

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

ITOCHU Techno-Solutions Corporation

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Financial Results for 1st Half of FY2025

(Repost) FY2025 Plan

Progress in Focus Technologies (to be updated)

Business Topics (to be updated)

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)

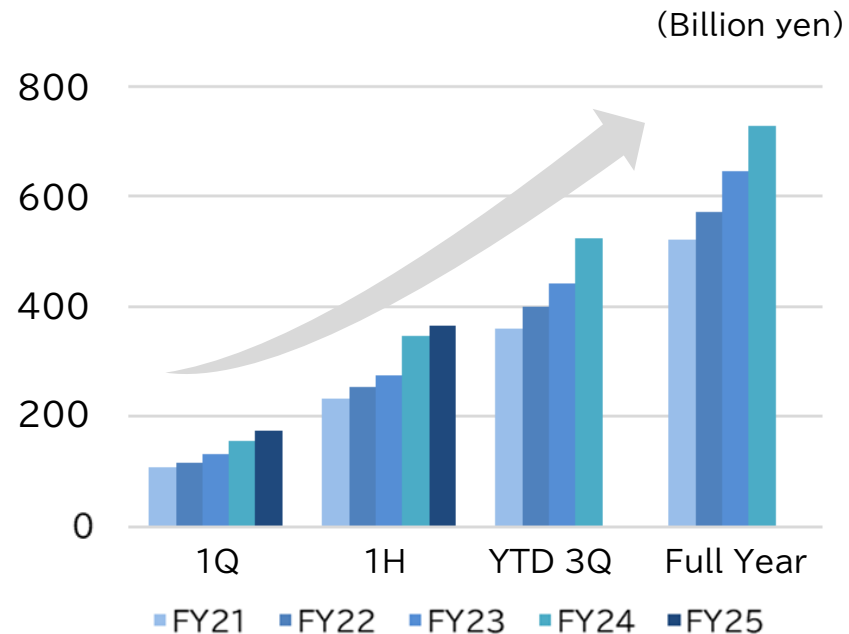
	1st Half FY2024 Results	1st Half FY2025 Results	YoY change	YoY change (%)
Revenue	345.6	364.0	+18.4	+5.3%
Gross profit	85.2	95.8	+10.6	+12.5%
Gross profit margin	24.6%	26.3%	+1.7p	-
Other income and expenses	(54.9)	(61.6)	(6.7)	+12.3%
Operating income	30.3	34.2	+3.9	+12.8%
Operating income margin	8.8%	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

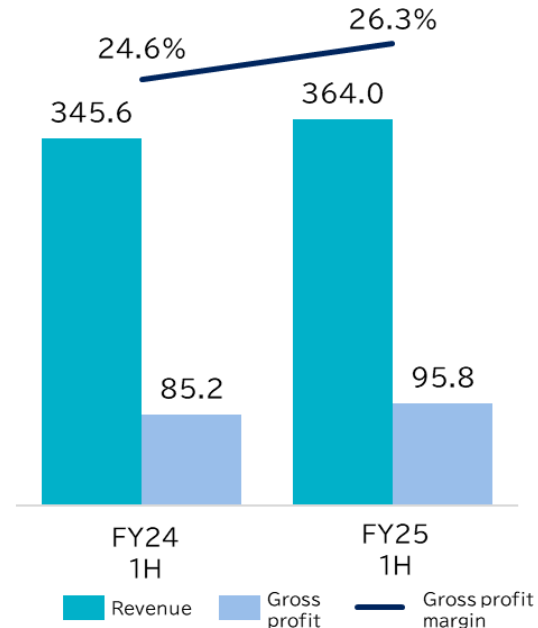
- IT investments have remained strong across various industries. By catering to digital transformation needs of customers across all segments, we have achieved YoY revenue growth for 17 consecutive quarters since 1Q of FY2021 (see Graph 1.)
- Driven by growth in two of our focus area businesses, AI and 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

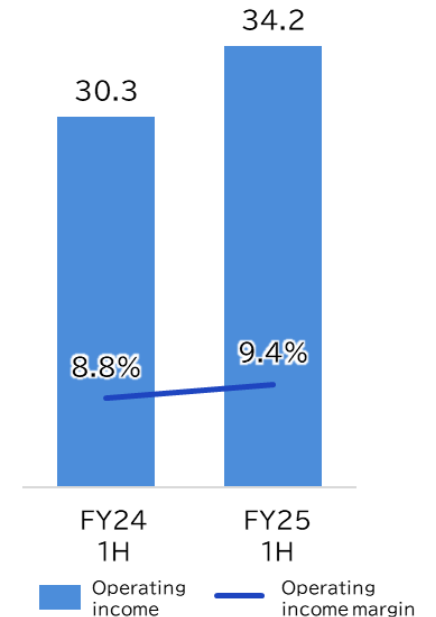
CTC Group Historical YTD Quarterly Revenue



Graph 2

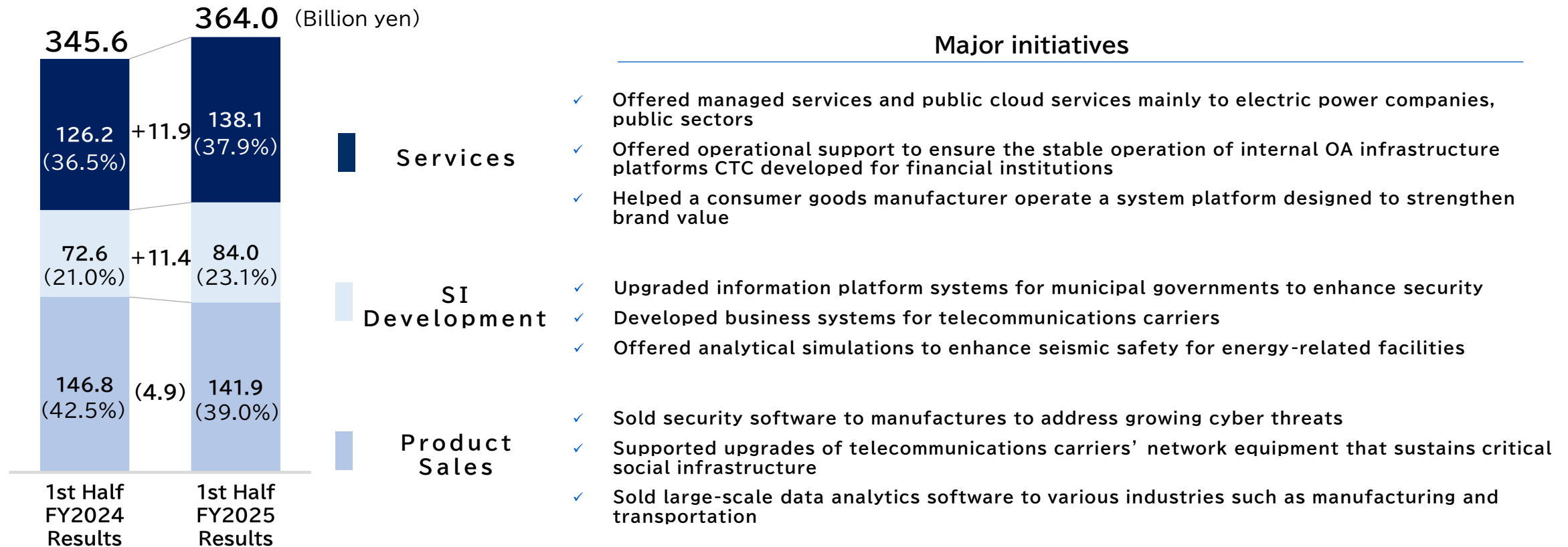
CTC Group Historical Revenue,
Gross Profit, Gross Profit Margin

Graph 3

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

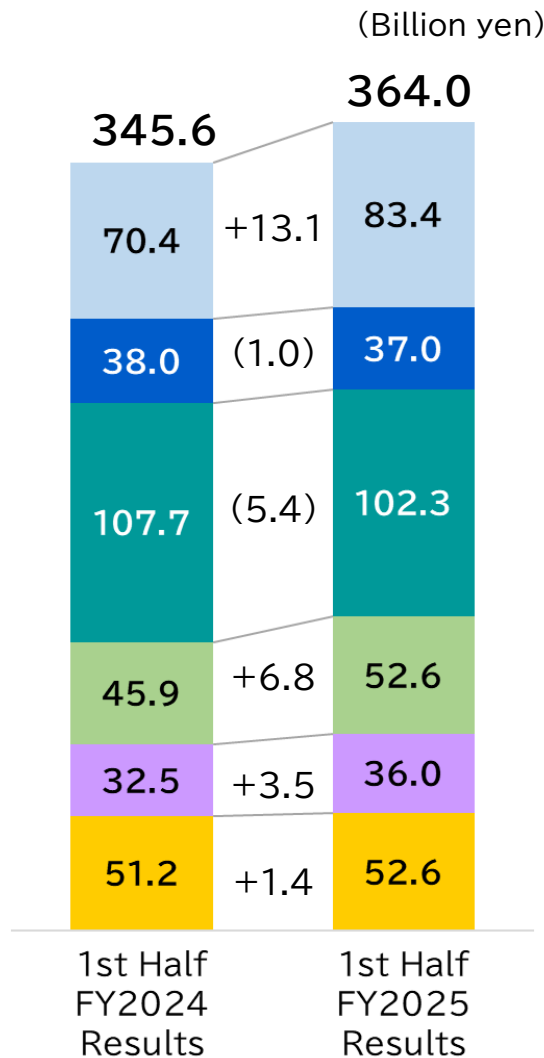
Revenue by Business Model

- 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.



(Reference) Revenue by Business Group

Major impacts for YoY changes



Enterprise	(+) 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	(+) Provision of services including maintenance and operations services for retailers (–) POS system deployment projects for the energy industry
Telecommunication	(+) 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	(+) 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	(+) 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	(+) 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