access to multiple tools/sites
- Can be utilized for regular system checking, etc.

Benefit 1)

Incident response time

85% reduction

Branding

Brand damage risk reduction

Feature 2)

AI-driven documentation

- Automate creation of reports and manuals
- Automatically accumulate and update knowledge, ensuring availability of up-to-date information

Benefit 2)

Manual creation time

30% - 50% reduction

Time spent on explanation

30% - 90% reduction

StageCrew™, CTC's proprietary solution, makes its U.S. debut

– Driving AI utilization not only in system development but also in business –

- We have started collaboration with U.S.-based Technogent* to **officially launch StageCrew™ in the U.S.**
- **We have taken on the challenge of offering our proprietary solutions in the U.S. market, a global leader in the rapid adoption of cutting-edge digital technologies with its critical role in setting de facto standards for the global market.**

* U.S. IT solutions provider that has formed a capital and business alliance with ITOCHU Corporation



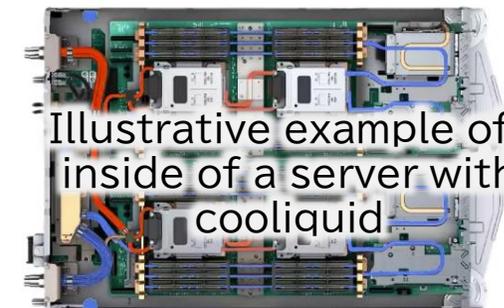
Tackling data center heat issues in the AI era with energy-efficient liquid cooling technology

- CTC launched cooliquid, our liquid cooling*¹ solution for data center cooling that is more energy-efficient than conventional air-cooling methods, in September 2025.
- By leveraging our expertise in both IT and facility management*², we provide comprehensive support for IT facility implementation from planning to operation, reducing the burden on customers when adopting liquid cooling method for their facilities. equipment.

*1 Unlike traditional air-cooling methods, this technology uses cooling water to efficiently absorb and transfer heat from servers.
 *2 Expertise gained from construction experience with data center facilities and equipment.

cooliquid™

AI時代のデータのために。



Data center power demand forecast

- With increasing data processing of high-performance computing for AI utilization, data center power demand is expected to rise.



*Created based on "Maximum power demand for new construction or expansion of data centers and semiconductor factories" in FY2025 Outlook for National and Regional Electricity Demand published by the Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO) on January 22, 2025.

One-stop service utilizing CTC's strengths

- We offer the solution with strengths of our IT infrastructure expertise, dedicated construction team, construction business licenses and major qualifications, and proven track record in IT facility construction.



- We offer a wide range of services, from planning before IT facility implementation to operation.



Conducted a proof-of-concept (PoC) for AI-driven development

- We have conducted a PoC experiment on supporting and automating system development using generative AI. The prompts used for tasks such as code generations in design, implementation, and testing phases were compiled as our AI-driven development guidelines and we had them ready for all the relevant divisions to use in September 2025.
- In order to apply the guidelines to actual projects, we will follow a cycle where we improve and add functions based on feedback from users of the guidelines, aggregate the knowledge gained, and share the revised guidelines across the company.

Findings from PoC

- Successfully achieved **zero human intervention (codes were regenerated only by AI without any human-written code)** in design, implementation, and testing phases.
- **Detected and extracted all of intentionally embedded bugs and minor defects.**

<Major future application areas>

Code generation/support

Automatically generate codes from requirements, and support and accelerate developers' implementation work.

Testing/debugging support

Support automatic generation of test cases and logical investigation of bug causes.

Efficiency improvement in maintenance and updates

Assist in understanding and modifying existing systems and analyze the impact of changes.

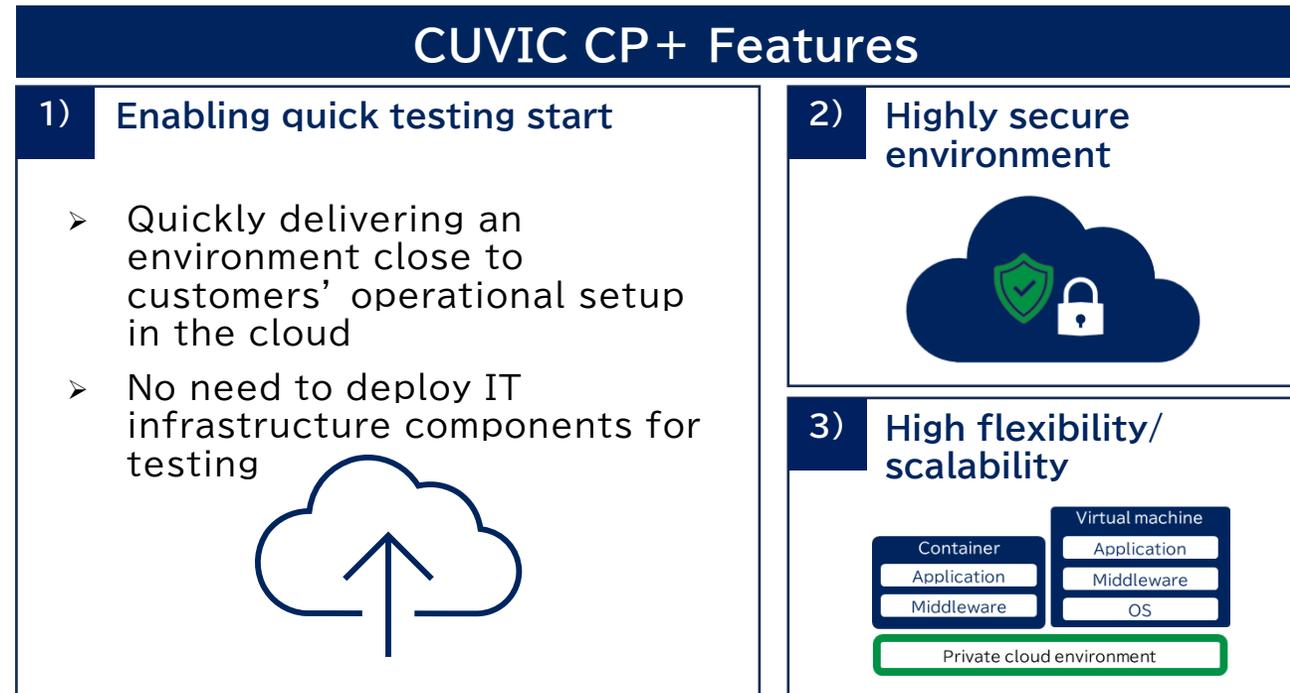


Illustrative image of source code generation using prompts

Rollout of proprietary
service

Launch of a new service to accelerate safe and rapid cloud-native transformation

- We are launching CUVIC CP+, our proprietary managed service, in phases. As the first offering of CUVIC CP+, we started offering a **verification service in September 2025 to support our customers in transitioning their systems to a cloud-native architecture.**
- This service **provides a test environment close to customers' actual operational setup as an IaaS platform, enabling safe and rapid modernization* of system development and operations.**



*An initiative to gradually renew existing IT systems into more flexible and efficient new IT infrastructures by utilizing cloud-native technologies

Human capital

Enhancing support systems for young employees to foster each individual's self-directed growth to take on new challenges

- We have promoted initiatives to **respect individuals and foster self-growth**, aiming to support each employee's self-directed career development in response to the increasingly diverse values and needs of our society.
- In light of recent inflation, we will raise the starting salary level*1 by **offering a rent allowance and Grow+ allowance** for new graduate hires joining us in April 2026 and beyond, in order to create an environment where they can focus on their work and personal growth.

Respect for individuals

Expansion of work style options

Support for employee health

For young employees
Recruitment with initial job assignments specified

Rent allowance

Eligible employee

Single household heads living in rented property*2

Amount

35,000 yen/month

One-time relocation stipend

Of the left, those who relocate for their initial assignments

500,000 yen

NEW

Promotion of self-growth

Internal job posting system

Skill development platform aligned with career goals

Post-joining support system

Grow + allowance

Eligible employee

Employees within the first 3 years after graduation*3

Amount (per month)

6,000 yen for the first 1&2 years, 3,000 yen for the first 3 years

NEW

*1 Starting salary with both rent and Grow+ allowances: Over 330,000 yen for bachelor's graduates, over 350,000 yen for master's graduates

*2 Eligible for the allowance: Up to 6 years after bachelor's graduation, 4 years after master's graduation, 8 years after technical college graduation

*3 Including mid-career hires who fall into this category

世界をGOODに

CTC

Challenging Tomorrow's Changes