Timely Disclosure Briefing Session
Strategic Alliance with Dentsu Group Companies: Q&A Summary

Date:	September 4, 2026 (Fri) 16:00–16:45
Presenters:	Shunsuke Noda, Senior Managing Executive Officer, President, ICT & Financial Business Company; Deputy COO Kensuke Hosomi, Managing Executive Officer, President, The 8th Company Hiroyuki Naka, Chief Financial Officer; Chief Transformation Officer
Moderator:	Kazunori Harada, General Manager, Investor Relations Division
Terminology:	CTC = ITOCHU Techno-Solutions, FM=FamilyMart

Q: The Dentsu Group decided in June to acquire a 10% stake in Seven-Eleven Ad Connect. Now it is also entering into a strategic alliance with FM in the same convenience-store sector. Do you see any conflict or other concerns?

A: We have been working to develop the retail media market over the past five years, but the domestic market is still in its early stages. The Dentsu Group has deep expertise in the advertising industry, and we believe there may also be opportunities for future collaboration with Seven-Eleven Ad Connect. At this stage, however, the most important priority is to expand the retail media market as a whole.

Q: You indicated that this investment is expected to achieve an 8% ROI over time. Is the denominator in that calculation the ¥215.2 billion total tender offer amount? Also, could you explain how you view the profit contribution from the IT services business and the retail media business, including the time frame?

A: First, the denominator used in calculating the 8% ROI is the total tender offer amount of ¥215.2 billion. As for returns, we first expect earnings contribution associated with our investment in DENTSU SOKEN. However, we do not intend simply to rely on DENTSU SOKEN achieving the targets in its disclosed plan. Rather, we intend to play an active role in management and help lift DENTSU SOKEN's performance to a higher level by creating synergies with CTC.

In addition, we expect returns from synergies across our digital businesses centered on CTC, with the business alliance between DENTSU SOKEN and CTC as the core; from the creation of new earnings through joint businesses with the Dentsu Group in the retail media business; from the expansion of existing businesses; and from benefits that also extend to FM. Taking all of these together, we expect returns from the investment as a whole.

At this point, our target is to achieve this within five years, which is the time frame we can currently assess with a relatively high degree of confidence, and we believe there is a reasonably high likelihood of achieving an 8% ROI within that period.

That said, some within the Company did express the view that the tender offer price of ¥2,880, which represents a premium of approximately 40% to the one-month average share price prior to the market speculation in July, was high for a minority investment. On the other hand, under the shareholders agreement and other agreements with the Dentsu Group, we have contractually secured a structure under which we can capture economic value equivalent to that premium as well. Taking into account DENTSU SOKEN's standalone plan agreed with us, the synergy effects that we believe can be realized with a high degree of certainty, and the benefits secured contractually, we believe that achieving an 8% ROI over five years on ¥215.2 billion is fully achievable.

In addition, there is further upside that is not reflected in our current return assumptions. If possible, we would ideally like to achieve this within four years. Given the significant future potential and growth prospects of this business, we believe the return is not limited to 8%, and that a double-digit ROI is also achievable.

Q: The synergies in the IT services area are relatively easy to understand, but in the retail media business it is less clear what kind of collaboration is envisaged and how it will be translated into earnings. Please explain the specific synergies, including the quantitative aspects.

A: In the Famima TV business operated by Gate One, commercials are broadcast 24 hours a day, and we plan to sell that advertising inventory in collaboration with the Dentsu Group. We will also work with the Dentsu Group in the area of digital advertising sales at Data One. The Dentsu Group has one of the leading advertising networks in Japan, and we have already agreed on the sales plan with the Dentsu Group. Based on this, we are confident that synergies can be generated in the retail media business as well.

Q: In the process of privatizing DENTSU SOKEN, other companies were also considered candidates. Why do you think the Dentsu Group selected ITOCHU?

A: We can only offer our own view, but in July there were media reports speculating about an acquisition by a major SIer. At the same time, that SIer and DENTSU SOKEN appear to have considerable overlap in their customer base, which could potentially create a competitive relationship. In contrast, our group, including CTC, targets a different customer base and is therefore in a better position to build a complementary relationship. We believe that was one factor in the selection. In addition, we believe our track record in the retail media business was also one of the reasons.

Q: What are the specific differences in capabilities and customer profiles between DENTSU SOKEN and CTC? And how do those differences translate into earnings?

A: DENTSU SOKEN has strengths in upstream business processes in the manufacturing and financial sectors, as well as in consulting for business divisions. By contrast, CTC's strengths lie in system integration and infrastructure development, and it primarily works with customers' IT departments. Even when both companies serve customers in the same sectors, such as manufacturing and finance, the functions they provide are different. Through the alliance between the two companies, they will be able to provide end-to-end services, from consulting to system development, operation and maintenance, and their businesses are highly complementary. There is also relatively limited competitive overlap, which makes it easier to generate synergies.

Q: In the retail media area, how will this lead to earnings generation for Data One and Gate One?

A: Our understanding is that DENTSU SOKEN has highly capable system engineers and also has strengths in understanding current business operations and in consulting. In retail media, we expect content delivery channels to become increasingly diversified going forward. One possible example would be to implement live-streaming functionality into the content delivery system and link content delivery with purchasing data. Over the longer term, it will be important to build systems that seamlessly connect consulting with operational sites across manufacturing and sales. By combining this with DENTSU SOKEN's strong technological capabilities and AI implementation expertise, we believe we will expand the scope of the business with a high degree of confidence.

Q: My understanding is that CTC has already been working to win projects from the upstream phase of IT services through initiatives such as the JV with Boston Consulting Group and collaboration with firms such as SIGMAXYZ. Could you explain what kind of results those past initiatives have produced, and why you believe there is high visibility on the earnings contribution from this alliance with DENTSU SOKEN?

A: Since taking CTC private, we have been steadily advancing investments and collaborations in the digital businesses centered on CTC. For example, we have been building a broad digital value chain spanning SIGMAXYZ, Comture and others, consulting-related businesses, BPO, and other areas. As a result, revenue generated for CTC through our digital businesses has expanded to the scale of several tens of billions of yen.

Through collaboration between our digital businesses and CTC, we have built a track record of winning new projects by providing integrated services from upstream consulting to system development. Based on these achievements, we believe synergies are emerging across the digital value chain as a whole. We also expect synergies to be created through the collaboration between DENTSU SOKEN and CTC.

Q: Are these collaborative projects more profitable than existing projects? Could they also help lift CTC's overall margin?

A: In SAP- and Salesforce-related projects, for example, companies in our digital businesses serve as the direct point of contact with customers. Depending on the competitive environment, margins may at times be low. However, if we can steadily build relationships with customers and then connect those relationships to projects in which CTC handles subsequent broader infrastructure projects, we can expect relatively higher margins overall than in cases where CTC wins infrastructure projects on a standalone basis.