Business and Financial Update for the 1st Quarter of Fiscal Year 2026

ITOCHU Techno-Solutions Corporation

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Contents

Financial Results for FY2026 1Q

- Orders received grew significantly, up more than 50% YoY. Backlogs reached a record quarter high with nearly 600 billion yen. In addition, revenue and all income items hit record 1Q highs.
- Operating income and net profit attributable to CTC's shareholders each has sustained 20%+ YoY growth in 1Q for the fourth consecutive year and operating income margin achieved a record 1Q high.

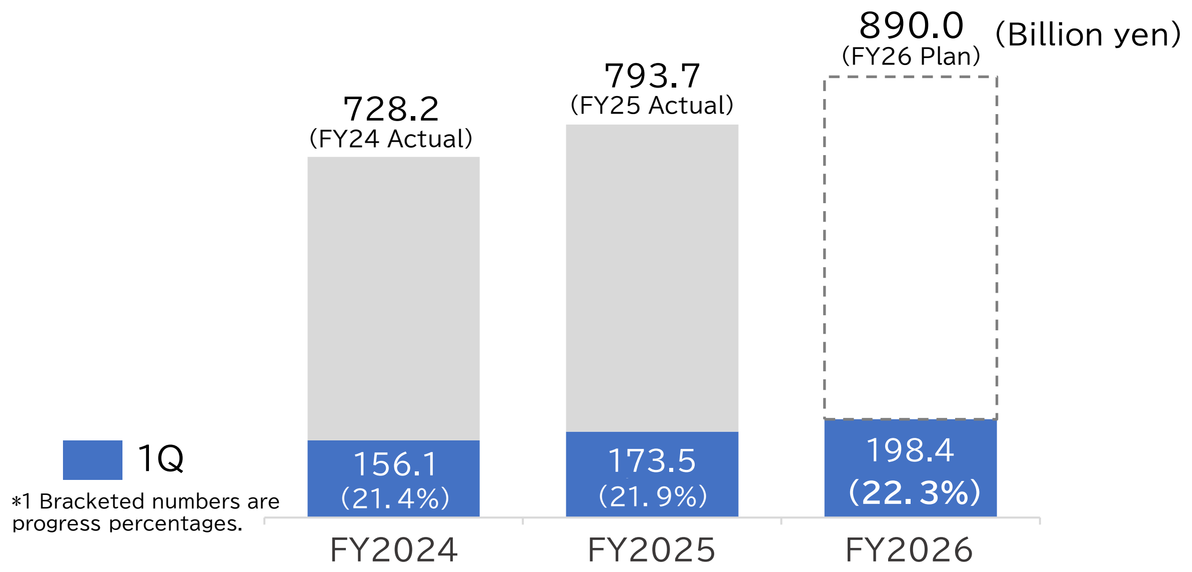
(Billion yen)

	1st Quarter FY2025 Results	1st Quarter FY2026 Results	YoY change	YoY change (%)
Revenue	173.5	198.4	+24.9	+14.4%
Gross profit	44.4	50.2	+5.8	+13.1%
Gross profit margin	25.6%	25.3%	(0.3p)	-
Other income and expenses	(31.0)	(33.2)	(2.2)	+7.1%
Operating income	13.4	17.0	+3.6	+26.7%
Operating income margin	7.7%	8.6%	+0.9p	-
Net profit attributable to CTC's shareholders	9.8	12.5	+2.7	+27.1%
Orders received	172.2	265.8	+93.5	+54.3%
Backlogs	477.7	599.1	+121.4	+25.4%

Financial Results for FY2026 1Q

- Revenue in 1Q expanded by capturing robust IT investment demand across a wide range of industries and progressed strongly against FY2026 plan. Backlogs, which are eventually recorded as revenue in 2Q or later, also grew steadily. (see Graph 1)
- Operating income achieved YoY growth, driven by the followings: high gross profit margin, which was nearly on par with the record high of the same period last year, through higher value-added businesses, and lower SG&A expenses YoY growth through improved internal operational efficiencies. (see Graph 2)

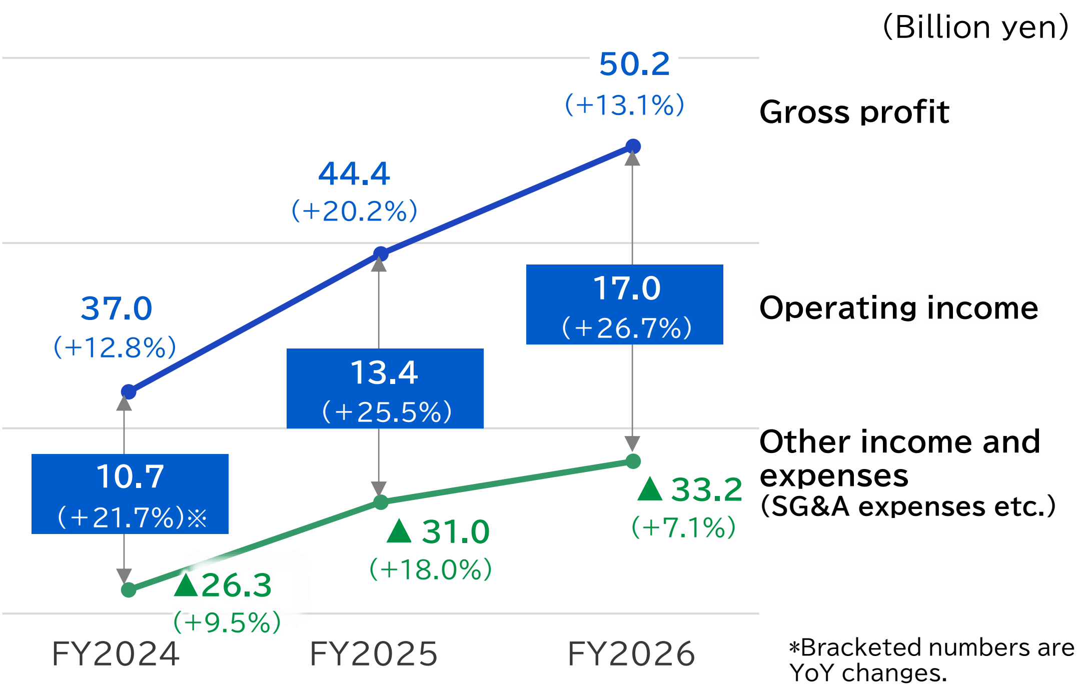
Graph 1 CTC Group historical 1Q revenue actuals and their percentages against corresponding full-year plans, and 1Q backlogs actuals



	FY2024	FY2025	FY2026
1Q-end Backlogs	461.9 (63.4%)	477.7 (60.2%)	599.1 (67.3%)

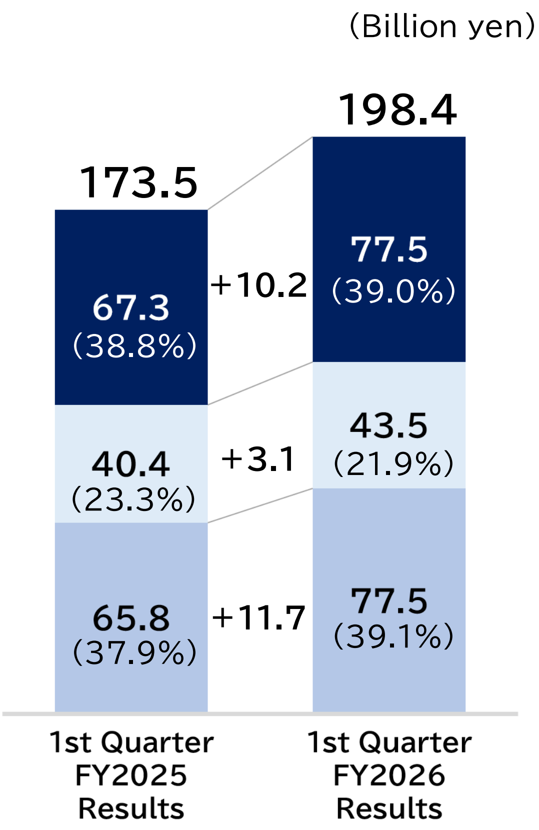
*2 Bracketed numbers are percentages against corresponding full-year plans.

Graph 2 CTC Group historical 1Q gross profit and other income and expenses (SG&A expenses etc.)



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, SaaS such as ID management, consulting service to support new business creation, system development, sales of a wide range of products for AI platform construction support and security enhancement.



Major initiatives

Services

- ✓ Offered SaaS for ID management to manufacturers and others, and public cloud to a wide range of other industries
- ✓ Offered maintenance and operation service for telecommunications carriers' telecommunications equipment that sustains critical social infrastructure
- ✓ Offered operation service for the data analytics platform of a core system for trading companies

SI Development

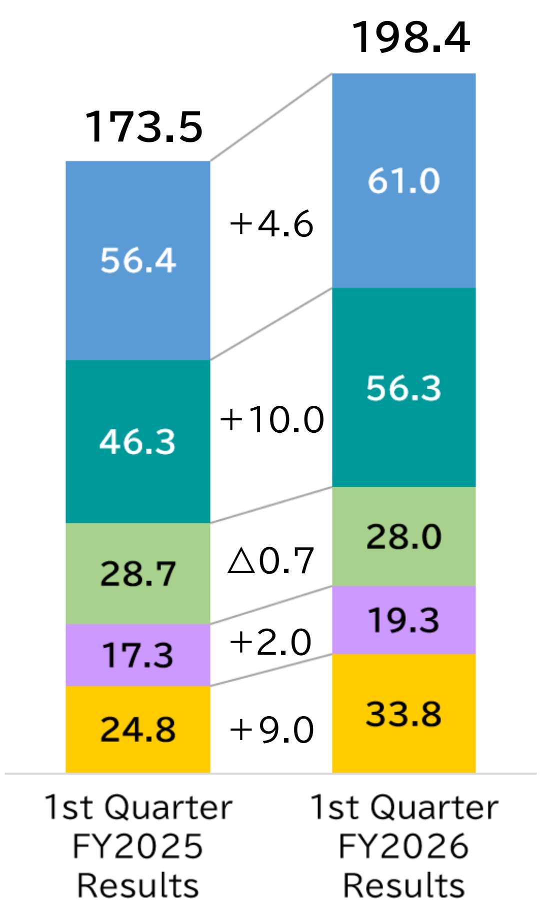
- ✓ Offered consulting services to a manufacturer, supporting new business creation from the conceptual stage
- ✓ Developed business systems for telecommunications carriers
- ✓ Upgraded a common cloud platform for internal systems of transportation companies

Product Sales

- ✓ Supported construction of generative AI platforms for internet-related companies and telecommunications carriers
- ✓ Supported security enhancement for a wide range of industries such as credit card, automobile manufacturing, and electric power to address growing cyber threats
- ✓ Supported construction of data platforms for telecommunications carriers

(Reference) Revenue by Business Group

(Billion yen)



Major impacts for YoY changes

Industrial Solutions*	(+) Operational support for the data analytics platform of a core system for trading companies (+) Provision of consulting services for a manufacturer, supporting new business creation from the conceptual stage (+) Provision of SaaS for ID management to manufacturers (+) Sale of security software for automobile manufacturers
Telecommunication	(+) Maintenance and operation of telecommunications equipment for telecommunications carriers (+) Business system development projects for telecommunications carriers (+) Construction support for generative AI platforms of internet-related companies and telecommunications carriers (+) Construction support for data platforms of telecommunications carriers
Regional & Social Infrastructure	(+) Upgrade of a common cloud platform for internal systems of transportation companies (+) Sale of security software for electric power companies (−) Absence of a project contributed to revenue growth in the previous corresponding period like construction of a system platform and deployment of infrastructure projects for electric power companies
Financial Service	(+) Construction of a secure office automation (OA) platform adopting zero trust architecture for credit card companies (+) Construction of a data mart compliant with international financial regulations for megabanks
Others	(+) Construction support for IT platforms of local based customers by our overseas consolidated subsidiaries in Malaysia and Singapore

*The Enterprise Business Group and the Retail and Service Business Group were integrated into the Industrial Solutions Business Group in FY2026.

(Repost) FY2026 Plan

(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)

Provision of hands-on support in creating new business starting from the conceptualization phase and beyond to TSUMURA, the leading Kampo medicine company

- Starting from the company's ideal vision looking 100 years ahead, co-define the new business direction from the conceptualization phase
- Design a PoC for digital-powered business to create customer experience value that supports people's everyday wellbeing, reaching beyond the boundaries of Kampo medicine and healthcare

Project objective

Build a new platform to create customer experience value — the next growth pillar beyond the Kampo medicine, crude drug, and food businesses

·Launch the development of a new business strategy and vision within the Corporate Planning Division responsible for driving enterprise-wide digital transformation (DX)
·Announce its challenge into the fields of health cultivation (yojo) and pre-symptomatic health (mibyo)
·Explore value that goes beyond simply supplying Kampo medicine

What CTC delivered with build service

STEP 1
Define who we serve and what we aim for
- Vision
- Value proposition
- Alignment with corporate policy

STEP 2
Explore what kind of business STEP1 outcomes can become
- Revenue model
- Co-creation model
- Prototype

STEP 3
Assess worthiness of pursuing goals
- PoC design
- Expert collaboration
- User validation

Co-define the direction of the new business

Our build service team walks alongside the customer seamlessly, from business ideation to system implementation

Business architect | Designer | Engineer

Expected Roles of CTC in build service

Customer expectation : Going beyond serving as a consulting service provider to engage in new business creation as a stakeholder

Relationship with customer: Serving as a business partner that works alongside customers from the business conceptualization phase
Value proposition: Helping turn conceived business ideas learned from problem touchpoints into tangible businesses
Support model : Co-creation model rooted in business concepts, spanning business, UX, and digital
Scope of involvement: Engaging beyond business concept design to actively support phases for commercialization and marketing

build service

Hands-on technology-powered consulting service to conceive new business ideas and turn them into tangible businesses together with customers

build service is CTC's hands-on service that involves forming a joint team with our customers to create digital businesses. By combining business, UX design, and agile development, it quickly turns business ideas into tangible business opportunities with minimal investment and grow them through validation. Our experts work as one as the joint team members, advancing together from setting direction through business development and growth. Rather than simply providing deliverables and leaving the team, we aim to equip our customers with capabilities to keep running their business themselves.

Business Topic 2)

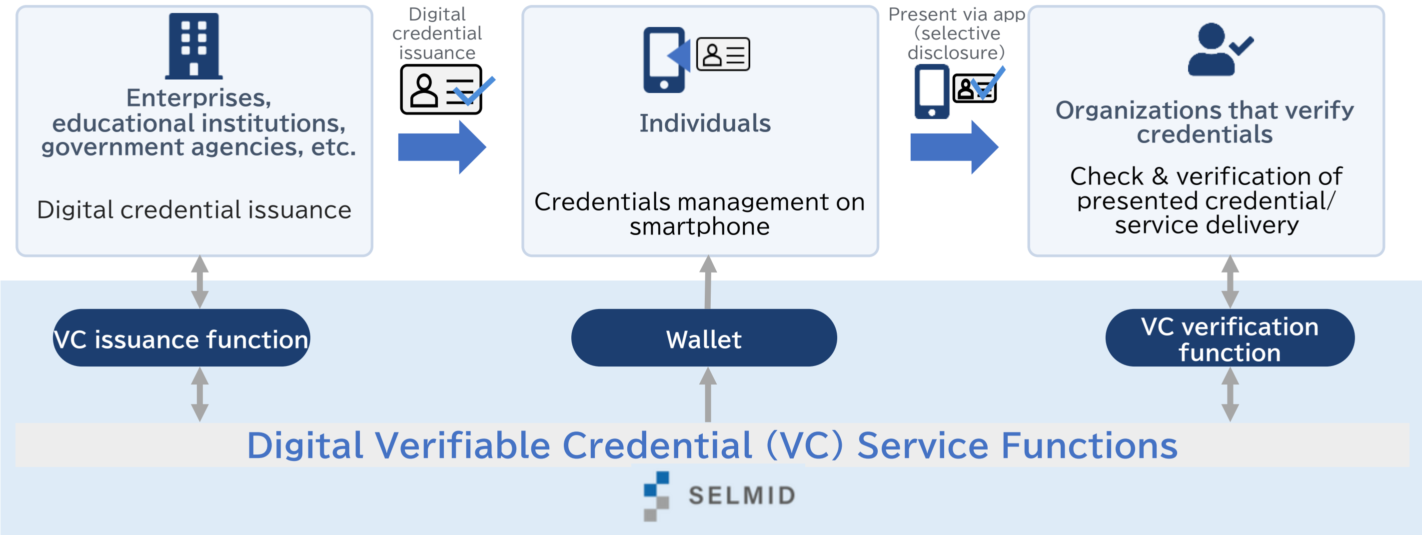
Provision of digital Verifiable Credentials service to support Selective Disclosure that allows sharing only the necessary information to protect personal information

- Digital Verifiable Credentials (VC*) service supports Selective Disclosure, allowing individuals to share only the information necessary for verification. It ensures data authenticity, significantly reducing operational burdens and risks, and keeping the disclosure of personal information to the minimum required.
- VC service added as a new feature of SELMID, our proprietary cloud-based ID platform for BtoC, prevents tampering and forgery.

*VC is a digital credential mechanism based on international standard specifications that allows third parties to verify that data has not been tampered with or forged.

Overview of SELMID's Digital Verifiable Credential (VC) Service Functions

By incorporating cryptographic technology that prevents tampering and forgery, the service further enhances privacy protection and the verification process, while simplifying the process.



CTC will expand adoption of the service across diverse areas of social infrastructure, including education, healthcare, finance, and tourism, and will contribute to building a global digital ID ecosystem by realizing interoperability with standard specifications in Japan and abroad.

Selective Disclosure is a feature of Verifiable Credentials (VC) that allows users to select and share only the specific information required. For example, when an employer checks an applicant's educational background during the hiring process, if all the company needs to confirm is the fact of graduation, the applicant can present only that fact from the graduation certificate without sharing the remaining information such as date of birth and academic performance. Even when part of a digital credential is not disclosed, the signature of the issuer (the university) remains valid, so the authenticity of the credential is not compromised.
The disclosure of personal information requires the individual's prior consent. However, the current mechanism for prior consent in cyberspace is a binary choice of "agree to share everything or disagree," and people press the consent button without reading pages of terms and conditions in many cases —leaving the individual to be responsible for all the consequences from sharing the information. Selective Disclosure provides a third path that limits the information shared to the minimum necessary, serving as a core means of building maximum trust with minimal data.

Summary of "Establishing Data Sovereignty-a Growing Imperative (Japanese)", written by Naohiro Fujie, General Manager, Institute of MIRAI Design Laboratory

Business Topic 3) Proposing post-EOSL maintenance support service as a practical solution to price surges in the memory shortage era

- Surging AI demand for memory is driving a general-purpose DRAM shortage, making it difficult to replace post-EOSL*1 equipment.
- CTC Group delivers post-EOSL maintenance support service with proprietary knowledge to achieve in-house resolution rate of 90%+*2 , approximately 120,000 maintenance parts in stock and global parts procurement network, keeping customer systems running stably. Inquiries for the service are on the rise.

*1 EOSL: End Of Support Life (end of manufacturer support). After EOSL, support service and replacement parts supply from manufacturers are no longer available.
*2 CTC's resolution rate of 90% or higher is based on actual percentages of inquiries for our main products successfully resolved.

Background

External environment
Structural shift in memory supply

Globally surging AI demand for memory is fueling shortage of general-purpose DRAMs.

Production shift to high-bandwidth memory (HBM)
Priority supply of memories for AI/GPU

General-purpose DRAM shortage
Price hikes & long lead times of servers/PCs

Option for Customers
Practical solution to address equipment replacement difficulty

Use of post-EOSL maintenance support is gaining attention as a practical option for post-EOSL equipment.

Equipment replacement
Ideal option, but price spikes and long lead times make it impractical

Keeping systems running with post-EOSL support
Practical option to leverage existing assets and curb investment spend without downtime

CTC Group's Post-EOSL maintenance support services

CTC Group's value proposition
High in-house resolution rate based on proprietary knowledge

CTC Group's quality service based on our expertise keeps post-EOSL systems running even amid the general-purpose DRAM shortage.

CTC's in-house resolution rate based on proprietary knowledge
90% or higher

In-house maintenance parts in stock
Approx. 120,000

Global parts procurement network

Our proprietary knowledge maintains system quality and supports post-EOSL stable operations

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Challenging Tomorrow's Changes