

Business and Financial Update for the Fiscal Year 2025

ITOCHU Techno-Solutions Corporation

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Contents

Financial Results for FY2025

Financial Performance of Initiatives in CTC's Focus Areas

FY2026 Plan

Business Topics

Financial Results for FY2025

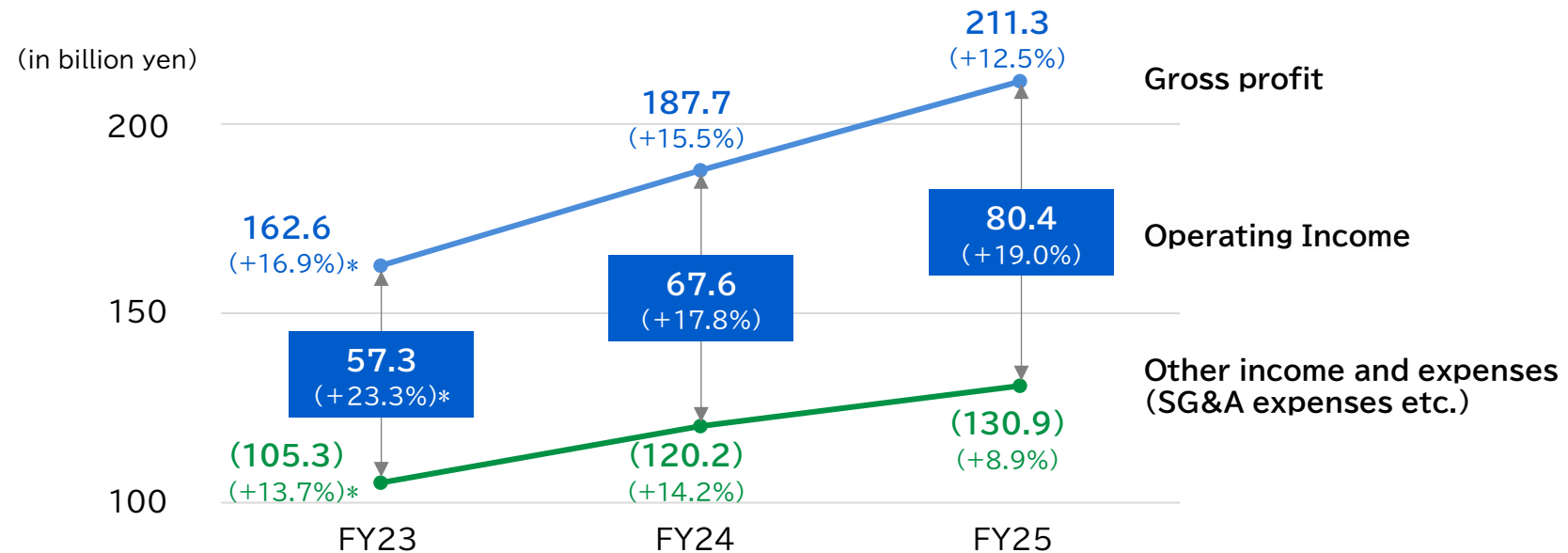
- Orders received, backlogs, revenue, and all income items reached record highs. Margins also renewed record highs.
- Both gross profit margin and operating income margin increased by 0.8 percentage points YoY, with the operating income margin surpassing 10% for the first time.
- Operating income has grown at a rate of approximately 20% for the third consecutive year.

	FY2024 Results	FY2025 Results	YoY change	YoY change (%)	(in billion yen)
Revenue	728.2	793.7	+65.5	+9.0%	
Gross profit	187.7	211.3	+23.5	+12.5%	
Gross profit margin	25.8%	26.6%	+0.8p	-	
Other income and expenses	(120.2)	(130.9)	(10.7)	+8.9%	
Operating income	67.6	80.4	+12.8	+19.0%	
Operating income margin	9.3%	10.1%	+0.8p	-	
Net profit attributable to CTC's shareholders	50.3	60.5	+10.1	+20.2%	
Orders received	763.8	846.5	+82.7	+10.8%	
Backlogs	479.0	531.8	+52.8	+11.0%	

Financial Results for FY2025

- Revenue expanded by capturing strong IT investment demand mainly for cloud, security, AI, and modernization of existing systems across various industries.
- Operating income margin improved, driven by higher gross profit margin from value-added businesses, and lower growth in SG&A expenses through improved operational efficiency.

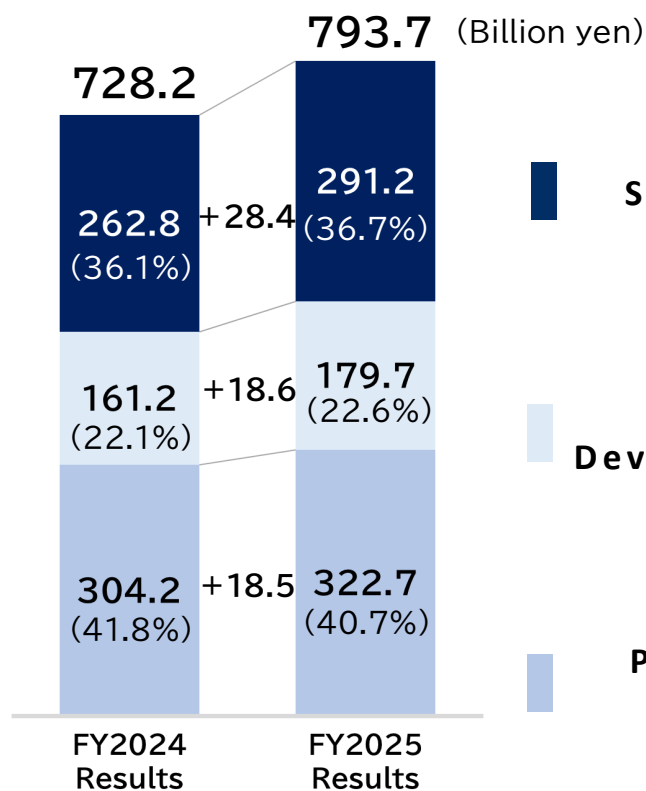
CTC Group historical gross profit,
and other income and expenses (SG&A expenses etc.)



*Numbers in parentheses are YoY change percentages

Revenue by Business Model

- Revenue grew across all business models.
- Increases in revenue from the following projects and businesses mainly contributed to the growth: system maintenance and operations and cloud services, system development aimed at improving operational efficiency, system construction for enhanced security, sales of a wide range of products focused on system advancement and security enhancement.



Major initiatives

- ✓ Offered maintenance services for capital market systems developed for megabanks, contributing to ensuring their stable operations
- ✓ Helped a consumer goods manufacturer operate a system platform designed to strengthen brand value
- ✓ Offered cloud services mainly to electric power companies and public sectors and cloud services for information system platforms to cooperative financial institutions
- ✓ Developed quality assurance support systems for manufacturers
- ✓ Built information platform systems for municipal governments aligned with the central government-led policies for enhancing municipal security
- ✓ Developed business systems for telecommunications carriers
- ✓ Supported enhancement of existing systems for a wide range of industries, such as manufacturing, including automobile, and electric power sectors
- ✓ Supported upgrades of telecommunications carriers' network equipment that sustains critical social infrastructure
- ✓ Sold security software to manufactures and construction companies to address growing cyber threats

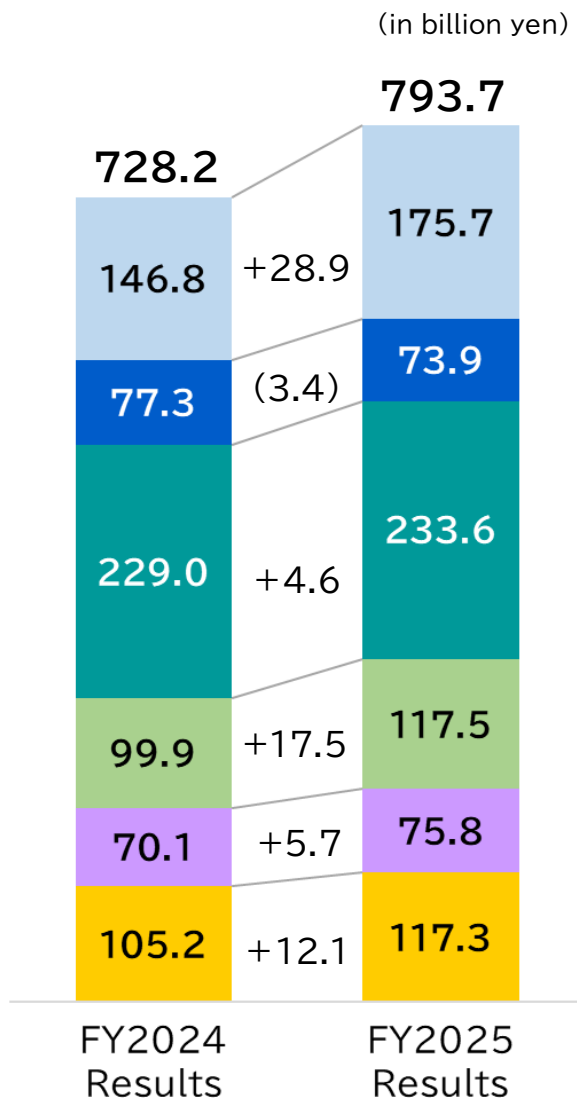
(Reference) Consolidated Balance Sheet at the End of FY2025

(in billion yen)

	End of FY2024	End of FY2025	YoY Change
Cash and cash equivalents	144.1	85.8	(58.3)
Trade and other receivable	209.2	258.7	+49.5
Inventories	55.4	52.1	(3.4)
Other current assets	109.1	186.4	+77.3
Current assets	517.8	582.9	+65.1
Non Current assets	122.1	122.9	+0.7
Total assets	640.0	705.8	+65.9
Current liabilities	239.8	278.0	+38.1
Non current liabilities	39.3	38.7	(0.6)
Total liabilities	279.1	316.7	+37.5
Equity	360.8	389.2	+28.3
Total liabilities and equity	640.0	705.8	+65.9

(Reference) Revenue by Business Group

Major impacts for YoY changes



Enterprise	<ul style="list-style-type: none"> (+) Operational support for a system platform of a consumer goods manufacturer (+) Development of quality assurance support systems for manufactures, and provision of support to enhance existing systems (+) Provision of simulations such as power generation forecasting for electric power companies and earthquake resistance analysis for energy-related facilities (+) Sale of security software for manufactures and construction companies (+) Sale of data analytics software for transportation companies and manufacturers
Retail and Service	<ul style="list-style-type: none"> (-) Absence of a project contributed to revenue growth in the previous corresponding period like POS system deployment projects for the energy industry
Telecommunication	<ul style="list-style-type: none"> (+) Business system development projects for telecommunications carriers (+) Deployment of network equipment for infrastructure upgrading of telecommunications carriers (+) Infrastructure deployment projects for enterprise customers through business co-creation with information service providers
Regional & Social Infrastructure	<ul style="list-style-type: none"> (+) Provision of cloud services for electric power companies and public sectors (+) Upgrades of information platform systems for municipal governments (+) Development of customer management system platforms, and provision of support to enhance existing systems for electric power companies (+) Infrastructure building and deployment projects for semiconductor manufacturers
Financial Service	<ul style="list-style-type: none"> (+) Maintenance projects for capital market systems developed for megabanks (+) Provision of cloud services for information system platforms to cooperative financial institutions (+) Deployment of data analytics platforms for business systems and virtualization support for megabanks (+) Internal system upgrade projects for online financial institutions
Financial Service	<ul style="list-style-type: none"> (+) Server deployment projects for data centers and IT infrastructure development projects for local based banks by our overseas consolidated subsidiaries in the U.S. and Malaysia

Financial Performance of Initiatives in CTC's Focus Areas

- Businesses in each of the four focus areas delivered strong performance, contributing to CTC Group's significant revenue growth in FY2025.

Advanced AI

- Provided AI solution to Tokio Marine & Nichido's contact centers P.10
- Signed a reseller agreement with U.S.-based Anthropic to launch Claude
- Started offering U.S.-based Articul8's autonomous generative AI relation platform

FY2025 Revenue
approx. ¥ **37** bn

Data & Analytics

- Supported data utilization for new drug development with our D-Native service
- Have provided services and solutions of over 20 vendors specializing in this area; recognized as a Snowflake Intelligence Launch Partner in 2025

FY2025 Revenue
approx. ¥ **60** bn

Cloud Native

- Provided visualization solutions suited to the cloud-native era
 - ✓ Launched a DEX* platform that visualizes employees' IT usability issues
 - ✓ Expanded our Figes service lineup to include observability functions for cloud ERP operations

FY2025 Revenue
approx. ¥ **25** bn

Security

- Provided services that respond to changing environments
 - ✓ Launched an assessment service based on the METI's Cybersecurity Measures Evaluation System for Strengthening Supply Chains
 - ✓ Launched security solutions to prepare for the AI era from a U.S.-based vendor, marking the first rollout of the solutions in Japan

FY2025 Revenue
approx. ¥ **136** bn

*DEX (Digital Employee Experience): Employees' digital experience

FY2026 Plan

- Aim to further expand our business performance by sustaining strong momentum up to FY2025, toward establishing ourselves as a key figure among the top system integrator market leaders

(in billion yen)

	FY2025 Results	FY2026 Plan	YoY change	YoY change (%)
Revenue	793.7	890.0	+96.3	+12.1%
Gross profit	211.3	240.0	+28.7	+13.6%
Gross profit margin	26.6%	27.0%	+0.4p	-
Other income and expenses	(130.9)	(146.0)	(15.1)	+11.6%
Operating income	80.4	94.0	+13.6	+17.0%
Operating income margin	10.1%	10.6%	+0.5p	-
Net profit attributable to CTC's shareholders	60.5	65.0	+4.5	+7.5%
Orders received	846.5	950.0	+103.5	+12.2%
Backlogs	531.8	591.8	+60.0	+11.3%

Key Initiates

- ✓ Accelerate rollout of **proprietary asset-based services**
- ✓ Collaborate with the ITOCHU's digital business group companies, and create added value through **projects where we serve as a strategic partner in upstream stages**
- ✓ Expand businesses in **four focus areas** and create new AI-related businesses
- ✓ Improve quality and operational efficiency through the use of AI in SI development
- ✓ Establish business schemes in advanced technology domains

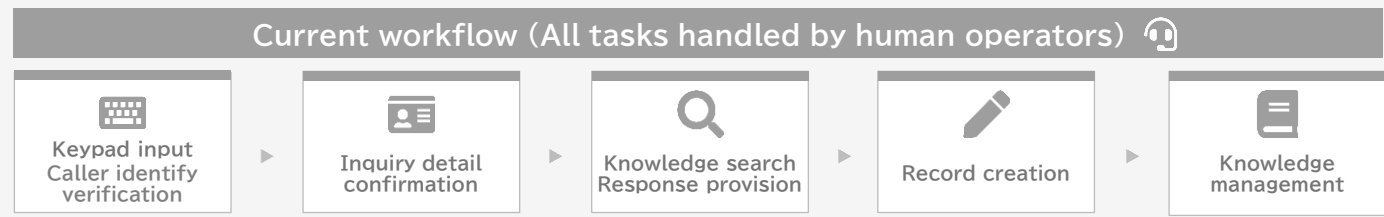
Business Topic 1)

AI-driven support for Tokio Marine & Nichido's contact centers expected to reduce about 90,000 work hours annually

- Implement ^{*1}PKSHA's AI solutions for contact centers, establishing a framework in which AI consistently supports the operational processes from accepting incoming calls and in-call tasks to post-call administrative tasks
- Significantly reduce inquiry handling time by leveraging AI for contact center operations facing issues due to a declining labor force from demographic changes and increasing complexity of customer inquiries driven by diversified products and services
- Achieve both uniform response quality and improved operational efficiency, while further enhancing contact quality

*1 A University of Tokyo spin-off AI company with a strong track record in contact center AI solutions, including PKSHA Communication Cloud, an AI SaaS solution built on advanced natural language processing technologies

Comparison of workflows between As-Is and Post-AI-powered operational support platform implementation



All processes other than identity verification are handled by operators. In some cases, errors in the keypad inputs prevent calls from being routed to the appropriate operators.

Post-AI-Implementation

AI-supported workflow with end-to-end assistance from accepting incoming calls to post-call tasks



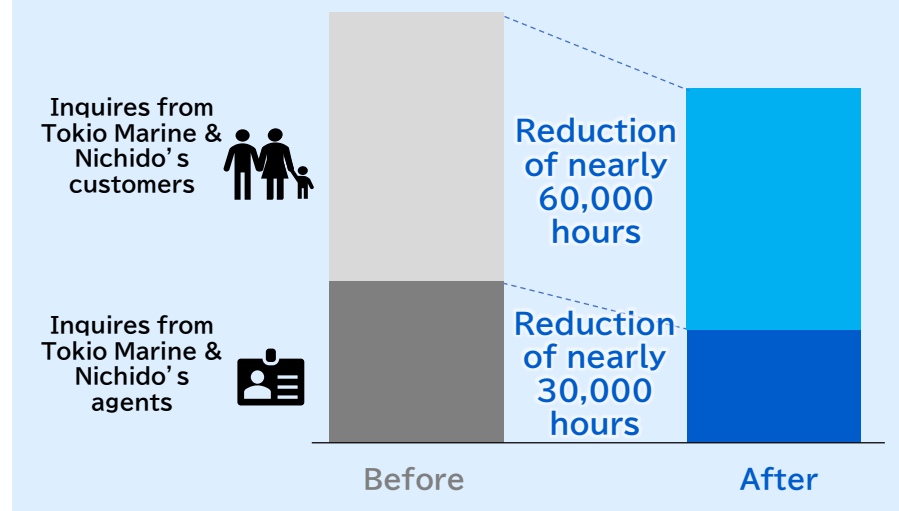
Automated AI response
Routing to appropriate operators

Conversion of voice data into text in real time
Automated understanding of inquiry details and generation of response suggestions

Post-call automated summarization of call data and record creation

Post-AI-solution-implementation expected reduction in response time

Total reduction of nearly 90,000 hours



Business Topic 2)

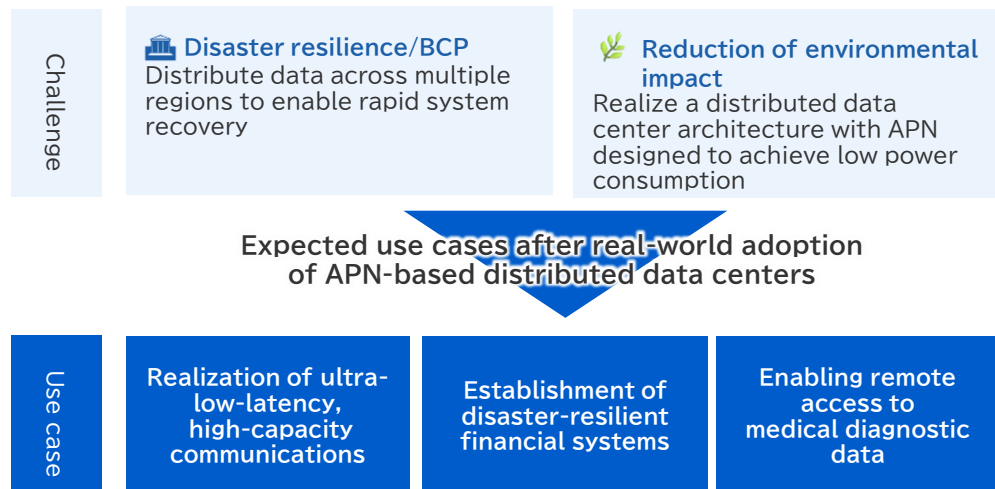
Verification study for real-world adoption of next-generation distributed data centers that contribute to lower environmental impact and disaster resilience

- Our verification study was part of an initiative to help address power consumption challenges from AI utilization and enable BCP in the event of disasters with an All-Photonics Network (APN)*1-based digital infrastructure*2 promoted by the Ministry of Internal Affairs and Communications.
- The demonstration verification was jointly conducted with a major think tank on evaluation focuses including database synchronization among distributed data centers across multiple regions and recovery operations in the event of failures.
- Going forward, verification of long-distance transmission using actual dark fiber and technical evaluations based on assumed scenarios are scheduled to be conducted.

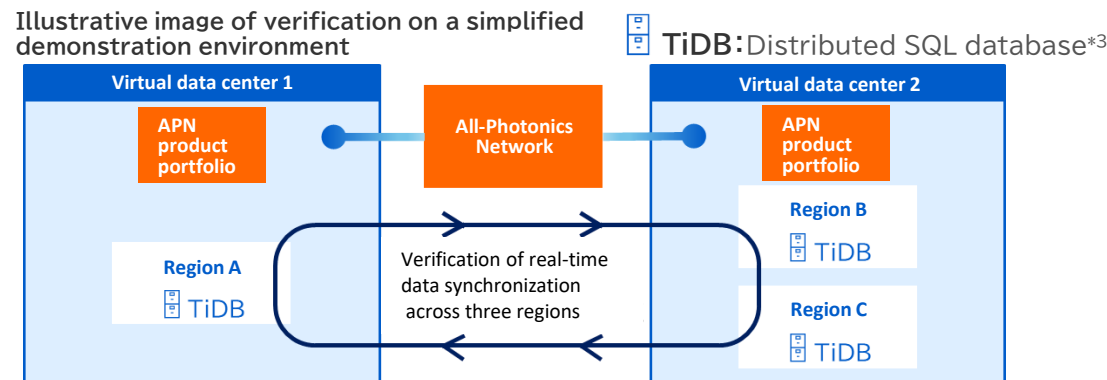
*1 A communication technology that leverages Photonics-Electronics Convergence technologies to minimize conversion between electrical and optical signals within networks and communication equipment, achieving low power consumption, low latency, and high capacity.

*2 Japan's Ministry of Internal Affairs and Communications, in its Beyond 5G Promotion Strategy 2.0, highlights the necessity of developing infrastructure with the All-Photonics Network (APN) at its core as an information and communications infrastructure in the 2030s.

Challenges to be addressed with and use cases for APN-based distributed data centers



Overview and results of the verification study



- Results of the verification
- 1) Confirmed that update data was synchronized without delay among Regions A, B, and C
 - 2) Confirmed that when a failure occurred in one region, data center services could continue in the remaining regions with near-zero downtime

*3 An open-source distributed SQL database developed by PingCAP. Its cloud-native architecture enables flexible management of workloads across both on-premises and cloud environments. By distributing data and processing across multiple nodes, TiDB achieves horizontal scalability (scale-out) and high availability.

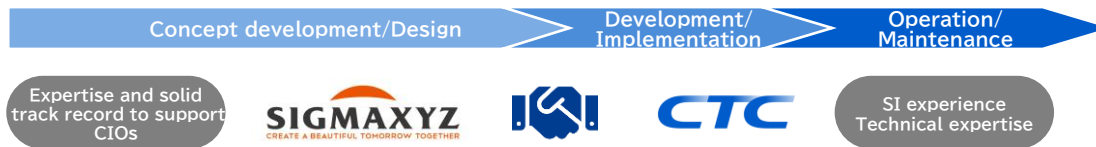
Business Topic 3) Full-scale launch of a service that partners closely with CIOs to support them through end-to-end, from identifying challenges to proposing innovative solutions

- Launched **CIO-Partners Service** to comprehensively support corporate CIOs—in their tasks from strategy formulation to execution—with combined strengths of the ITOCHU digital business group companies
- Providing support to address challenges faced by CIOs across a wide range of industries, including construction, manufacturing, and pharmaceuticals

CIO-Partners Service

Collaboration between ITOCHU's digital business group companies

- Provide **end-to-end support** from upstream to downstream by collaborating with SIGMAXYZ in the ITOCHU's digital business group to combine our expertise and strengths



Steadily expanding service adoption across diverse industries

- Providing our end-to-end support in multiple projects, including serving as partner in upstream phases for IT strategy development in IT investment management and new business launches, and establishment of organizational structures required to drive digital transformation



Offering 3 menu options

- Offer three menu options tailored to customer needs

Help CIOs solve challenges and advance tasks across seven key domains including IT strategy formulation and IT risk management

CIO×Compass
(powered by Co-CIO Service)

CIO-Partners Service

CIO×Architect

Realize an overall optimized IT architecture in an agile and phased manner

CIO×Modernize

Promote modernization of legacy systems with generative AI

世界をGOODに

CTC

Challenging Tomorrow's Changes