

Value Creation Story (Part 2)

How Will We Move Forward Toward Our "Ideal Vision"?



(i) What Can ITFOR Do? What Are We Aiming For?

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>>> P.20-24

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(ii) How Will We Move Forward Toward Our "Ideal Vision"?

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FLY ON 2026: Overview and Progress

Business strategy

Deepening customer relationships / Growing customer base

- A solid customer base in the credit management system (over 73% market share) + significant growth potential with a wide range of products
- The only packaged system vendor that can combine and offer a web-based loan application system and a personal loan operation support system
- Expanding demand from credit unions and non-banks

Room for growth 57.2%

Bank

- Shinkin Banks (Credit Unions)

Non-bank

- Credit Card Companies
- Consumer Finance Companies
- Guarantee Companies
- Leasing Companies

Regional Banks + 2nd-tier Regional Banks: 97 (as of March 31, 2025)

Markets other than Regional Banks

We will deploy an account-based sales structure in which a single account representative provides one-stop delivery of not only our existing products but also new products that adopt the latest development methodologies and cutting-edge technologies such as blockchain. By doing so, we will harness the collective strengths of our six divisions, expand cross-selling to deliver multiple products in each of Japan's 47 prefectures, and deepen our customer relationships.

Enhancing sales force

- Room for growth through regional cross-selling
- Continuing reinforcement of our account-based sales structure to achieve our FY2026 targets

Room for growth 44.7%

47 Prefectures

- Payment Systems
- Communications Systems
- CTI Systems
- Retail EC Systems
- Public Systems
- Financial Systems

Strengthening of development personnel and reorganizing development methods

- Kickoff of a project to build an AI-driven development process
- Strategic use of generative AI as a development support tool in packaged software development
- Maximization of human judgment and technical expertise

Generative AI

- Automatic generation of code and test code from natural language design documents
- Checks of the contents of design documents with AI
- Automation of source code reviews

Deepening customer relationships / Expanding products horizontally

- Sufficient room for growth through cross-selling systems from other divisions to the customer base that includes regional financial institutions, local governments, and regional department stores
- Sequential introduction of new products and collaborative products with our CVC portfolio companies. We will also introduce our products to their customer base

CTI Products

- Robotic Call
- CXone

Communications Products

- Infrastructure Networks
- Cybersecurity

New Products

- Agent Hub (Patent granted)

Payment Products

- Cashless Payment Terminals

CVC Investment Products

- VACAN
- Payke

Number of Products Implemented

■ Our Customer Base □ Prospective Customers and Competitors' Customers □ Customer Base of our CVC Portfolio Companies

Developing new products

- A digital end-of-life planning app that combines a blockchain-based digital "Safe Deposit Box" and "End-of-Life Documents"
- A next-generation HR solution that uses AI-based data analytics to visualize employees' voices regarding their company and work, identify key issues in human resource strategy, and support the implementation of measures

Digital Safe (tentative name) → Finance

AI dialogue app "COCO VOICE" → HR

COCO VOICE



FLY ON 2026: Overview and Progress

Human resource strategy

To realize "FLY ON 2026," it is essential to create an environment where outstanding talent can fully demonstrate their abilities. To that end, we will streamline operations through AI while hiring sufficient numbers of highly capable talent. We will also develop a comfortable workplace environment that fosters employee motivation to grow with the company, and provide economic support along with ongoing wage increases. In addition, we will continue initiatives targeting elementary and junior high school students to secure future talent.

Build an optimal human resource portfolio

Securing of the development talent needed to achieve the FY2026 targets

Required development headcount for FY2026: **298** → Shortfall of **64**

	Non-consolidated sales target * 90% of consolidated	Development involvement 36.3%	Net sales per engineer	Number of engineers
FY2024	JPY 19,800 million	JPY 7,187 million	JPY 30.7 million	234
FY2026	JPY 25,200 million	JPY 9,148 million	JPY 30.7 million	298

Management training

Raising the share of PMP holders among Technology Division personnel to 20% or more



Improve retention by raising ES

Introduction of a student-loan repayment support program

- Interest rate: 0% • Eligibility: All full-time employees with student-loan obligations
- Repayment term/method: Freely configurable (any economic benefit will be treated as taxable employment income)

Introduction of a restricted stock-based compensation program for employees and expansion of the employee shareholding association

- Restricted-stock (RS) trust scheme
- Eligible participants: Full-time employees of ITFOR
- Grant timing: Annually
- Increase in the employee shareholding association's incentive contributions (10% → 30%)

Education & ES enhancement

- Enhancement of internal training
- Encouragement of reskilling
- Ongoing wage increases: FY2023: 9.46% → FY2024: 5.70% → FY2025: 5.35% (*ITFOR track record)
- Enhancement of the office environment (Kyushu Office relocated; preparations underway to relocate West Japan Office)



Implement initiatives to develop future human resources

- Co-sponsored "All-Japan Programming Convention of Selected Elementary School Students" for three consecutive years
- Junior high school students assisted with our job offer ceremony as part of their workplace experience.
- Co-sponsored "Teen Apps Awards 2024"
- Distributed cafeteria discount coupons via app at regional universities



FLY ON 2026: Overview and Progress

■ Corporate value improvement strategy

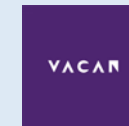
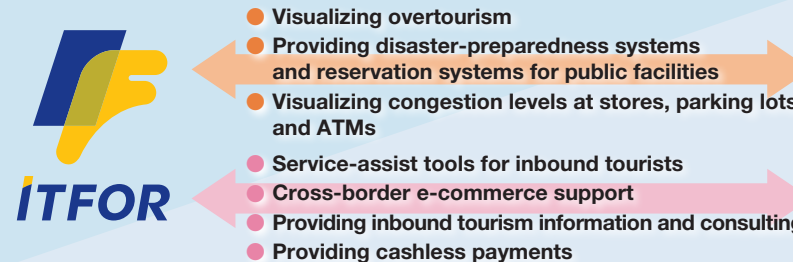
Achieving JPY 70 billion in sales by 2033 and enhancing corporate value cannot be attained solely through our in-house human resources, technology, and know-how. Accordingly, we will develop multiple growth drivers, including CVC investments and M&A. In FY2024, we invested in Vacan, inc. and Payke, Inc., which are expected to generate synergies with ITFOR. By combining our respective strengths, we expect to develop solutions for inbound tourism demand and its associated challenges, as well as for new areas such as disaster preparedness.

With respect to capital allocation, we launched a plan targeting JPY 8.8 billion of cash inflows and JPY 11.8 billion of cash outflows, and in the first year, we executed investments totaling approximately JPY 4.7 billion. The progress stands at approximately 40%. We also plan to bring net cash to around JPY 10 billion by the end of FY2025.

To build understanding of these corporate value strategies, we will continue to engage proactively in IR activities, focusing on dialogue with both individual and institutional investors. We held 38 dialogues in FY2023, increasing to 52 in FY2024. Going forward, we will expand opportunities for dialogue and continue our IR activities to help more investors understand ITFOR.

Business investments and synergies

- Reviewed 19 M&A candidates and 58 startup candidates, and invested in Vacan, inc. and Payke, Inc. in FY2024
- Expect not only bilateral synergies with ITFOR but also three-way synergies among the companies
- Set KPIs of two M&A transactions and three CVC investments for FY2025 business investments



Deploying an IoT-powered congestion mitigation platform. Providing "VACAN," a congestion mitigation platform that offers various functions such as visualization, management, and distribution of congestion information



Developing and operating "Payke," a shopping support app for visitors to Japan. Providing inbound-related data and consulting

Capital allocation

- Executed share buyback of JPY 931 million and share cancellation of JPY 1,000 million
- Set a new target for the net cash level at the end of FY2025: JPY 10,000 million
- Invested JPY 748 million in new businesses in FY2024

Unit: million yen	Medium-Term Plan Target (3yr total)	FY2024 Results	vs Target
New business investments (including CVC)	2,000	748	37.4%
Total	11,860	4,775	40.3%

IR activities

- Ongoing dissemination of growth stories
 - Financial results briefing: 2 times/year
 - ITFOR Newsletter (disseminate information to shareholders): 2 times/year
 - Individual-investor briefing: 5 times in FY2024
- Hold dialogue with institutional investors, reflect content in management as necessary
 - Increase interviews with investors (FY2023: 38 → FY2024: 52)
 - Share and discuss information on investor interviews with management



Shareholder returns

- Maintain the basic policy of a target dividend payout ratio of 50% and a total return ratio of at least 70%
- Announced dividend increases for three consecutive years. Plan to pay an annual dividend of JPY 60 in FY2025 (payout ratio 53.8%)

Toward Maximizing Performance

<Message from the General Manager of the Corporate Strategy Department>

Accelerating cross-selling through a “return to our roots” that integrates knowledge from our six divisions sharing a common origin

Hiroataka Oeda
 Director and Managing Executive Officer,
 General Manager of Corporate Strategy
 Department and Financial Systems Division



1. Origins and evolution of our divisions

Today, ITFOR has six divisions. When I joined, our core business was still importing and selling computer hardware and communications equipment. Rather than industry-specialized businesses as we have now, the focus was on how to sell hardware.

In that context, we built a real-time online POS system for a client in the retail industry, using imported computers. Because the client offered installment sales, we also provided a system to support delinquency management, thereby laying the foundations of what are now our retail and financial businesses.

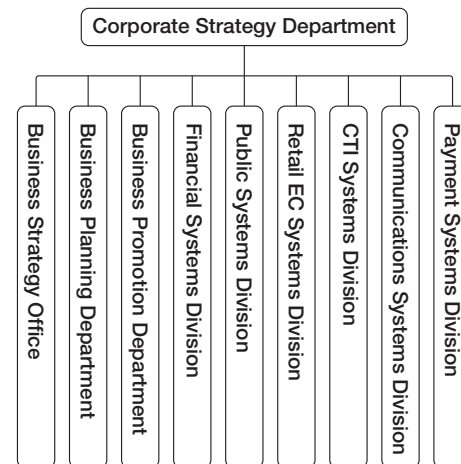
Thereafter, the retail and financial businesses each evolved on their own paths. Around 2000, we began importing and selling voice recording systems from NICE, and launched our CTI business. We implemented CTI products into the broader financial sector, not only banks but also insurance companies.

Given that the number of regional banks in Japan is limited, we turned our attention to the

public sector, which has similar operational structures—for example, management of delinquent taxes and National Health Insurance premium arrears—and expanded our business by applying our financial know-how. This became the starting point for today’s Public Sector Division.

Also, while working in the financial business, we were approached by a regional bank about

[Figure 1: Corporate Strategy Department Organization]



building a payment system, which led to the launch of our current payments business (see ITFOR Integrated Report 2023, “Feature: Customer Dialogue”).

In this way, our core businesses have continued to expand, creating new avenues through the development of existing businesses and collaboration across businesses. For that reason, we believe it is vital that our six divisions connect and work in concert, rather than operate in isolation. We have built a structure in which the Business Promotion Department, reporting directly to the Corporate Strategy Department, firmly supports this collaboration (see Figure 1: Corporate Strategy Department Organization).

2. Account-based sales and locally rooted sales approach

We are strengthening our account-based sales structure.

At our Kyushu Office, we launched account-based sales ahead of the rest of ITFOR last year and built a setup that allows

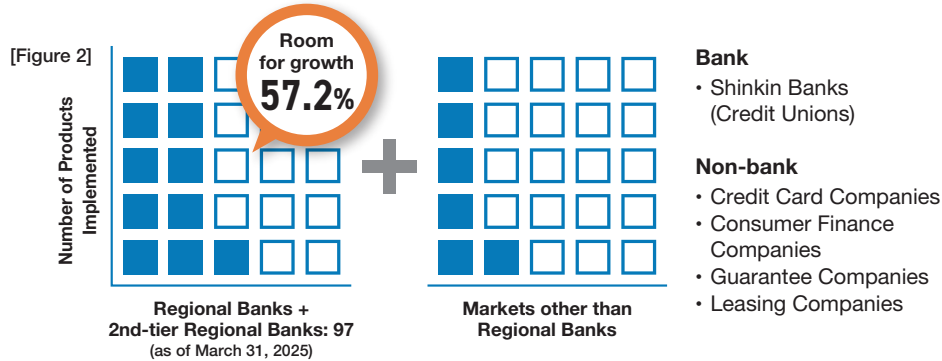
each representative to handle offerings from all divisions. When one salesperson covers a broad portfolio, we can engage more deeply with customers and deliver more finely tailored proposals. Whereas we previously had sales staff dedicated only to financial institutions, we now operate with greater agility on the ground—for example, stopping by the prefectural government and city hall when visiting a bank. This locally rooted sales approach is already delivering results in the public sector.

Looking ahead, we will expand this approach to Osaka and then Tokyo, building an integrated sales organization even within our divisional structure. Units reporting directly to the Corporate Strategy Department also play a major role in cultivating salespeople who stay close to customers and discern what is truly needed.

3. Steady expansion in a challenging market environment

Regional banks and regional department stores are brands in their own right within their

Toward Maximizing Performance



communities. We are in a position to support both financial and retail sectors, and that is a key strength. Our ability to serve customers in both sectors is also a strength. However, it is also a fact that the market is on a contracting trend.

At present, our “RITS” has been implemented at 14 department stores nationwide. Although the department store industry as a whole is contracting, our share is steadily increasing, and we believe there is significant room for growth. The same is true for financial institutions (see Figure 2).

In the communications sector, we provide highly flexible systems for utilities such as electric power companies that support social infrastructure. Notably, as domestic manufacturers exit the market, our ability to handle overseas equipment, enabling configurations that retain legacy interfaces at both endpoints while converting the intermediate transport to IP, has been highly valued. This market is also trending smaller, but we are reliably capturing

the remaining demand and expanding our share.

4. Businesses that will form our next growth pillars

For financial institutions, we will roll out new SaaS-based services such as the digital debt-resolution platform “Agent Hub” and payments services.

Over the next three to five years, we see the public sector as a key driver of our growth. The standardization of delinquency management systems and the expansion of BPO are accelerating across local governments nationwide.

In addition, ITFOR BeX Inc. has been integrated with ICR Co., Ltd., a Group company, and is now fully up and running, further strengthening our BPO business. Going forward, in the BPO domain, we will advance the horizontal rollout of CTI solutions, including Robotic Call (automated voice payment

reminders) and a contact center platform, to drive digitalization.

The cashless payments sector is also an area with high growth potential. The government’s target of a 40% cashless payment ratio has already been achieved, and cashless transactions are increasingly common across society. With the recovery of inbound tourism demand, we expect responses, including in regional areas, to be strengthened.

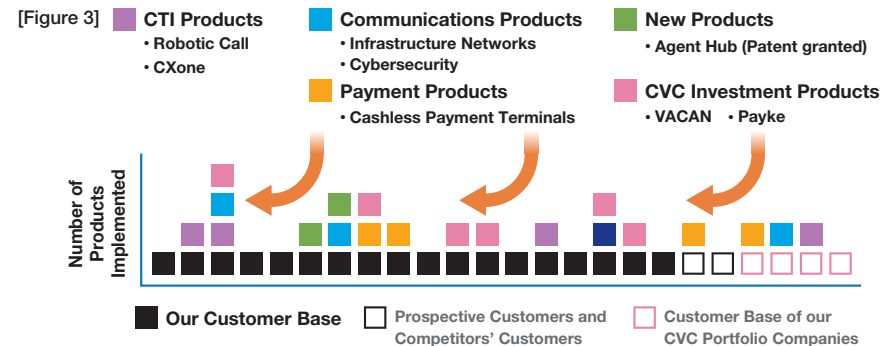
5. The key to growth is “horizontal expansion”

Looking across each division’s markets, we expect steady growth over roughly the next decade. While growth will vary by division, we anticipate annual growth of approximately 5-10%.

That said, our existing businesses alone will not be sufficient to reach our FY2033 target of JPY 70 billion, so we are also focusing on new

businesses. Through CVC (corporate venture capital), we invest in startups highly aligned with our customer domains and aim to grow businesses together. We are also putting in place mechanisms that enable employee-originated ideas to take on new domains. For example, we are developing “Digital Safe” (tentative name), a smartphone end-of-life document app leveraging blockchain, and proposing integrations with banking apps, opening up new channels (see Figure 3). Two units reporting directly to the Corporate Strategy Department—the Business Planning Department and the Business Strategy Office—are driving the planning, development, and commercialization of these new businesses.

To grow our businesses, we believe it is essential to keep a perspective of horizontal expansion, leveraging the robust customer base we have built to date. Even within the current divisional structure that can tend toward silos, we will work with a mindset to “create connections” and “expand horizontally.”



Strategies and Activities by Business

Financial Systems Division

Leveraging comprehensive capabilities honed with banks to drive horizontal expansion into non-banks and further broaden the customer base

(Left)
Yoshikazu Fukushima
General Manager of 1st Sales Department

(Right)
Shigenori Tomitani
General Manager of 3rd Sales Department



● ITFOR's strengths (in the Financial Systems Division)

- Business knowledge cultivated since developing the first auto-call system in Japan
- No. 1 market share in the delinquent debt management systems sector
- High level of competitiveness for personal loan operation support systems
- More than 450 systems implemented at financial institutions around Japan. Building strong relationships of trust by providing maintenance and services

◆ Opportunities and Risks

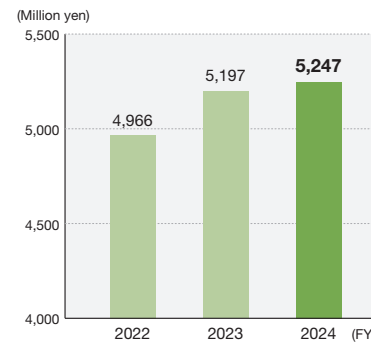
Opportunities

- ◆ Accelerating shift to non-face-to-face customer contact
- ◆ Accelerate DX with the aim of improving operational efficiency and creating new value

Risks

- ◆ Shift of major customers developing in-house systems
- ◆ Market contraction due to consolidation of regional financial institutions

■ Net sales of system development and sales



FY2024 business overview

Our division holds the No. 1 system market share in retail lending and delinquent debt management (according to our survey), maintaining competitive advantage in the market.

FY2024 net sales in system development and sales (excluding recurring) totaled JPY 5,247 million, up 1.0% year on year, reflecting solid performance. Notably, the personal loan operation support system "SCOPE" (approx. JPY 1.9 billion in net sales) and the delinquent

debt management system "TCS" (approx. JPY 1.1 billion) performed well, serving as a core pillar of business accounting for around 57% of total sales.

Growth strategy

In the financial industry, business restructuring driven by management integration is accelerating, and the market is trending smaller. In addition, due to acquisitions and partnerships with IT firms, some financial institutions are bringing system development in-house or selling it externally, continuing to create a challenging environment for system integrators like us.

To adapt to these changes, we have begun renewing our personal loan operation support system for banks. By adopting an intuitive UI/UX design and building a more user-friendly system, we aim to further expand our share. With the digital debt-resolution platform "Agent Hub" launched in March 2025, we will also strengthen our sales efforts and drive an expansion in the number of adopters, while improving operational efficiency across the industry. In parallel, we will advance security and functionality enhancements, building the know-how for subsequent SaaS-based service development.

For credit-screening systems for non-banks, many companies are developing their own systems from scratch, and as a result, development costs have ballooned. For small and mid-sized non-banks in particular, we are considering the rollout of a simplified screening

system designed to reduce system development costs and improve operational efficiency. We will fully leverage the expertise we have cultivated over many years in personal credit information inquiry systems and credit-screening systems, and advance R&D with speed.

Toward the future

The use of AI has become a must-have requirement for financial institutions. AI technologies are driving the advancement of financial services, enabling more sophisticated risk management, automating credit assessment, and automating customer support via chatbots. To move quickly to adapt our systems to this situation, we will actively pursue collaborations with companies possessing diverse AI technologies.

In the debt collection sector, where human resources are scarce, we believe that combining our business systems with BPO and AI can contribute to earlier recovery and higher recovery rates. We will also consider leveraging services from ITFOR BeX Inc., a Group company, to broaden our solutions.

In addition to the SaaS-based service "Agent Hub," a payments service now under development as our second offering will allow us to expand into broader markets and acquire new customer bases. While keeping rollouts of existing systems into other industries in view, we will accurately identify diversifying needs and create new business opportunities.

Strategies and Activities by Business

Public Systems Division

Solving local government DX and labor shortages with new packaged systems and services

Kenji Kobayashi

Executive Officer,
General Manager of Public Systems Division



● ITFOR's strengths (in the Financial Systems Division)

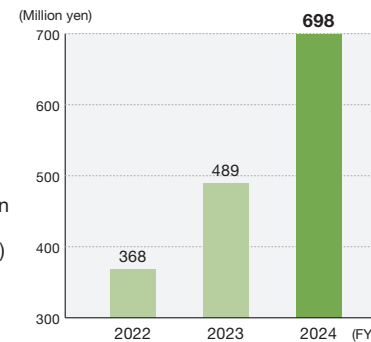
- “CARS” supply model with our mainstay delinquent debt management system tailored to local governments
- Greater collection rate by providing BPO services in tandem with delinquency management and notification systems
- Contribute to resolving customer issues in a reliable manner, and secure long-term contracts

* CARS: Civic Administration Relationship Service

◆ Opportunities and Risks

- | | |
|----------------------|---|
| Opportunities | <ul style="list-style-type: none"> ◆ National local government system standardization led by the Ministry of Internal Affairs and Communications and the Digital Agency (FY2025) ◆ Decrease in the number of local government employees, systemization due to mergers, etc., and expansion of outsourcing needs |
| Risks | <ul style="list-style-type: none"> ◆ On-time completion of system standardization for local governments ◆ Price decline due to intensified competition in system sales following completion of standardization |

■ Net sales of system development and sales



FY2024 business overview

Our division's core business is providing packaged systems for local governments, including prefectures, designated cities, core cities, and special wards, to support tax and

insurance premium collection operations as well as boards of education operations. Our subsidiary ITFOR BeX Inc. also undertakes business process outsourcing (BPO) for collection operations.

A key strength of our Group is that, by

performing outsourced work, we gain an understanding of our customers' operations and can enhance the functionality of our packaged systems. By executing the work using our in-house developed systems, we can reduce errors and cut labor costs, thereby differentiating ourselves from competitors.

Growth strategy

In FY2025, the deadline for national local government system standardization comes due, and we expect revenue from local governments that have implemented systems subject to standardization. However, because the standardization work is concentrated in the second half, there is a risk of SE resource shortages and unforeseen issues. In local governments with large populations, standardization may also result in reduced system functionality, meaning some processes previously handled by systems could become unsupported, thereby creating new system needs. Once standardization is complete, systems offered by different vendors will be functionally similar in principle, limiting functional differentiation and likely leading to price-driven competition. To continue expanding the business, it is an urgent priority to create new packaged systems and services. Looking ahead, as local government DX accelerates, and as fewer local government employees and the implementation of work-style reforms reduce workforce capacity, we expect both an expansion in the scope of BPO and further efficiency gains through system use. We will roll out new services leveraging AI and RPA for operations covered by our current services and

build additional services that can be applied to new operations.

Toward the future

Facing future population decline in regional areas, the so-called “2040 problem,” and the declining birthrate and aging population, local governments must treat securing workforce as a critical challenge. Furthermore, amid rising labor costs, automation of operations is expected to accelerate over the next five to ten years. At ITFOR, by implementing advanced technologies such as AI and shifting toward automated operations, we will reduce contracted-service costs while maintaining quality, aiming to differentiate ourselves from competitors. In regions where hiring is difficult, we will actively take on work at off-site operations centers, thereby contributing to regional revitalization.

In the public sector, we established ITFOR BeX Inc. and transferred the BPO business in April 2024, and in April 2025, our subsidiary ICR Co., Ltd. was absorbed and integrated into that company. This has eliminated issues associated with operating the BPO business across two Group companies and with duplicate HR/labor administration. We also expect benefits such as the sharing of business know-how, more effective use of resources, and quality standardization.

Starting with the current standardization initiative, local governments will further accelerate digitalization. As administrative services diversify, we will fully leverage our strengths to meet the growing demand for systems and services.

Strategies and Activities by Business

Retail EC Systems Division

Supporting regional retailers facing population decline and aging with products, keeping business process digitalization (DX) and cross-border e-commerce in view

Go Yoshimura

Executive Officer,
General Manager of Retail EC Systems Division



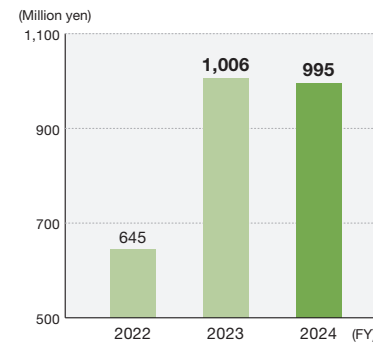
● ITFOR's strengths (in the Financial Systems Division)

- “RITS,” a total solution package covering department store operations
- A highly customizable e-commerce package
- End-to-end omnichannel, from build to support, delivered by a single vendor
- Business knowledge and development know-how gained from 50 years of retail systems development

◆ Opportunities and Risks

- | | |
|----------------------|--|
| Opportunities | <ul style="list-style-type: none"> ◆ Industry-wide acceleration of digital investment across department stores ◆ Advancement of omnichannel strate ◆ Advancement of DX as a response to labor shortages |
| Risks | <ul style="list-style-type: none"> ◆ Store closures at regional department stores due to shrinking markets and aging facilities ◆ Accelerated shifts away from the traditional department-store format amid intensifying competition from urban department stores and e-commerce |

■ Net sales of system development and sales



FY2024 business overview

Our division's primary markets are 47 locally rooted regional department stores nationwide and e-commerce operators across Japan. In

1975, we developed Japan's first in-house POS system for a major department store. Today, focusing on regional department stores and specialty stores, we provide comprehensive retail systems from online to offline, includ-

ing the “RITS” core system, the “ITFOReC” e-commerce system, and “iRITSpay” payment terminals. Our strength is that we can provide both “RITS”—a packaged system that covers all department store operations, standardizes workflows at regional department stores, and minimizes system investment—and the e-commerce online sales channel, from a single vendor. We also offer solutions that support omnichannel strategies end to end.

Growth strategy

Since the COVID-19 pandemic, consumption has been recovering and inbound tourism demand has returned, putting the whole retail sector on an upward trend and leading us to expect increased system investment. On the other hand, consumption is concentrating in major cities, and we anticipate a widening performance gap for regional and suburban stores. Moreover, ongoing inflation and the shift in spending from goods to experiences are likely to keep conditions challenging for our main target, regional department stores. Labor shortages driven by population decline and aging also remain a serious issue for retail. In this context, reducing operational burden and improving employee workloads help secure employees and, in turn, enhance customer service quality. Our next-generation POS is designed to radically simplify complex tasks and operations and, with a clear UI, enable anyone to use it easily without special training, which we believe contributes to business

process digitalization (DX).

The e-commerce market continues to expand year by year, yet feature trends and security requirements evolve at a very high speed. In this context, our division's e-commerce package has been developed entirely in-house. However, in recent years, we have been unable to invest in feature enhancements, creating a widening gap with market needs. To address this fundamentally, we are developing a new e-commerce offering based on the “Shopify” SaaS engine.

Toward the future

Over the next three to five years, retail will undergo further digitalization. We expect AI- and big data-driven customer analytics to make more personalized marketing the mainstream.

The spread of cashless payments, smartphone payments, and 2D code payments will further advance, and the digitalization of in-store experience will accelerate, making DX ever more important. In addition, we aim to further expand our business beyond Japan, with an eye to overseas markets.

The packaged systems handled by the Retail EC Systems Division are “RITS,” “POS,” and “EC.” For each, we will pursue greater ease of use through UI/UX improvements and feature enhancements.

In addition, as a new initiative, we are developing “Mini POS,” which runs on payment terminals.

Strategies and Activities by Business

CTI Systems Division

Creating value through Robotic Call and AI implementation, leveraging the strengths of our cloud-based telephony platform

Tenpei Ogawa

Executive Officer,
General Manager of CTI Systems Division



● ITFOR's strengths (in the Financial Systems Division)

- Track record of providing the automated call reception system “Robotic Call” linked to our mainstay delinquent debt management system
- Providing solutions from NICE, the world’s leading call recording device

◆ Opportunities and Risks

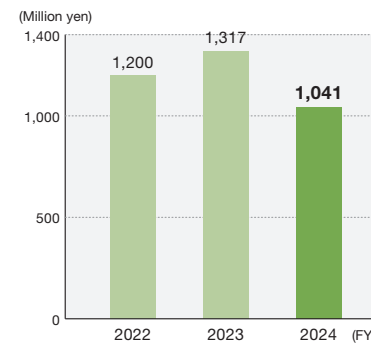
Opportunities

- Growing demand for Robotic Call in light of increase in non-face-to-face services and declining working population
- Growing momentum in innovation with cloud-based services, SaaS, AI implementation, etc.

Risks

- Increased procurement costs caused by weakening yen due to large number of products from overseas
- Differentiation against AI-enabled competing products

■ Net sales of system development and sales



FY2024 business overview

As its name suggests, our CTI (Computer Telephony Integration) Systems Division integrates telephony with computer systems.

Today, our flagship is “CXone,” a fully cloud-based contact center platform that supports a wide range of channels, including voice, SMS, and chat. As a cloud-based product, it lets customers always use the latest

features and offers excellent flexibility and scalability. Our long-standing on-premises call recording system remains a core offering. It is used particularly in the financial industry for delinquency collections and by contact center service providers for performance reporting to clients, and has been implemented widely across organizations that require recordings for audit and evidentiary purposes.

Growth strategy

With our flagship shifting from traditional call recording systems to the telephony platform, we will further strengthen sales activities for Robotic Call and our cloud-based contact center platform. We will also pursue optimization tailored to each industry’s characteristics and customer challenges, and build out a rapid implementation support framework, including industry-specific templates. These efforts will raise customer satisfaction and help secure competitive advantage.

Accuracy improvement in services such as generative AI-powered auto response, transcription, and summarization, which has rapidly advanced since around 2024, is expected to drive major operational efficiencies. We thus intend to focus on these services. At the same time, because technology is evolving extremely fast and many competing products are likely to appear, we recognize the importance of clarifying markets we focus on and delivering differentiated value.

As diverse work styles such as work from

home and remote offices become entrenched, cloud solutions make it possible to provide an environment where employees can work from anywhere in Japan. We see this as a new business opportunity. This initiative can also contribute to the revitalization of regional communities.

Toward the future

We expect cloud-based telephony platforms to become even more pervasive, creating a situation where operations must align with the standard software offered by cloud providers. In this context, we will fully leverage generative AI functionality together with deep business knowledge in niche markets to establish a distinctive position. We will also explore potential alliances with industry peers and consider providing solutions that combine our respective strengths.

At the same time, even as the cloud shift advances, some industries still require on-premises deployments. For these customers, we will not be bound by our existing products; instead, we will scout new products and deliver optimal solutions. In addition, we will focus on sectors with stringent security requirements and respond flexibly to diversifying market needs, for example, through hybrid proposals that combine cloud and on-premises.

Through these efforts, we aim to provide solutions that raise both employee satisfaction and customer satisfaction.

Strategies and Activities by Business

Communications Systems Division

Addressing security and social infrastructure needs through both advanced technology and human resources

Makoto Haneda

General Manager of Communications Systems Division



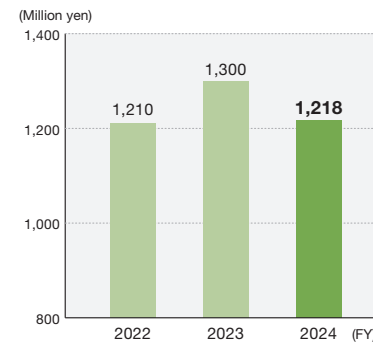
● ITFOR's strengths (in the Financial Systems Division)

- Providing one-stop service for infrastructure and systems such as cloud, network, security, and lines
- Providing highly unique products and equipment from cutting-edge communications technology countries such as Israel and Taiwan
- Developing unique packaged solutions by leveraging our technological expertise we have built up over 50 years

◆ Opportunities and Risks

- | | |
|----------------------|--|
| Opportunities | <ul style="list-style-type: none"> ◆ Growing demand due to the growing threat of cyberattacks ◆ Growing demand for infrastructure facility upgrades due to the acceleration of DX in society |
| Risks | <ul style="list-style-type: none"> ◆ Increased procurement costs caused by weakening yen and increased geopolitical risks |

■ Net sales of system development and sales



FY2024 business overview

Our division delivers IT infrastructure and security to customers running our applications, social infrastructure operators, and telecom-

munications carriers. Our division's mission is: to provide IT infrastructure, such as cloud, networks, and security, that makes the various business systems and solutions offered by each division safe and easy to use for our

customers; and to supply network equipment and security to social infrastructure, such as electric power, gas, water, and telecommunications, so that their networks can be operated efficiently and securely.

Growth strategy

In the financial sector, cloud-based builds are progressing for more critical functions such as credit screening and receivables management. In the public sector, migration to the Government Cloud is entering full swing from this year through next, with vigorous activity.

In response to the accelerating shift to cloud in recent years, we will expand our recurring business by providing our “IPaC” cloud service together with support services.

In the security sector, the market and customer needs continue to grow amid incidents and heightened awareness across society.

We will drive expansion through risk assessments (ASM), generative AI-related solutions, zero-trust architectures, and cybersecurity talent development initiatives.

In the social infrastructure sector (e.g., electric power and gas), the withdrawal of domestic manufacturers is prompting renewals of aging equipment and migrations from dedicated-line networks to IP networks. Although execution will take a long span of eight to ten years, we will maintain sustained efforts and broaden the scope of this steadily advancing business.

We also see IoT solutions and disaster preparedness as new focus areas. While these themes—sensing within social infrastructure and disaster preparedness—have been explored for more than a decade, the market is not yet fully activated, and we expect significant growth potential ahead.

Toward the future

In the social infrastructure domain, IoT and disaster preparedness represent markets with medium- to long-term growth potential, driven by workforce shortages and rising awareness of disaster risk. We are launching IoT and disaster preparedness as new businesses, planning to add them as the next solutions following IP migration.

By leveraging IoT to continuously monitor equipment conditions, detect early anomaly signals, and perform preventive maintenance before failures occur, we can reduce the frequency of labor-intensive periodic inspections. IoT not only offsets labor shortages; it also has the potential to make operations of social infrastructure overall safer, more efficient, and more sustainable.

We will also place greater emphasis on our cloud and security businesses. In the security sector, where differentiation is not yet sufficient, we will strengthen competitiveness by combining our offerings with leading overseas technologies and professional services, and by developing proprietary services.

Strategies and Activities by Business

Payment Systems Division

Deploying store-facing solutions that position multifunctional payment terminals as hubs for operational improvement

Kazunori Kono

Director and Executive Officer,
General Manager of Payment Systems Division



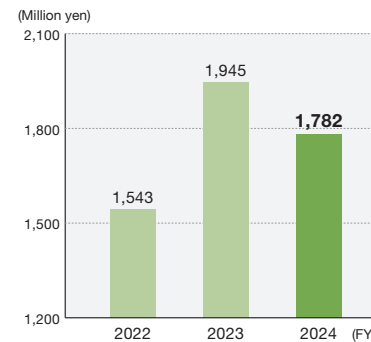
● ITFOR's strengths (in the Financial Systems Division)

- Multi-payment platform “iRITSpay” supporting the industry’s most popular payment methods
- One-stop business model providing terminals, apps and terminal-related operations
- Strengths in development and multi-functionality with expertise in the financial, distribution and retail industries

◆ Opportunities and Risks

- | | |
|----------------------|---|
| Opportunities | <ul style="list-style-type: none"> ◆ From multi-payment to multi-service (financial, distribution and retail industries) ◆ Acceleration of cashless, contactless and tap payments |
| Risks | <ul style="list-style-type: none"> ◆ Rising procurement costs due to the situation in Taiwan and exchange rate volatility |

■ Net sales of system development and sales



FY2024 business overview

Our division’s payments business focuses on supplying payment terminals and operating a terminal center. We provide products that integrate payment terminals from Castles

Technology, a leading Taiwanese manufacturer, with our proprietary payment application. By handling the entire process, from terminal shipment through failure response, we reduce customers’ operational burden and provide a reliable operating environment.

Our division’s strength lies not only in supplying terminals but in delivering a one-stop service: operating the terminal center, shipping terminals to merchants, providing operating instructions, and offering support when failures occur. This approach significantly eases the operational burden of bank-affiliated acquirers and payment service providers (PSPs), helping us secure a competitive advantage.

Growth strategy

In the payment terminal market, the shift to multi-payment support, falling prices of overseas devices, and the commoditization of products are driving margin erosion, making it increasingly difficult to differentiate with the terminal alone.

In response to concerns about this intensifying competition, our division recognizes the need to go beyond supplying hardware and sustain competitiveness by combining it with high value-added services. Anticipating growing demand, we will roll out multifunctional payment terminals loaded with applications beyond payments, such as POS functionality, attendance management, and duty-free processing.

For cost-sensitive single-store merchants, we plan to release a low-cost, pocket-sized payment terminal with streamlined features. We are also considering the implementation of app-based payment terminals using smartphones and tablets. Through flexible responses to diversifying customer needs, we seek to

strengthen our competitiveness and expand sales. In addition, by expanding terminal-based, store-facing solutions, we will enhance the service value delivered to customers and advance differentiation. By sensing market trends early and proactively embracing new payment methods, we will further reinforce our division’s strength, end-to-end support capabilities, and maintain our competitive edge.

Toward the future

To drive medium- to long-term demand growth, we plan to expand beyond cashless payments into new domains. Through customer companies’ back-office systems and store operation support solutions for merchants, we will solve customer companies’ challenges, deliver operational efficiency and marketing support for merchants, and enhance the added value of our services.

Meanwhile, the payment terminal market is expected to saturate over the medium to long term, making it necessary to move away from a terminal-dependent business structure. Accordingly, our division is shifting toward being a provider of end-to-end cashless services, building app-based payment systems and developing new services that benefit both merchants and users. Through these initiatives, we aim to achieve sustainable growth and establish a solid business foundation that can adapt flexibly to industry change.

Strategies and Activities by Business

Technology Division

Reforming our structure to support diverse technical domains Linking talent acquisition and development to company growth

(Left)

Takehiro Ikeda
Executive Officer,
General Manager of
Technology Division

(Right)

Kenji Hashimoto
Executive Officer,
Acting General Manager of
Technology Division



Strengths of the Technology Division
Building a flexible operating structure
Taking our flagship package into new domains

In April of this year, our division was reorganized. Because our scope spans a broad set of technical domains beyond “development,” from the infrastructure systems business to device kitting and customer support, we renamed the organization from “Technology Development Division” to “Technology Division.” We also realigned our organizational structure, including the existing infrastructure systems business and software development departments, to establish an operating model that better reflects realities.

As an independent systems integrator, we have implemented packaged software tailored to each industry and business model, primarily for regional financial institutions, regional department stores, and local governments. With a substantial track record of implementa-

tions built over many years, we can leverage that expertise to provide prompt, precise support even to new customers, which is one of our key strengths. A further strength is our ability to deliver end-to-end solutions, from networks and other infrastructure through to applications.

We foster a culture of perseverance—never giving up until we resolve the issue. Even when issues arise, we don’t give up and work them through to a solution. This stance embodies our corporate philosophy, “YORISOU CHIKA-RA”—The Strength to Support. We take pride in our proposal capabilities and our walk-alongside approach to customers, areas in which we believe we are second to none.

We are now focusing not only on implementing packaged software but also on providing SaaS-based services. One initiative already underway is a next-generation e-commerce system built on a SaaS platform. This is a package designed to be more flexible and scalable than traditional solutions while reducing implementation and operating costs. It supports operations tailored to a wide range of industries and business models, delivering

ease of use for customers.

We are also advancing the use of AI. On the internal operations side, we are exploring ways to link AI with our documentation and applications, aiming to improve the accuracy of requirements definition documents and basic design documents. On the product and service side, we are advancing plans to combine AI with our existing packaged products to strengthen the products’ own decision-making and analytics capabilities, with potential collaboration with external vendors in mind. While we have not yet fully implemented AI company-wide, we are phasing in the use of AI to improve operational efficiency and product quality.

Human resource strategy
A development plan that starts with strengthening foundational skills
Supporting steady growth tailored to each career stage

Regarding technical training for new employ-

ees at the Technology Division, we place importance on ensuring that they acquire the foundational knowledge and technical skills that form the bedrock of their work.

While we want them to contribute in the field as soon as possible, we believe that investing time in building a solid foundation lifts the baseline and leads to steady growth.

From April through November, new employees study IT skills and industry knowledge while working toward certifications. After that, they raise their level as SEs through OJT.

Once assignments are set, each employee trains one-on-one with a trainer. Software SEs and infrastructure SEs pursue training in their respective positions. In particular, software SEs must understand customers’ operations, draw out their requirements, and make proposals that address them. Thus, although they are engineers, they need communication skills on par with sales staff. To that end, before they go into the field, we provide practical training, such as opportunities for internal presentations to help them get comfortable with public speaking.

For mid-level SEs, we run regular study

sessions. By learning a broad range of packages, we aim to build a structure in which any of our SEs can support any customer. Even when inquiries come from customers outside one's remit, we train SEs to first understand the substance and provide a swift response, fostering an organization where they help one another.

For infrastructure SEs, the required skills center on technical and product knowledge. When new products are released, we verify them immediately and accumulate the resulting knowledge.

It is important for engineers to stay curious and keep up with the latest technologies. By continuously taking in new information, our SEs remain up to date.

Response to risks

Promoting advanced collaboration with partner companies alongside proactive SE hiring

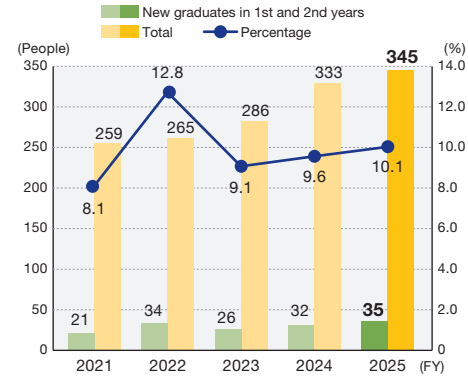
Our current SE headcount is not yet sufficient. We are actively working to secure the SEs essential for company growth. Stable talent acquisition is crucial for us to build a structure that ensures quality and earns appropriate compensation.

We raised our company-wide new-graduate hiring from 39 in FY2025 to 70 in FY2026. In addition, we plan to hire 45 mid-career profes-

sionals over three years, and hired 13 in FY2024. To prevent situations in which a shortage of SEs keeps us from meeting customer-requested schedules, we will continue to expand SE headcount in support of future company growth. We are also planning to introduce a mentorship program, motivated by our desire for employees who join us to remain healthy and thrive over the long term. Rather than supervisor-subordinate pairings, the program would match young employees across departments and create spaces for frank conversation. By enabling candid discussions, even about topics that may be hard to raise with one's supervisor, we aim to foster an environment where people can work with peace of mind.

Meanwhile, given the current shortage of SEs, close collaboration with partner companies is also critical. We have narrowed our roster to about 20 companies, all of whom are close, long-standing partners. In the past, we went through phases of high outsourcing reliance, but thanks to stronger hiring, the in-house:outsourced ratio has recently improved to 1:1.2, and our medium-term target is 1:1. The Quality Management Department under the Technology Division conducts annual engineer evaluations across a range of metrics and, where issues are identified, requests improvements that can be challenging. As a result, our partner companies have an excellent understanding of our packages and respond effectively.

New and Second-time Graduate Engineer Recruitment Trends



Future outlook

Increasing customer touchpoints through speedy development

As for our future outlook, our top priority remains talent acquisition. We intend to increase our engineering team from about 300

members to 1.5-2 times its current size. Continuously strengthening our pool of engineers to build a more robust development organization is a prerequisite for future growth.

We will stay abreast of new technologies and incorporate them into our packages. In addition to reviewing existing packages, we will keep delivering new packages through speedy development, increasing customer touchpoints, and translating that engagement into growth. In the past, our goal of delivering packages that cover all functions has extended time to release. Going forward, we plan to adopt a flexible approach that delivers core functionality first and then offers peripheral features as optional add-ons so that we can release more quickly.

If we can't deliver development, we can't grow sales. We need to firmly secure and develop engineers and build a structure in which we can handle every deal salespeople win. Looking ahead, we aim to make the Technology Division strong enough to support sales divisions.

ITFOR's strengths (in the Financial Systems Division)

- Providing prompt, precise support backed by an unmatched number of implementations
- Cultivating engineers with a solid foundation with intensive training for 8 months prior to deployment
- Increased development quality, speed and cost reductions by encouraging PMP certifications

Opportunities and Risks

- | | |
|----------------------|--|
| Opportunities | ◆ Opening new customer segments by developing a next-generation e-commerce system built on a SaaS platform |
| Risks | ◆ SE hiring is becoming increasingly challenging, for both new graduates and mid-career professionals. |



Toranosuke Matsumoto

Infrastructure Engineer (Tokyo)

Responsible for designing and operating core infrastructure and implementing security solutions



Shota Tokunaga

Systems Engineer (Fukuoka)

Responsible for implementing and maintaining loan screening and loan application systems for financial institutions in the Kyushu area



Masaya Yasui

Systems Engineer (Tokyo)

Responsible for implementing and maintaining mortgage screening systems and receivables management systems, primarily for internet banks



Akemi Osako

Systems Engineer (Osaka)

Responsible for implementing and maintaining loan-focused screening support systems for financial institutions in the Kansai and Shikoku areas



Shohei Okuma

Systems Engineer (Okinawa)

Responsible for implementing and maintaining delinquency management systems and telephone notification systems for local governments in Okinawa

Roundtable with Five Young Engineers of ITFOR

Developing systems with a constant awareness of staying close to customers and contributing to local communities

ITFOR's engineers whose work goes beyond programming

Yasui: Today it's just engineers gathered from different regions. I thought this would be a great chance to hear what we feel about our current work as engineers of ITFOR and how we approach it, and I've been looking forward to this opportunity.

Matsumoto: Exactly. As each of you has progressed in your career, your scope of work has broadened, and so has your perspective

as engineers. When you do your jobs, have you ever been conscious of ITFOR's traits or of our strengths as engineers?

Tokunaga: I joined ITFOR as a mid-career hire, and this is my fourth year. I was a systems engineer (SE) at my previous company as well, but my idea of what an SE was changed dramatically after joining ITFOR. At my previous job, my main duties were writing programs, and when translating customer requests into systems, I could only approach problems from a programming point of view. Now I mainly cover financial institutions in the Kyushu area, and

ITFOR's engineers really immerse themselves in the customer's operations and think out what system is truly needed. I see that as a major characteristic and a strength of ITFOR.

Okuma: I feel the same way. In the Okinawa area, I am mainly responsible for implementing and maintaining delinquency management systems for local governments. For example, when taxpayers fall behind, local governments take stepwise actions. Specifically, they start with managing the delinquency status and, as needed, sending payment reminders by letter and telephone. Parts of this work are sensitive,

so by understanding the end-to-end workflow, we can propose optimal system designs and operational improvements.

Osako: Our receivables management system holds the No. 1 share among regional banks, right? I see that as the result of years of experience and deep expertise combined with engineering techniques.

I'm responsible for financial institutions in the Kansai and Shikoku areas, and I learn a lot from my supervisor and seniors. Every day, I'm reminded of how deeply everyone understands financial operations.

Roundtable with Five Young Engineers of ITFOR



Yasui: It's also a strength that we have former bankers joining our company. We have a cycle where we absorb know-how from employees with that background and feed it back into our systems and packages.

And while SEs are often thought of as pure programming specialists, ITFOR's SEs are different. When I work on system development, I make a point of not confusing means and ends. The end is solving the customer's issue, and system development is the means to achieve that end. Until a few years ago, I treated system development itself as the “purpose” and the goal. That doesn't solve the customer's issue and, in many cases, ultimately results in hard-to-use systems. I remember feeling that I had truly become an SE of ITFOR when I made that shift in mindset.

Matsumoto: As an infrastructure engineer, my perspective is a little different from everyone else's, but I believe SEs, including infrastructure engineers, are in roles where we're expected to keep learning.

The core infrastructure I handle is characterized by the wide range of industries our customers are in. We often encounter a variety of specifications and systems we've never touched before, and sometimes a version upgrade changes all the commands and we have to go back and study from scratch. It's tough, but the moment you learn each of those things and put them to use in real work, you feel a real sense of achievement.

In terms of learning, I feel our company has fostered a culture of continually sharpening our skills on the job. It also matters that study sessions and learning workshops are held frequently.

Tokunaga: When I get stuck on something in programming, I can post a question on a chat tool and someone will quickly share a solution—across departments and locations. One of the strengths of ITFOR's SEs, I think, is this corporate culture where we share information with each other like casual daily conversation and level up our skills together.

Thinking from the customer's perspective and striving to elicit the essence of their needs

Yasui: Listening to everyone reaffirmed how important it is to develop systems while truly understanding the customer's operations and to keep pursuing new technologies.

Okuma: I agree. Another key point is drawing out what customers are really thinking and what they truly want. We often receive inquiries like, “We'd like to extract data on XX,” but when we listen carefully, it sometimes turns out they actually need different data. If we just do exactly what we're told, we ultimately fail to build trust.

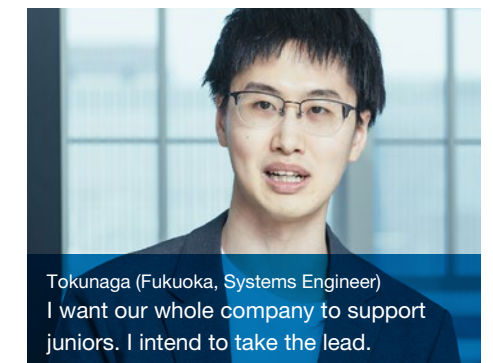
Yasui: Lately, customers often say, “We want to do DX.” But does that mean they're asking for UX (user experience) improvements, UI (user interface) improvements, or going paperless? In fact, sometimes all that's needed is a minor modification to the current system. That's why I always focus on eliciting latent requirements from customers.

Matsumoto: To put it simply, it's about listening from the customer's perspective. Hearing everyone, I'm convinced it comes naturally because ITFOR's engineers have internalized our corporate philosophy, “YORISOU CHIKARA” – The Strength to Support.

As an infrastructure engineer, I also believe that frequent communication is part of YORISOU CHIKARA. Since I work on security solutions, if a virus is ever detected in an implemented system, I must contact the customer immediately and get a detailed grasp of the situation. That's why tight, day-to-day communication and information sharing are indispensable.

Tokunaga: I see. Your story really conveys the on-the-ground urgency.

While my example isn't an emergency case, I'm also conscious that speed of response to customer inquiries is a form of YORISOU CHIKARA. There are frequent instances in which additions or changes in a customer's operations make the implemented system insufficient to handle them. Fully rebuilding the system each time would take time and money,



Roundtable with Five Young Engineers of ITFOR



so I sometimes propose solutions like using advanced operations within the current system. Whatever the inquiry, I believe swiftly presenting a solution is itself a way of staying close to the customer.

Osako: Even in areas not directly related to systems, I try to practice “YORISOU CHIKARA.”

The other day, a customer where we’d implemented a system called and said, “My PC keyboard has stopped working!” Of course, that’s not something our company would normally handle, but I vividly remembered my supervisor once responding very courteously to an out-of-scope inquiry from another customer and telling me, “If there’s something we can do, we should do it properly—the customer will appreciate it.” So I troubleshoot with them: “First, please unplug and replug the USB,” “Try swapping the keyboard for another one,” and

so on, probing the possible causes. In the end, it turned out to be the classic punch line: “Oh, there was a staple stuck in the keyboard. It’s working now—thank you.” (laughs)

I realize that these small acts, accumulated over time, build trust in relationships. Now that customer responds to our system proposals with, “If Osako says so,” and gives us their full confidence.

Yasui: The ways to solve customers’ problems vary widely depending on the situation and the specifics. To make sure our customers don’t struggle when talking with other system vendors, I organize the key points and issues from a systems perspective on their behalf.

Tokunaga: It’s quite common for an inquiry from a customer to turn out to be a question about another company’s system. Just recently, for example, we parsed and explained fine-grained settings, such as character limits on input fields, that customers can easily overlook. We try to anticipate as many plausible requirements as we can on our side and support the customer accordingly.

Feeling firsthand how implementing advanced systems contributes to local communities

Yasui: Since its founding, ITFOR has provided systems and services to regional customers.

Our purpose explicitly includes “social contribution by regional revitalization.” As engineers, I’d love to hear what you each feel day to day about contributing to local communities.

Okuma: Well, working in Okinawa, I’m always mindful of preventing disparities with major urban areas. That’s where I see ITFOR’s reason for being.

The systems we implement for local governments in Okinawa are essentially the same as those used in the Tokyo metropolitan area. We help ensure there are no regional gaps in system operations or in staff IT skills by sharing among engineers the issues and solutions that local governments in the Tokyo metropolitan area grapple with, and communicating them to our customers.

Tokunaga: The regional banks I support also tend to implement systems primarily to comply with national rules, so we seldom develop Kyushu-specific systems. Because they’re essentially the same systems as in the Tokyo metropolitan area, I feel we’re helping raise the IT literacy of regional banks.

Matsumoto: ITFOR was previously contracted to run the Tokyo Metropolitan Government’s “SME Cybersecurity Enhancement Support Program,” through which we supported the implementation of security software for small and medium-sized enterprises in Tokyo’s 23 wards. In recent years, with remote work

spreading, ransomware incidents have occurred frequently. Once infected, data may be exfiltrated or encrypted and rendered unusable, dealing a severe blow to business operations. Companies are even asked to pay so-called ransom to restore access. This has become a social issue and is frequently reported in the media. However, when I actually speak with SME management, I often sense insufficient urgency about their own security posture. Tokyo, in particular, is highly exposed to such threats, so I feel an increasing sense of responsibility to broaden security awareness.

On a personal note, I was born and raised in Fukuoka, so I keep a close eye on operational developments in Kyushu. I sometimes work on Fukuoka projects, and because the infrastructure engineering setup there is not yet as robust as in Tokyo, I’d like to support Fukuoka wherever I can.



Roundtable with Five Young Engineers of ITFOR



Okuma: On that point, I actually moved to Okinawa before joining ITFOR, and as I've worked with customers, my attachment to Okinawa has grown. I might even call it love for Okinawa. My desire to contribute to our customers and to help the people of Okinawa has gotten stronger.

Osako: I think it's the same everywhere, but Osaka is also facing a serious labor shortage. In the loan screening support systems I handle for financial institutions, applicants fill out forms by hand, and we have AI read and transcribe them, and then import the data into the screening support system, which saves bank staff the trouble of manual entry. This isn't just about boosting that bank's productivity per staff hour. The time saved can be reallocated to other tasks like customer service, which improves convenience for local customers who

use the bank. In other words, I think the system ultimately contributes to the community.

Deepening connections, sharing know-how, and elevating all engineers

Matsumoto: My supervisor has been telling me a lot lately, “You're not one of the young ones anymore” (laughs).

That's part of why I've started thinking about how I want to be as an engineer going forward. On a broader note, I believe society would be better if everyone could raise their IT literacy. As engineers, we're professionals when it comes to IT, so I'd like to help spread that literacy, even to those who aren't there yet, bit by bit and in plain language.

Tokunaga: I want us, across ITFOR, to be able to support our junior engineers. In the engineering world, age doesn't matter. We're bringing in more new hires, and I think under our current setup, we won't have enough mechanisms to support young engineers. Beyond official forums, we also have chat tools for sharing information like the one I mentioned earlier, so I'd like to support our juniors in many settings and help accelerate their growth.

Yasui: I'm currently working on developing a new package. Because we're aiming for something more competitive than anything we've built before, we plan to strengthen integrations

with highly competitive systems from other vendors. That means I'll need knowledge not only at the application layer but also on the infrastructure side. I'm taking this as an opportunity to learn about protocols and networking and to broaden my scope of work. I also want to capture and share what I learn as part of ITFOR's collective knowledge.

Osako: On the sharing front, ITFOR has offices nationwide. If people from each site can routinely visit other locations, observe how colleagues work, and learn from them, this will make ITFOR an even more rewarding place to work. I think a workation-style approach could be great, too.

Okuma: I've felt the same. Lately I worry that some work is becoming too person-dependent. As engineers aim for professional excellence, specialization deepens and tasks can emerge that only one person can handle. I want us to share know-how more widely so everyone can get involved with a variety of systems. That's where new insights and learning opportunities will come from.

Yasui: I'd like to further energize exchanges among engineers. I believe that, by challenging and inspiring each other, we'll help the company grow, and that will feed into regional revitalization. Let's keep pushing forward together.

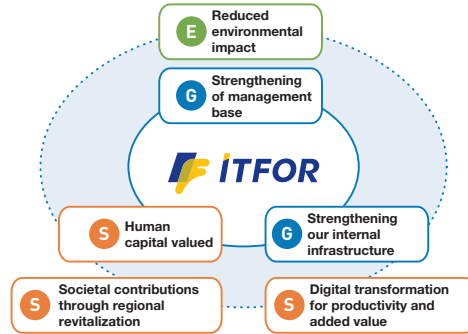


Our Approach to Materiality

ITFOR has set forth five items of Materiality (Important Topics) based on its Sustainability Policy for boosting corporate value through its business strategy and underpinning sustainable growth of the entire group, while contributing to development of a sustainable future society.

<Materiality (Important Topics)>

ITFOR has clarified its purpose (meaning of our existence) as "Through social contribution by regional revitalization, we will contribute to the development of a sustainable future by providing surprises for all people and businesses" as the vision to achieve. Based on our "Sustainability Basic Policy" formulated in line with this purpose, we have identified five materiality items based on Environmental (E), Social (S) and Governance (G) perspectives. ITFOR's sustainability activities are addressing these materiality items with specific initiatives through its core business activities.



<Identification Process>

In November 2021, ITFOR established the Sustainability Committee that is effective throughout the entire organization, and identified five specific aspects of materiality in alignment with our corporate philosophy, international guidelines and global tendencies.

Step 1

Clarification of Basic Policies

We have revised the stance we wish ITFOR to assume in the future, and changed our corporate philosophy to "Generating excitement and smiles with 'YORISOU CHIKARA' - The Strength to Support." We have also defined our corporate purpose as "Through social contribution by regional revitalization, we will contribute to the development of a sustainable future by providing surprises for all people and businesses" based on this. Our basic policies for sustainability have been clarified in alignment with the above.

Step 2

Materiality Analysis

We have identified the most important topics for the company while referring to the GRI Standards and other international guidelines, the SDGs (Sustainable Development Goals) and other global movements, and the survey details issued by ESG evaluation institutions. In combination with this, we have also identified the topics that currently involve each of our internal departments, or are likely to involve them in the future.

Step 3

Importance Assessment

We have examined the priority and level of importance of each aspect of materiality from the viewpoint of the environment, society and our management foundation while taking social requirements into account to select materiality based on our business strategies. We have also examined in detail the initiatives that the company is currently implementing or is likely to implement in the future with regard to materiality.

Step 4

Assess and Identify Validity

In addition to coming to decisions regarding validity based on the opinions of influential people within and outside of the company, ITFOR has identified five items of materiality that have been screened and decided upon by the Sustainability Committee and the Board of Directors. We will revise these items when appropriate in alignment with changes in social and business conditions, etc.

Materiality (Important Topics)	Detailed Initiatives	Related SDGs
<p>Reduced environmental impact</p> <p>We are implementing direct and indirect initiatives pertaining to the reduction of greenhouse gases so that we are able to accept the challenges involved in halving emissions by the year 2030. We also strive to adapt to the business impacts of climate change risks so that we can provide solutions that support our BCP from the viewpoint of business sustainability.</p>	<p>Promoting activities against the risk of climate change</p>	
<p>Societal contributions through regional revitalization</p> <p>We are utilizing open innovation, including solutions, in our business activities to correct the disparities between urban areas and rural areas and aim at revitalizing regional economies.</p>	<p>Resolving regional issues through business Regional revitalization through open innovation Providing solutions for regional employment revitalization</p>	
<p>Digital transformation for productivity and added value</p> <p>ITFOR provides support for enterprises and other organizations to improve productivity and build an environment that motivates people working, leveraging ever-evolving IT.</p>	<p>Creating and providing social infrastructures utilizing new technologies Promoting decent work through DX</p>	
<p>Strengthening of management base</p> <p>We are strengthening our management base in such areas as compliance management, risk management and corporate governance, and moving ahead with promoting the adoption of DX within the company and other initiatives that strengthen our internal infrastructure.</p>	<p>Strengthening of management base</p> <ul style="list-style-type: none"> Strengthening compliance management Strengthening the risk management system Strengthening corporate governance <p>Strengthening our internal infrastructure</p> <ul style="list-style-type: none"> Promoting DX within the company Strengthening security 	
<p>Human capital valued</p> <p>ITFOR endeavors to foster human resources and promote their active engagement in professional life in a way that diverse values and backgrounds are respected and everyone can reach their full potential, and will create a rewarding and future-oriented work environment.</p>	<p>Respecting human rights Fostering diverse human resources and promoting their active engagement Providing a rewarding work environment Continual promotion of occupational health and safety, and health and productivity management</p>	