

Business and Financial Update for 3Q YTD of Fiscal Year 2024

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ITOCHU Techno-Solutions Corporation



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Financial Results for 3Q YTD FY2024

- Orders received, revenue and all the income items reached all-time highs thanks to growth of the infrastructure business for diverse industries.
- Revenue increased in our focus business areas such as AI and security.

	3Q YTD FY2023	3Q YTD FY2024	YoY change	YoY change (%)
(in billion yen)				
Revenue	441.8	524.3	+82.4	+18.7%
Gross profit	109.8	131.0	+21.2	+19.3%
Gross profit margin	24.9%	25.0%	+0.1p	-
Other income and expenses	(74.3)	(83.6)	(9.3)	+12.5%
Operating income	35.5	47.4	+11.9	+33.5%
Operating income margin	8.0%	9.0%	+1.0p	-
Net profit attributable to CTC's shareholders	24.9	33.5	+8.6	+34.4%
Orders received	446.9	525.0	+78.1	+17.5%
Backlogs	402.1	444.1	+42.1	+10.5%



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Orders received

- Orders achieved 5 consecutive quarters of YoY growth and 11 consecutive years of 3Q YTD growth from corresponding previous years.
- Orders increased from projects for a wide range of sectors, including manufacturing, energy, telecommunications, government agencies and financial services.

Revenue

- Revenue saw 15 consecutive quarters of YoY growth and 9 consecutive years of 3Q YTD growth from corresponding previous years.
- Our business expanded across a wide range of industries, including manufacturing, transportation, energy, telecommunications and financial services.
- Revenue growth was driven by the infrastructure business, our core business that sells servers and network equipment, and was also achieved by steady growth in cloud service and development projects.
- Among our focus areas, the following projects mainly saw strong revenue growth: infrastructure development projects for AI service platforms, security projects and environment development projects for data analysis.

Gross profit

- Gross profit increased YoY due to the growth in revenue and gross profit margin.



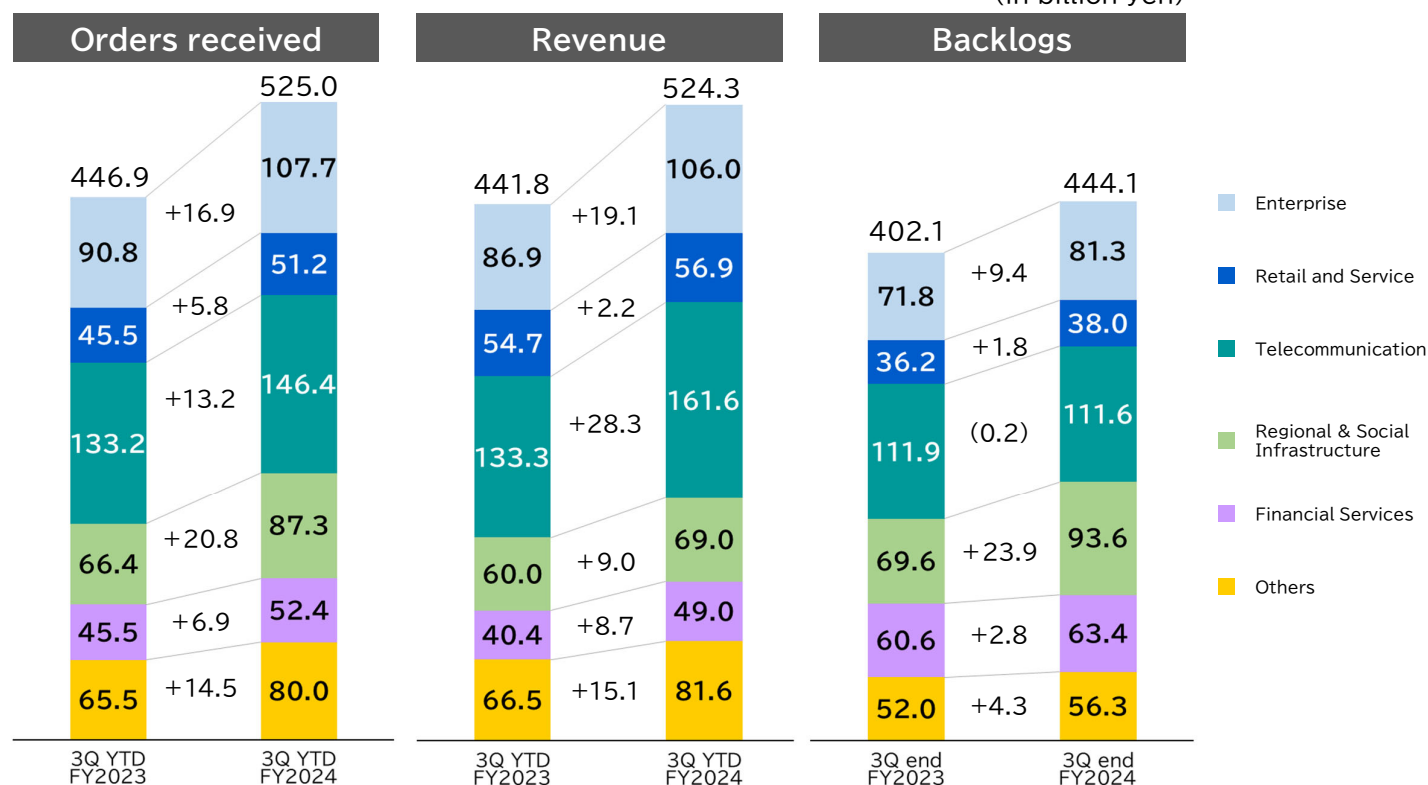
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Financial Results for 3Q YTD FY2024

Orders received, revenue and backlogs by business group

(in billion yen)



Enterprise



Orders

Orders increased mainly from the followings: For manufacturers, GenAI platform projects, projects to deploy virtual desktop environments to be used for design work and network equipment renewal projects. For energy-related facilities, seismic analysis projects.

Revenue

Revenue was strong mainly in network equipment renewal, private cloud platform and security environment construction projects for manufacturers. Revenue also increased from development projects for transportation companies.

Retail and Service



Orders

Orders increased mainly from POS system renewal and internal infrastructure development projects for energy companies, provision of solutions to integrate ERP and peripheral systems for transportation companies, and internal infrastructure development projects for distribution companies.

Revenue

Revenue rose mainly from POS system renewal and internal infrastructure development projects for energy companies and provision of solutions to integrate ERP and peripheral systems for transportation companies. Revenue from operation/maintenance for trading companies was also up.

Telecommunication



Orders

Orders increased mainly from GenAI platform construction projects for Internet-related service providers, infrastructure projects for enterprise customers through business co-creation with information service providers, and system building projects for telecommunication facilities of telecommunications carriers.

Revenue

Revenue rose mainly from GenAI platform construction projects for Internet-related service providers, businesses for service platform provided by telecommunications carriers and system building projects for telecommunication facilities of telecommunications carriers.

Regional & Social Infrastructure



Orders

Orders grew mainly from system standardization projects for government agencies and local governments regarding the move to government cloud, power plant anomaly detection system projects for electric power companies and cloud computing projects for public sector and construction companies.

Revenue

Revenue increased mainly from DX projects for power companies facing the liberalization of electricity markets, mission critical system renewal projects for home builders and system standardization projects for government agencies and local governments regarding the move to government cloud.

Financial Services



Orders

Orders were brisk in mission critical system renewal projects for credit card companies and security projects for megabanks. Orders also increased mainly from SaaS-based provision of business productivity apps for financial institutions.

Revenue

Revenue was strong in zero-trust and cloud platform construction support projects for megabanks. Revenue also grew mainly from provision of sales support systems for cooperative financial institutions and renewal projects for contact centers of securities firms.

Others



Orders

Orders grew mainly from IT infrastructure development projects for local based entities including banks, government-affiliated financial institutions and other financial institutions, public sectors and semiconductor manufacturers by our overseas consolidated subsidiaries in Malaysia and Singapore.

Revenue

Revenue climbed mainly from IT infrastructure development projects for local based entities including banks, public sectors and semiconductor manufacturers and server projects for data centers by our overseas consolidated subsidiaries in U.S.A., Malaysia, and Singapore.

1) CTC's initiatives in advanced AI

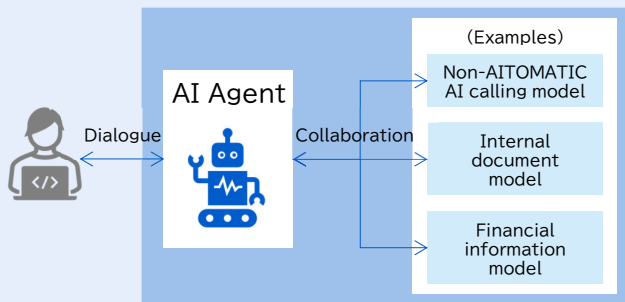
Aiming to roll out advanced technologies to the Japanese market in collaboration with North America-based companies

- CTC aims to provide services in collaboration with two tech start-ups, Aitomatic, Inc. (AITOMATIC) and Articul8 AI, Inc. (Articul8), to meet the diverse needs of customers.

AITOMATIC

- **Industry-specific AI agents**
- The service utilizes small specialist models (SSMs) *1

Illustrative image of the service

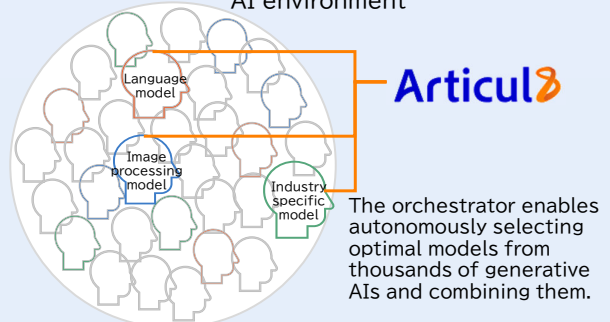


Aitomatic, Inc.: headquartered in San Francisco, California, USA; Christopher Cuong T. Nguyen, CEO

Articul8

- **AI orchestrator*2 that combines multiple generative AIs**
- The orchestrator autonomously makes decision on optimal AI models

Illustrative image of building proprietary generative AI environment



Articul8 AI, Inc.: headquartered in California, USA; Arun Subramaniyan, Founder & CEO

- *1 Small Specialist Models (SSMs): Relatively small-scale language models trained for each of specific domains. Multiple domain-expert SSMs enable highly accurate responses.
- *2 AI orchestrator: Technology that allows for integration, management and coordination of multiple AI models and systems.

AITOMATIC

Industry-specific AI agents

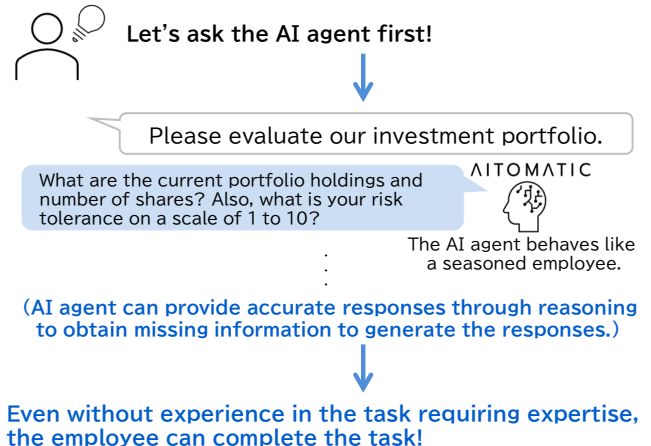
- CTC offers **highly accurate AI agents for QAs in specific domains**, which is a difficult task when using general-purpose LLMs, by utilizing SSMs of AITOMATIC.
- We aim **to improve our customers' operational efficiency** in tasks that require expertise in specific industries, such as financial services and manufacturing.

<Example: When an inexperienced securities company employee reviews their investment portfolio.>

When **not using** AITOMATIC's AI agent



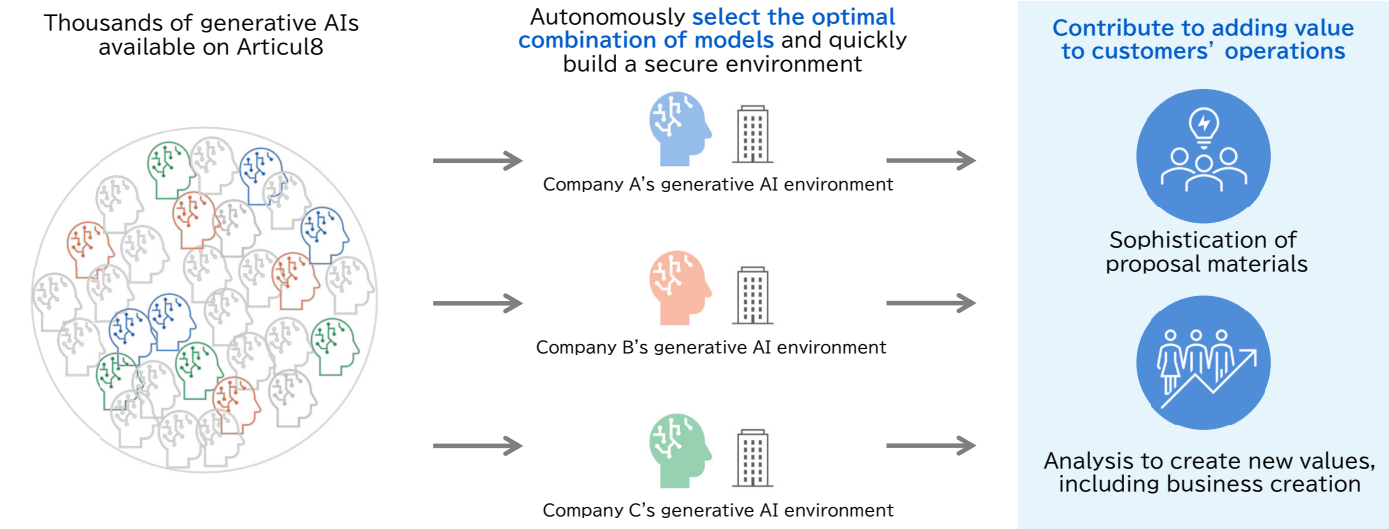
When **using** AITOMATIC's AI agent



AI orchestrator that combines multiple generative AIs

- CTC collaborates with Articul8, aiming to provide services that build generative AI tailored to specific enterprise needs for helping customers add value to their operations.
- The services enable rapid construction of a highly secure generative AI environment that can be deployed on-premise or in the cloud, depending on data sensitivity.

<Illustrative image of building proprietary generative AI environment>



Adjustment slide

2) Initiative to address global security needs

Comprehensive support for security and system operations in the ASEAN region

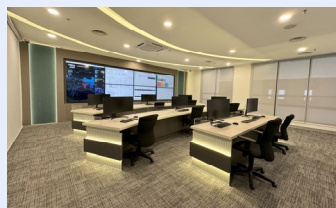
- CTC has established the **CTC Global SOC** *1 in Malaysia. It provides security equipment monitoring services for subsidiaries of Japanese companies and local companies in the ASEAN region.
- We **provide comprehensive support** for our customers' security and system operations through **a unique service structure** that integrates the SOC with our existing system operation support, which is unmatched by competitors.

*1 Security Operation Center

CTC's Services in Malaysia*2

Security service

CTC Global SOC



Collaboration

Existing system
operation support

- ✓ Prevent cyberattacks through real-time response by local staff
- ✓ Enhance protection through threat analysis using the defense technologies developed at CTC-SOC in Japan
- ✓ Provide support services during normal operations including changing settings and updating of security equipment

*Illustrative image of our services



Security equipment
at customer's site



Monitoring
equipment
24/7/365



Log collection/
analysis



Detecting/
addressing
incidents



Threat analysis and
protection enhancement
with AI/machine learning



Service Desk : IT support services including handling inquiries, escalation management.



Command Center : System implementation support, System operation/maintenance

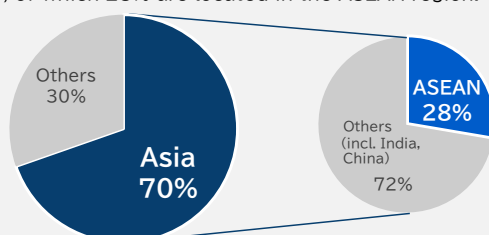
*2 Official name: CUVIC Managed Service Centre(MSC)

Background: Growing needs for global expansion of security services to address cyber threats

- Cyberattacks targeting vulnerabilities of overseas subsidiaries' systems of Japanese companies are on the rise, elevating the importance of extending security measures to cover the entire global supply chain.

Number of overseas business establishments of Japanese companies*1

- As Japanese companies accelerate their business expansion overseas, the number of their business establishments across Asia has reached 57,000, of which 28% are located in the ASEAN region.



*1 Created by CTC based on "2023 Survey on Number of Overseas Japanese Company Business Establishments" by the Ministry of Foreign Affairs

Security Threats (2025)*2

- Three top ranked threats are the ones requiring security measures that cover not only a target company itself but also its entire supply chain.

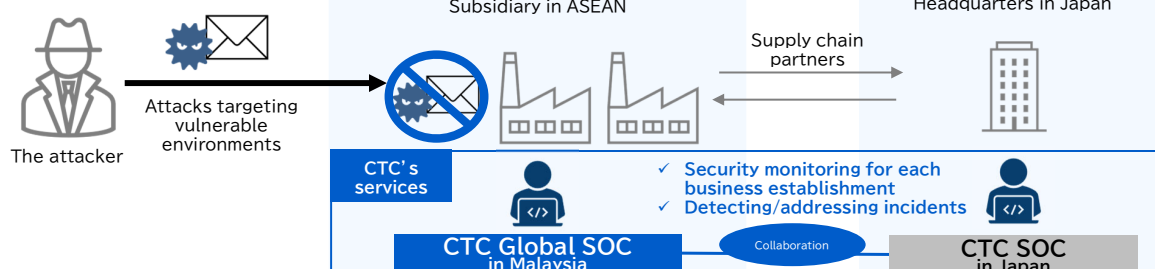
TOP3 Ranked Security Threats for Organizations

		vs previous year
1	Ransomware attacks	→
2	Attacks targeting supply chains and outsourcing partners	→
3	Attacks exploiting system vulnerabilities	↑

*2 Created by CTC based on "10 Major Security Threats 2025" by the Information-Technology Promotion Agency (IPA), Japan

Globally keeping our customers secure is key

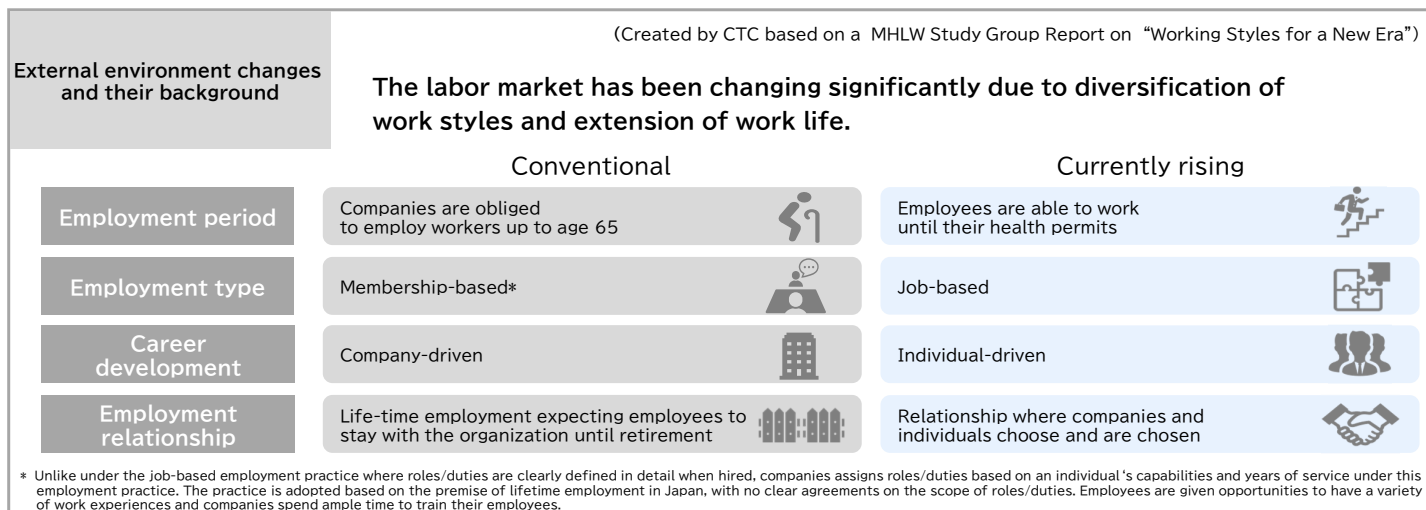
Example : cyberattack countermeasures by SOC



3) Initiatives to enhance human capital

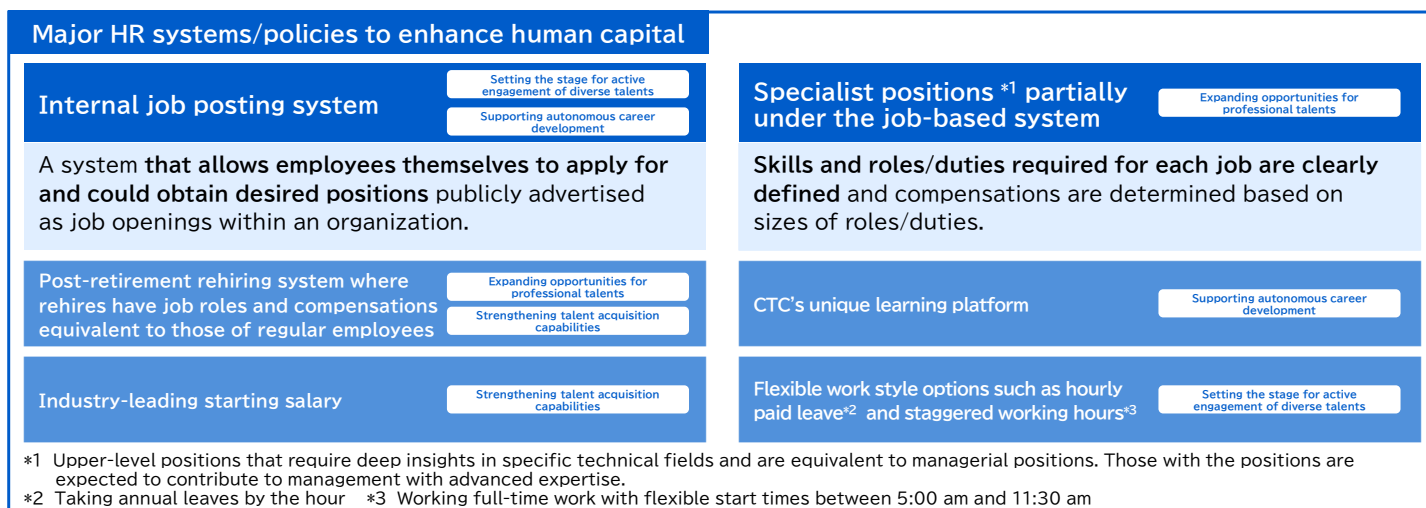
Promotion of HR systems and policies that respond to workers' perspective changes

- CTC is advancing various initiatives to adapt to changes in the external environment in order to be a company where diverse human resources can demonstrate their abilities and play an active role.

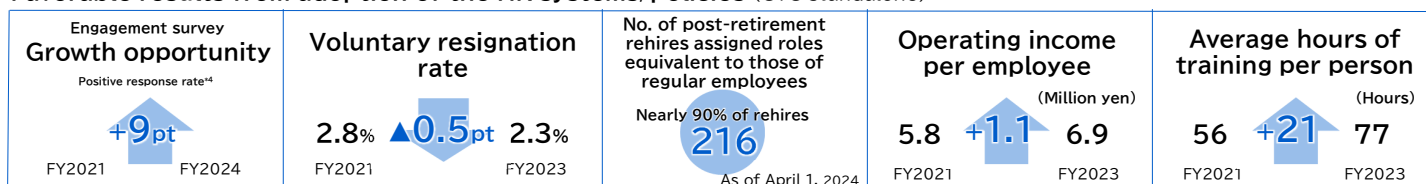


Promotion of HR systems/policies contributes to enhancing corporate value

- Advancement of the initiatives has produced positive results including **improvement of employee motivation and productivity**.

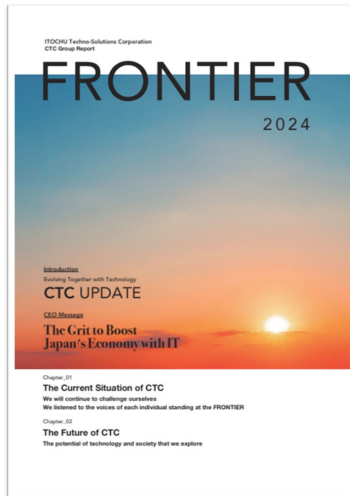


Favorable results from adoption of the HR systems/policies (CTC standalone)



*4 The percentage of positive responses to the following questions: "Overall, I feel I can achieve my career goals at CTC", "I am provided with opportunities to learn and grow at CTC" (difference between FY2021 and FY2024 engagement survey)

We have issued the CTC Group Report “FRONTIER 2024.”



Click here to go to the
CTC Group Report page



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