

ITOCHU Techno-Solutions Corporation
CTC Group Report

FRONTIER

2024

Introduction

Evolving Together with Technology

CTC UPDATE

CEO Message

The Grit to Boost Japan's Economy with IT

Chapter_01

The Current Situation of CTC

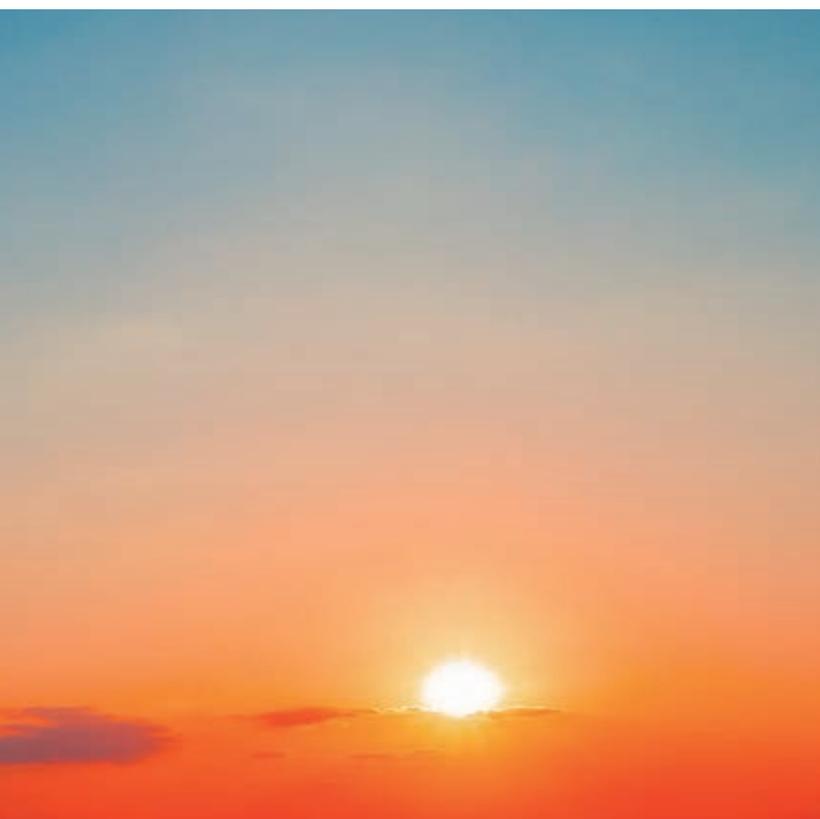
We will continue to challenge ourselves

We listened to the voices of each individual standing at the FRONTIER

Chapter_02

The Future of CTC

The potential of technology and society that we explore



FRONTIER

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Since the era when computers were known as “electronic calculator,” CTC has been deeply involved with information and data. Over the past half-century of our progress, information and data have merged with telecommunications, transforming people’s lives. Now, in 2024, we, the CTC Group, are exploring a new vision for the future, aiming to become a company that contributes even more to people and society.

This is our “FRONTIER”.



Editorial Policy

After the privatization by ITOCHU in 2023, we established our corporate identity in 2024 as embodied by “Challenging Tomorrow’s Changes.” As both the world and CTC continue to change, we publish the CTC Group Report “FRONTIER” to communicate our journey from past and present initiatives into the future. Through interviews with chief officers and a diverse range of employees, we provide a high-resolution view of the CTC Group’s current situation, and convey our direction in terms of the social issues we are addressing and our cutting-edge technologies. Our aim was to create a design and content that stakeholders would be eager to read. We hope this report helps deepen your understanding of the CTC Group.

- Scope of the report: Includes information on CTC and its consolidated subsidiaries and affiliates.
- Notes on reported figures: Amounts reported are rounded to the nearest unit.
- Reporting period: Fiscal 2023 (April 1, 2023 – March 31, 2024) *Some activities outside this period also included.

CTC UPDATE

Evolving Together with Technology

Everyone must constantly evolve and renew themselves in the pursuit of sustainability.

We at the CTC Group also embody this mindset by taking on the possibilities of IT to shape a prosperous future, engaging in numerous projects that utilize both our technology and Waza (unique skillset), and challenging ourselves to deliver valuable services.

While clarifying our vision is essential, the key question is “What is CTC doing right now to realize the vision.” Here, we present our most recent efforts.

Building of an operation support system for KDDI's 5G SA (Standalone) wireless communication service

We have built an operation support system for KDDI's 5G SA (Standalone) wireless communication service. This system supports the stable operation of 5G wireless communication services. In the event of equipment failure or large-scale disaster, it identifies the location of the fault and the scope of the service impact, facilitating the rapid restoration of the service. Additionally, by enabling automated operation, the system ensures the stable operation of network systems and improves operation efficiency. Its failure recovery function instantly identifies the fault location and the extent of service impact, visually represents the process and response time until service recovery, and automatically executes the recovery process, thereby streamlining operations and reducing service restoration time. We will continue to expand services that improve the quality and stable operation of 5G communication systems, and contribute to the growth of our customers' 5G businesses.

01 5G Operation Support



02 Edge AI

Launch of collaboration with Liquid AI in the development of edge AI solutions

We have embarked on a collaborative partnership with Liquid AI, Inc., a Massachusetts Institute of Technology (MIT) spin-off start-up, to develop edge AI solutions. Liquid AI's technology is based on a method called the Liquid Neural Network,* which enables highly adaptive machine learning with minimal processing power. Utilizing this, we aim to enhance processing performance in edge devices. With our expertise in building data analysis platforms, we will use the high performance and flexibility of Liquid AI's technology to further advance the development of edge AI and generative AI solutions.

* A model applying the neural network of a nematode's brain to machine learning. The compact model achieves the same computational capability level compared with conventional neural network models.

It also excels at processing time-series data on edge devices through optimizing arithmetic processing. This can reduce computing resources, and is expected to significantly reduce power consumption and CO₂ emissions.

03 Generative AI

Launch of Generative AI Advisory Service, a consulting service for generative AI utilization

We have launched the Generative AI Advisory Service, a consulting service to support the utilization of generative AI. This service assists customers at every stage, from considering the use of generative AI, integrating it with existing systems, building systems including generative AI, to establishing its use after implementation. Additionally, we have started offering the AOAI Environment Development Service, which builds a conversational generative AI environment tailored to each corporate user using “Azure OpenAI Service” provided by Microsoft Japan Co., Ltd. This environment enables safe and secure search and learning from internal documents to provide responses specific to the company. CTC will expand our services related to the utilization of generative AI while complying to our Group's AI Ethical Principles to help customers further improve their operational efficiency.

* “Microsoft” and “Azure” are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

Materials Informatics 05

Diversified efforts to accelerate DX innovation in the financial industry

We are working on a wide variety of initiatives to promote DX for our customers in the financial industry. These include providing the Digital Marketing Assessment Service, which evaluates the effectiveness of digital marketing in financial product sales. Utilizing products from Aitomatic Inc. we have developed an AI investment advisory solution that offers investment portfolio recommendations. Furthermore, we offer advisory support regarding the generative AI guidelines created by the Financial Data Utilization Promotion Association (FDUA) for the financial sector. In October 2023, we joined the DID/VC Co-Creation Consortium, led by major financial institutions, to collaborate on business innovations that enhance the security of personal information etc. in financial institutions using decentralized identifiers (DID) and verifiable credentials (VC). Through the provision of these services and support, we are challenging ourselves in advancing DX in the financial industry.

* Co-Creation Consortium: Decentralized Identifier/Verifiable Credential Co-Creation Consortium

Provision of cloud-based materials development platform by QuesTek Japan for Daido Steel

QuesTek Japan, a joint venture between CTC and QuesTek, provided Daido Steel Co., Ltd. with the cloud-based material development platform "ICMD® (Integrated Computational Materials Design)" to shorten the development period and improve the efficiency of the development process for high-performance special steels. ICMD® is packaged with proprietary materials models, process optimization and property evaluation tools, which enable simulation of how material compositions affect structure, strength, durability, and the like. The platform enables the development and analysis of materials that meet performance requirements with minimal data, broadening the scope of new material design and significantly reducing the time needed for material candidate selection. Additionally, based on our experience in providing services in various scientific and engineering fields, including heat treatment, ultrasound, and cutting analysis, we implement integrated thermodynamic calculation software to support simulations.

* Product names mentioned are trademarks or registered trademarks of their respective companies.

Financial DX 04

Launch of the CLoV Hometown Co-Creation Initiative

We have launched the CTC Local Vitalization (CLoV) initiative, a project focused on the social issue of regional revitalization through co-creation. By leveraging technology to tackle a range of issues related to community, people, and jobs, we offer best practices and collaborate on service creation, supporting the development of hometowns where people not only want to live but also can continue to live. The services provided by CLoV are integrated into a Comprehensive Behavior Information Platform, which links internal and external data and services to analyze behavioral information and support data-driven policy planning.

- 1 **Use of cutting-edge technology**
We work together to find the best approach to issues based on the technology we have cultivated over the years.
- 3 **Thoroughly listen to the voices of local governments, residents, and stakeholders**
In order to implement initiatives that align with the characteristics of each region, we gather firsthand input from everyone involved and work together to move initiatives forward.



- 2 **Commitment on everything from implementation to results**
We are fully committed to seeing each project through to impact analysis and continuous improvement by utilizing data to support.
- 4 **A wealth of ideas and planning**
Our team, which has created new businesses beyond conventional frameworks, proposes fresh concepts and service developments for the region.

06 Local Vitalization

First in Japan to establish a strategic partnership for the cloud ERP service “GROW with SAP”

CTC and SAP Japan Co., Ltd. established the first strategic partnership in Japan for the cloud ERP service “GROW with SAP.” This service supports the use of “SAP S/4HANA Cloud, public edition,” the public cloud version of the SAP ERP solution. Encompassing best practices, implementation promotion services, community engagement, and training, the service supports continuous growth and innovation for businesses. Through our proprietary solution Figues, which enables standard SAP implementations, we offer end-to-end support for the optimization and effective utilization of customer core systems and shifting to in-house business improvement. By further enhancing the capabilities of Figues and strengthening the training of engineers related to GROW with SAP, we will continue to contribute to our customers’ operational efficiency and advancement of DX.



* SAP, the SAP logo, and all SAP products and services mentioned here are trademarks or registered trademarks of SAP SE in Germany and other countries.

07 ERP Solution



Provision of “Communication Design” CX consulting service for Noritz

We provided Noritz Corporation with “Communication Design,” a CX consulting service to enhance customer experience. This unique CTC consulting service involved organizing and analyzing issues and proposing improvements for Noritz’s after-sales support website, updating the website’s navigation design and user interface (UI). By evaluating the website’s user experience (UX) and analyzing user behavior from their perspective, we reduced unnecessary navigation steps and users’ giving up, leading to quicker problem resolution and repair requests completion, and contributing to improved customer satisfaction.

08 Customer Experience

Development of the cloud service PITWALL®* for streamlining and standardizing system operations

To take the development and operations experience to the next level, we have developed and launched PITWALL®, a cloud service designed to enhance productivity, improve response quality, and address challenges faced by experts. PITWALL® offers a single-click solution to efficiently gather essential information, tailored to the development and operation environment, where accurate status monitoring and response are required, such as during system incidents or data loss. The service enables on-the-spot utilization of expert knowledge, reinforcing observability. By standardizing and automating information collection methods, it accelerates interdepartmental coordination and prevents extended incident response times. Moving forward, we will further improve system monitoring and recovery capabilities, with measures including the use of advancing AI technology, and contribute to enhanced response quality by operational personnel. PITWALL® supports the sustainable growth of customer companies by contributing to overall organizational improvement.

* PITWALL is a trademark of CTC, registered only in Japan.

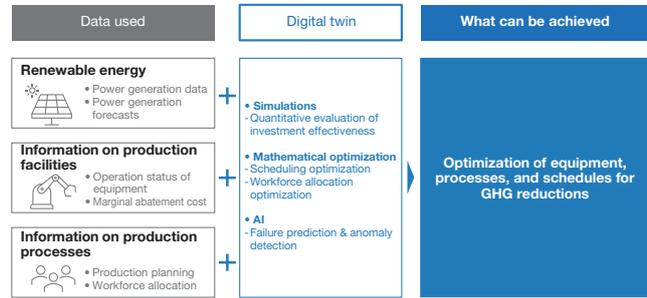
Observability 09



Digital Twin 10

Provision of digital twin solutions for GX in the manufacturing industry

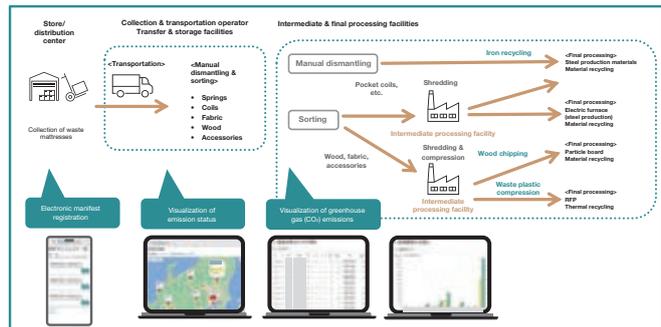
We offer digital twin solutions to support green transformation (GX) in the manufacturing sector. This service recreates factory environments in a virtual space to conduct simulations aimed at reducing greenhouse gas (GHG) emissions and power consumption in production processes. CTC has long been involved in optimization, process simulation, and data analysis in the field of science and engineering, and has offered services to various customers in the manufacturing sector, such as production line workforce allocation, logistics center management, and traffic simulations. Based on our accumulated expertise, this new service is part of our GX solution to provide technical support for reducing company GHG emissions and improving energy efficiency.



Circular Economy

Provision of "StateEco", a platform that visualizes waste management process for resource recycling

We have launched StateEco, a resource circulation platform that visually displays waste treatment processes. This sustainable solution promotes recycling by visually displaying waste materials such as metals and textile scraps, enhancing efficiency in waste processing and encouraging reuse. CTC provides comprehensive services from design to construction and operation of the platform. We will continue to contribute to a circular economy by expanding StateEco's availability to various industries, starting with the furniture sector.



Electric Commerce 12

Expansion of "ECSPice", corporate membership EC website, to cater to greater needs

ECSPice, a membership e-commerce website for corporate customers provided by CTC Corporation, a CTC Group company, has expanded its vendor base from 55 companies at its launch in December 2022 to 90 companies as of the end of March 2024. Membership numbers are also steadily increasing. ECSPice is a service that provides online quotations and sales for products previously sold through sales representatives, such as software and cloud services related to online communication, security, operational efficiency, and remote work. Individual quotations for products not listed on the website can also be provided, offering robust support for customer IT environment development to satisfy various needs.



<https://www.ecspice.jp/shop/>

CTC HISTORY

Half a Century of Supporting Japan's IT Industry

Since its founding, CTC has anticipated changes in the times, swiftly adopting innovative technologies to develop products and services, thereby contributing to the creation of a prosperous society. Our 50 years of service has also been a history marked by deep technical expertise, a commitment to meeting customer needs, and spirit of challenge. Leveraging our extensive, long-cultivated technical capabilities and global perspective, CTC continues to push into unprecedented territories to achieve sustainable growth and create new value.

1950~60s

Starting point for scientific and technical computing business
Working on national projects behind the scenes and supporting Japan's high economic growth

In 1958, Tokyo Electronic Computing Service Co., Ltd. was established as a center providing advanced computing technology. At that time, Japan was in the early stages of rapid economic growth, and with the spread of information processing technology, scientists and engineers had begun using computers as important tools for advanced data processing. Tokyo Electronic Computing Service took on computing as a business, utilizing computers along with analysis and simulation technologies to support national projects behind the scenes to contribute to Japan's high economic growth. This became the starting point for CTC's specialization in scientific and technical computing.



CTC's Predecessor Company History

1958

Established Tokyo Electronic Computing Service (later to become CRC Solutions)

Started computer sales and contract computing business.

1964

Involved in the Tokaido Shinkansen and the Tokyo Olympics

Involved in national projects such as structural calculations for Tokaido Shinkansen elevated track supports, structural calculations for the World Expo, and queue calculations for ticket gates at Olympic venues.

1960



1959

Introduced the Bendix G-15 system and launched contract computing business

Introduced the Bendix G-15, the first US-produced computer imported into Japan. This was used for tasks such as coordinate transformation for map creation, flight planning, railway operation planning, and structural analysis.



1970's

**Establishment of ITOCHU Data Systems
Creating a market through customer satisfaction**

In 1972, ITOCHU Data Systems was established, as the IT subsidiary of ITOCHU Corporation. Japan's economy was on the rise, and municipalities nationwide were accelerating the adoption of computers. This shift was driven by the need for large-scale, rapid data processing in public services. We introduced foreign products to the Japanese market, promoting office automation. In addition to developing and providing Japanese language input systems and keyboards, the company established service centers nationwide to provide support and meet customer expectations. This period solidified the foundation of CTC's business principles: developing and discovering products independently to create solutions, and taking responsibility for technology.

1980's

**Relationship with Sun
Strength in maintenance support to advance through the IT era together**

In 1983, CTC identified the potential of the workstations of Sun Microsystems, which is a spin-off from Stanford University, and promoted their adoption earlier than our competitors. With advancements in IT and the diversification of business operations in the early 1980s, a shift was needed from conventional centralized processing using mainframe systems to a more flexible approach. With the advent of workstations, individual users could perform processes independently while sharing data with other workstations and servers over a network, enabling cost-effective and efficient data processing and analysis. CTC focused on Sun's open technology, providing customizations and intensive support for system building and maintenance. We improved our capabilities in server and application development, databases, and network technologies to strengthen our technical expertise to serve as a multi-vendor supplier.

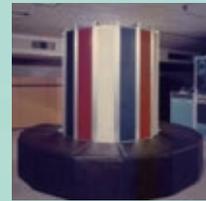
Establishment of CTC



1972

Establishment of C. ITOH Data Systems Co., Ltd. as the IT subsidiary of ITOCHU Corporation (later to become CTC)

Leveraging our expertise in identifying high-potential technology, CTC introduced primarily US technologies and products, such as INFOREX, OPSCAN, and WANG, to the Japanese market. We conducted customization and development for these foreign products to be compatible with the Japanese language, and began supplying them. This led to the establishment of an office automation business, from which we further expanded into the factory automation market.



1980

Introduced CRAY-1 supercomputer as its first commercial use in Japan

Utilizing its high-speed computing capabilities, CTC participated in numerous national projects, including the Honshu-Shikoku Bridge, space and marine development, and nuclear energy projects.

1970

1980

1969

Developed ALPS, a route planning program for building roads and bridges.

Involved in large-scale national projects, including bridges, skyscrapers, roads, and shipbuilding.



1973

Independently established 36 service centers across Japan

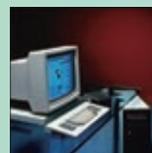
While increasing the number of new products we offered, we worked on strengthening our support system. Through active investments, CTC deployed engineers nationwide and took on domestic inspection and repair for imported equipment, handling these tasks in place of foreign manufacturers. At the time, it was rare for a non-manufacturer to maintain its own independent support network.



1983

Formed a partnership with Sun Microsystems, obtaining exclusive distribution rights for Sun workstations

Sun Microsystems significantly contributed to the development and spread of the internet under the slogan "The Network is the Computer." Sun introduced workstations, servers, the UNIX-based operating system "Solaris," and the programming language "Java," pioneering products and concepts that led the open technology movement in the IT industry.



CTC HISTORY

1990

Expansion of network business A challenge in the world's first mobile data communications

With our in-depth expertise enriched in 1980s in networks, CTC became one of the first companies to provide dedicated network equipment manufactured by Cisco Systems in 1992, strengthening our network technology. As commercial internet emerged, CTC contributed to the rapidly expanding network business. Simultaneously, we established a dedicated internet division, deepening our technical expertise. CTC subsequently participated in various projects related to mobile data communications. In 1999, we supported the spread of the world's first mobile internet service. Since then, the telecommunications field has grown into a major pillar of CTC's business.

A challenging new global venture in the weather business: calculating natural phenomena with "supercomputers x weather"

The weather business began with the use of supercomputers. In 1996, CTC developed its own weather forecasting model and launched Japan's first internet-based weather information website. These advanced simulation technologies have been applied across a wide range of businesses, including ozone hole research, atmospheric pollutant dispersion calculations, nuclear disaster prevention, urban heat island countermeasures, wind and temperature forecasting, and wind condition analysis. These technologies have led to today's GX business, and continue to evolve.

2000

Enhancement of the multi-vendor system Pioneering the future through business integration: From virtualization to cloud business

CTC established the Technical Solution Center (TSC), one of Japan's largest and most comprehensive technology verification facilities. With the rise of new technologies during this period, CTC focused on enhancing its expertise in connecting and integrating various products and training Linux and Windows engineers. TSC played an important role in supporting these efforts. Following the business merger of CTC and CRC in 2006, CTC began working on virtualization technology from an early stage. As the term "cloud" gained traction in the market, CTC launched "TechnoCUVIC," a public cloud service utilizing data centers in Japan. Anticipating technological innovations and market changes, CTC continued to grow significantly during this transformative era.

1996

Launched Japan's first internet-based weather information website

Developed a proprietary weather forecasting model. Our expertise in advanced simulation technology led to today's GX business.

1992

Began providing network products from Cisco Systems

1999

Supported the spread of the mobile internet service

CTC established a dedicated team and participated in the research and development of mobile internet services. We were responsible for building core mechanisms and servers with functions to connect mobile phones to the internet and manage IP addresses. The growth in mobile internet users far exceeded expectations, and CTC was involved in the development of new servers to meet this demand, as well as in expanding new services.

2008

Launched "TechnoCUVIC," a public cloud service utilizing CTC's data centers in Japan

Released as an IaaS-type cloud service utilizing CTC's data centers in Japan. CTC steadily grew its cloud business thereafter, which later evolved into "OneCUVIC."



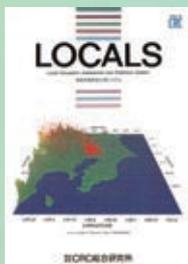
1990

2000

1992

Developed the localized weather assessment system "LOCALS"

Calculated wind flow patterns for the summit of Namcha Barwa (approx. 7,600m) in the Tibetan Himalayas, contributing to the first successful ascent of the mountain.



Established the Technical Solution Center (TSC), our comprehensive technology verification facility

With the cooperation of various vendors, CTC developed our verification facility covering everything from system infrastructure, such as servers, storage, and networks, to middleware and applications. The facility was one of the most comprehensive in Japan at the time, symbolizing CTC's multi-vendor reach and expertise in connection and integration.

2005



2006

ITOCHU Techno-Science and CRC Solutions merged to form ITOCHU Techno-Solutions Corporation (CTC)



The corporate philosophy was changed to "Challenging Tomorrow's Changes".

2010

Transformation of technologies born in Silicon Valley into Waza (unique skillset) Entering ASEAN markets to strengthen business

In 2012, CTC acquired the US subsidiary of ITOCHU Corporation, which had established long-standing relationships with Silicon Valley companies, and began full-scale operations in North America. CTC continued to seek out new business opportunities, leveraging its expertise in identifying high-potential technologies cultivated through years of R&D in Silicon Valley. As part of our growth strategy to strengthen our business in ASEAN, CTC built an SI structure capable of covering the entire ASEAN region. This enabled CTC to offer flexible services to the ASEAN market, utilizing its development capabilities, maintenance and operations expertise, and industry knowledge.

Launch of CTC's proprietary security services leveraging comprehensive strengths Establishment of an AI business framework

Building on security technology and expertise developed since the early days of the internet, CTC expanded into comprehensive security services, including diagnostics, monitoring, and consulting.

Amidst evolving technologies, keywords related to AI, such as deep learning and machine learning, gained attention. CTC established a dedicated AI department, leveraging expertise in data building, analysis, and BI tools to strengthen support for AI utilization.

2020

Promotion of DX business A challenge in creating the future

With the arrival of the DX era, it has become essential for companies to actively leverage digital technology to maintain and strengthen competitiveness. CTC supports customers' DX initiatives through new technologies such as AI, data & analytics, Cloud Native, quantum computing, and digital twins, with a focus on exploring, realizing, and growing digital businesses together with customers. By responding swiftly to the complex changes that accompany DX advancements, CTC provides practical support to help client companies ride the wave of digitalization.

2024

Into Unprecedented Territories

2014

Launched own security monitoring service "CTC-MSS"
Simultaneously established the monitoring center "CTC-SOC"

- CTC Managed Security Services (CTC-MSS)
- CTC Security Operations Center (CTC-SOC)



2020

Started "build service" and other DX-related services

Launched services to support DX, including "build service," a closely collaborative technology consulting service that explores, realizes, and grows digital business together with customers. Established a dedicated DX department as a cross-functional organization.

build service 

2010

2020

Strengthening R&D capabilities in North America

2012 ITOCHU Technology, Inc., a subsidiary of ITOCHU Corporation established in 1990, was made a consolidated subsidiary and later changed its trade name to ITOCHU Techno-Solutions America, Inc.

Building presence in ASEAN

2011 Established the Singapore branch

2012 Invested in Thailand's Netband Consulting Co., Ltd. (now CTC Global (Thailand) Ltd.)

2013 Acquired Malaysia's CSC ESI Sdn. Bhd. (now CTC Global Sdn. Bhd.) and Singapore's CSC Automated Pte. Ltd. (now CTC Global Pte. Ltd.) as consolidated subsidiaries

2019 Acquired Indonesia's PT. Nusantara Compnet Integrator and PT. Pro Sistematika Automasi as consolidated subsidiaries

2023 Opened Taiwan Representative Office



Into Unprecedented Territories

An era has arrived where we do not wait for the future—we go out to meet it. This is why CTC will continue to build its ability to implement new value for the Earth and society.

Each of us, as inhabitants of this planet, must consider what we can do for a better tomorrow.

We will join hands with colleagues and partners, to boldly combine technologies, and create unprecedented systems and solutions.

In this challenge, there are no longer boundaries between fields.

Now, full speed ahead.

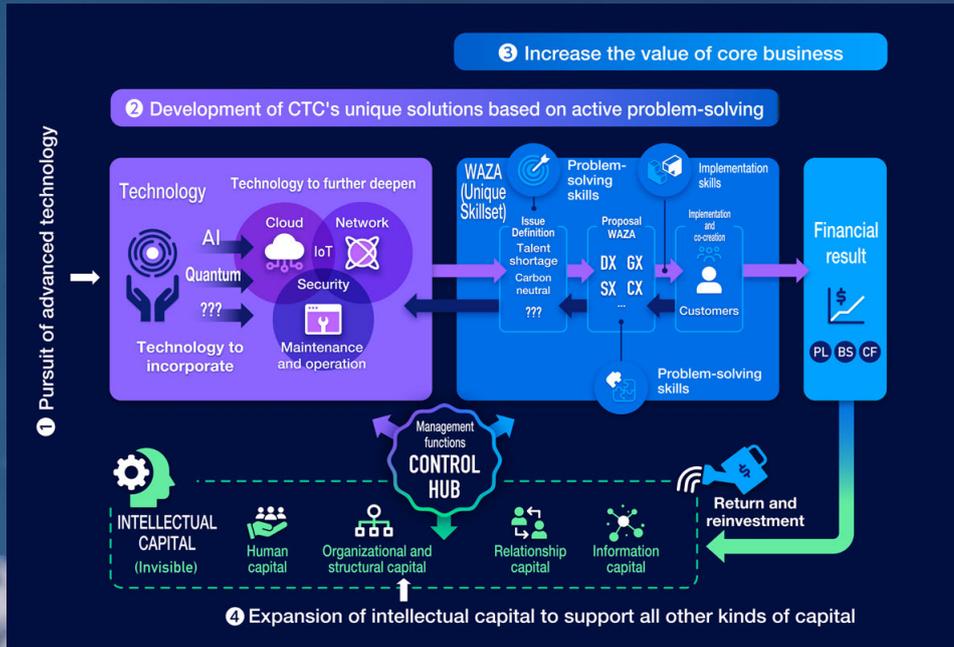
To make the CTC Group an even more indispensable presence for the Earth, society, and humanity.



Accelerating the Shift to CTC 5.0 (Intellectual Capital Management)

AI, quantum computing and other rapid technological changes are giving rise to new fields through the fusion of technology and academia. As these technologies are used in society, entirely new domains will emerge, driving more intense societal change. To contribute to such a society, support our customers, and grow alongside them, we have defined 'CTC 5.0' as our approach and management cycle, offering unwavering, full-scale support as we accompany them every step of the way.

Overview of CTC 5.0



Key agenda for CTC Group medium-term management plan (2024-2026)



CTC 5.0 is a management system that positions intellectual capital as the source of creative activity

CTC 5.0 will expand the foundation of our four intellectual capitals, quickly adopt and combine new technologies, hone both technologies and waza (unique skillset), and ultimately translate these efforts into financial results. And further enhance intellectual capital, which will be reinvested into the business. Once CTC 5.0 is established, the cycle can be accelerated to develop a more robust management system. Shifting the management system to an intellectual capital-based structure where each type capital is accumulated, will enable the adaptation to environmental changes. Our aim is to update to CTC 5.0, with all CTC Group employees united in advancing the medium-term management plan.

The Grit to Bo Japan's Econon with IT

Into Unprecedented Territories by honing our proposal capabilities

Seeking greater heights together with our customers and partners. The CTC Group seeks to become the top group company of Slers, with its technical prowess honed over the years and the proposal capabilities for providing even greater value. For creating an ever better society and future by harnessing IT.

Built-up trust

Aiming to be the top group

In April 2024, I was appointed President of ITOCHU Techno-Solutions Corporation. At my previous position at ITOCHU Corporation, I headed the organization that oversaw the CTC Group, but when I was appointed to this company, I realized again that the CTC Group is a company that does so much more than I had imagined. The wide range of customers and technologies we cover still continues to surprise me with just how much I have to learn, and I can also feel that very high level of potential we have on offer. While we have reached the position of being included in the second largest group of Slers (system integrators), we are seeking to join the top group of Slers by expanding the scale of our businesses even more and boosting our business performance and profitability. As soon as I was appointed to this role, I conveyed these thoughts to our employees and have been motivating them to put in their best effort toward becoming a top group company.

One of our Group's strengths is our broad customer base. Since being established, we have been an Sler that has built up relationships with customers based on our proven technical capabilities and robust support system, and we have a wide range of customers across different industry sectors. In addition to working with our clients' information system departments, we are also coordinating efforts with their line of business (LOB) departments, and I think we are in a unique

position that enables us to easily identify the needs for DX for adapting to changes in the environments that our clients are operating in. Given that we work with customers across a broad range of industries, we have steadily built up knowledge and technical capabilities throughout various fields, allowing us to also provide highly reliable, proven services to other customers.

Building on the strength of our customer base, we will be further strengthening our relationships with customers who are actively investing in IT, such as companies involved in supporting national infrastructure. Our forte has long been our dealings with telecommunications carriers. On top of this, we intend on steadily providing proposals to customers in the electrical power, transportation, aviation, gas, and other business sectors with the view to enhancing their business efficiency and competitiveness through IT investments.

Our proposal capabilities are the key

Proposal capabilities are the value we provide

Investing in IT remains a challenging topic for companies. There remains a tendency for viewing IT investments as a cost that needs to be limited, and some companies are skeptical of IT investments because they are not able to utilize them as expected after previous such investments. Meanwhile, I feel that there is an increasing number of companies boosting their business performance by leveraging IT,

ost
ny

CEO Message



Tatsushi Shingu
President & CEO

and that we are now in an era where it is not possible to survive without making aggressive IT investments in business fields.

I believe that the crucial aspect that top management has to factor in when making IT investment decisions is determining what will be achieved by those IT investments. This is why it is so important to explain in a sincere manner what will be accomplished with IT investments that will be of benefit to the company. To achieve this, We need to accumulate learnings from successful cases and knowledge of companies that are using IT successfully. Over the years, our Group has developed a close relationship with the U.S., the leading country when it comes to IT—and Silicon Valley in North America in particular—and we believe that we can benefit from leveraging these connections to acquire useful knowledge.

Japanese companies are finding it difficult securing and training engineers with IT skill sets, and is in turn preventing internalization—Slers like us have become essential. Instead of depending on being needed by our customers, we need to further build up our ability for offering solutions to cover the finest of details. I think that the ability to come up with proposals in areas close to the customer's management and businesses in particular will be crucial going forward. In essence, we are also being required to come up with ideas that customers are not aware of yet, like organizing the actual issues faced by customers and determining the requirements for how IT can be leveraged for resolving those issues. By complementing our Group's IT long highly regarded system implementation capabilities with proposal capabilities like these, we are hoping to increase the number of projects where our clients say: "We are glad we went with CTC."

Leveraging coordination with the ITOCHU Group

Our Group is positioned as a core company that makes up the group of digital businesses of ITOCHU Corporation's digital value chain strategy.

We will be coordinating efforts with companies from this business group that specialize in consulting, or those with strengths in customer experience (CX) and business process outsourcing (BPO), with the view to coming up with the best possible proposals for our clients. We have already achieved a number of use cases for ITOCHU Group companies spanning a broad range of industries. An example of this includes Brainpad Inc. of ITOCHU's digital business group and a leading data analysis company, with which we have launched a logistics simulation service for optimizing vehicle dispatching and delivery routes based on data such as dispatch and delivery plans, weather data, and smart meters installed at stores and homes.

In this way, we are seeking to build up successful cases while supporting the digitalization of the ITOCHU Group's business and rolling them out further throughout the ITOCHU Group, while also simultaneously applying these successful cases back to CTC Group customers.

Full-speed ahead

Leveraging IT to change the Japanese economy and daily life for the better

Until 15 years ago, Japan ranked second in the world in comparisons of nominal GDP globally. Yet Japan dropped to fourth place in 2023, and there are concerns about the decline in our national strength. I think that IT prowess is an important factor in boosting the national strength

of Japan again, and I believe that our mission as an Sler is to be one of the purveyors of this capability.

Next I want to talk about something that everyone is more familiar with. One example is when you out and buy some rice or a pack of drink bottles. In the past, you had to carry the heavy items yourself, but now you are able to place an order through e-commerce and have it delivered to your home. This is definitely one of the benefits that digital technology has brought about. Most of the changes that are occurring around the world and that benefit us are the fruits of advances made with IT, and I think that today we are living in a world where it would be impossible to live our day-to-day lives without smartphones and the Internet. I think the role of an Sler is to change daily life for the better, by working in tandem with customers to devise and implement digital systems that they wished they had available.

Our Group positions sustainability as one of our most important management topics, and is committed to creating social value as well as generating our own corporate value. More recently, we also embarked on business supporting our customers with their GX efforts as they aim to curb greenhouse gas emissions. We actually have an extensive history in helping to solve social issues through IT, with the support we have been providing to electric power company customers over many years as part of calculations for wind power generation. I hope to further build on this business by leveraging our extensive experience and accomplishments in resolving social issues.

Advanced AI has drawn tremendous focus in recent years, and we also view it as one of the key technologies in our own medium-term management plan. We are fully aware that AI will play a crucial role in future technology, and hope to be actively engaged in businesses related to AI. We have already assisted in projects to build AI platforms for a number of clients. With customers utilizing AI throughout their businesses, we hope to build a strong position support their operations. Another challenge that we will be actively addressing is boosting our own productivity by leveraging AI.

Seeking growth on a global scale

Our Group has already established subsidiaries in North America as R&D bases and ASEAN countries, but revenue in Japan still account for 90% of our overall sales. The Sler business model is likely unique to Japan, but I am certain there are markets overseas where Slers are able to take advantage of their areas of fortes. While this may still be a long way away, if there are countries or opportunities where we are able to leverage the Sler business model, we will be making an active effort to expand there and pursue growth as a global company.

In closing

As I mentioned earlier, my goal is to make the CTC Group one of the top group of Slers. This is certainly possible, and I think this is a goal that we definitely need to accomplish. The first crucial step is to make sure that all our employees are aware of the fact that we are changing into a top group company. Secondly, we must be willing to take on the challenge of accomplishing this goal. Nothing will start without getting into the right mindset. By becoming part of the top group, we want our employees to feel a sense of pride in working for our company. I will be spearheading the required leadership in order to achieve this.



The Current Situation of CTC

The CTC Group has a workforce of over 10,000 employees.

Each individual plays their role, standing on the FRONTIER.

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Chapter_01





Atsushi Wada
ITOCHU Techno-Solutions Corporation
Retail and Service Group



Akihiro Kobayashi
ITOCHU Techno-Solutions Corporation
Retail and Service Group



Naomi Morikawa
CTC System Management Corporation
Sales Group

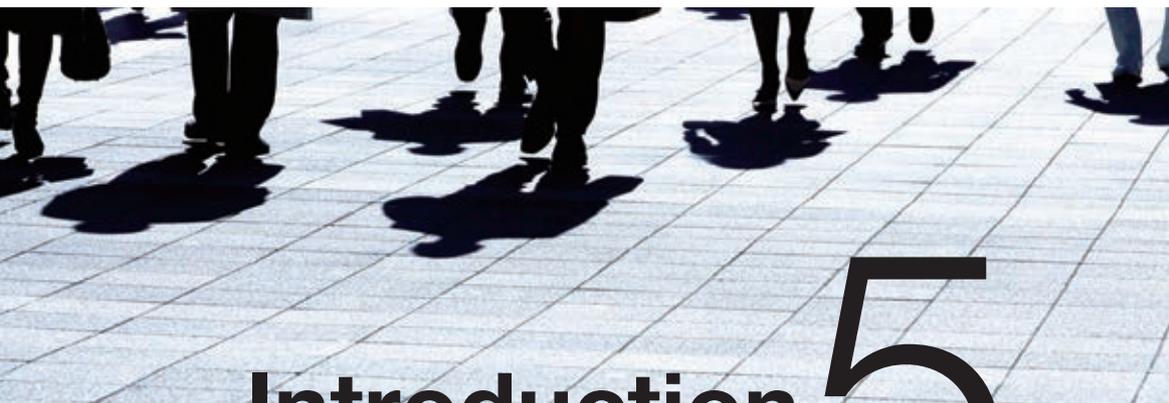


Hideki Takahashi
ITOCHU Techno-Solutions Corporation
Digital Services Group
Deputy General Manager, Digital
Transformation Business Planning and
Promotion Division
General Manager, DX Consulting
Department

Our People at the FRONTIER



Takanori Minatohara
ITOCHU Techno-Solutions Corporation
Director, Executive Vice President (EVP)
CRO, COO, CRO Group



Introduction

About the current situation of CTC

5

Persons

**The work of the CTC Group spans a wide range of fields.
Five individuals, each with different roles, shared their
perspectives on CTC's current situation.**

Our People at the FRONTIER



Engineers' growth and taking on challenges expand the future of CTC

Engineer



Atsushi Wada
ITOCHU Techno-Solutions Corporation
Retail and Service Group

Joined CTC to exercise my strengths as an engineer

I changed jobs and joined CTC in 2006 to fulfill my goal of exercising my strengths as an engineer. I worked on web application development at my previous job, where my work day involved development and testing based primarily on basic design documents. Yet as I gained experience, I realized how “certain things can definitely be done better,” and this sparked a strong desire as an engineer to become more involved in upstream processes of projects. The year of 2006 was part of the important milestone to shift our focus to SI business, and I made the decision to join the company because I was convinced that I could play a role in driving the company’s growth, and at the same time grow personally.

Worked on various projects including proprietary solution development

After joining CTC, I took part in launching our proprietary solution “EIMANAGER”^{*1}, and led pre-sales and SI development for customers as the project leader. I was involved in all aspects of the project, from requirement definitions, design and development to operation and maintenance, while also directly interacting with those involved in the project and customers with an eye to achieving better results. My vision of being involved from upstream processes was so much more rewarding than I had imagined, and I subsequently felt a sense of fulfillment as a project manager in charge of pre-sales of SI development projects with various companies and various solutions. Yet, I was transferred to a department responsible for development in the BtoC field—a sector that I had wanted to try my hand at with an eye toward achieving further growth and was given an opportunity to take part in a general app development project for the Co-opdeli Consumers’ Co-operative Union (hereafter, “Co-opdeli Union”).

The Co-opdeli Union provides a wide range of services supporting the lifestyles of its members, mainly centered on the home delivery business and also including selling products at physical stores, mutual aid and insurance, and energy. With face-to-face communications becoming more difficult in recent years, boosting digital contacts with the use of apps has become one of the most important challenges. So Co-opdeli Union developed a policy for consolidating multiple apps with different types of usability and purposes into just two apps, and supplying these in a way that is easy for members to understand and use. The first of those is a Coopdeli home delivery app designed specifically for home delivery shopping, and the second is a general app encouraging users to shop at physical stores that serves as a link to

other services. CTC is responsible for the development of both of these apps, and I am involved as the project manager for the general app development project.

Pursuing better UI/UX design with a user-first approach

I have always been focusing on optimizing UI/UX^{*2}. The BtoB systems I have been in charge of developing require faster operability and reach to efficient business processes so that users are able to streamline their operations. Those systems are usually used by limited numbers of users and, they are assumed to be used for an extended period of time once deployed. Yet a completely different perspective is needed for the BtoC field. As the system will be used by a broad range of consumers, it is vital that anybody is able to navigate the system in an intuitive manner without any confusion so they can quickly achieve their tasks. It will also be important to include aspects that will result in an increase in repeat visitors and experiences that is in touch with their emotions. These are the key takeaways we have learned from this project.

Building on the success of the Co-opdeli home delivery app released in February this year, Goodpatch Inc. (hereafter, “Goodpatch”)^{*3} covered the design of the project app, with CTC in charge of development. Goodpatch first conducted a number of interviews with management executives and frontline staff, and cemented the image of “To-be user experiences” Co-opdeli Union envisions. We summed up the experiences they seek to provide to their target users as their user stories, and from this, we identified the functional requirements. I was also involved in every step of this process. After examining in detail the functions of the existing app and identifying related system limitations, Co-opdeli Union, Goodpatch and CTC worked together to come up with the design and functionality.

After defining the requirements, we were faced with budget limitations when we

presented a formal quotation and even had to consider canceling the project, but we revisited the image of “To-be user experiences” we shared, and narrowed down the required functions without compromising the user experiences. The project has been progressing smoothly by leveraging the insights acquired through our experience of developing the Co-opdeli home delivery app to the fullest.

Engineers spearheading efforts to resolve issues

CTC’s engineers are required not only to be just technical professionals, but also to directly interact with customers and partners. With business needs becoming increasingly complex, more than just advanced technical skills, possessing communication skills is crucial for accurately identifying the issues and proposing solutions while working with experts with different responsibilities, such as consultants and designers. I think that the approach of engineers of the future will be to play a central role for resolving problems, leading their teams to work closely with customers and create value capable of contributing to society. I am certain that by continuing to adopt this approach when taking on challenges, CTC will be able to continue being a company that provides greater technological value to society.

^{*1} Document management system that facilitates business efficiency improvement of entire companies by centrally managing information scattered across organizations and realizing utilization of the information as “knowledge assets.”

^{*2} Abbreviation of User Interface/User Experience. UI refers to the point of communication between users and services (which encompasses layout, button positioning, entry forms, etc.), and is the role of the service that makes it operable and functional. UX refers to the user experience obtained from using the service. UI is one aspect that enhances the UX, and improving UI and improving UX are closely connected.

^{*3} Concluded a business and capital tie-up with our company in November 2021. Collaborates and co-creates with CTC in the design and UI/UX areas for DX promotion of customers and our solution development.





Building up trust and creating connections
that bring joy to people



Akihiro Kobayashi
ITOCHU Techno-Solutions Corporation
Retail and Service Group

Connecting the “thoughts” of people facing issues, with those capable of resolving them

We asked Mr. Kobayashi, in charge of sales at the Retail and Service Group, what the role of sales representatives is at CTC, to which he replied: “Connecting the thoughts of people facing issues, with those capable of resolving them.”

“Our exceptional engineers always provide cutting-edge technologies and services, and I take pride in the quality of what they deliver. Sales representatives are responsible for identifying the very concerns and needs of customers, and communicating them accurately to our engineers. Moreover, we also focus on building up relationships of trust so that our proposals are accepted by more prospective customers. “That is the true role of sales representatives,” explains Mr. Kobayashi.

Built-up trust leads to my current projects

Mr. Kobayashi has been in charge of the Co-opdeli Consumers’ Co-operative Union (hereafter, “Co-opdeli Union”) account since 2021. While it operates in a range of areas including the home delivery business, store business, and mutual aid and insurance business, Co-opdeli Union’ strategy is to expand orders through EC. CTC is involved by providing consulting services as part of a task force for computerizing orders in the home delivery business, while also working with Co-opdeli Union to study what needs to be done to achieve the objectives, organize the current circumstances, identify issues, incorporate them into the project, and engage in a series of dialogues to come up with solutions.

To date, CTC has also provided support for developing various services for the Co-opdeli Union. One example of this is the “One minute order” system that was released in 2018. This system automatically displays recommended products and quantities based on the previous order history. The service gives users an easy way to shop by simply tapping the order button, and CTC supported Co-opdeli Union to deploy the ordering channel that provides greater user convenience. The trust that former CTC sales representatives and engineers built up has led to the involvement of Mr. Kobayashi in the current project.

A thorough understanding customer businesses and devising ways to maximize value from a management perspective

Mr. Kobayashi has renewed his appreciation of just how much trust CTC has garnered numerous times. Despite this, relationships can change depending on our own actions given we are the point of contact for customers. He always pays attention to his actions and languages to



ensure that he can establish himself as a trustworthy individual, without depending on the trust that CTC has established.

The first step to this is gaining a thorough understanding of our customers’ businesses. During the project period, he visited Co-opdeli Union’s home delivery center as a sales representative to learn more about its home delivery business. He also works with the customer for developing approaches and proposing solutions that link the headquarters and delivery center together, leveraging what he witnessed and learned while at the home delivery center. He is currently focusing on maximizing the value of the entire system, while managing multiple projects across the board.

Taking on the challenging of developing various solutions, like hypothetical proposals or generating opportunities for co-creation

Now in his sixth year at CTC after entering as a mid-career employee, Mr. Kobayashi was in charge of sales of solutions for local governments at his previous job, where he covered entire projects, from identifying issues to devising proposals and managing budgets. “I would like to take on challenges in a broader range of fields,” explains Mr. Kobayashi on how he made the decision to join CTC where he could propose a wide variety of products and solutions.



He faces new challenges on a daily basis. As development of the new home delivery app for Co-opdeli Union progresses, he responds to various requests from the customer. Moreover, he is aiming for even better app development by raising issues that customers may be unaware of and suggesting proposals to address them.

“I always keep in mind examining the true nature of issues from the perspectives of the three parties involved—Co-opdeli Union, development engineers, and users—which involves finding areas of improvement from the perspective of users actually using the home delivery app and seeking the true opinions of engineers from the perspective of developers.”

In developing the app, improving the UI/UX for boosting usability for users proved to be a major hurdle for Co-opdeli Union. To address this challenge, CTC and Goodpatch Inc. coordinated efforts to create a framework where the development and design teams worked together for developing the optimum app for users. The project is progressing in a steady manner by creating opportunities for co-creation through the collaboration framework.

Every consultation is different; every job is rewarding

“I would like to be the person approached by saying “Let’s consult Mr. Kobayashi first”.”

There are never consultations that cover exactly the same content in this industry. Things are changing on a daily basis, so each and every job involves uncovering new issues, with continuous efforts required to tackle them. This is why he finds it so rewarding to carry out his day-to-day job responsibilities. Building up trust, creating countless connections, and demonstrating CTC’s values will lead to tremendous results. Even now, Mr. Kobayashi is challenging himself alongside his customers with the view to resolving a broad range of issues.



Making society even better with the potential of technology and space



Naomi Morikawa
CTC System Management Corporation
Sales Group

Engineer

Providing Internet access via space, even where ground-based lines are still unavailable

“Connecting space and society in comfort.” This is the essence of our job. CTC System Management Corporation (hereafter, “CTCS”) is a CTC Group company that chiefly covers system operation and support businesses. One of our major businesses is serving as a partner of SKY Perfect JSAT Corporation (hereafter, “SKY Perfect JSAT”), which is engaged in the space business based on various satellite communication services as one of its core businesses, and has provided support for system operations for a number of space-related businesses.

I work as an engineer at SKY Perfect JSAT’s Yokohama Satellite Control Center, where I am involved in services enabling the use of Internet and voice communications in areas where ground-based lines are not yet available, such as mountainous areas and remote islands. Satellite Internet connections with geostationary satellites allows for web conferences and telephone connections even in regions deep in the mountains. My job as an engineer is building the system and developing the monitoring tools to provide the service.

Operator-turned-engineer with the view to enhancing skills

As an engineer, I am currently responsible for building systems, but until recently I had long worked as an operator. When I joined CTCS, I never thought that I would shift my career to become an engineer.

Looking back, it was when I was in junior high school that I decided to go down this career path. At the time, cell phones were just becoming mainstream from pagers and PHS, and I had developed an interest in radio technology so went on to study at a technical college. After graduating, I joined CTCS and was initially involved in the operation of satellite lines as an operator for SKY Perfect JSAT in a department where I was able to apply my knowledge on radio technologies. The job involved providing 24-hour, 365-day support on a rotating shift basis and covered a broad range of tasks, including attending to customers seeking to “use satellite connections,” monitoring the status of satellites during live broadcasts, and even being one of the first to respond in the event of a malfunction. After gaining experience in management as the first female shift leader at CTCS, I was transferred to my current

department in 2020, where I am also required to have knowledge of network systems. I was also able to grow personally based on such a broad variety of experiences and challenges, and decided to take on the challenge of becoming an engineer in pursuit of further boosting my skills. To acquire the required certifications, I also took the initiative myself and joined study groups. I think my efforts were recognized, as in 2024, I made the move from operator to engineer, and set out on a new career path.

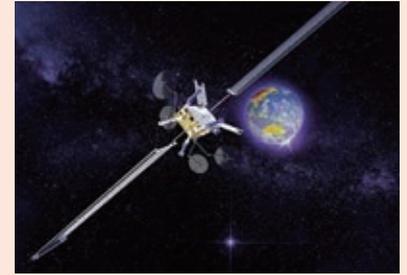
Hope to contribute to empowering women by taking a leap forward as an engineer

While I am still very inexperienced as an engineer, there is still a role that only I am able to fulfill. As one of the few engineers armed with experience as an operator, I am also expected to build and monitor systems from the perspective of frontlines. Building a better system by applying a new perspective—that is my mission. There is another mission. I am hoping that my career serves as a model case for empowering women to encourage more female employees to take on challenges. People today tend to think that empowering female employees is about being promoted into management positions, but I would like to demonstrate that women are also able to play an active role as engineers.

Indispensable service for modern society to enrich the planet and our lives from space

It has been more than 20 years since I have been involved in the space business. I have played a key role in creating an affluent society through a range of satellite-based services. One particular experience that I found impressive was in the wake of the Great East Japan Earthquake of 2011. Through our experiences of satellite communication services being used for restoration efforts, and the fact that cell phones using satellite communication assisted with rescue efforts in the disaster-hit areas even while land lines and cell phones were down, I was reminded that my job is an indispensable service for modern society.

As an engineer who will be contributing to SKY Perfect JSAT’s business going forward, I will continue taking on the challenge of pursuing further growth, to ensure operation of reliable services and create services that enrich society from space.



JSAT-31 © Thales Alenia Space/E.Briot

Partnering with SKY Perfect JSAT for 35 years to unlock the potential of space

SKY Perfect JSAT launched JCSAT-1, Japan’s first commercial communications satellite, in 1989. Since then, CTCS has been involved in the field of operations as a partner of SKY Perfect JSAT. The first satellite digital multi-channel broadcasting service (Perfect TV!) in Japan was launched in 1996, and CTCS was again selected to be responsible for its operations. Including those mentioned above, CTCS has been heavily engaged in the space and media businesses in concert with SKY Perfect JSAT for 35 years. Today, space and satellite services are an essential type of infrastructure for society. These support an extensive range of services, from communications, observations and GPS to IoT businesses in the logistics, finance, agriculture, forestry, and fisheries sectors. CTCS has many engineers certified as radio operators, and has extensive experience in the operating area of space projects. CTCS is also leveraging these strengths to accelerate its activities going forward. The “HAPS” stratospheric communications platform is drawing attention as a next-generation communications infrastructure, and CTCS is currently working toward launching the project in 2026 by covering verification of radio propagation^{*1} and inspecting registrations^{*2}. Together with SKY Perfect JSAT, we will continue taking on challenges in the space business where the potential is limitless.

^{*1} Aims to monitor the radio environment and communication performance in the stratosphere. Certification as a radio operator registered with the Minister of Internal Affairs and Communications is required for this task.

^{*2} A designated inspection based on the Radio Law is conducted when new radio equipment is installed at a radio station. The inspection must be conducted by an operator registered with the Minister of Internal Affairs and Communications.





Creating new businesses for customers



Hideki Takahashi
ITOCHU Techno-Solutions Corporation
Digital Services Group
Deputy General Manager, Digital
Transformation Business Planning and
Promotion Division
General Manager, DX Consulting
Department

Consultant

End-to-end support, from upstream of business through to development, operation and maintenance

I currently provide “CTC Digital Integration Services” available from the Digital Transformation Business Planning and Promotion Division.

Before outlining what this service entails, I would first like to explain the environment that CTC and companies are immersed in. As an Sler, CTC has grown on the strength of its advanced infrastructure construction available for large-scale systems and high-quality operation services. Yet today, changes in the business environment and growing intensity in competition have altered the way system infrastructure is being constructed. One example that the in-house production of system construction is increasing at our customer companies, and in addition to greater efficiency and sophistication, they are also demanding more value in the services we provide. To achieve this, there is now a need to highlight the fact that CTC is capable of app development, in addition to building systems that has formally been one of CTC’s fortes.

In Japan, DX is often viewed as enhancing business efficiency by leveraging digital technologies, but in addition to that conventional image, it also implies sublimating existing businesses or products into completely new realms—that is, bringing about innovation. Thus the promotion of DX now extends beyond the framework of IT systems, and calls for the approach of adopting a company-wide strategy.

When we provide our customers with proposals, more than just approaching their information systems department given the longstanding relationship we have built up, we also need to approach their positions that are closer to management. In order to delve deeper into the customer operations, there is a growing need for

business scheme that provides support from upstream of their businesses, such as their business strategy and CX (customer experience) strategy, through to system development, operation and maintenance—this is the essence of “CTC Digital Integration Services” that I mentioned at the start, which has made it possible for us to deliver such an end-to-end service.

Greater service depth by collaborating with ITOCHU’s digital business group

The inspiration behind the CTC Digital Integration Services business scheme arose partly from the changes in the business environment I mentioned earlier, but also from the fact that our employees—myself included—were seconded to a major automobile manufacturer to work on developing a new business model. Witnessing the changes occurring to the business portfolio there was certainly an immensely valuable experience.

At the time, CTC did not have any management strategy consulting capabilities like business strategy and CX strategy built-up internally, and enhancing the consulting sector was deemed as crucial for achieving further growth. The event that changed this significantly was the privatization of CTC by ITOCHU Corporation (hereafter, “ITOCHU”) in 2023. Even before then, we had been working on projects together with ITOCHU and ITOCHU Group companies. Given that we are now definitely explicitly incorporated into ITOCHU’s digital business group, we are expected to not only increase sophistication with our services, but also accelerate our growth strategy and further increase revenue. Through rolling out DX to our clients, we are anticipating joining forces with companies that are able to complement any capabilities that CTC is lacking in—in essence, an increase in M&As and other

investment projects—and so we believe that our ability to maximize use of management resources such as ITOCHU’s network and investment know-how is one of our core strengths.

I&B Consulting Inc. (hereafter, “I&B”), one of the companies that comprises ITOCHU’s digital business group, was established in April 2024 as a joint venture between ITOCHU and Boston Consulting Group (hereafter, “BCG”). I&B will assist in developing strategies, designing concepts and providing support by leveraging the consulting expertise of BCG and business know-how and assets of ITOCHU Corporation. I have also been appointed as an advisor at I&B and concurrently serve on the team promoting CTC Digital Integration Services, and so this will further deepening our mutual collaboration.

Prior to that, in 2022, we launched the AKQA UKA joint venture with ITOCHU Corporation and AKQA, a subsidiary of the UK-based WPP, one of the world’s largest advertising agencies. AKQA UKA is also part of ITOCHU’s digital business group, and mainly provides CX design consulting services.

Such strong ties with ITOCHU’s digital business group will allow us to expand our upstream business and boost intensity of the CTC Digital Integration Services that we provide. By doing so, we are setting out an inorganic growth strategy through approaching new customers and management levels, in addition to our traditional organic strategy.

Human resources that enable growth strategies

I am certain that our human resources are the key to ensuring further growth with the services we provide. My motto is: “Independence,” “Creativity” and “Challenge,” which also represents the purpose of our team. While it may seem obvious, we think by ourselves, take our own initiative, and develop our own new paths. And just like our corporate identity, “Challenging Tomorrow’s Changes,” we will always continue taking on new challenges. This sense of passion lies at the very soul of our team. When we first started, our team numbered around 30 people, but today we have some 150 members. Going forward, I hope to continue working with people who are overflowing with vitality. We will work on creating even more areas of new business, while also continuing taking on challenges together with those who will hold the reins of future society.

ITOCHU’s Digital Business Group



Message from CRO

Chief Revenue Officer



Seeking to “Challenge,
Evolve, Grow as One”

Takanori Minatohara
ITOCHU Techno-Solutions Corporation
Director, Executive Vice President (EVP)
CRO, COO, CRO Group

Mission of the CRO

The CRO Group was newly established in April 2024 to achieve sustainable revenue growth for the CTC Group. Prior to this, the Group has been developing unique marketing and sales activities for each of its five front business groups: Enterprise, Retail and Service, Telecommunication, Regional & Social Infrastructure, and Finance Services. However, in recent years, the IT industry market has changed rapidly including the shift to cloud computing and expansion of SaaS. Consequently, the products and services that customers seek have also diversified. Therefore, the CTC Group has been reassessing the way it conducts its businesses and responds to markets since 2022, and has been discussing ways of achieving more strategic growth. Instead of taking the traditional product-out approach, we developed policies to shift to a market-in approach based on customers' needs. Against this backdrop, the CRO Group will be playing the role of boosting our sales capabilities and supporting the sustainable growth of the entire company. We will be focusing on creating new value while also responding in a flexible manner to market changes.

CRO functions and initiatives

To keep up with the rapidly changing market environment, our sales representative will need to provide additional value-added services. The CRO Group will support the growth of sales representative, and working on making their sales activities smoother. The first step will be utilizing digital tools for establishing a system that allows sales representative to focus on their core business activities such as proposals, quotations, receiving orders, and deliveries. Until now, our sales representative have handled all processes, from gathering information on products and services, to providing information on events and seminars to customers, proposals and quotations, receiving orders, and follow-up with after-sales services. Looking ahead, the CRO Group will provide support for branding and marketing—the stages required prior to “proposals and quotations, receiving orders, and deliveries,” and following up after delivery. Intellectual capital data such as success cases, proposal know-how, product information, and cross-selling opportunities for each business group is being consolidated to provide a robust support for sales activities.

We are also aiming to shift to a sales style that enables us to come up with proposals from the upstream phase, when customers' potential needs arise. Our focus has formerly been on “selling products” (product-out), where products and solutions were proposed based on customers' needs. Going forward, however, it will be crucial to cultivate sales representative who understand the process behind “providing services” (market-oriented), which embodies the needs of customers from the upstream phase and proposes integrated solutions, from construction and development to operation and support, with the cooperation of engineers. The CRO Group aims to achieve

more effective sales strategies and provides sales data by customer and product, contact information, and research data on industry trends to the entire company to support sales activities. To cultivate future sales representative, we are also working on creating content that will assist with learning the methods of exceptional sales representative.

Keywords of sharing and collaboration

The keywords that are a common aspect throughout all of the CRO Group's activities are: “sharing and collaboration.” An example that highlights this is from before the CRO Group was established, when we rolled out a security monitoring system where we utilized networkable fluorescent lights that IoT cameras equipped in for a railroad company that was a customer of the Enterprise Group. The project is an example of how we created new business opportunities by applying solutions that we developed from the telecommunications carrier business of Telecommunications Group to a customer in the Enterprise Group. Looking ahead, the CRO Group will serve as a hub, leveraging the unique technologies, relationships, and customer base of each business group with the aim of creating new businesses through collaboration that transcends the frameworks of individual departments.

In terms of technology, we have identified four focus areas: Cloud Native, Security, Data & Analytics, and Advanced AI.

These technologies are common to and help build up business, regardless of the cus-

tomers' industry. Source data is also required for utilizing AI. A cloud-native approach is also crucial for immediately utilizing this data. Moreover, security measures encompass that these areas need to be taken. Thus, these four technical areas are closely related, and we believe that a cross-sectional approach and company-wide coordination is extremely important. To achieve this, we hold meetings with the representatives from each business group to discuss issues related to coordinating information and promoting projects. The ultimate objective is to ensure that these issues are resolved, and a scheme is put in place to make proposing activities smooth.

Into Unprecedented territories

The first step we will be focusing on creating the foundation for the sales structure, and then cultivating our sales representative. In three years, we aim to establish a system ensuring customer success, and further advance our sales activities. Our goal is not only achieving individual growth, but also strengthening the company's overall sales foundation. We will share the approach of our sales activities for the organization as a whole and develop a system that enables our sales representative to take action based on that approach. We are aiming to enhance our sales capabilities and boost value over the next three years as set forth in our medium-term management plan, by providing support to the sales activities of our front business group in existing fields and facilitating development in new areas.



CRO Management Policy and The Medium-Term Vision



A Broad Range of Customers

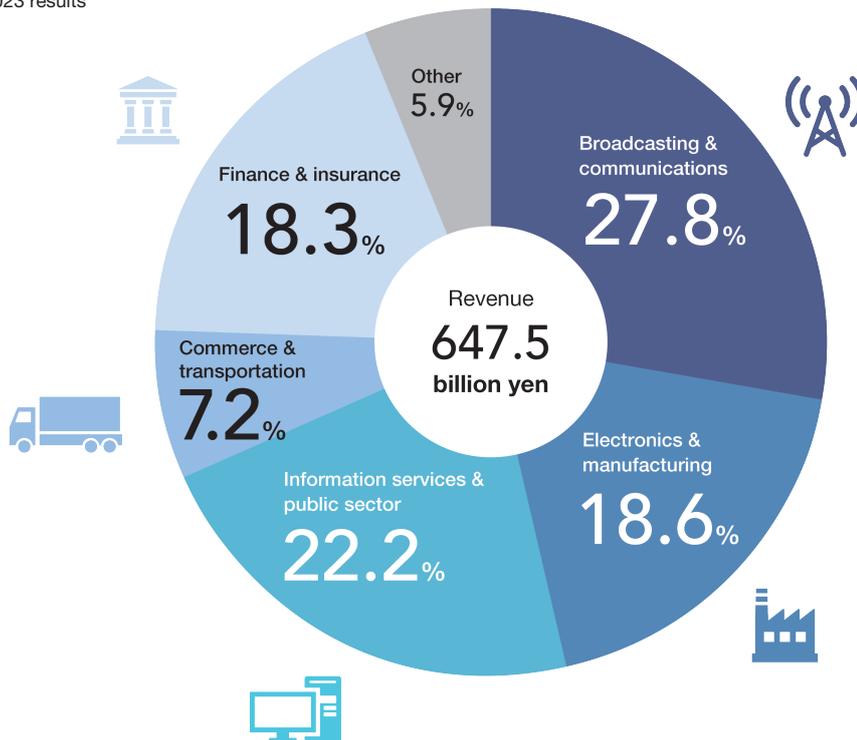
Broadcasting and telecommunications, electronics and manufacturing, information services and public sector, commerce and transportation, finance and insurance.

The CTC Group serves customers across a wide array of industries. We have worked alongside them for many years, sharing and collaborating on their challenges.

The CTC Group plays an important role in supporting customers who underpin Japan's social infrastructure.

Composition of revenue by industry

FY2023 results



A broad portfolio

Broadcasting & communications domain	Mobile carriers, telecommunication carriers, internet service providers, etc.
Electronics & manufacturing domain	Manufacturing including automotive & semiconductors, power transmission & distribution operators, etc.
Information services & public sector domain	Internet advertising, e-commerce, entertainment and content providers, central government ministries and agencies, local governments, education, power utilities, etc.
Commerce & transportation domain	Airlines, transportation, logistics, convenience stores, general trading companies, etc.
Finance & insurance	Megabanks, government-affiliated financial institutions, credit, insurance, securities, online banks, etc.



We are satisfied that we were able to complete the long-term project smoothly without impacting our customers.

Even with the high level of complexity, we were able to release satisfaction, thanks to CTC's proposal capabilities and supportive approach.

Despite the tight deadline, CTC worked as a unified team and thoroughly addressed every-
thing, including linked systems.

CTC thoroughly handled system testing for integra-
tion with other systems,
which is particular to a
multi-vendor setup.

We were able to build a high-quality system leveraging
CTC's expertise in current
machine.

Customer Voice

**Results of the FY2023
customer satisfaction survey**
Percentage of respondents who answered
"Somewhat Satisfied" or higher

CTC includes highly skilled
engineers, which has been
extremely helpful.

**Outstanding
proposal and
implementation
capabilities.**

84.1%

* The aggregation method has been
changed from FY2023.

They conduct rigorous
internal reviews on
quality and deliver with
responsibility.

The recovery plans were generally of
high quality, and we were impressed that
customer-first is deeply ingrained in CTC.



A Solid Track Record of Partnering with Leading IT Companies Worldwide

Since our founding, CTC has looked to the world and kept a close watch on the trends of leading IT companies. Today, CTC has built global partnerships with 300 companies, ranging from startups to some of the world's top IT vendors. Our ability to respond promptly to customer needs stems from the network of vendors we have established with our discerning capabilities for technologies. CTC's role is also highly valued by vendors, leading to numerous awards.



Column

AWS's highest level engineer certification program Two CTC employees certified as 2024 Japan AWS Ambassadors



AWS Ambassadors are experts with technical skills and cloud expertise certified by AWS, with approximately 300 certified worldwide. For three consecutive years, two of our employees have been certified as AWS Ambassadors, who are recognized for their achievements in widely promoting and sharing AWS services and solutions, including technical insights, through seminars and other channels.

The use of AWS in enterprises continues to expand. Many companies are adopting a hybrid cloud approach that combines cloud and existing systems, requiring information systems departments to handle advanced and complex technologies.

Our Ambassadors and other certified engineers will help customers introduce and use AWS as well as solve issues related to hybrid cloud environments.



Awards from Major Partner Vendors and Other Topics



Gold Partner

Recognized for our efforts in SaaS-based core system business and our achievements in providing Figues, we became the first in Japan to form a strategic partnership for the cloud ERP service "GROW with SAP" in December 2023

For more details, please see below.

📄 P.5 CTC UPDATE
First in Japan to establish a strategic partnership for the cloud ERP service "GROW with SAP"



Gold Integrator

Awarded "APJC Partner of the Year Award" and "Mass Scale Infrastructure Partner of the Year" at the Cisco Partner Summit 2023 in recognition of our significant contributions to Cisco's business across the Asia-Pacific region



Elite Partner

Recognized for our achievements in securing orders for large-scale generative AI development platforms, and awarded the highest honor, "Best NPN of the Year," at the NVIDIA Partner Network Award 2024



Premier Partner

Awarded the "New Business Champion Award" and "Closed Deals Award" at the OutSystems Partner of the Year 2023 as the partner with the highest number of new clients and projects in the Asia-Pacific region



Titanium Black Partner

Awarded "Partner of the Year 2023" at the Dell Technologies Forum 2023 Partner Summit, in recognition of our No. 1 performance in Japan as a metal-tier partner for Dell Technologies



Oracle Partner

Received the "Best Oracle Cloud Infrastructure Partner of the Year" at the Oracle Japan Award 2024 for contributing to Oracle Japan's business expansion with our efforts in developing a sales structure and training engineers to provide Oracle Cloud Infrastructure, Oracle's public cloud service



Platinum Partner

Won "HPE GreenLake Global Partner of the Year 2024" and "Japan HPE Solution Provider of the Year 2024" for supporting customer digital transformation under a strong partnership with HPE



Prestige Partner

CTC was awarded "Partner of the Year," and CTC Technology received "Support Partner of the Year" at the NetApp Japan Partner Award. Three CTC system engineers were also awarded the "Partner SE Award 2024" for their contributions to NetApp's business



Diamond Innovator

Won "JAPAN Prisma Cloud Partner of the Year" and "JAPAN Portfolio Selling Partner of the Year" at the 2023 Japan Partner of the Year Award in recognition of outstanding sales of Palo Alto Networks' security solutions



Diamond Partner

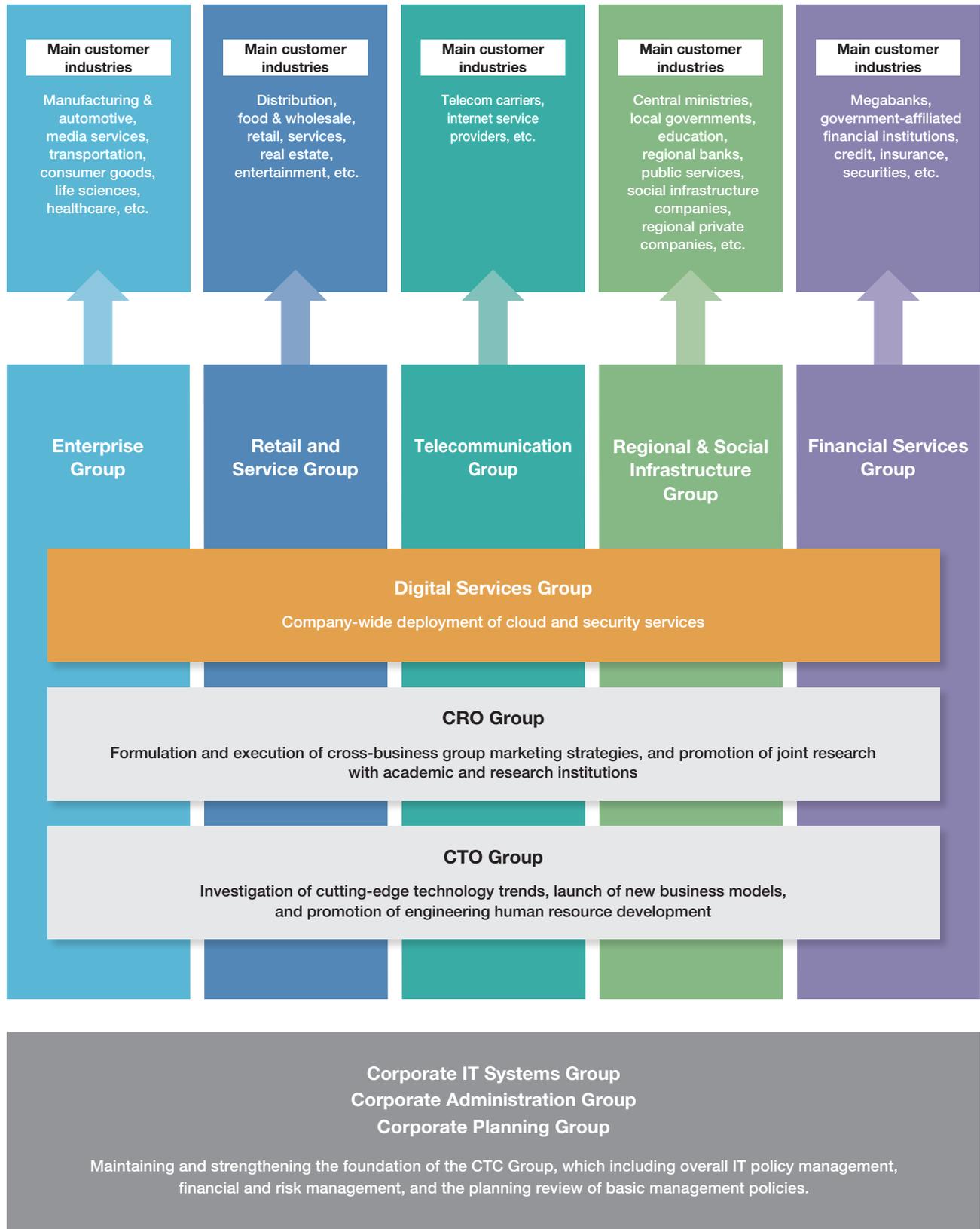
Received the "Top Revenue Partner of the Year 2023" in recognition of top domestic sales of Avaya products and services, as well as sales of unified communication and contact center solutions

An Organizational Structure Specialized to Customer Industries As of April 1, 2024

Efforts of each Business Group

Five business groups, each specialized to specific customer industries, accurately identify customer needs and provide solutions.

In addition, a company-wide cross-functional organization has been established to plan and coordinate business activities across these Groups.





Enterprise Group

This Group offers a range of services to customers across various industries, including system consulting, system construction, maintenance and operations, application development, and cloud integration. Additionally, it provides highly specialized services such as analysis and simulation in the scientific and engineering fields, where we have more than 60 years of experience.



Retail and Service Group

This Group primarily serves customers in distribution, food, wholesale, retail, and other sectors providing services such as core system implementation and operation, as well as peripheral system development. It contributes to customer DX efforts by developing CTC's unique solutions based on a combination of gained insights from business and multiple products, and by creating synergies with ITOCHU Group companies.



Telecommunication Group

This Group has developed and expanded our business for telecom carriers and service providers alongside the growth of mobile communications. In the telecommunication infrastructure sector, we build, maintain, and operate infrastructure for services like voice calls, internet connectivity, and high-capacity data communication via smartphones. In the service platform sector, we support a variety of services for telecom carriers and service providers, such as loyalty points programs, shopping websites, content delivery, and infrastructure for generative AI services. Additionally, we focus on creating new value in partnership with telecom carriers by their serving their corporate customers.



Regional & Social Infrastructure Group

This Group provides system construction, maintenance and operations, application development, and cloud integration services to customers across Japan, including social infrastructure companies, the central and local governments, educational institutions, regional banks, and companies headquartered outside the Tokyo metropolitan area. From Hokkaido in the north to Okinawa in the south, we cover the entire country, utilizing cutting-edge technologies to address local challenges.



Financial Services Group

This Group provides financial institutions with services ranging from planning and proposals to system development, construction, maintenance and operations, cloud integration, and outsourcing, supporting customers in their financial DX initiatives. By horizontal deployment of our expertise in financial markets, which our strengths, risk management, and financial regulatory compliance, we aim to further expand our business.



Digital Services Group

This Group supports projects five business groups specialized to customer industries through architecture planning, design, and construction for advanced IT technology sectors, including CTC's core digital services such as cloud, security, DX, data management, and AI across the company. In addition, the Group contributes to our customers' business transformation through the planning and execution of CTC's unique new services and businesses leveraging these cutting-edge technologies.

Unified Support System of the CTC Group

Total support provided together with Group companies

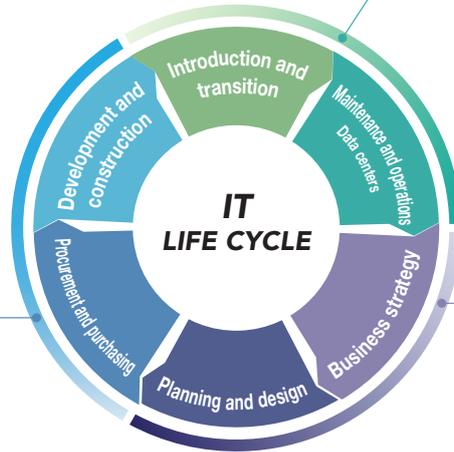
The CTC Group covers the entire IT lifecycle for our customers. Overseas, we explore new technologies at our North American bases, while in the ASEAN region, we deploy Japanese SI capabilities. We leverage the collective strengths of the Group both in Japan and internationally.



Product sales business

CTCSP has a system in place to prepare cutting-edge and unique products from Japan and overseas, in order to provide the best solutions in line with customer needs.

CTCSP Corporation



Developing business specialized to the customer

Asahi Business Solutions develops systems tailored to our clients' unique business processes, provides industry-specific solutions, and develops business by specializing in its customers' companies and industries.

Asahi Business Solutions Corp.

For more information on CTC Group companies, please visit our corporate website.

<https://www.ctc-g.co.jp/en/company/about/group/>

Overseas bases

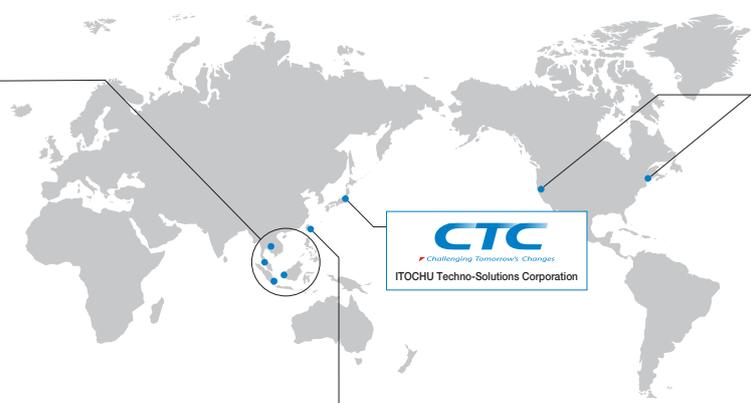
Malaysia
CTC Global Sdn. Bhd.

Singapore
CTC Global Pte. Ltd.

Thailand
CTC Global (Thailand) Ltd.

Indonesia
PT. Nusantara Compnet Integrator
PT.Pro Sistematika Automasi

Our overseas companies provide infrastructure-focused SI business, maintenance, and operational services to local and Japanese companies. In addition to expanding our service business in areas such as cloud and security, we are strengthening our framework in this key region for our global expansion.



U.S.A.
ITOCHU Techno-Solutions America, Inc.

Established in 1990 to pursue technological development and research activities in the US, where advanced technologies converge. The company brings together staff, covering a range of industry sectors from each Business Groups, to research the latest information on technology relevant to actual business applications. Meetings are held with numerous vendors to exchange information on Japanese customer needs and vendor product roadmaps. Information-sharing sessions are regularly held with Japan-based teams regarding technologies discovered through this research.

Taiwan
Taiwan Representative Office

Established in 2023 to survey advanced technologies and partnerships in Taiwan. The office will facilitate information exchange with Taiwanese companies and organizations to further strengthen collaboration between Taiwan and the CTC Group.

Japanese service bases



Sapporo Development Center

As a near-shore development facility, our Sapporo Development Center provides high-quality development services in a reliable security environment, drawing on the exceptional development capabilities of people in local cities. In addition to reducing development costs, it compensates for the shortage of engineers in the Greater Tokyo area while helping to address local issues, such as the need for regional revitalization.



Remote Operation Center (ROC)

We provide remote system operation and monitoring services for client IT systems, 24 hours a day, 365 days a year all year round (ROC monitoring services), which can also be linked to automated notification and system operation services.



CTC Security Operations Center (CTC-SOC)

Our facility provides the CTC Managed Security Service (CTCMSS), which offers 24-hour, 365-day remote monitoring of clients' security devices and integrated emergency response, equipment setting changes, operation, and other tasks.

For more information on service bases, please visit our corporate website.

<https://www.ctc-g.co.jp/company/about/corporate/access/>
(Japanese only)



Column

Continuing to support IT systems serving as the foundation of social life

Experiences built-up in regional areas

I joined CTC TECHNOLOGY Corporation (hereafter, "CTCT") in 2005. I first started out in Saitama Prefecture, then moved to Miyagi Prefecture and worked in regional areas until 2020. My job was to receive inquiries from customers when they were faced with system malfunctions, isolate the faulty system, and replace the equipment. Unlike in urban areas where there are many employees present, there is only a limited number of employees in regional areas, and they need to cover a diverse range of customers located over an extensive area. Employee needs to handle all aspects of customers by themselves, regardless of their level of expertise, or lack of, in technological areas. I was personally a frontline supervisor involved in network installation before joining CTCT, but to meet requests from customers, I had to perform work in areas where I had little experience, such as dealing with servers and storage. Every day was a challenge and learning experience. I moved to CTCT because I was drawn by the large number of products it handles, therefore I feel a sense of fulfillment and have acquired technical skills. Another asset is the communication skills that I gained by interacting with customers. Moreover, I strive to satisfy our customers by providing "hospitality." That is the very backbone of CTCT, and I have felt it every day, even after being transferred to our head office in 2020.

Cherishing hospitality

CTCT is in charge of support for the operation and maintenance of systems after they have been set up at the CTC Group. Our role is supporting the IT systems that serve as the foundation of social life. That is why the concept of leaving no one behind is so important.

People have different levels of knowledge and experience when it comes to IT. Some people are very knowledgeable about systems, while others ask questions that might be considered rudimentary. Making sure I am sincere and empathetic in my approach to customers means I can recognize what they are looking for. I also want to be able to make proposals that are half a step ahead of the needs that customers might be unaware of. This is the essence of "hospitality" at CTCT.

Technical skills are indispensable in order to remain half a step ahead of the needs. The spirit of challenge is well-established the corporate culture at CTCT, and we all have a high sensitivity to new things and take an active approach to supporting employee growth. I also take part in working groups that are tasked with exploring new solutions, and I am striving to gain knowledge in areas that are still less closely related to maintenance, such as AI and automation. We want to create the services that go beyond our customers' expectations. This is the spirit that drives us.



Isao Manome, CTC TECHNOLOGY Corporation

The Future of CTC

**IT has transformed our lives and will continue to change our future.
The CTC Group continues to look to the future and take on challenges.
We will continue to refine our technical capabilities, imagination,
and creativity as the driving force of our organization.**

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Chapter_02







Exploring ways for creating business for “CTC of the future”

MIRAI Design Laboratory

The MIRAI Design Laboratory was established in April 2024, calling together a group of “explorers looking to the future” led by General Manager Naohiro Fujie.

As the CTC Group takes on the challenge “Into Unprecedented Territories,” activities are underway for creating new markets with an eye to the future 20 to 30 years from now.

For expanding CTC’s future areas of business

To date, we have mainly been engaged in the business of providing solutions following requests from our customers. Business comes about when we receive inquiries, and both our company and other companies alike are focusing efforts on activities that will draw in more inquiries. Yet engaging in business solely with specific markets and customers ends up being competitive as everyone seeks a portion of the same pie in developed markets—in essence, this becomes a zero-sum game, where some companies end up profiting, and others end up losing, resulting in a net-zero situation overall. We need to focus on just how much we are able to increase the size of that pie in existing markets to achieve the company’s targeted growth curve—given that human resources make the core of business for Slers like our company, business will eventually reach a plateau as the shortage of engineers intensifies. A different approach needs to be devised in order to keep up with our objectives.

And this is why we have focused on the creation of future markets. We established the “MIRAI Design Laboratory” to not only analyze current markets, but to also consider how markets will grow in the future, and to search for ways of creating a business market for the “CTC of the future.” Other sections of the pie that make up the current market may emerge, and markets may also be created in sectors that could never have been imagined. Rather than competing with only existing technologies and services, we are exploring ways of expanding our areas of business from a future perspective, in order to research how we will be able to create new markets and identify potential.





Naohiro Fujie
CRO Group
General manager,
MIRAI Design Laboratory

From imagination and dialogue about 2050, to the future

How could we go about exploring ways of creating business for the “CTC of the future”? We have set “Future of Society” as one of our key policies. This focuses on how a single market will be created, and how existing markets will change. Rather than trying to see that future from where we are now, we are thinking of looking ahead 20 to 30 years and doing backcasting. We have therefore set 2050 as one of our goal-posts, and working on imagining what society would look like at that time, by conversing with experts with extensive insight and researchers with specialized knowledge in various fields.

I think that 2050, a quarter of a century from 2024, is now in the realm of science fiction and fantasy. Conventional methods of predicting the future are mainly centered on the Delphi technique, which aggregates the opinions of experts to predict the future, and is also based on advances in hardware. This method forecast how hardware had advanced since the Industrial Revolution and what types of businesses would emerge as a result. An example in recent times is the battery. Just like the significant improvements made to the performance of storage batteries and rechargeable batteries has enabled the flying of drones and operation of electric cars, the advances in hardware are easy to foresee, and manufacturers around the world are working on development with an eye to 10 to 15 years ahead.

On the other hand, while everyone is moving toward a pre-established harmony, we are also noticing signs of a different system evolving around the world today. That is where software comes in. Services are being created to change society in a world that has no relation with how hardware is evolving, such as online markets for private lodging and delivery services. Services such as accommodation and delivery services that were weakly connected with IT are creating a new future when combined with IT. When these factors are taken into consideration, accurate predictions of how circumstances will be in 2050 cannot be made, even when looking at hardware as a guide.

In contrast, trying to predict the future from advances in software is also likely to be difficult. At the MIRAI Design Laboratory, we believe it is crucial to freely imagine and enjoy the unpredictable future that will be coming in 2050, and approach the future that we all want to achieve—to this end, we are increasing the number of opportunities for engaging in dialogue about the future.



What we can do to create a empathetic and supportive society?

The MIRAI Design Laboratory has established a set of six values that serve as the key decision criteria for its activities. “Strong partnerships with universities and research institutions” is one of these. This is related to the priority policy of the MIRAI Design Laboratory, “joint research with academic institutions,” and we are working to provide our recommendations to the government and industry. We are currently taking part in the “Inochi Forum” for Expo 2025 Osaka, Kansai, Japan, together with Osaka University and three economic organizations in the Kansai region. After presenting measures for achieving a society pledging “leave no one behind” and the role of science and technology, discussions are being held on the topic of an “empathetic and mutually assistant society” as a venue for discussing the goals humanity should be aiming for after achieving the SDGs (beyond 2031).

Set of six values

<p>1 Positive social implementation of technology</p>	<p>2 Allowing for personal growth and differences</p>	<p>3 Dare to work on things that are not immediately useful</p>
<p>4 Become the leading expert in a specific field</p>	<p>5 Strong partnerships with universities and research institutions</p>	<p>6 Contributing to market creation through information dissemination</p>

The social structure surrounding us is from the perspective of the “strong” side, in which those who are “strong” and capable of producing wealth and knowledge should create opportunities for the “weak” to participate in economic activities by helping those who are unable to do so. At the Inochi Forum, we talk about the fact that the society of the future will not be like this, but rather an empathetic and mutually assistant one. Those of us working in the IT industry are utilizing technology to support the development of a society where those who require help and those who can provide help empathize with each other, and assist each other from an equal footing.

The MIRAI Design Laboratory has only just started out, so specific initiatives are still being finalized, but the details of some of these initiatives are starting to become clear. When examining what avenues are available to IT companies for contributing to a mutually

Specific initiatives of the MIRAI Design Laboratory



Exhibit “Inochi Forum”

Project with Osaka University and others “Inochi Forum”

Through collaborative efforts involving various stakeholders from industry, government, academia, and civil society on a global scale, the Inochi Declaration will be issued at Expo 2025 Osaka, Kansai, Japan. With the view to achieving a “Society where all lives shine brilliantly,” the project takes part in discussions for compiling the declaration that will serve as the agenda for achieving the SDGs by 2030, including what is important to achieve.



Nitrogen circulation project on Ishigaki Island “Supporting the livestock industry using KET catalysts”

Leveraging our business tie-up with LIFULL Agri Loop, we are aiming to create a new business model and achieve a recycling-oriented society in the agriculture and livestock sector through verification of the effectiveness of “Poop Loop,” a catalyst for conversion into fertilizer. To resolve issues in the agriculture and livestock industry, a demonstration project using the KET catalyst was started on Ishigaki Island.



Project with Keio University “Trust Knots”

We have embarked on joint research to improve trust in data distribution with the aim of developing a secure digital society. Research will be conducted on verifying the trust that individuals and corporations have when conducting online digital transactions, resulting in safety online services for users.

assistant society, the potential of communication and commercial activities that go beyond physical limitations, like MR (mixed reality) and VR (virtual reality) can be explored. An example is if a virtual society exists wherein an avatar is able to work in place of oneself by utilizing the metaverse, people with physical handicaps will then be able to take part in economic activities. We will be taking on the challenge of visualizing a future never experienced before, by through various combinations of IT and a mutually assistant society.

Exploring future markets while taking on the challenge of resolving immediate problems

While development focusing on people and society is important, the planet and environment are equally important factors. It is not only people that Inochi resides in, but also the planet and communities. In light of this, we are actively involved in projects toward achieving a recycling-oriented society. In March 2024, we began “Supporting the livestock industry using KET catalysts*” in collaboration with LIFULL Agri Loop Co., Ltd. , which is supporting the agriculture and livestock sector with the aim of achieving a recycling-oriented society (see image below).

We launched a demonstration project on Ishigaki Island, where KET catalyst is mixed in with cow manure to turn it efficiently into compost—this is then spread out on sugarcane fields. Doing so is anticipated to have the effect of boosting sugar levels and improving the growth of sugarcane. By using KET catalysts, the amount of nitrogen in the soil of fields that turns into water-soluble and easily leachable nitrate is reduced, thereby reducing the amount of nitrate runoff into the ocean, which is a major cause of coral death. Moreover, cattle raised in good environments like this can be then be viewed as branding, creating a cycle that has a positive impact on agriculture, the livestock industry, and the environment. We are cooperating in this project by taking measurements of emissions and analyzing data.

Another immediate challenge we are focusing on addressing is achieving a safe and secure digital society. The trust of data is indispensable for utilizing IT. With the recent rapid pace of developments in generative AI, the number of people falling victim to Internet spoofing and forgery is on the rise, making ensuring the identity of account holders and the authenticity of data a challenge. We have expertise in building ID infrastructure services, and have started the joint research project “Trust Knots” with Keio University in June 2024. If we are able to elucidate the mechanism by which trust is formed, and incorporate a framework for ensuring trust into existing IT systems, the market for online transactions and communications, as well as the current security market, will most likely change significantly. Just what type of business seeds will we be able to uncover next, as we take part in projects toward a



Digital SPHERE: Created by specified non-profit organization ELP (Earth Literacy Program)

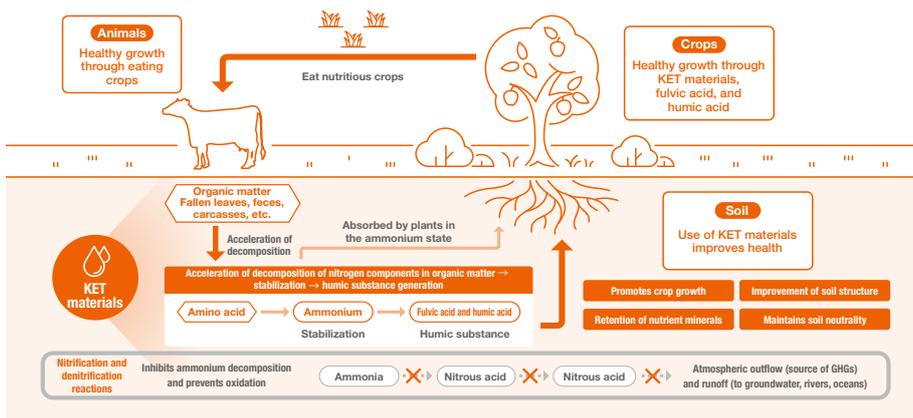
recycling-oriented society and implement efforts for creating a secure digital society while looking ahead to the future? We view this as one of the efforts that will lead to this.

Considering the future together, and creating markets

The MIRAI Design Laboratory engages in discussions on the future of 2050 on a daily basis. Asking 100 people would come up with 100 different future, so the current stage is arranging the various scenarios of the future that a broad range of people have. I have a vision of the future that I would personally like to see become a reality, but of course that would not be the correct answer. There will also be some aspects of the future that everyone envisages that we can empathize with, and some that we cannot. Given that we can only envisage one part of the whole, we are seeking a broad range of opinions and create a vision for the future together. We have only just started holding discussions that will form the first step toward this objective.

While creating new markets is our goal, we are not seeking to monopolize those markets. We believe that forging friendly relations that transcend the boundaries of corporations and positions, thinking about the future together, creating markets, and competing fairly within those markets will help to resolve the entirety of social problems and create a prosperous future that “leaves no one behind.”

Supporting the livestock industry using KET catalysts*



* A technology that accelerates and stabilizes the recycling of organic matters into inorganic matters through a physicochemical reaction using a special catalyst. Returning organic matter to the soil in a condition that is beneficial to plants and the environment makes it possible to rectify the material cycle that has become unbalanced due to the spread of industrial agricultural and food processing technologies, and thereby quickly grow healthy, nutritious crops.

Created by LIFULL Agri Loop Co., Ltd.

Message from CTO

Chief Technology Officer

**Exploring
technologies
that lie a
decade ahead**



Eiji Haraguchi
Senior Managing Executive Officer
CTO, COO, CTC Group

Visualizing governance and guidelines for technical areas

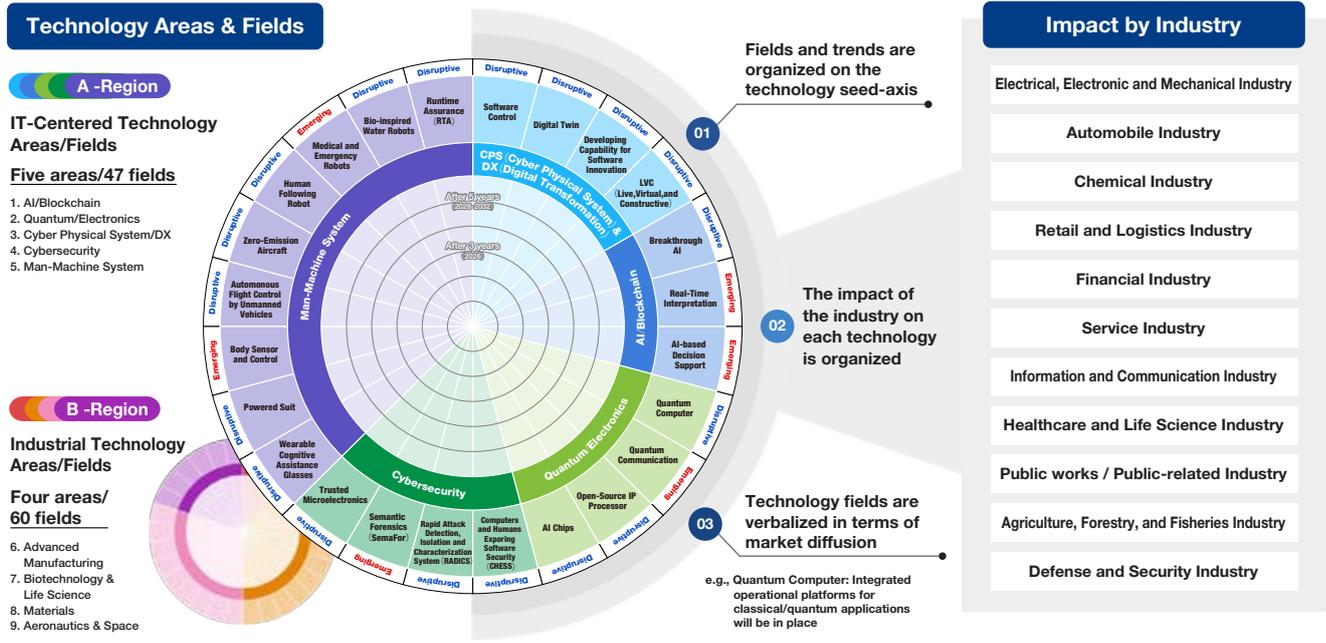
There are two major roles that I cover in my position as CTO. The first of these is exercising governance for the technical areas of the entire CTC Group, in my capacity overseeing the technical areas of the CTC Group. This includes “Project Management” to ensure that projects conducted by the CTC Group are done so in an appropriate and smooth manner. “Quality Management” related to maintenance and improvement of the quality expected by customers. And “Program Management” for integrating and managing multiple projects in a coordinated manner. Governance needs to be strengthened through these activities, and systems established as necessary. Other efforts also include reviewing the ethical principles for AI and guidelines for using advanced AI, promoting domestic and international partner strategies, and training engineers.

The second role is to cast our gaze five to ten years into the future and visualize and verbalize guidelines for technological development in the future. Advancements in technology throughout this industry have been progressing at a rapid pace, and we need to set out a unique roadmap for our group for taking on the challenges ahead, while keeping objectivity and completeness in mind as what changes may occur to the technological areas that our company is involved in. I believe that is essential to achieving sustainable growth and ultimately continuing to meet the expectations of society and the market.

Roadmap for future technologies “Future of Technologies”

Rather than the Medium-Term Management Plan every three years, what types of technological areas will society be demanding in five to ten years from now? Naturally, this will be impossible to predict with perfect accuracy, but CTC has visualized, for the first time, a potential future technology roadmap as it is conceivable at this point in time: “Future of Technologies” (hereafter, “FoT”). We have arranged a discussion map, or a guide, for promoting studies of “which technological fields to focus on,” as we are aiming to become a top group of Slers. To make objective and comprehensive decisions, this map is not limited to just Japan, but also focuses on which technological fields other countries around the world are investing in, like the technological areas that the U.S. government is investing as a national policy and has been compiled to

Future of Technologies Overview



provide a totally overview of the technological areas defined around the world.

FoT is categorized into five areas with IT as the core focus, and four industrial technology areas where IT is not the core focus, such as advanced manufacturing and biotechnology. In total, there are 107 technical fields available nine areas. To gain an understanding of which technological fields will impact which industries in the future, we have visualized the technological fields that will impact each of the 11 industrial areas, such as the “electrical, electronics, and machinery industry” and the “defense and security industry.”

However, one point to note when utilizing this roadmap is that it is not yet a completed works at this time. Given that the roadmap visualizes the correlation between current technologies and industries, it is crucial to ensure that it is repeatedly and continuously upgraded in short cycles while incorporating various findings and information on new technologies that are undergoing change and evolving over time.

“Quantum computers” and “diamond semiconductors” are key technological areas of focus

There are two examples of technological fields being focused on described in FoT. The first of these is quantum computers*1. High-precision and high-speed computing infrastructure is essential for achieving a better social life. While the information-processing capacity of existing computers has grown exponentially, improvements to performance are approaching an upper limit. In areas such as weather, finance and new materials fields, there are countless problems that can only be resolved

with higher performance computers. Thus, there is demand for new hybrid, easy-to-use platform that combines existing computers and quantum computers. Given that we are unable to come up with high-precision solutions without a more thorough understanding of quantum circuits, or qubits, and creating a software environment, software improvements need to along with advances in hardware. In light of this, CTC is focusing on the development of a quantum computing platform (QAPP) equipped with software and libraries to facilitate utilization of quantum computers. Meanwhile, there is growing concern that the development of quantum computers will disrupt current encryption technologies, and this is leading to the development of a new security model—quantum cryptography—that anyone is able to use with confidence.

The other area of focus is diamond semiconductors*2. Current semiconductor chips made of silicon have reached their limits in terms of high-power, high-frequency, high-radioactive, high-heat, and high-band gap capabilities. Diamond semiconductors are drawing attention as semiconductors that are capable of withstanding such environments and are anticipated to be implemented in various fields such as 6G communications, non-ground-based communications, nuclear reactor decommissioning, high-performance EVs, space industry, and communications infrastructure in areas affected by disasters.

While CTC does not produce quantum computers or diamond semiconductors itself, we believe it is our role to take on the challenge of acquiring knowledge from the research stage and developing IT systems and providing services that utilize next-generation

computers and semiconductors more effectively.

In closing, finding answers to the question of what types of technologies we will contribute to society in ten years from now is a challenge into unprecedented territories, and we hope to cultivate FoT as a light houses for approaching this challenge.

*1 A technology that utilizes characteristics of the “quantum” what makes up atoms and other matter to perform calculations at a level that cannot be achieved with conventional computers. This technology is anticipated to be used for genome analysis, financial engineering, and materials science.
*2 Compared to the current mainstream silicon Si-based semiconductors, efforts are being made into the practical applications and research of higher performance silicon carbide SiC, gallium nitride GaN, and germanium dioxide GeO₂ semiconductors. Diamond semiconductors are expected to achieve an even more significant improvement in performance.



People who Support the Future of CTC

The source of CTC Group's strength lies in its people. Human capital forms the core of intellectual capital management.

We aim to bring out the potential of each individual, exploring work styles and creating systems tailored to personal circumstances.

Here, we introduce our human capital initiatives, according to the voices of CTC employees.

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Chapter_03

“Young Employee Roundtable Discussion” Supporting the Future of CTC

“Human resources” is the most important form of capital at CTC.

Our young employees are injecting dynamism to achieve further corporate growth, as we take on challenges into unprecedented territories.

Why are they working at CTC? What feelings do they harbor? And how do they envision the future?

We present a collection of the authentic opinions from our young employees who are supporting the future of CTC.

Roundtable discussion participants
From left

Digital Services Group
Engineer

Yurika Matsukawa
(Entered as new graduate in FY2020)

Telecommunication Group
Engineer

Takuya Kamiwaki
(Entered as new graduate in FY2021)

Regional and Social Infrastructure Group
Sales Representative

Minami Oshima
(Entered as new graduate in FY2020)



Q1 Why did you choose to work at CTC?

Let's first hear from the two engineers.

Kamiwaki: I decided on CTC because it is involved in a wide range of industries, and there was the possibility for discovering what I was really seeking while working. CTC has a high name recognition, and provides excellent benefits and peace of mind, but the biggest deciding factor was its "people." At the time, I was struggling with job hunting during the COVID-19 pandemic, but the human resources staff were very generous in following up with me and handled every small detail in a sincere manner, so I realized that CTC would be a good fit for me.

Matsukawa: My interest in CTC began in a similar way to yours, Mr. Kamiwaki. The fact that the company operates a broad range of businesses and is involved in so many types of infrastructure that are indispensable to our daily lives was a major factor. Now that I am working with a wide variety of clients, I am actually very glad to have joined the company.

How about you, Ms. Oshima in sales?

Oshima: It was the "people" whom I would be working with that I focused on the most from the beginning of my job searching. When I took part in the internship at CTC, everyone there was so kind. I felt that I could trust them, because they answered any questions I had so honestly, both good and bad.

Kamiwaki: The people you work with are definitely important. Ever since I started working here, none of the people I met left an unfavorable impression on me. I feel that given that we all chose the same company, we are a group of people with similar values and ways of thinking.

Matsukawa: I always had the impression that IT companies were very serious, but CTC was bright and friendly, which was against my expectations. Even after joining the company, my impression is that there are many active people with great communication skills, both in sales and engineering roles.

Oshima: Before joining CTC, there was a little apprehensive feeling because I had little experience talking to frontline employees, but I found that everyone was actually very kind and friendly. Of course, we maintain a professional relationship at work, but they are very frank when we go out for drinks or other events. Any questions that I may have, I feel free to ask any questions, and everyone replies so politely. My seniors all help me out, especially when I had just joined CTC.



Q2 Did you notice any difference from before and after you joined?

Kamiwaki: I thought that I would have fewer opportunities to study once I entered the workforce, but after joining CTC, I have had ample opportunities to learn more about IT technologies and to obtain certifications. I am actually studying more now than when I was a student. Initially, I thought that studying when young was the norm, but many employees study continuously, regardless of their age or position, and I was particularly surprised to see veteran employees studying even more than their younger colleagues.

Matsukawa: Everyone certainly studies a lot. The IT industry is constantly evolving in terms of information and technology, so there is so much to study to ensure you are not left behind. I actually feel that learning is part of the job. CTC provides an environment that supports self-led learning, including technology seminars, career training, and support for obtaining certifications. Witnessing my seniors learning hard inspires me to work hard as well, and sometimes my supervisor also lets me know: "This external seminar would be useful for your current work."

Oshima: Sales representative also need to broaden their knowledge of the customer's industry and their understanding of that particular company in order to come up with the optimum proposals. This is why it is essential to learn about the history and trends of the customer and their industry. I also make sure to attend training sessions and seminars on cultivating a business mindset and sales skills. The fact that CTC comprises a group of people who are eager to grow is likely one of its strengths.

Kamiyacho Office



Q3 What is “rewarding” about your job at CTC?

Oshima: CTC has a culture of embracing challenges. I was in charge of sales for infrastructure system implementation projects for existing customers, but now I am taking on the new challenge of developing new business. I realize that I need to take a different approach than before, and feel that building a relationship of trust is the most important aspect. By understanding what customers are looking for and communicating with them, we are slowly but surely building positive relationship. This hard work has definitely been worth it, and I hope to continue such efforts going forward. Sales representative have many opportunities to interact directly with customers, it is rewarding to receive so many words of appreciation. I now realize that a simple “thank you” has the immense power to make people smile.

Kamiwaki: There are so many opportunities to take on challenges. CTC has an on-the-job training (OJT) system where senior employees support new employees as trainers during their first three years. At the end of my trainer period, I started working independently, and was soon given the position of project manager. My department gives a lot of discretion to each employee, allowing us to grow tremendously, and I find it rewarding to be entrusted with tasks. I am currently in charge of Wi-Fi systems, and was overjoyed when the system under my supervision was installed at one of my regular stores.

Matsukawa: I am in charge of infrastructure systems, so my work is generally behind the scenes. However, I find it rewarding to work with clients from with well-known clients from various industries. I feel that the diversity of our customers’ industries and the variety of IT technologies we handle provide us with the opportunities to gain experience and grow. Our engineers frequently engage with internal stakeholders, as well as customers and vendors, requiring excellent communication skills and teamwork. It is rewarding when everyone works together toward the same goal, and the project is successfully completed.





Q4 From your feedback, it sounds like everyone finds CTC a great place to work at.

Matsukawa: CTC has recently developed a number of measures to promote new approaches to work, under the slogan “Upgrade the CTC Workstyle.” It offers a wide variety of programs aimed at achieving a work-life balance, such as remote work, staggered shifts, and morning shifts, and many employees are taking advantage of these programs. I actually use the program myself, and they makes working feel better because it is easy to take time off. Another motivating factor was the move to our new, clean office in Kamiyacho in 2021.

Kamiwaki: I can choose between working remotely or coming into the office depending on the work situation, and I find this approach the the most convenient. I personally recommend cottages for workcations. The project members and I rent a cottage in Karuizawa together, where we work during office hours, and relax and get to know each other better in the evening. Karuizawa is a place rich in nature that differs from day-to-day life, which led to a different sense of motivation and communication than usual.

Oshima: When it comes to the working environment, CTC is also committed to promoting diversity and provides a comprehensive range of services for supporting women’s careers. CTC provides an excellent childcare and nursing care system and a flexible approach to work styles, and this environment enables employees to balance work and private life while continuing to work with peace of mind. I think the best thing about CTC is that the work atmosphere allows everyone to work energetically.

Q5 What challenges would you like to take on in the future?

Matsukawa: My team handles everything from proposals to construction, and the projects I am involved in are primarily team-based. Therefore, I have never had the opportunity to lead a project from start to finish by myself. I would like to take on a leadership role and be responsible for the entire process. Currently, I am focusing on my immediate tasks, so I do not have a clear vision of my career five or ten years from now.

I suppose that there are opportunities for engineers to work on projects that leverage AI to solve social issues and promote Green Transformation (GX) at CTC. I would like to continue gaining diverse experiences and decide whether I would like to pursue a management position or a specialist role in the future.

Kamiwaki: I do not yet have a clear plan for my future. This is because I am satisfied with my current work. CTC has a career development support system that supports each individual in building their career independently. Looking ahead, I would like to take on challenges on a larger scale and hone my areas of expertise to become someone who can be trusted with larger responsibilities. The first step will be continuing to improve myself and continue growing.

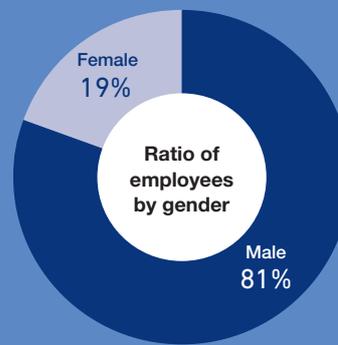
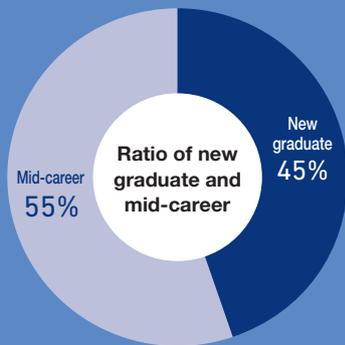
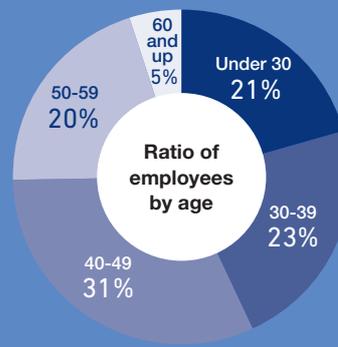
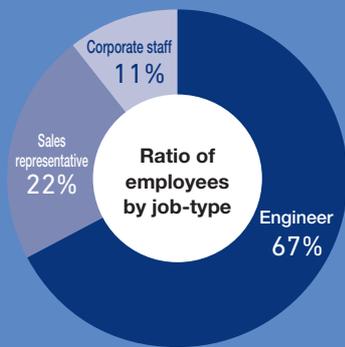
Oshima: I have recently identified a challenge I would like to pursue, and I am exploring ways to make it a reality by consulting with my supervisors and researching the necessary qualifications. Since CTC encourages its staff to take on challenges, I am motivated to push myself to reach my full potential.

Basic Data

OVERVIEW

As of the end of FY2023
(CTC non-consolidated figures)

CTC requires a diverse workforce with a wide range of knowledge and experience to deliver optimal solutions by combining world-class IT services, and provide full-stack services to customers across various industries. "Thus," we have developed a talent portfolio to place the right people in the right roles and strengthened recruitment efforts to achieve our management strategy. Additionally, we are fostering a workplace that respects individual.



New graduate starting salary
(Joining in fiscal 2024)

Master's degree
¥315,100

University and specialized technical college graduate
¥295,500

Technical college graduate
¥273,100

Average annual salary
(at the end of fiscal 2023)
¥10,765,554

Average ratio of annual leave taken



Average monthly overtime hours per employee



Average years worked



Related engagement score

I am respected as an individual in the workplace

71%

The figures for employee distribution by job type, age group, and gender ratio, as well as average ratio of annual leave taken and average monthly overtime hours per employee are the number of employees. Figures for recruitment and average years worked pertain to employees originally hired by CTC.

CTC implements a human resource strategy that encourages the autonomous growth of each employee in conjunction with its management strategy. Viewing diversity and human resource development as foundations for enhancing corporate value, we are working to create a corporate culture and systems that flexibly adapt to changes in society and the times, in order to be a company where employees can experience personal growth.

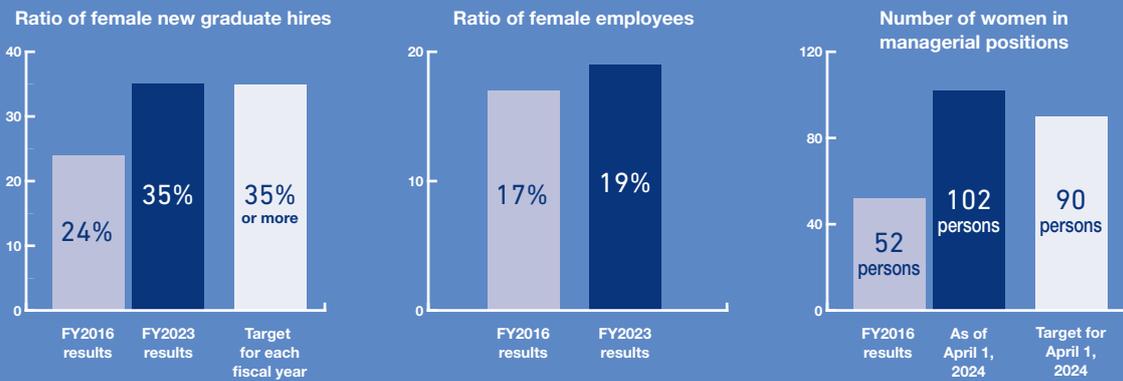
Basic Policy on Diversity

CTC respects all employees, regardless of age, gender identity, sexual orientation, nationality, disability and other attributes, and strives to instill diversity based on its belief that the creation of new solutions and excellent services is enabled by a workplace environment that motivates all employees to work and permits employees with a variety of characteristics to cooperate in diverse work styles while taking on new challenges and achieving self-actualization.

“Career Sponsorship Program”, a year-round career support for women’s empowerment

The Career Sponsorship Program (CSP) is an initiative where general manager serving as career sponsors to support the careers of female managers and candidates for management positions. The program provides opportunities for building networks and a comfortable environment for discussing career matters with sponsors.

Data on promoting women’s Participation & advancement Targets introduced in FY2016

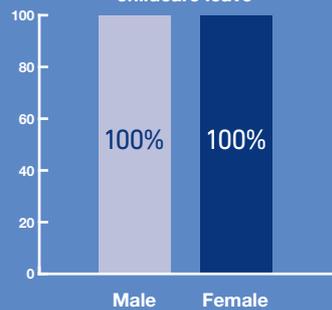


Data on childcare leave FY2023 results

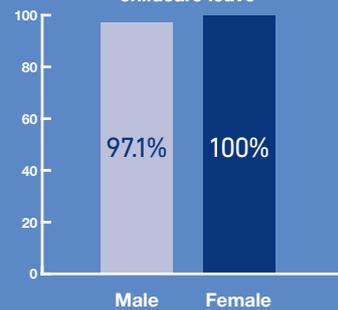
Percentage of male employees taking childcare leave



Rate of returning to work after childcare leave



Retention rate after childcare leave



Diversity, Equity and Inclusion (DE&I) initiatives



“Eruboshi” certification

Based on the Act on the Promotion of Women’s Active Engagement in Professional Life, CTC achieved the Level 3 certification for meeting the criteria set by Japan’s Ministry of Health, Labour and Welfare, signifying excellence in promoting women’s advancement.



Next Generation Certification Mark “Kurumin”

CTC received the Kurumin mark in recognition of our efforts and achievements in developing an action plan for childcare support based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



PRIDE Index 2023 Gold

CTC received the highest Gold rating in the PRIDE Index, an evaluation established by the voluntary organization “work with Pride” evaluate workplace initiatives related to LGBTQ+.

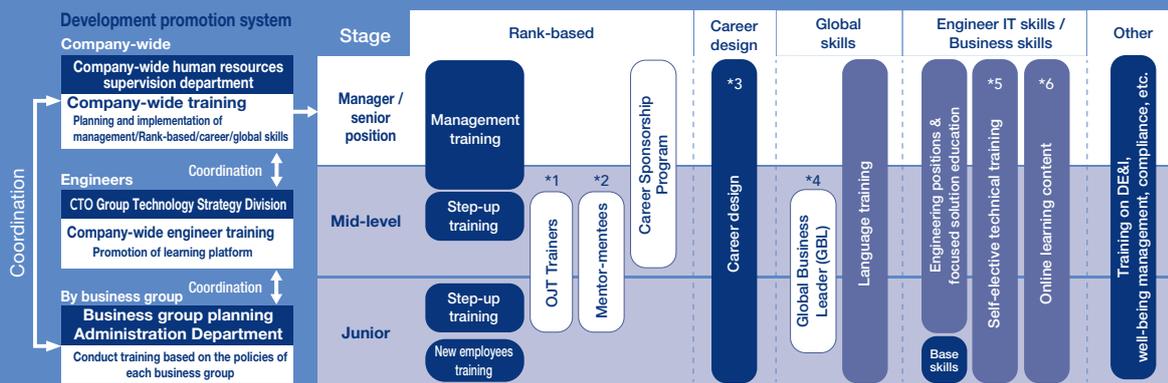
Figures for recruitment and managerial positions pertain to employees originally hired by CTC. The rate of male employees taking childcare leave and other relevant figures are calculated based on the regulations pursuant to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.

Career and Human Resources Development

CTC Career and Human Resources Development Policy

CTC offers various training programs to support employees' self-directed learning. Additionally, CTC supports proactive career development through career development support systems, career consulting, etc.

FY2024 company-wide training structure



*1 OJT Trainers A system where senior employees support the growth of new employees. It is implemented for employees in their first three years after joining as new graduates.
 *2 Mentor-mentees A system that provides opportunities for female employees in junior and mid-career levels to build networks among female employees.
 *3 Career design Provides opportunities for employees to reflect on their careers at each key career milestone
 *4 Global Business Leader (GBL) A program to select and develop employees with business experience and achievements in Japan as a focused measure to promote global business
 *5 Self-selective technical training Allows employees to select training in specific skills or fields based on their career goals and business needs, based on approval from their department
 *6 Online learning content Using corporate online learning services to enhance engineer IT skills, and business skills.

Skill development support for employees

To encourage skill enhancement and upgrading expertise, we offer a certification reward program, that provides incentives for employees to obtain any of 135 designated advanced certifications. This program supports each employee's professional growth and self-directed development.

- Purpose**
- To encourage and reward employees for their motivation to obtain certifications as part of their skill development and self-improvement
 - To promote employee development and enhance professional expertise by designating certifications necessary to the company as eligible for rewards

Human resources who continue to take on challenges

Employees who embrace new challenges and changes, continuously strive to solve customer and societal issues, and embody "Challenging Tomorrow's Changes," are one of our most vital assets.

Number of certified vendor specialists As of September 2024

13,000 or more

Annually average training hours per person FY2023

77 hours

Main vendor certifications As of September 2024

<p>AWS Certified Solutions Architect - Professional AWS Certified DevOps Engineer - Professional AWS Certified Security - Specialty and other specialized certifications</p>	<p>Microsoft 365 Certified (Administrator Expert, Azure Solutions Architect Expert, Azure Virtual Desktop Specialty, DevOps Engineer Expert)</p>
<p>Cisco CCIE Cisco CCNP Cisco DevNet Professional</p>	<p>Oracle Cloud Infrastructure Certified Architect Professional Oracle Cloud Database Migration and Integration Certified Professional Oracle Autonomous Database Cloud Certified Professional etc.</p>

To enable employees to work with pride and a sense of purpose, it is essential to create an environment where each person can continue to work by leveraging their strengths and values. CTC has established an integrated approach based on our career and human resource development policies, combining training, interviews, and systems. We are advancing initiatives that cohesively connect each system.



Career development support system

This system encourages self-directed, proactive career development by facilitating dialogue and sharing on career-related topics (experience, strengths and weaknesses, aptitudes, hopes, aspirations, etc.) between supervisors and subordinates. Employees fill out a special form and hold an annual meeting with their supervisors.



Open communication through 1-on-1 meetings

To support growth through continuous dialogue between supervisors and subordinates, we conduct regular 1-on-1 sessions throughout the company to foster quality communication within the organization.



Enhancement of career consultation system

Career consultations are available at any time to those who wish to use them. Qualified career consultants within CTC guide employees through career reflection and self and environmental analysis to help them set goals and a vision for their future, thereby supporting autonomous and proactive career decision-making.



Diverse merit systems

A job-based element was added to the appointment of “Specialist” roles that require advanced skills and expertise, and an absolute evaluation based on individual behavior level was introduced. To provide merit-based advancement opportunities not tied to years of experience, an accelerated promotions (grade skipping) system for progressing from general to specialist roles have been established. These diverse meritocratic systems help boost employee motivation and ambition for career advancement.



In-house job posting system

Launched in 2022 and based on CTC’s culture of “Challenge,” this system provides an environment where employees can take initiative in exploring new career paths and areas of interest. It supports employees in pursuing new opportunities and fostering individual growth, thereby creating vitality and innovation throughout the company.

Related engagement score

In my team, questions can be asked freely, failures are accepted, and issues can be pointed out

71%

The people I work with collaborate with me to get the job done.

81%

I have been given the discretion necessary to carry out my responsibilities

71%

CTC Learning Platform

In May 2023, we launched the “CTC Learning Platform”, a framework designed to promote learning and support the growth of CTC employees. CTC engineers are uniquely categorized into 17 categories and 37 types of roles. Skill target levels are set for each model career path, allowing employees to identify the skills they need for their desired career path and enhance lacking skills through a wide range of educational content and personalized learning plans.

Educational contents

- Over 15,000 training and eLearning courses
- CTC’s project management training based on large-scale project knowledge
- Role-specific education programs for positions like data scientists and IT architects
- Courses on cutting-edge technologies such as generative AI and quantum computing

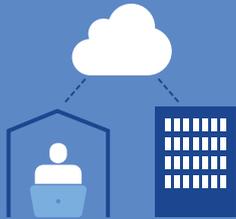
And many more contents available

Work-Style System

A “Work-Style System” Emphasizing Employee Autonomy and Collaboration

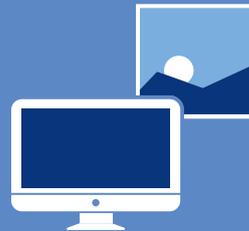
CTC aims to create a workplace where each individual can work efficiently and effectively.

Teleworking



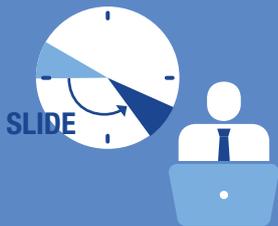
Employees can work from home or designated offsite offices within commuting range of their main office. Additionally, CTC allows for ancillary work to be performed outside when away from the office.

Morning work



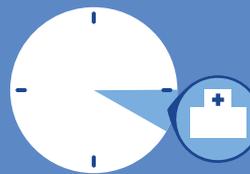
To limit overtime during nights and holidays, early morning work shifts are encouraged as needed. This approach promotes well-being by allowing employees to use their leisure time for sports, hobbies, or family activities.

Staggered working hours



Employees can adjust their start time in 30-minute increments between 5:00 a.m. and 11:30 a.m., working a full-time schedule of 7.5 hours (excluding breaks).

Hourly paid leave



Up to five days (40 hours) of annual paid leave can be taken in one-hour increments. This can be used for situations like medical appointments, picking up or dropping off children, or handling sudden personal matters as needed.

Promotion of annual paid leave



CTC encourages employees to plan and take annual paid leave throughout the year. This includes taking consecutive days off during summer and winter, “commemorative leave” for birthdays or anniversaries, and “sandwich leave” for days between public holidays and weekends.

At CTC, under “Upgrade the CTC Work-style,” we are advancing various initiatives based on the following concepts:

Respect the diversity of individuals and create an environment where everyone can challenge themselves and achieve self-fulfillment.

In the era of the 100-year lifespan, use the power of digital technology to realize a fulfilling way of working and living.

Encourage autonomy and growth, and help each individual achieve maximum performance.

CTC aims to build a workplace where diverse personalities come together in various work styles to take on new challenges.

A New Work-style to Support Employee Self-Fulfillment

“Upgrade the CTC Work-style”

We are promoting an environment where employees can work with purpose, efficiency, and effectiveness in a way that feels authentic to them.

Long-term leave system (sabbatical leave)



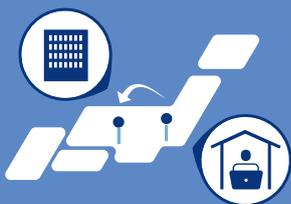
Employees with three or more years of service are eligible for long-term leave of up to one year. This leave can be used for purposes such as studying abroad, pursuing academic studies or certifications (recurrent education), engaging in social contribution activities through volunteering or pro bono work, or caring for family members.

Extension of stay during business trips (bleisure)



Employees are permitted to extend their stay before or after business trips by taking paid leave or using holidays, allowing extra time at the business location or surrounding areas.

Easing of relocation and single expatriate assignment through teleworking



Employees may be assigned to other locations without the need to physically relocate when work can be managed through telework and business trips. For example, a Tokyo-based employee could be assigned to a department in Osaka.

Cottages for workcations



Located in the serene Nakakaruizawa area and surrounded by lush forests, these cottages serve as venues for team building and networking among employees. They also promote taking paid leave, stress relief, and mental and physical rejuvenation, and are widely used by CTC employees.

Post-retirement Employment System

In April 2024, we revised our Post-retirement Employment System. To better support senior employees in contributing meaningfully, the system offers three courses, with clearly defined roles and compensation levels. Roles equivalent to those of full-time employees are assigned in consideration of the skills, expertise, and aptitudes of reemployed contract employees, and compensation levels are raised to boost motivation and strengthen the company's human resources. Additionally, this system applies not only to retired employees of CTC but also to contract employees newly hired through career recruitment. By welcoming skilled personnel who wish to continue demonstrating their abilities regardless of age, we further enhance diversity and strengthen human capital.



[P. 63 CAO Talking Session](#) “*3 Roles post-retirement”

CAO Talking Session

CTC has set “Cultivate Human Capital to Support the Future” as one of its materialities (key issues), and has also positioned human capital (human resources) as the core capital in the “CTC 5.0 (Intellectual Capital Management)” management system that the CTC Group Medium-term Management Plan aims to achieve. We discussed current circumstances and challenges with four key personnel and the COO in charge of the “Human Capital Management and General Affairs Division,” which is engaged in a broad range of human resources management, such as securing and cultivating human resources aligned with management strategies and assigning them to the right places.

Discussion participants
From left

Hiroaki Tomimoto
General Manager, General
Affairs Department and
CEO Office

Satoko Ozawa
General Manager, Human
Capital Strategy Department

Shinichi Hirayama
Managing Executive Officer
CAO, COO, Corporate
Planning Group

Hiroyuki Okumura
Executive Officer
General Manager, Human
Capital Management and
General Affairs Division

Taiji Shimizu
General Manager, Human
Capital Management
Department



Cultivate Human Capital to Support the Future



— First, tell us about the structure of the Human Capital Management and General Affairs Division.

Hirayama: The Human Capital Management and General Affairs Division comprises three departments: “Human Resources Strategy Department,” “Human Capital Management Department” and “General Affairs Department.” Until two years ago, the division operated with two departments, the Human Capital Management Department and the General Affairs Department.

At that time, the Human Capital Management Department had around 60 employees, and it also supervised a group company that provided shared services for operations of the CTC Group, including general affairs and human resources, which made it a considerable size with some 200 employees in total. To implement measures quickly while identifying frontline needs, the Human Capital Management Department was separated into two departments: the “Human Resources Strategy Department” and the “Human Capital Management Department.”

The Human Resources Strategy Department is responsible for securing and cultivating human resources, supporting the career development of individual employees, and supervising the rotation of employees, while the Human Capital Management Department covers human resources systems, labor and work practices, and health management as systems for supporting those initiatives rolled on. Although the departments have been separated in terms of functionality, both departments continue to work together.

The General Affairs Department is also responsible for maintaining the office environment to suit changes in work styles and managing fixed assets and important documents.

Shimizu: I think that in order for the company to being about sustainable growth, it is important to create an environment and culture where each and every employee are able to maximize their individual strengths and skills, take on challenges in new areas, and continue to grow. To achieve this, we naturally need to have a human resources system that enables employees to work in a highly motivated and rewarding manner, and a work style allowing them to contribute in their own way, and a foundation for good health are also essential, which is why we are practicing “well-being management.”*1

Tomimoto: Of the people, things, and money handled by the company, the General Affairs Department is mainly in charge of things. Specifically, the department is in charge of document management and business continuity planning while also managing CTC’s fixed assets and office facilities. When it comes to human resource management, we are creating a work environment where each employee is able to work comfortably and put in their maximum performance. The department assists employees in boosting their work efficiency by developing secure and efficient document management systems, and also maintains and improves business continuity planning to ensure ensuring business continuity in the event that natural disasters such as earthquakes strike.

***1 Well-Being Management**

CTC is promoting well-being management based on its “Well-Being Declaration.”

CTC Well-Being Declaration

At CTC, well-being management is a key human resource strategy. We place top priority on the physical, mental, and social health and well-being of all employees. The well-being of employees is fundamental to putting our slogan, “Challenging Tomorrow’s Changes” into practice and achieving sustainable growth. Fostering employees’ motivation to work is essential to this endeavor. By helping our employees and their families to maintain good physical and mental health into the future and put them in position to strive for self-fulfillment through their work, we can be confident of CTC’s survival and growth 100 years from now. We hereby declare our commitment to CTC Well-Being for the well-being of our employees and their families into the future.

— **General Manager Okumura, the Human Capital Management and General Affairs Division, you oversee the Human Resources Strategy Department as well as the “Human Capital Management Department” and “General Affairs Department.”**

Okumura: The Human Capital Management and General Affairs Division oversees three departments and also supervises the group companies CTC Business Service Corporation (hereafter, “CTCBS”) and CTC HINARI Corporation (hereafter, “HINARI”). CTCBS is the shared services company that Mr. Hirayama mentioned earlier, and HINARI is a special-purpose subsidiary that provides employment and opportunities for people with a range of disabilities.

After joining CTC and gaining experience in personnel affairs, my work has involved planning management for business groups, investor relations, public relations, and sustainability—in April of this year I was assigned the position of General Manager of the Human Capital Management and General Affairs Division. When thinking about how to link the company’s management strategy with Human Capital Strategies going forward, I would like to apply my experience and knowledge outside of the field of personnel affairs.

— **What are some points that you have worked on so far after separating the functions of the Human Capital Management Department?**

Ozawa: The year after separating the Human Capital Management Department, the recruitment activities that we had previously conducted with one team were divided into two separate teams—one for new graduates and the other for mid-career hires. This is because the purpose and methods of recruitment differ for new graduates and mid-career hires, and the expectations and views that applicants have of our company also differ.

Until three years ago, I had personally been in charge of human resources for the business group for five years, and at the time I was aware of the issue of being unable to meet frontline hiring needs. The first step was creating a system that enables recruitment activities that meet frontline needs to be conducted in a timely manner for mid-career hires. For hiring new graduates, we have now prepared a system for quickly implementing measures to respond to the changing trends and needs of students. I think that our hiring capabilities have improved compared to the past, given the strong performance of the company and how this is reflected in annual salary. We currently recruit around 300 of each type of hire annually.

Personally, I find it rewarding to think about ways of securing the right staff who are capable of frontline work. I am sometimes asked by applicants what types of people play key roles at the company, and the characteristics that all the interviewers, who are frontline general managers, mention is that people who are successful are those who are willing to go above and beyond and actively take on challenges, rather than those who take a passive approach and only complete the tasks given to them. I believe this is exactly what our corporate identity “Challenging Tomorrow’s Changes” embodies.

Okumura: After securing the right human resources, they then need to be trained to ensure they are able to play an active role on the frontline. Given that the skills required in each department are different, each frontline website needs to consider what type of experience and training they can provide to ensure the human resources are successful. In this light, the human resource functions of each business group also need to be enhanced. The Human Resources Strategy Department needs to develop company-wide rules and guidelines, and continue advancing them in concert with frontline strategies. We must work together and coordinate efforts with those frontline strategies in terms of recruitment, training and rotation.



Hiroyuki Okumura
Executive Officer
General Manager, Human Capital Management and
General Affairs Division



Satoko Ozawa
General Manager,
Human Capital Strategy Department



Shinichi Hirayama
Managing Executive Officer
CAO, COO, Corporate Planning Group

— The Human Capital Management Department incorporated a job-based component into the multiple career path personnel system in FY2023.

Shimizu: As touched on earlier, I am always thinking about creating a system where people can grow, take on challenges, and be active in their own way by working at CTC. With this in mind, we fine-tuned the concept and revised the new human resources system.

We have introduced a multiple career path personnel system^{*2} offering two career Candidates for management-level positions: “Line managers” who are the heads of organizations, and “Specialists” who have advanced skills and expertise. We have now incorporated a job-based component for “Specialists.” This is a system that quantitatively measures the size of a job or expected role, ranks the role itself as a specialist, and assigns personnel to it. Instead of requiring employees to possess similar skills and abilities, we would like to ensure that human resources with their own specialized fortes and expertise are able to maximize their skills, know-how, and will—we would like to assess their diverse roles fairly to ensure an intense cycle of human resource development. In essence, this means that we have developed an environment where people are able to play a key role based on their capabilities, regardless of their age or number of years of experience, as long as they are able to take on that role.

Job descriptions are also disclosed to the entire company, including the human resources assigned to the job. We hope to link this to a greater level of collaboration beyond certain organizations than ever before. I also hope that this environment will serve as a “guide” showing young employees the skills and experience they should be acquiring from the perspective of a single employee, and encourage them to change their attitude toward their own careers.

*2 Multiple career path personnel system



Ozawa: In terms of employee motivation, the Human Resources Strategy Department conducts a company-wide engagement survey four times a year for monitoring employee awareness related to “job satisfaction” and “comfortability at workplace” from fixed perspectives. Scores relating to communication between supervisors and subordinates improved before and after the human resources system was revised, and we view this as the fruits of the new measures being applied. Naturally, there are problems should be resolved remain, so we are aiming to enhance engagement by gaining an understanding of the issues and implementing effective measures.

Okumura: We have established “grade skipping” for specialist positions and changed the assessment system for all employees from relative assessments to absolute assessments as the prerequisite for promotion. Yet the system we established needs to be operated properly, and the assessor also needs to be questioned. As such, this also requires human resources development, which will come back as an issue for the Human Resources Strategy Department. And so the two departments will be focusing efforts to approach this together.

Hirayama: This new human resources system is only in its second year of implementation, and is still on the way to being perfected.

To entice human resources skilled in cutting-edge technologies such as AI and security to join us from outside, young candidates need to be provided with a high level of compensation, regardless of their age, to successfully hire them. To achieve this, we need to create an environment internally that treats skilled young employees. The job-based system focuses on whether employees have the skills and abilities for performing the required job, regardless of age. The key to the future of personnel will be how to use this system to recruit skilled human resources, and how to assign, select, and rotate the right people to the right places throughout the company.

Those who truly fine-tune their skills are certain to be given a role where they can maximize their capabilities. That is the real source of our competitiveness.



Taiji Shimizu
General Manager, Human Capital Management Department



Hiroaki Tomimoto
General Manager, General Affairs Department and Secretary

— The problem of a shortage of engineers is becoming more evident in the IT industry. It seems that CTC has implemented systems for actively promoting senior employees.

Shimizu: In April 2024, we also revised the “Post-retirement Employment System.” We offer a re-hiring system that is available after employees reach the retirement age of 60. The new rehiring system is designed to ensure that even after retirement, motivated and skilled employees are assigned and treated at the same level as regular employees.

More specifically, we have established three courses: a “Highly skilled professional” where employees can contribute to the company by applying their high level of expertise; a “Specific field professional” where employees can demonstrate performance in practical tasks; and a “Limited responsibility” with a reduced amount of tasks and workloads. The roles and compensation levels have been set with the aim of providing an environment where a diverse workforce can play an active role.³

In addition to retired employees, The Post-retirement Employment System is also available to new mid-career hires aged 60 years or older. We believe it is very important for CTC to create an environment where retired employees can continue to harness their past experiences and remain highly motivated.

***3 Roles post-retirement**



— Employee motivation seems to be greatly influenced by the working environment. What areas are the General Affairs Department currently focusing on?

Tomimoto: Our primary focus at the General Affairs Department is to update offices to meet changes in work styles. Offices in the past were designed with a priority on how efficiently people could be positioned. In my opinion, think the way offices were set up used to have less of a direct impact on hiring or employee motivation. However, offices and working environments play a major role for securing human resources today.

Ozawa: When it comes to securing human resources, I think the office environment is one factor that applicants look at before joining a company.

Tomimoto: We took the opportunity of relocating our head office to Kamiyacho in 2021 to incorporate a new office design, which was recognized with the “New Office Promotion Award” in the 35th Nikkei New Office Award. However, I view offices as living organisms. Without constantly updating the office, it may soon be left behind, and this could result in a decline in employee engagement.

We are trying out new attempts at our offices mainly based on hot-desking throughout the entire building, but the work style of employees is changing on a daily basis, and as such issues arising around the office are also constantly changing. We need to continue thinking about what a worker-friendly office environment encompasses for employees, with examples including creating spaces suitable for holding online meetings and installing portable monitors.



Kamiyacho Office

Okumura: The hot-desking approach has meant that team members find it difficult to be seated together, which makes communications difficult, and some employees prefer to work remotely or hold meetings online. We need to make further efforts to increasing the level of communication for such hybrid work styles that combine working at the office and working remotely.

Tomimoto: The offices are a place where employees work, so we need to listen more closely to what our employees are seeking, even though the appearance of offices is important. I hope to visit the offices and conduct interviews, observe the circumstances there more closely, and create an environment that best suits the circumstances, as well as contribute to boosting employee engagement.

Hirayama: Even as remote working increases in popularity and hot-desking becomes more available at offices, the importance of Face-to-face communication remains unchanged. Working remotely may not be an issue for team members who have worked together for a long time, but when new employees join a team, younger employees are being trained, or employees take on new business challenges, there is nothing that beats Face-to-face communication. Each organization will have to be keenly aware of the circumstances related to its members and businesses, and make efforts to boost the accuracy of businesses with measures such as having employees work at the office on the same days.

Achieving this requires “autonomy and collaboration.” This means that employees need to be properly self-disciplined, while also recognizing that they are working as part of a team. Without these two factors, work will actually end up being inefficient.

— How about initiatives related to Diversity Equity & Inclusion (DE&I)?

Ozawa: From the perspective of diversity, our employees comprise of around half mid-career hires and half new graduates. Efforts we have been implementing from the past for empowering female employees have seen an increase in the number of female managers, one of the indicators of empowerment, but there is still some way to go. Given the low numbers of female employees in their 30s and 40s who are potential candidates for management positions, from FY2024 we are in the process of actively seeking female mid-career hires who are able to take on the next round of management positions candidates. We are also working to facilitate understanding of LGBTQ challenges, by establishing rules and regulations that apply to same-sex partners regarding marriage leave, bereavement leave, congratulatory and condolence allowances, and various other allowances for job transfers and transfers away from family, as well as establishing consultation services and holding lectures inviting those involved in LGBTQ affairs.

Another initiative for diversity is employing of people with disabilities at HINARI.

Okumura: HINARI employs 178 people (including 123 employees with disabilities* as of April 1, 2024). They are involved in providing massages for CTC Group employees, cleaning offices, running the HINARI CAFE⁴, and working at contract farmers. Job categories have also been expanded in recent years, and they are also involved in disassembling PCs for recycling and creating digital content.

Hirayama: As a special-purpose subsidiary, we would like to create an environment where people with disabilities are able to work together with everyone in categories as close as possible to our core businesses, in addition to securing their job opportunities and positions for work there. To this end, HINARI is currently coordinating efforts with specialized agencies to increase its experience and knowledge in hiring and retention support in the IT field.

Each person works in their own unique way, and this includes people with disabilities. We hope to work together with them while ensuring an understanding of their characteristics. Given that every person is different, not only in terms of disabilities, We would like to create an atmosphere of mutual trust while maintaining a proper understanding of this fact. This is the essence of diversity.

Okumura: Together with recognizing diversity and allowing each employee to blossom and put in their best effort, we must not forget about sharing our values.

I think that the IT we deliver to society can be harnessed for both good and bad, so we need to maintain high ethical standards and common values. This approach is expressed in the CTC Group Corporate Philosophy. We also need to respect the values toward taking challenges as embodied by CTC's corporate identity "Challenging Tomorrow's Changes." I think that respect for diversity and common values are crucial for human resource strategies.

— A new medium-term management plan has started.

Hirayama: In our medium-term management plan, we have set out our concept of "into unprecedented territories." The way I read it, this represents the potential for the future. I think that harnessing the capabilities of anticipated advanced technologies and solutions to serve our customers, society and the community is the potential that we possess, and makes up the potential for the future. It is our human resources who will be implementing this, and our human resources are our assets. The mission of the Human Capital Management and General Affairs Division to determine how to boost the motivation of these human resources to ensure performance.

I think that the technological capabilities utilized by our employees will contribute to society and lead us to our future potential.



HINARI CAFE

*4 HINARI was established in 2010. Based in Tokyo, Hamamatsu, and other locations, employees with disabilities continue taking on the challenge of applying their abilities in full with the assistance of job supporters. In 2022, HINARI CAFE opened on the 16th floor of the Kamiyacho Head Office, HINARI CAFE staff members serve coffee and other beverages to CTC Group employees. Ever since, staff and CTC Group employees chatting and laughing together has become a common sight. In September 2024, HINARI CAFE Azabu opened on the 2nd floor of the Azabu District General Branch Office in Minato Ward. Services are also available to customers from outside the company. HINARI embodies the "DE&I" keyword for new societies.

The Foundation Supporting Our Challenges

CTC Group's corporate identity is "Challenging Tomorrow's Changes."

Today, as we face various societal issues, we aim to create a better future for all members of society.

We define our materiality and continue to take on challenges through our daily work.

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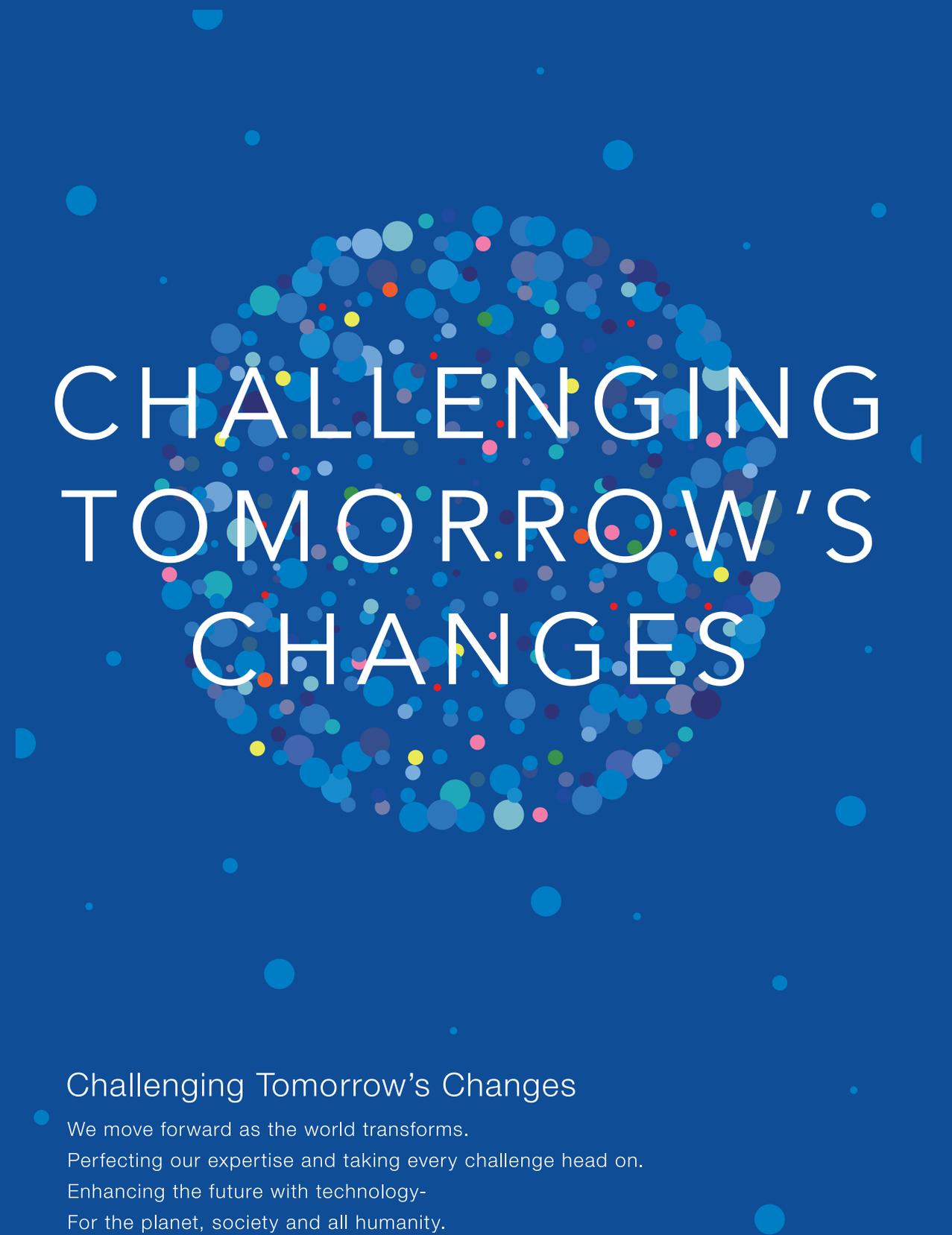
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CHALLENGING TOMORROW'S CHANGES

Challenging Tomorrow's Changes

We move forward as the world transforms.
Perfecting our expertise and taking every challenge head on.
Enhancing the future with technology-
For the planet, society and all humanity.

Corporate Philosophy

Sustainability Policy

Technology and Waza (Unique Skillset) for the Future

The CTC Group will undertake the creation of society in which many people can benefit from digital technology and Waza (unique skillset), which will be used to take advantage of them.

By expanding the possibilities of IT, the Group will contribute to the resolution of challenges found in the global environment and society, aim to achieve a sustainable society.

Materiality (material topics)

Solve social issues through IT

- Relentless pursuit of advanced technology
- Promote business co-creation with various partners
- Provide safe and secure IT services

Approach

Materiality that is directly linked to realization of the CTC Group Philosophy; enhancing the future with technology- for the planet, society and all humanity, describes the core of our businesses; and sets forth how we should engage in IT

Key SDGs



Cultivate human capital to support the future

- Develop various professionals
- Foster a culture of mutual respect and growth
- Contribute to education of human capital that creates the future

Approach

Materiality that underpins efforts to realize the CTC Group Philosophy and sets forth the Group's approach to personnel, the most important type of capital both for the CTC Group and society

Key SDGs



Implement responsible corporate activities

- Strengthen effective governance
- Contribute to address climate change
- Practice responsible behavior by each individual

Approach

Materiality that is the foundation of all of our activities and sets out a commitment to corporate activities that fulfill the roles expected of us as a company and as a member of society, while ensuring that our employees appropriately perform their professional and society roles

Key SDGs



Participation in the UN Global Compact

Since July 2015, the CTC Group has been participating in the United Nations Global Compact, an initiative aimed at fostering sustainable growth on a global scale.

We are committed to realizing a sustainable society in line with the Compact's ten principles, which cover human rights, labor, environment, and anti-corruption.

<https://www.ctc-g.co.jp/en/company/sustainability/approach/global-compact.html>



Solve Social Issues through IT

Traceability



We build a traceability system using blockchain technology to ensure stable procurement and supply of resources in the supply chain and to secure transparency in distribution

Digital twin



Using simulation technology, we replicate information about equipment, people, and objects in real time within a cyber environment, contributing to the promotion of industrial innovation

ID management



Through providing an ID integration and management platform that connects various ID providers and services, we facilitate easy-operation, non-face-to-face identity verification

Renewable energy



We leverage simulation expertise to support power generation forecasting and supply-demand management for effective use of solar and wind energy

GX services



We offer services to support corporate GX initiatives from strategy formulation to implementation, and propose optimal approaches for visualizing and reducing GHG emissions

Resource circulation

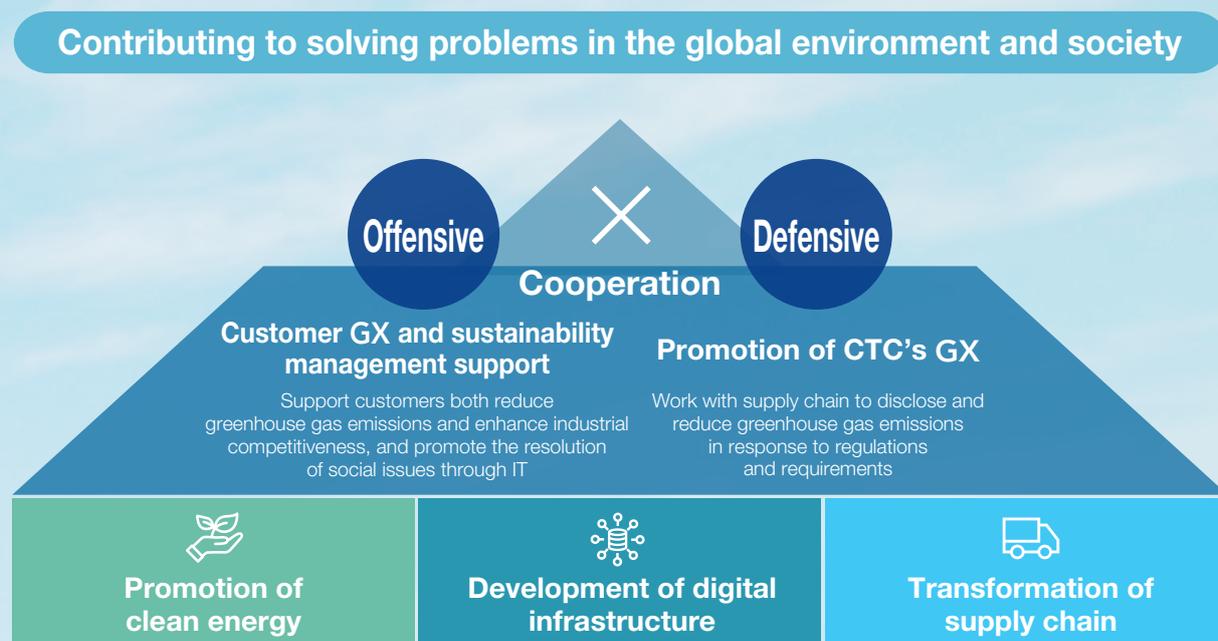


Our resource circulation platform visually displays the treatment status of industrial waste and CO₂ emissions during transport, promoting resource reuse by enhancing processing efficiency

CTC Group's GX Promotion

One way we solve social issues through IT is by providing green transformation (GX) solutions. We are advancing cutting-edge initiatives in fields such as renewable energy and materials informatics (MI).

Promoting offensive and defensive GX



Overview of GX support



Cultivate Human Capital to Support the Future

Contribute to education of human capital that creates the future

As part of our social responsibility as an IT company, the CTC Group is committed to passing on the technology and expertise cultivated through its business activities to nurture future human resources, contributing to the development of the next generation of IT professionals.



We contribute to next-generation human resource development through a visiting lecture called "Let's try! IT engineer" which teaches programming approaches to 5th and 6th-grade elementary students. From FY2018 to FY2023, a total of 2,593 children participated in this program.

Operation of the Children's Technology Challenge IT workshop classes



Support for Kamiyama Marugoto College of Design, Technology, and Entrepreneurship



As a scholarship partner, we support the Kamiyama Marugoto College of Design, Technology, and Entrepreneurship, which opened in Kamiyama-cho, Tokushima Prefecture in April 2023. We have donated one billion yen to the Kamiyama Marugoto College of Design, Engineering and Entrepreneurship scholarship fund, and contribute to fostering human resources who can identify challenges and "The power to create things that bring about change," through collaborative activities with scholarship students.

Exhibition of a pavilion at KidZania Fukuoka



© KCJ GROUP

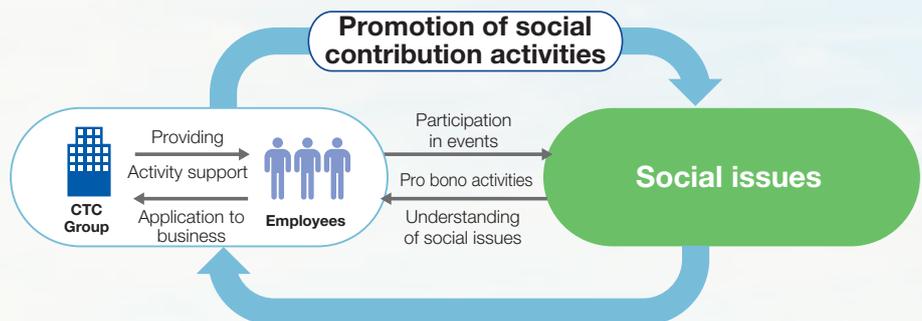


In July 2023, we opened a "Simulation Technology Center" pavilion in the advanced technology area of KidZania Fukuoka, a vocational and social experience facility for children planned and operated by KCJ Group Inc. This pavilion offers children an interactive experience with simulation technology for disasters like earthquakes and tsunamis, teaching them how such technologies support safe living and benefit society in various ways.

Approach to social contribution activities

The CTC Group has developed its business through the power of connecting and combining. In our social contribution activities, we aim to address societal issues through our core business, by connecting and collaborating with various partners to drive mutual development.

We offer employees opportunities to engage with social issues and support these efforts with systems like volunteer leave and side job.



Implement Responsible Corporate Activities

Contribute to Address Climate Change

To ensure a sustainable global environment for future generations, we promote the reduction of energy consumption and efficient use of resources, and engage in environmental improvement initiatives.

2050 CTC Group Environmental Declaration (base year: FY2022)

Short-term targets	<ul style="list-style-type: none"> • Scope 1, 2: 50% reduction by FY2030 • Scope 3: 25% reduction by FY2030
Long-term targets	<ul style="list-style-type: none"> • Scope 1, 2: 90% reduction by FY2040 • Net zero by 2050 (Scope 1, 2, 3)*

* Net zero: Reduction of total emissions across Scope 1, 2, and 3 by more than 90%, and neutralizing remaining emissions through investments in absorption/sequestration (Scope 3 emissions to be reduced by 90% by 2050).

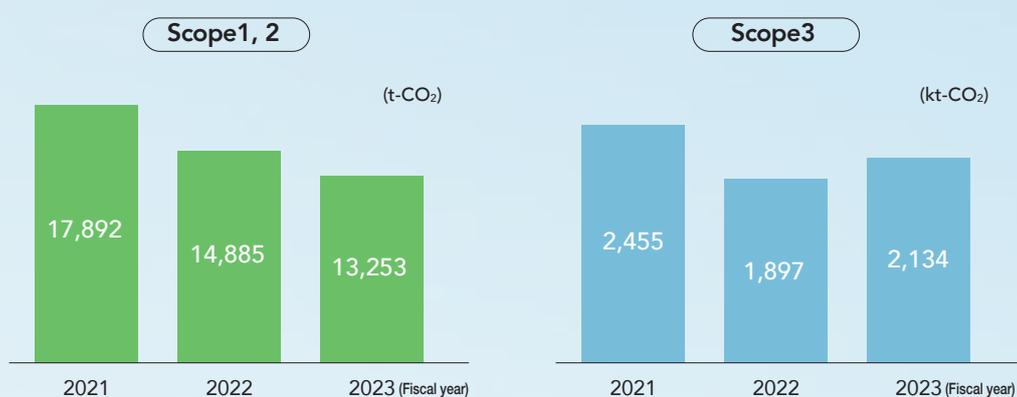


DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBT (Science Based Targets)

We have obtained certification from the Science Based Targets Initiative for our "science-based greenhouse gas emission reduction targets" that align with the levels required by the Paris Agreement. This includes "short-term targets" for achievement by FY2030 and "long-term targets" to reach net-zero emissions by 2050.

Actual greenhouse gas emissions (consolidated)



The ITOCHU Techno-Solutions Future Foundation was funded and established by CTC to support "next-generation development" by leveraging IT's potential to change future for the sustainable global good. Through three public interest projects, the foundation conducts support activities for the children and youth who will lead the next generation.

Support programs for IT education for children and youth



Programming workshops

Scholarship programs for young people pursuing careers in IT



Scholarship student networking events

Support programs for creating educational and employment opportunities for youth with disabilities



Grants to universities and other institutions for the purchase of equipment





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ITOCHU Techno-Solutions Corporation (CTC)

Head Office location

Kamiyacho Trust Tower, 4-1-1, Toranomon, Minato-ku,
Tokyo 105-6950

☎ 03-6403-6000

🌐 <https://www.ctc-g.co.jp/en/>

Founded

April 1, 1972

Paid-in capital

21,764 million yen

Business lines

Sales, maintenance and support of computers and network systems; commissioned software development; information processing services; information services related to science and engineering; support; other

Number of employees

CTC: 5,583, CTC Group total: 11,574

CTC Has Created Value for Society Through IT for Over Half a Century

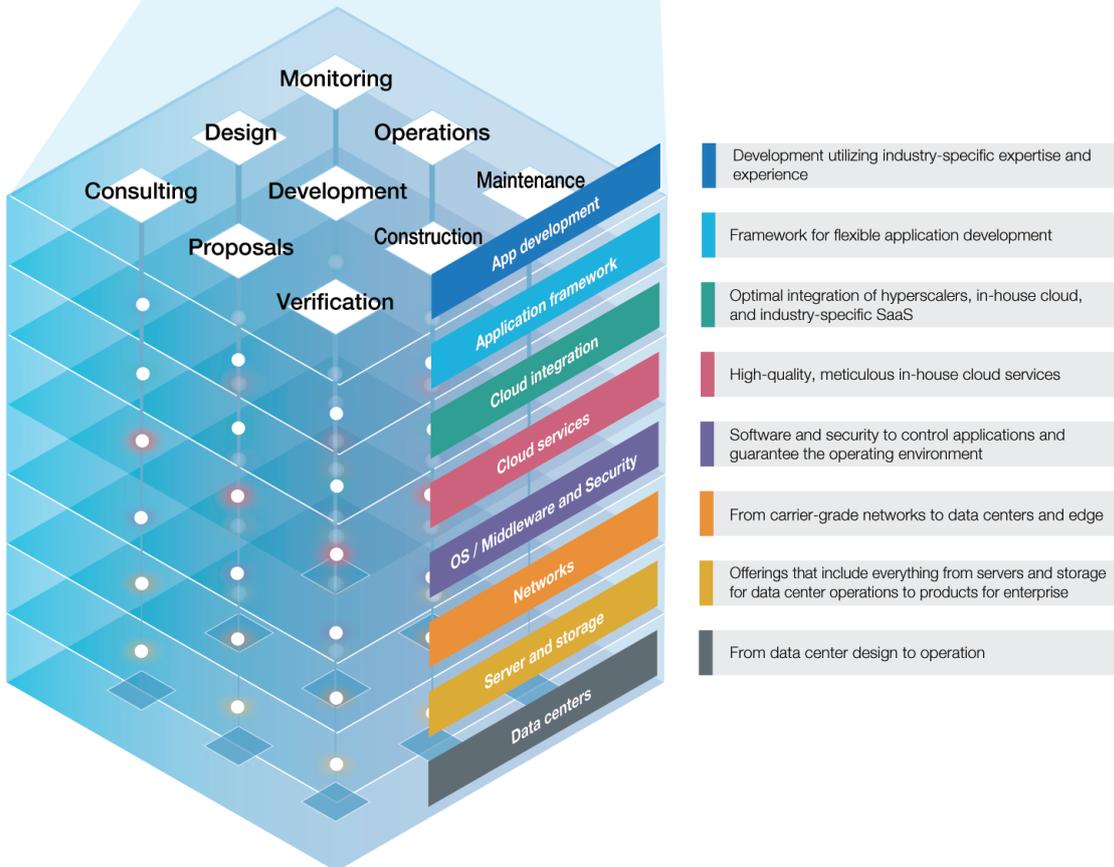
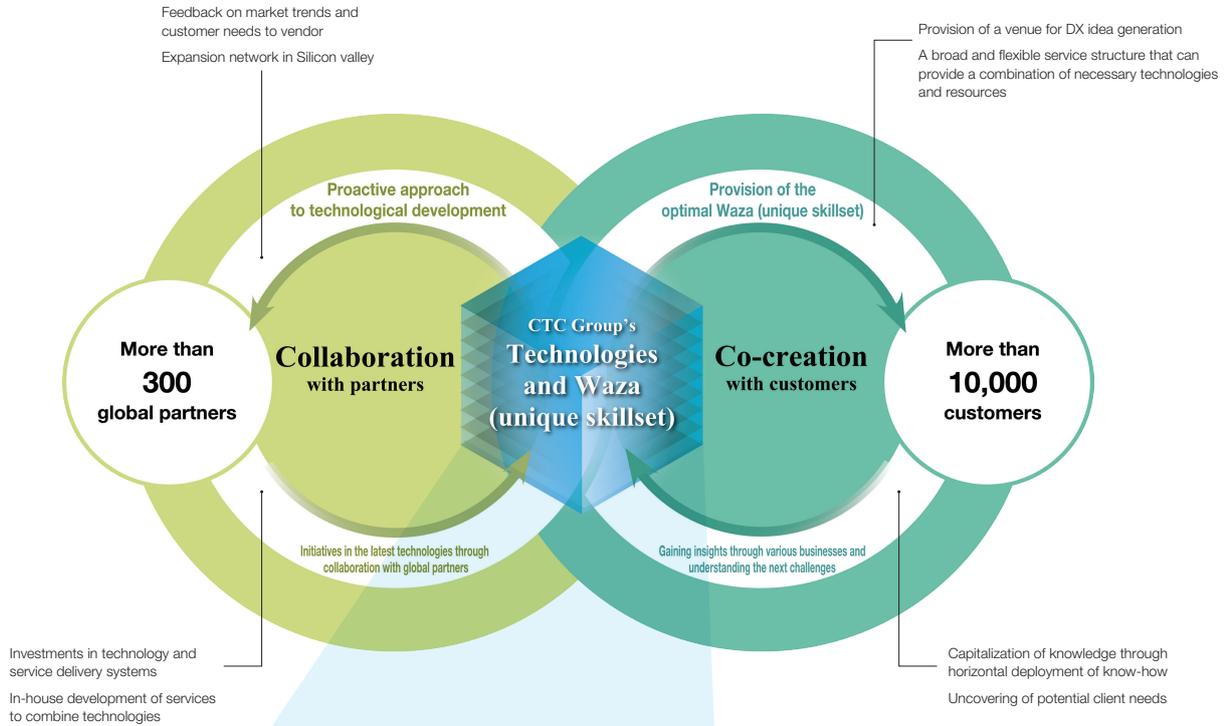
Business model and strengths

Since our founding, we have accurately identified our customers' needs, and located and increased the number of partners who have the ability to meet those needs. By continuing to work with our partners to meet the needs of our customers and provide them with new value, we have built long-standing relationships that now enable us to co-create new business ventures with them. Our strength lies in technologies and waza (unique skillset), the ability to combine and propose tailored solutions, which we have refined and enhanced through our relationships with customers and partners.

Column

CTC Group's technologies and Waza (unique skillset)

Let's delve a bit deeper into what we mean by "technologies and Waza (unique skillset)." As shown in the cube on the right, we have the capability to address a broad range of technical layers, from data centers, servers, and storage to application development. Within each technical layer, we can provide proposals, development, operations or other services tailored to our customers' needs. We can handle any technology or service flexibly and extensively, combining multiple elements as needed. This cube is a visual presentation of the "technologies and Waza (unique skillset)" that are our strength.

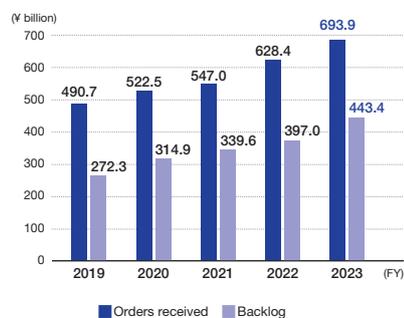


Financial Highlights

	FY2014	FY2015	FY2016
Operating results			
Revenue	381.9	391.6	407.8
Gross profit	91.3	91.5	96.7
Gross profit margin	23.9%	23.4%	23.7%
Other income and expenses	(61.9)	(63.6)	(65.6)
Operating income	29.3	27.9	31.1
Operating income margin	7.7%	7.1%	7.6%
Net profit attributable to CTC's shareholders	17.4	18.0	21.9
Orders received	388.1	398.3	437.6
Backlog	201.6	208.3	238.1
Per capita data* (¥ million)			
Revenue	4.5	4.6	4.7
Operating income	0.35	0.33	0.36
Consolidated balance sheet (¥ million)			
Current assets	227.2	229.0	250.2
Non-current assets	75.5	78.9	82.9
Total assets	302.7	307.9	333.1
Current liabilities	110.9	108.6	121.6
Non-current liabilities	18.9	16.3	15.8
Total liabilities	129.8	124.9	137.4
Total equity	172.9	183.0	195.7
Total liabilities and equity	302.7	307.9	333.1

* Figures are calculated on March 31.

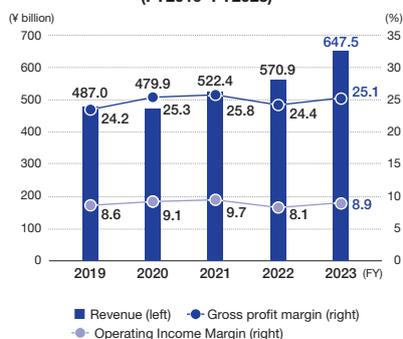
**Orders Received and Backlog
(FY2019-FY2023)**



During FY2023, we steadily captured demand for business system renewal with IT technology, reaching record highs in both orders received and backlogs.

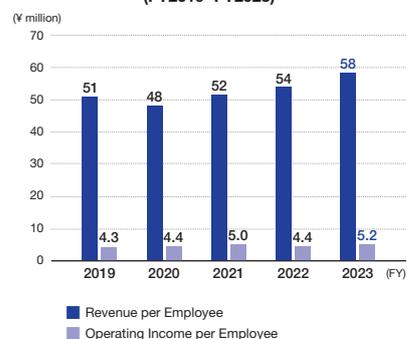
Orders were strong in DX projects for manufacturing companies, including automobile, and utility, transportation and retail companies. For telecommunications carriers, order growth was seen in telecommunication equipment projects, and service infrastructure construction projects regarding their non-telecommunication businesses.

**Revenue, Gross Profit Margin, and Operating Income Margin
(FY2019-FY2023)**



In FY2023, revenue reached new record highs thanks to the strong orders and high-level backlogs. IT infrastructure projects and security related businesses performed well across various industries, and in the telecommunications carriers, growth was supported by telecommunication equipment project, and service infrastructure construction projects regarding their non-telecommunication businesses.

**Revenue and Operating Income per employee
(FY2019-FY2023)**



Due to the growth in revenue and operating profit, revenue and operating profit per employee have been steadily performing well.

(¥ billion)

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
429.6	452.0	487.0	479.9	522.4	570.9	647.5
101.6	107.7	118.1	121.5	134.7	139.1	162.6
23.6%	23.8%	24.2%	25.3%	25.8%	24.4%	25.1%
(69.0)	(71.8)	(76.4)	(77.8)	(84.2)	(92.6)	(105.3)
32.6	35.9	41.7	43.6	50.5	46.5	57.3
7.6%	7.9%	8.6%	9.1%	9.7%	8.1%	8.9%
23.6	24.6	28.5	30.5	35.4	34.2	41.3
435.2	470.2	490.7	522.5	547.0	628.4	693.9
243.7	262.9	272.3	314.9	339.6	397.0	443.4
5.0	5.1	5.1	4.8	5.2	5.4	5.8
0.38	0.41	0.43	0.44	0.50	0.44	0.52
272.8	298.3	324.7	353.7	381.1	405.1	472.2
81.1	80.6	114.1	109.1	126.6	123.0	118.9
353.9	378.9	438.8	462.7	507.7	528.0	591.2
125.9	135.4	162.6	172.8	173.7	183.0	213.6
17.1	18.4	37.6	27.3	45.6	39.4	36.6
143.0	153.8	200.3	200.1	219.2	222.4	250.2
210.9	225.1	238.6	262.6	288.5	305.6	340.9
353.9	378.9	438.8	462.7	507.7	528.0	591.2

Message from CFO

Supporting the new CTC from both financial and risk management perspectives

CTC is aiming for renewal as a company that is growing stronger than ever before by coordinating efforts with the ITOCHU Group.

Pursuing state-of-the-art technologies such as AI technology, quantum computing and advanced communication technology, and developing CTC's unique solutions will accelerate DX at our customers and help resolve social issues. We will be pursuing the enhancement of profitability and high efficiency, and further boost the trust of our stakeholders by delivering on their expectations.

In contrast, I think that one of my missions as CFO is to disclose CTC's high profitability, underlying strong financial base and other intellectual capital information in an appropriate manner to enhance our corporate value as a partner that our clients can rely on with a sense of confidence.

Additionally, we accurately manage 'negative risks' such as exchange rate fluctuations, interest rate changes, and compliance violations that come with the changing times. At the same time, we address the risks of missing out on acquiring opportunities of new technologies and businesses, which could be considered 'positive risks'. By leveraging a strong financial base, we will advance investments and personnel development, aiming for 'CTC 5.0 Intellectual Capital Management'.



Mamoru Seki
Director and Senior Managing Executive Officer
CFO, CCO, COO, Corporate Administration
Group

Non-Financial Highlights

Basic Data (Consolidated)

Item		Unit	FY2020	FY2021	FY2022	FY2023	
Employees	Total	People	9,927	10,099	10,540	11,095	
	By gender	Men	People	8,080	8,134	8,414	8,822
		Women	People	1,847	1,965	2,126	2,273
	By region	Japan	People	8,676	8,897	9,257	9,725
		Asia	People	1,220	1,172	1,255	1,343
		Americas	People	31	30	28	27
Europe		People	0	0	0	0	

Basic Data (Non-Consolidated)

Item		Unit	FY2020	FY2021	FY2022	FY2023	
Employees	Total	People	4,636	4,785	4,991	5,318	
	By gender	Men	People	3,813	3,915	4,048	4,291
		Women	People	823	870	943	1,027
	By age	Non-Japanese	People	50	55	65	68
		Under 30	People	809	889	980	1,098
		30-39	People	1,117	1,099	1,124	1,203
		40-49	People	1,697	1,693	1,684	1,678
		50-59	People	851	917	990	1,084
		Over 60	People	162	187	213	255
	By job type	Engineer	People	3,154	3,221	3,372	3,585
Sales		People	997	1,042	1,081	1,173	
Corporate staff		People	485	522	538	560	
Average years worked ¹	Men	Years	14.1	14.2	14.1	13.8	
	Women	Years	12.9	12.7	12.4	12.1	
	Total	Years	13.9	13.9	13.8	13.4	
Average age ¹	Men	Age	41.5	41.7	41.7	41.4	
	Women	Age	38.0	37.9	37.7	37.4	
	Total	Age	40.9	41.0	40.9	40.6	
Number of voluntary resignations ¹	Men	People	70	106	100	98	
	Women	People	12	28	27	22	
	Total	People	82	134	127	120	
Voluntary resignation rate ¹	Men	%	1.8	2.7	2.5	2.4	
	Women	%	1.5	3.2	2.9	2.2	
	Total	%	1.8	2.8	2.6	2.3	
Average annual salary		¥	9,336,993	9,410,649	10,287,919	10,765,554	
Ratio of basic salary and total remuneration between men and women (women:men)	Managers	Base salary	—	1:1.06	1:1.07	1:1.06	
		Total remuneration	—	1:1.10	1:1.06	1:1.06	
	General employees	Base salary	—	1:1.10	1:1.13	1:1.11	
		Total remuneration	—	1:1.14	1:1.12	1:1.11	
Wage difference between genders	All employees	%	—	—	78.3	78.7	
	Permanent employees	%	—	—	78.8	78.9	
	Non-permanent	%	—	—	73.0	76.2	

Diversity (Non-Consolidated)

Item		Unit	FY2020	FY2021	FY2022	FY2023	
New hires	Total	People	318	311	368	485	
	New graduate	Men	People	101	97	100	141
		Women	People	61	59	61	77
	Mid-career	Total	People	162	156	161	218
		Men	People	142	134	170	236
		Women	People	14	21	37	31
Total		People	156	155	207	267	
Post-retirement re-employment		People	122	136	160	182	
Managers ¹	Total	People	1,257	1,324	1,399	1,473	
	By gender	Men	People	1,187	1,244	1,316	1,381
		Women	People	70	80	83	92
Non-Japanese	People	6	5	6	8		
Percentage of disabled employees ²		%	2.5	2.4	2.3	2.3	
New graduate starting salary	Master's degree	¥	245,200	245,200	245,200	315,100	
	University and specialized technical college graduate	¥	230,000	230,000	230,000	295,500	
	Technical college graduate	%	—	—	—	273,100	
New graduate retention rate after 3 years	Men	%	93.2	94.8	96.0	91.8	
	Women	%	100.0	93.1	95.1	86.4	
	Total	%	94.9	94.2	95.7	89.7	

Work style (Non-Consolidated)

Item	Unit	FY2020	FY2021	FY2022	FY2023	
Average ratio of annual leave taken	%	61.0	64.2	70.7	68.3	
Annual average number of holidays taken	Days	11.7	12.3	13.5	13.0	
Average monthly overtime hours per employee	Hours	16	13	12	13	
Childcare leave system users ³	Men	People	49	58	95	97
	Women	People	23	26	20	31
	Total	People	72	84	115	128
Childcare leave uptake rate (male) ³	%	35.8	46.8	65.5	73.4	
Rate of return from childcare leave	Men	%	100.0	100.0	100.0	100.0
	Women	%	97.0	97.8	100.0	100.0
	Total	%	98.8	99.0	100.0	100.0
Rate of returning to work after childcare leave	Men	%	77.8	70.0	92.9	97.1
	Women	%	96.3	87.5	84.0	100.0
	Total	%	92.0	83.3	87.2	97.6
Nursing care leave system users	People	144	147	101	137	
Long-term caregiving leave system users	People	0	0	0	3	
Caregiving leave system users	People	35	33	34	31	
Number of work-related accidents	Cases	1	2	0	4	
Number of work-related deaths	People	0	0	0	0	
Morning work ⁴	Annual	People	3,080	3,135	3,356	3,838
	Monthly average	People	1,519	1,709	1,835	2,099
Staggered working hours ⁵	Annual	People	1,916	1,638	1,658	1,698
	Monthly average	People	846	780	775	780
Hourly paid leave ⁶	Annual	People	1,357	845	969	905
	Monthly average	People	327	228	266	244
Shorter working hour system users	People	93	72	70	62	
Absentee rate ⁷	%	0.2	0.2	0.3	0.3	

Human resources development (Non-Consolidated)

Item	Unit	FY2020	FY2021	FY2022	FY2023
Number of training participants	People	135,889	98,252	108,375	110,280
Average hours of training per person	Hours	60	56	65	77
Company-wide training participation rate for managers	%	100	99.7	98.8	98.2

Data on promoting women's advancement (Non-Consolidated)

Item	Unit	FY2023
Female managers	People	92
Appointment of new female managers	People	15
Female supervisors	People	105
Ratio of female permanent employees	%	19.3
Ratio of female new graduate hires	%	35.3

Health and wellness-related indices (Non-Consolidated)

Item	Unit	FY2023
Ratio of employees undergoing regular health checkups	%	100
Smokers	%	20.9
Regular exercisers ⁸	%	25.8
Daily physical exercise ⁹	%	35.2
Maintaining appropriate weight	%	66.8
Regular health checkups (examination or re-examination required)	%	54.4
Specific health guidance participation rate	%	— Fall FY2024 total
Subjective health outlook ¹⁰	%	81.2
Subjective performance ¹¹	Points	6.58
Satisfied with job ¹²	%	77.3
Ratio of employees undergoing stress & mental health checkups	%	94.5
High stress	%	7.7

Human resource-related data for domestic consolidated subsidiaries

Company name	Unit	FY2023				
		Percentage of female managers	Wage gap between men and women			Childcare leave uptake (male) ³
			All employees	Of permanent employees	Of which non-permanent employees	
CTC Technology Corporation	%	3.9	73.3	77.6	51.2	51
CTC System Management Corporation	%	2.0	78.0	78.2	72.2	52
CTCSP Corporation	%	5.6	65.2	65.6	—	—
CTC Facilities Corporation	%	21.1	65.8	94.5	39.5	75
CTC Business Service Corporation	%	36.4	75.5	80.9	57.4	—
CTC Business Expert Corporation	%	—	92.1	91.4	101.8	—
Asahi Business Solutions Corp.	%	11.8	73.4	73.6	69.8	—
CTC Hinari Corporation	%	100.0	110.0	106.8	86.8	100

¹ Figures on average years worked, average age, number of voluntary resignations, voluntary resignation rate, managers refer to employees originally hired by CTC.
² Figures include special subsidiaries and companies considered part of the Group. Headcount derived by counting method for number of persons with disabilities employed in calculating mandatory minimum proportion of employees. Employment rates are rounded down to the nearest hundredth.
³ Figures have been calculated based on the number of users of childcare leave in accordance with regulations under the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.
⁴ The Company places limits on overtime work at night and on holidays and encourages work in the early morning hours (5:00-9:00 a.m.).
⁵ This system allows employees to work full-time while selecting their daily starting times from a period between 5:00 a.m. and 11:30 a.m.
⁶ This system allows employees to take five days (40 hours) of annual paid leave in hourly units.
⁷ The number of days of absence from work due to illness or injury as a percentage of the fixed number of working days is calculated from attendance records.
⁸ Ratio of "Yes" responses to the question "Have you been doing 30 minutes or more of exercise resulting in a light sweat at least twice per week, for at least a year?"
⁹ Ratio of "Yes" responses to the question "Do you walk or perform equivalent physical activity for at least one hour a day in your daily life?"
¹⁰ Ratio of "Yes" and "Relatively" responses to the question "Are you currently in good health?"
¹¹ The average of the responses to the question, "How would you rate your own work over the past four weeks if 10 was your best performance when you were not sick or injured?"
¹² Ratio of "Yes" and "Relatively" responses to the question "Are you satisfied with your job?"

Security / Compliance (Consolidated)

Item	Unit	FY2020	FY2021	FY2022	FY2023
Number of serious security incidents	Cases	0	0	0	0
Number of serious compliance violations	Cases	0	0	0	0
Number of serious environmental law violations	Cases	0	0	0	0

Management Team As of April 1, 2024

Directors

Ichiro Tsuge

Chairman

Tatsushi Shingu

President & CEO

Takanori Minatohara

Director, Executive Vice President (EVP)
CRO, COO, CRO Group

Mamoru Seki

Director, Senior Managing Executive Officer
CFO, CCO, COO,
Corporate Administration Group

Yasuhiro Ikeda

Director

Masato Horiuchi

Director

CRO: Chief Revenue Officer
CFO: Chief Financial Officer
CCO: Chief Compliance Officer
CTO: Chief Technology Officer
CAO: Chief Administrative Officer
CDO: Chief Digital Officer
CIO: Chief Information Officer

Audit & Supervisory Board Member

Shigeru Shimizu

Audit & Supervisory Board Member

Tokuichiro Yoshimura

Audit & Supervisory Board Member

Suguru Amano

Audit & Supervisory Board Member

Executive Officers

Eiji Haraguchi

Senior Managing Executive Officer
CTO, COO, CTO Group

Junji Hirooka

Managing Executive Officer
President & CEO, CTC SYSTEM MANAGEMENT
CORPORATION
(Director report to President,
ITOCHU Techno-Solutions Corporation)

Hirohito Ohashi

Managing Executive Officer
COO, Telecommunication Group

Nagaki Fujioka

Managing Executive Officer
COO, Digital Services Group,
and R&D in North America

Hiroshi Torigoe

Managing Executive Officer
COO, Enterprise Group

Shinichi Hirayama

Managing Executive Officer
CAO, COO, Corporate Planning Group

Kiyoshi Imagawa

Managing Executive Officer
COO, Retail and Service Group,
and Executive Advisory Officer for Global Business

Tatsuya Matsumaru

Managing Executive Officer
COO, Regional & Social Infrastructure Group

Keiichi Ozawa

Managing Executive Officer
COO, Financial Services Group

Manabu Igarashi

Managing Executive Officer
CDO, CIO, COO,
Corporate IT Systems Group

Hisashi Sawanobori

Executive Officer
General Manager, Enterprise Division No. 1,
Enterprise Group

Katsuya Kami

Executive Officer
President & CEO, CTCSP CORPORATION
(Director report to COO, Enterprise Group)

Toshihiro Nakaya

Executive Officer
President & CEO, CTC TECHNOLOGY CORPORATION
(Director report to President,
ITOCHU Techno-Solutions Corporation)

Kazuhiko Nagao

Executive Officer
Assistant to COO, Regional & Social Infrastructure
Group, General Manager, Nishi-Nihon Region,
General Manager, Nishi-Nihon Sales Division

Noboru Ueda

Executive Officer
Deputy COO, Enterprise Group

Tamotsu Oda

Executive Officer
General Manager, Mobile and Services Division,
Telecommunication Group

Akira Yamamoto

Executive Officer
Assistant to COO, Regional & Social Infrastructure
Group, General Manager, Higashi-Nihon Sales
Division

Masanori Tanaka

Executive Officer
President & CEO,
ITOCHU Techno-Solutions America, Inc.

Yoshihiko Ito

Executive Officer
Managing Director, CTC Global Pte. Ltd.

Osamu Shigefuji

Executive Officer
General Manager, Retail and Service Business
Planning Division, Retail & Service Group

Kenichi Inagi

Executive Officer
General Manager, Enterprise Division No. 2,
Enterprise Group

Hiroyuki Okumura

Executive Officer
General Manager, Human Capital Management and
General Affairs Division, Corporate Planning Group

Natsumi Tokuyama

Executive Officer
General Manager, Program Management Division,
CTO Group

Satoshi Jito

Executive Officer
General Manager, Audit Division

Tomoji Yoshida

Executive Officer
General Manager, Retail and Service Division No. 1,
Retail and Service Group

Kazufumi Suzuki

Executive Officer
General Manager, Managed Services
Planning and Promotion Division,
Digital Services Group

Naoki Sakurai

Executive Officer
General Manager, Telecommunication Division
No. 3, Telecommunication Group

Contact

Corporate Communications Department, ITOCHU Techno-Solutions Corporation
E-mail : press@ctc-g.co.jp

CTC's Website informations

For press releases, sustainability initiatives, and various projects, please refer to the CTC's websites below.



Corporate Website

<https://www.ctc-g.co.jp/en/>



Press Releases

<https://www.ctc-g.co.jp/en/company/release/>

A repository of our press releases.



Projects and Columns

<https://www.ctc-g.co.jp/report/> (Japanese only)

Features customer case studies, event reports, and columns.



Best Engine

<https://www.ctc-g.co.jp/en/company/about/pr/magazine.html>

Showcases IT trends and our technology-related initiatives.



Financial Information

<https://www.ctc-g.co.jp/en/company/ir/>

Financial results and related information.



Sustainability

<https://www.ctc-g.co.jp/en/company/sustainability/>

Information on our approach to sustainability and related activities.



Governance

<https://www.ctc-g.co.jp/en/company/about/governance/>

Covers our corporate governance and risk management initiatives.



At a Glance

https://www.ctc-g.co.jp/en/company/about/doc/ctc_glance.pdf

Our company profile and explanatory materials summarizing business activities.

https://x.com/ctc_press

<https://www.youtube.com/@ctcpr>

https://www.instagram.com/ctc_recruit

