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

ITOCHU Techno-Solutions Corporation

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Financial Results for 1st Half of FY2026

- Orders received increased by more than ¥190 billion YoY, marking a substantial 1.5x rise, and backlogs also reached an all-time high.
- Revenue exceeded ¥430 billion, achieving approximately 50% of FY2026 plan of ¥890 billion.
- All income items grew in the first half (1H) of a fiscal year by double digits % for the fourth consecutive year, and operating income margin reached a record 1H high.

(in billion yen)

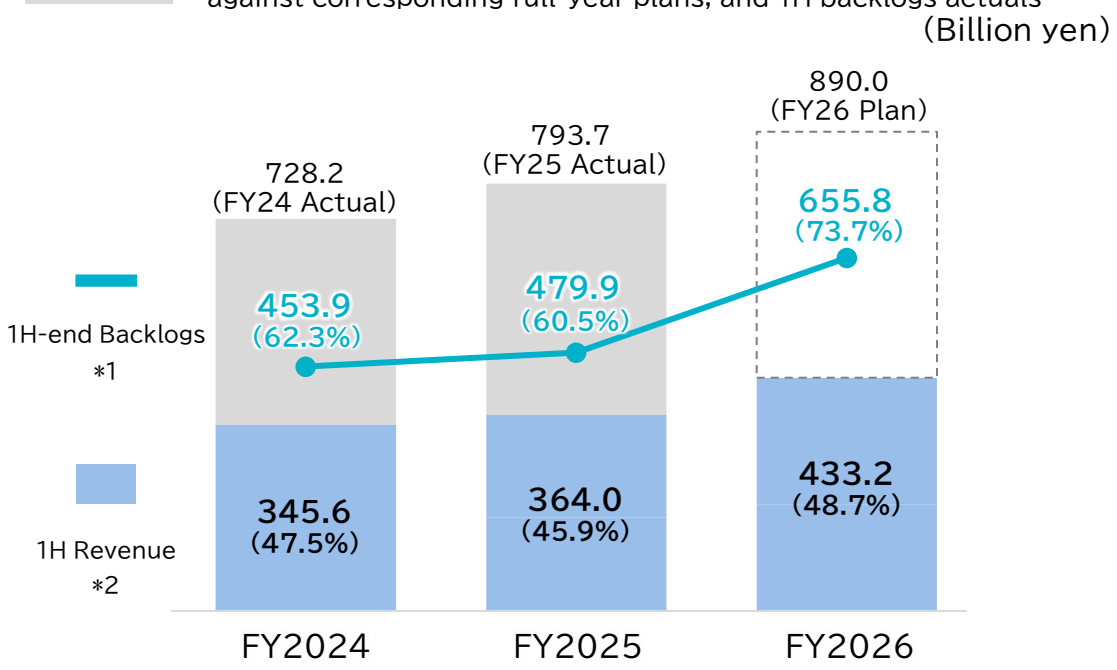
	1st Half FY2025 Results	1st Half FY2026 Results	YoY change	YoY change (%)	Percentage of Progress Toward the Full-Year Plan
Revenue	364.0	433.2	+69.2	+19.0%	48.7%
Gross profit	95.8	109.8	+14.0	+14.7%	45.8%
Gross profit margin	26.3%	25.4%	(0.9p)	-	-
Other income and expenses	(61.6)	(67.1)	(5.5)	+8.9%	45.9%
Operating income	34.2	42.8	+8.6	+25.1%	45.5%
Operating income margin	9.4%	9.9%	+0.5p	-	-
Net profit attributable to CTC's shareholders	24.3	30.3	+6.0	+24.6%	46.6%
Orders received	364.9	557.2	+192.3	+52.7%	58.7%
Backlogs	479.9	655.8	+175.9	+36.7%	110.8%

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Financial Results for 1st Half of FY2026

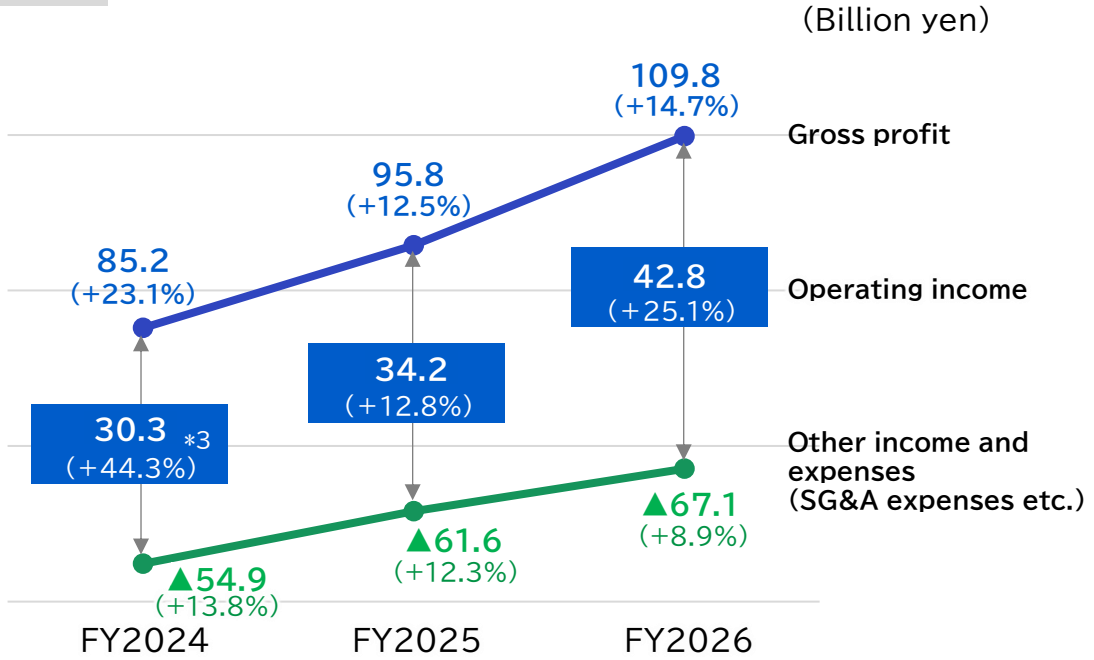
- Backlogs, which are eventually recorded as revenue in subsequent quarters, grew steadily, driven by multiple large-scale orders received mainly from semiconductor manufacturers. Revenue increased by capturing demand for security, AI, and other solutions across a wide range of industries.(see Graph 1)
- Operating income achieved YoY growth, driven by the following: steady gross profit growth across all business models, primarily led by product sales, and lower SG&A expenses YoY growth through improved internal operational efficiencies. (see Graph 2)

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



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

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

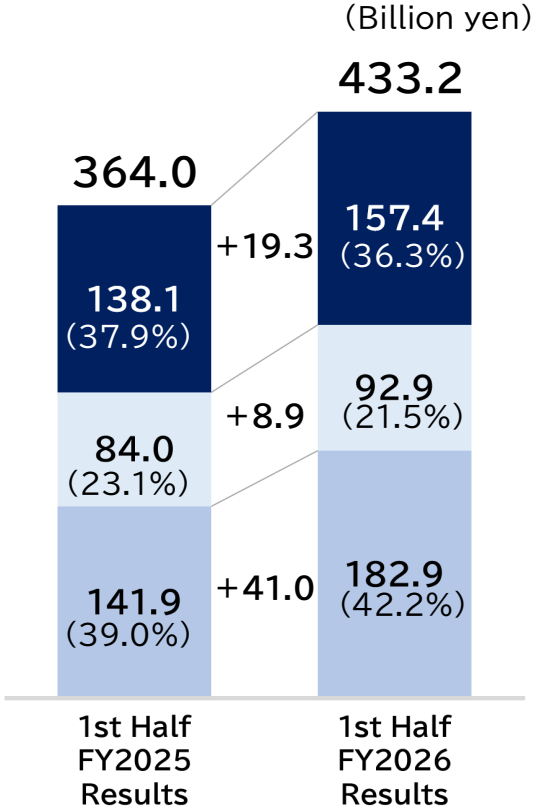


*3 Bracketed numbers are YoY changes (%)

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Revenue by Business Model

- Against the backdrop of increasingly diverse and sophisticated security needs, we supported security enhancement across all business models for a wide range of industries, including finance, electric power, telecommunications, and manufacturing.
- Infrastructure deployment for generative AI platforms for telecommunications carriers performed favorably as well as provision of data analytics platforms and cloud services for various industries.

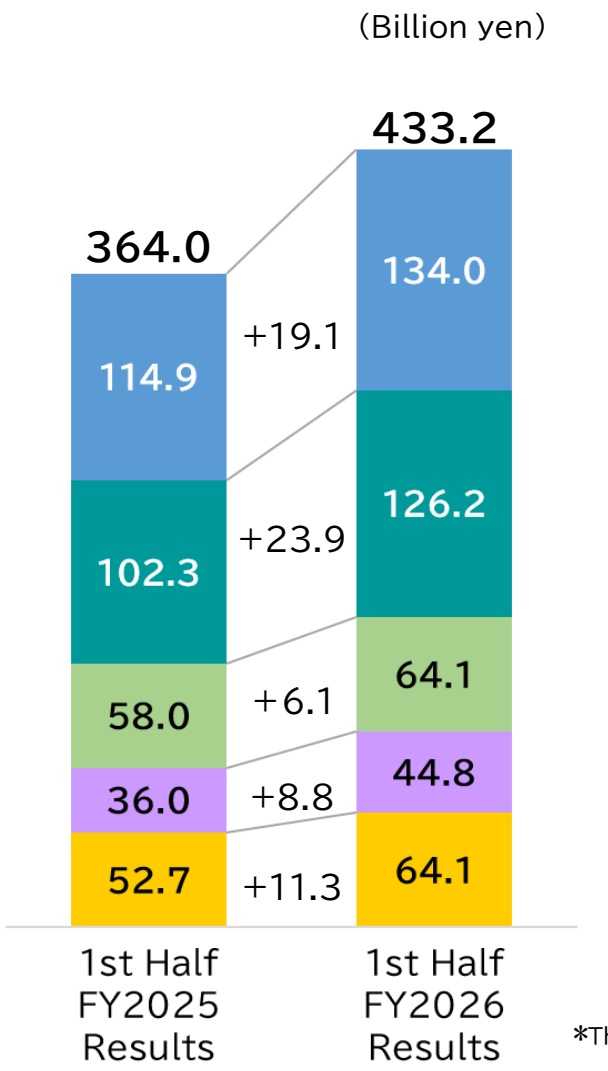


Major initiatives

- ✓ Provision of public cloud and cloud security platforms for manufacturing and a wide range of other industries
- ✓ Maintenance and operation of telecommunication equipment for telecommunications carriers
- ✓ Operational support for data analytics platforms of core systems for trading companies
- ✓ Construction of a secure OA platform with zero trust architecture for a credit card company
- ✓ Business system development for telecommunications carriers
- ✓ Application development for internal systems of trading companies
- ✓ Infrastructure deployment for semiconductor manufacturers
- ✓ Construction support for generative AI platforms of internet-related companies and telecommunications carriers
- ✓ Security software sales to automakers and electric power companies
- ✓ Data analytics software sales to megabanks

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(Reference) Revenue by Business Group



Major impacts for YoY changes

Industrial Solutions*	(+) Provision of public cloud and cloud security platforms to manufacturers (+) Infrastructure deployment for semiconductor manufacturers (+) Security software sales to automakers (+) Operational support for data analytics platforms of core systems and application development for internal systems for trading companies
Telecommuni-cation	(+) Maintenance and operation of telecommunication equipment for telecommunications carriers (+) Business system development for telecommunications carriers (+) Construction support for generative AI platforms of internet-related companies and telecommunications carriers (+) Infrastructure deployment for virtualization infrastructure of telecommunications carriers
Regional & Social Infrastructure	(+) Propvision of public cloud for electric power companies (+) Security software sales to electric power companies (+) Network equipment upgrades for local governments
Financial Service	(+) Construction of a secure office automation (OA) platform adopting zero trust architecture for credit card companies (+) Data analytics software sales to megabanks (+) Construction of integrated data platforms and ID management systems for megabanks
Others	(+) Construction for IT platforms of local based customers by our overseas consolidated subsidiaries in Malaysia and Singapore

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

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(Repost) FY2026 Plan

(Billion yen)

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

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Key Initiatives and Progress in CTC Group's 4 Focus Areas

Advanced AI



- Deployed a PoC environment at Tokyo Electric Power Company Holdings for a generative AI-powered system supporting the preparation of nuclear regulatory applications
- Provided surrogate models to Daido Steel,shortening materials development time See P.9
- Released ProcessLens to automatically analyze work process with AI-powered video analysis

Data & Analytics



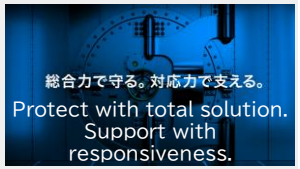
- Built an analytics platform for failure prediction and inventory data analysis for a transportation company, improving the operating rate of its transportation equipment
- Launched the AI Smart Factory Solution for manufacturers to support factory digital transformation (DX)
- Announced "Practical Approaches to Building an AI Factory" with NVIDIA × NetApp

Cloud Native



- Provided cloud-native technology that automatically allocates GPU resources in on-premises environments for a manufacturer's AI-powered image analysis
- Built a cloud-native development platform for a transportation company, supporting in-house AI-driven development
- Added two menu options that support generative AI-powered system development to C-Native, CTC's suite of cloud-native technology support services

Security



- Delivered a secure environment with zero trust architecture for MUFG See p.10
- Provided solutions to a wide range of industries that protect data against ransomware attacks and support rapid system recovery and business resumption
- Announced CTC.Secure ZeroGap, a vulnerability management solution for the frontier AI era
- Became the first in APAC to offer DynamoAI, an AI guardrail product

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Helps Daido Steel Significantly Shorten High-Alloy Materials Development Period with AI Technology

- CTC helped Daido Steel, which develops high-performance materials for the aerospace and semiconductor industries, streamline its development process from material candidate search to manufacturing condition evaluation, shortening development time and contributing to reduction of high-alloy prototype iterations and costs.
- CTC has supported ICMD®*1 since its implementation in 2023 and provided AI-powered surrogate models*2 as a new solution to be used with ICMD® ,achieving acceleration of simulation speed and shorter analysis time for large forging presses that Daido Steel is introducing at its Shibukawa Plant.

*1 ICMD® (Integrated Computational Materials Design): A cloud-based platform developed by QuesTek (US) that enables everything from material design to evaluating manufacturing methods on a computer
*2 Surrogate model: AI technology-powered models trained on past simulation results to quickly predict how a material's state changes under different manufacturing conditions

Background

Challenges
Limitations of thermodynamic calculation software

- Although strength estimation became possible, predicting mechanical properties and microstructural changes during forging remained difficult.
- Narrowing down compositions relied on engineers' experience, and trial-and-error prototyping was time-consuming.

Technologies CTC has provided and their achievements

Materials/Process development
Implementation of ICMD® in 2023

- Run extensive simulations under a wide range of conditions to predict even mechanical properties.
- Significantly reduce rework and substantially improve development efficiency.
- Also used in additive manufacturing and other applications.

Process development
Provision of surrogate models in addition to ICMD®

AI-powered models trained on past results shorten computational simulation time for forging process

Per condition	Within 1 min	*3
1,000 runs	Within 1 day	*4

Next Steps

Expansion
Forging → melting

- Plan to extend application of surrogate models from forging to upstream processes like melting

Vision
Prediction across the entire process

- Aim to establish an environment that enables end-to-end prediction across upstream and downstream manufacturing processes by combining years of accumulated data from actual equipment with ICMD® and surrogate models

*3 Result achieved at Daido Steel: A single simulation once took days to a week; now under a minute, depending on computational load
*4 Result achieved at Daido Steel (with models provided by CTC): One process in R&D of using Shibukawa Plant forging press. One level = one computational condition pattern

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Supports Mitsubishi UFJ Financial Group in its OA*1 Platform Renewal with Zero Trust Architecture

- CTC provides end-to-end support to Mitsubishi UFJ Financial Group, Inc. (MUFG) from the conceptualization stage, designing and building an OA platform with local breakout*2, FAT client devices and zero trust*3 architecture.
- Migration from VDI*4 environment, under heavy load due to a large number of accesses from remote workers, to the platform improves performance of everyday business operations while staying secure. Major MUFG Group entities, with approx. 95,000 employees in total, have been migrating to it in phases.

*1 OA (Office Automation): To streamline and automate administrative work done in the office with use of PCs and other tools
*2 Local breakout: A method that enables connecting directly to the internet via remote devices, bypassing data centers
*3 Zero trust: A security architecture that works on the principle of never trust and verifies every access
*4 VDI (virtual desktop): A platform in which users remotely connect to virtual PCs hosted in a data center from their end point device

Achieve secure performance improvement with local breakout, FAT client devices, and Zscaler SASE*5 by migrating from VDI environment with network bottlenecks

*5 SASE (Secure Access Service Edge): An architecture that integrates network functions with secure access to the web, cloud services, and private applications

As Is: VDI client device → Data center (VDI environment) → Internet & Cloud

- Slow VDI startup
- Usability issues when using VDI
- Unavailability of device camera/audio in web meetings

To Be: PC (FAT client device) → Zscaler SASE (Zero trust) → Internet & Cloud

- Start working directly on the PC without going through VDI
- Lower data center traffic load for better performance
- Availability of device camera/audio in web meetings

CTC's Role

STEP 1 Conceptualization & Planning
Supported MUFG as its parter from conceptualization through grand design formulation to project launch; led product comparison

STEP 2 Design & Building
Started discussions with MUFG's security teams early to have the platform comply with the strict financial institution-grade security requirements; tested risks on real devices to avoid rework

STEP 3 Rollout & Maintenance
Utilized expertise learned from earlier adopter Group entities in subsequent migrations; provides end-to-end support services including maintenance

Phased Rollout to Major MUFG Group Entities

2024-2025	2024-2026	2025-2027	2026-2027
Holding/Banking 65,000	Trust banking 17,000	Securities 10,000	Credit card 2,500

Total users in 4 major Group entities: approx. 95,000

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Business Topic 1)

Supports Mizuho FG in Building a Platform for AI-Driven Development with Proprietary GenAI Solution

- CTC supported Mizuho FG, which is driving an AI-centered IT transformation, in making development assets AI-ready*1 and having the entire Group employees use AI in its first phase of AI-driven development initiative
- Our support has started since the PoC stage with enhancement of C-CodeBlossom (CCB) functions to convert documents and specifications of 200+ systems into Markdown format and share 400+ prompts company-wide

Background

Mizuho FG is driving an AI-centered IT transformation to respond quickly to changing business needs

Mizuho FG's Vision
Quick delivery of IT services to meet changing business needs

AI at the Core
Aiming for AI-driven development ,in which AI agents autonomously support the development processes

Phase 1: Standardize system development assets & build a platform for AI use
Standardize the format of design documents and specifications

What C-CodeBlossom Delivered

Enhanced CTC's proprietary GenAI solution C-CodeBlossom (CCB) to meet Mizuho FG's requirements, supporting everything from PoC to company-wide AI rollout

Involved from PoC

Function enhancement & prompt development
Enhanced CCB functions to meet Mizuho FG's requirements

Driving Company-wide Rollout

Making development assets AI-ready	Established a system to convert documents and specs for over 200 systems into Markdown using a function that processes multiple documents sequentially
Company-wide AI utilization	Added a company-wide prompt sharing/reuse function for 400+ prompts to be shared. Enhanced performance and security capabilities

Out-comes

Standardized development asset formats and helped building a platform for AI-driven development

Target systems **200+**

Shared prompts **400+**

Standardized deliverable quality and improved development productivity

C-CodeBlossom (CCB): CTC's proprietary GenAI solution with Markdown conversion, sequential processing of multiple documents, prompt sharing/reuse, and other functions to streamline processes from requirements definition through design, development, and testing

*1 Making AI-ready: standardizing development assets (design documents, specifications) into a format AI can easily reference and analyze
*2 Markdown: a text format that indicates document structures such as headings and bulleted lists

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Business Topic 2)

Shaping Japan's Rice Farming Future with IT

–With an eye toward developing AI agents that support rice farming–

- CTC launched the Smart Nexus Agri Project with Yoshinoya Farm Fukushima to tackle social challenges of farm labor shortage and stable food production.
- CTC is responsible for implementation of IoT, cloud, and AI, as well as demonstration testing and data analysis on approx. 50 ha of rice paddies, aiming for sustainable rice farming.

Challenges in Japan

Labor Shortage

Core agricultural workers' average age: 67.7*1 ,which poses an urgent challenge of labor shortage

*1 Source: FY2025 Annual Report on Food, Agriculture and Rural Areas from the Ministry of Agriculture, Forestry and Fisheries

Food Security

A framework for stable long-term production of rice, a staple food in Japan, is needed

Smart Nexus Agri Project

CTC is responsible for the steps from implementation of technologies to designing demonstration tests and analysis of data obtained at Yoshinoya Farm Fukushima's rice paddies, aiming for labor savings and higher yields

Yoshinoya Farm Fukushima

Its approx. 50 ha / 233 paddy plots serve as the test site



Water-level/temp sensor



Auto water-supply gate

CTC (Institute of MIRAI Design Laboratory)*2

Provides end-to-end support for everything from implementation of IoT, cloud, AI to data analysis

1) Select/Procure	Select & procure sensors, auto water-supply gates, and cloud for managing cultivation records
2) Set Up	Install devices at paddy plots for remote water control
3) Test/Analyze	Design demonstration tests and analyze collected data to verify effects

Roadmap: Verification to Goal

Through FY2025	FY2026 (demonstration test in progress)	FY2027 onward
Measured farmland GHG and build a system to visualize paddy data	Verifying improvement of info sharing, labor savings, and yields in real paddies	Build an AI agent that supports rice paddy farming and expand use of the expertise in other paddy fields

CTC's CSV*3

Social Value

- Addressing labor shortages and passing on expert farmer skills
- Stable food production and sustainable farming

Pursue creation of two kinds of value

Economic Value

- Creation of IT and AI services for agriculture
- Growing smart agriculture to be recognized as a new business

Sustainable Farming & Stable Food Production

Making the World "GOOD" with IT

*2 Institute of MIRAI Design Laboratory: CTC's in-house research organization that looks ahead to society 20 to 30 years from now and explores possibilities for a better future and new markets through a range of research and co-creation initiatives.

*3 CSV: Creating Shared Value (CSV). A concept to create value for both society and companies by solving social issues through business

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世界をGOODに

CTC

Challenging Tomorrow's Changes