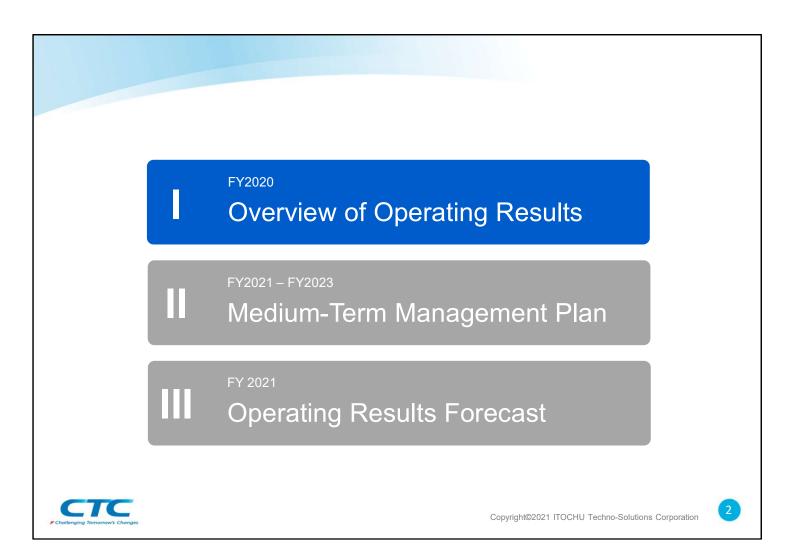
Operating Results for the Fiscal Year 2020

ITOCHU Techno-Solutions Corporation April 28, 2021



- These materials contain forward-looking statements about the future performance of CTC, based on management's assumptions and beliefs in light of information currently available to it, and involve certain risks and uncertainties. Actual results may differ from projected performance, owing to a variety of factors, including changes in the economic environment.
 A numerical notation in this document has been changed from rounding down to rounding off to the nearest full unit since FY2020. The figures



Performance Highlights for FY2020

Despite the impact of COVID-19, steady progress in 5G
Business and realization of DX for customers, as well as
continuous efforts to improve profit margins have been
successful

- ■Since the integration in FY2006,
 Achieved the highest profit in all profit categories excluding revenue from sales
 - Operating profit margin to reach 9% level for the first time since integration
 - Net income attributable to shareholders of the Company reached a new high for the seventh consecutive fiscal year
- ■Orders surpassed 500 billion yen; order backlog at highest level since integration



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Performance for FY2020(vs. FY2019)

(Billions of Yen)

	FY2019 Results	FY2020 Results	YoY change	YoY change (%)	Forecast at Beginning of FY
Revenue	487.0	479.9	(7.1)	(1.5%)	500.0
Gross profit	118.1	121.5	+3.4	+2.9%	123.6
Gross profit margin	24.2%	25.3%	+1.1p	-	24.7%
Other income and expenses	(76.4)	(77.8)	(1.5)	+1.9%	(79.0)
Operating income	41.7	43.6	+2.0	+4.7%	44.6
Operating income margin	8.6%	9.1%	+0.5p	-	8.9%
Net profit attributable to CTC's shareholders	28.5	30.5	+2.0	+7.2%	30.0
Orders received	490.7	522.5	+31.8	+6.5%	505.0
Backlogs	272.3	314.9	+42.6	+15.6%	277.3
ROE	12.6%	12.5%	▲ 0.1p	-	



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Performance for FY2020(vs. FY2019)

[Revenue]

Decreased particularly for distribution and manufacturing companies, domestic and overseas consolidated subsidiaries, in spite of an increase in business for telecoms companies, public offices and government financial institutions.

[Gross profit]

Rose with improved profitability regardless of reduction in Revenue.

The gross profit margin excluding the effect of unprofitable projects improved 1.2p year on year.

[Other income and expenses]

SG&A increased due to personnel expenses particularly.

[Operating income]

Rose due to the rise in gross profit.

[Net profit attributable to CTC's shareholders]

Increased, reflecting the rise in operating income.

[Orders received]

Orders rose, primarily from telecommunications industry, social infrastructure and distribution industry.

[Backlogs]

Backlogs increased from telecommunications industry and social infrastructure industry.

Performance by Business Groups

(Billions of Yen)

	Orders received			
	FY2019 Results	FY2020 Results	YoY Change	
Enterprise	117.4	117.2	(0.2)	
Distribution	46.5	49.9	+3.4	
Telecommuni- cation	176.2	207.8	+31.6	
Regional & Social Infrastructure	60.4	69.1	+8.7	
Financial Services	28.3	24.7	(3.6)	
Others	61.9	53.7	(8.2)	
Total	490.7	522.5	+31.8	

Revenue				
FY2019 Results	FY2020 Results	YoY Change		
112.2	109.0	(3.2)		
52.9	47.7	(5.2)		
173.4	178.6	+5.2		
60.8	62.4	+1.6		
24.1	24.6	+0.5		
63.6	57.6	(6.0)		
487.0	479.9	(7.1)		

Backlogs				
FY2019 Results	FY2020 Results	YoY Change		
65.5	74.1	+8.5		
28.0	30.2	+2.2		
81.0	109.9	+28.9		
47.2	54.0	+6.7		
19.8	19.9	+0.1		
30.8	26.9	(3.8)		
272.3	314.9	+42.6		



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<u>Performance by Business Groups</u>

[Enterprise]

Orders was roughly on a par with the previous fiscal year. Revenue declined particularly from infrastructure equipment at energy companies and manufacturing companies.

[Distribution]

Orders increased primarily due to SI development for distribution industry. Revenue decreased chiefly from SI development for distribution industry and SI development and infrastructure equipment at credit card companies.

[Telecommunication]

Orders and revenue rose by infrastructure equipment and 5G related projects.

[Regional & Social infrastructure]

Orders increased primarily for infrastructure equipment at social infrastructure. Revenue rose from infrastructure equipment and SI development in public offices and railroad company.

[Financial Services]

Orders fell particularly for SI development and infrastructure projects for banks. Revenue was roughly on a par with the previous fiscal year.

[Others]

Orders and revenue declined particularly for infrastructure equipment and operation at domestic and overseas consolidated subsidiaries.

Performance by Business Models

(Billions of Yen)

	Orders received			
	FY2019 Results	FY2020 Results	YoY Change	
Services	199.1	214.1	+15.0	
Jei vices	(40.6%)	(41.0%)	113.0	
SI	100.5	113.0	+12.5	
Development	(20.5%)	(21.6%)	112.5	
Products	191.0	195.4	+4.3	
11000000	(38.9%)	(37.4%)	14.5	
Total	490.7	522.5	+31.8	

Revenue				
FY2019 Results	FY2020 Results	YoY Change		
192.5	195.4	+2.9		
(39.5%)	(40.7%)	12.5		
105.0	103.3	(1.7)		
(21.6%)	(21.5%)	(1.7)		
189.5	181.2	(8.3)		
(38.9%)	(37.8%)	(0.5)		
487.0	479.9	(7.1)		

Backlogs				
FY2019 Results	FY2020 Results	YoY Change		
197.2	215.9	+18.7		
(72.4%)	(68.6%)	110.7		
27.3	37.0	+9.7		
(10.0%)	(11.7%)	19.7		
47.8	62.0	+14.2		
(17.6%)	(19.7%)	117.2		
272.3	314.9	+42.6		



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Performance by Business Models

[Services]

Orders increased particularly from operation for related retail finance and maintenance for social infrastructure.

Revenue rose primarily from maintenance and operations for energy companies and public offices.

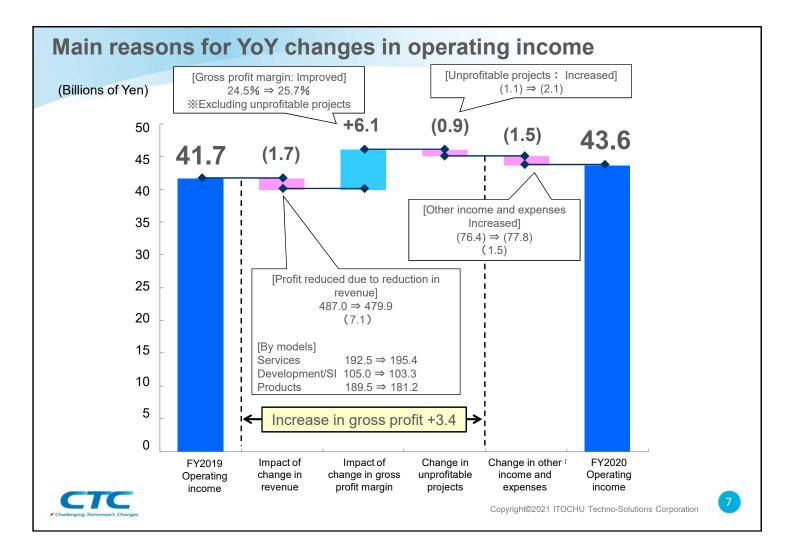
[SI Development]

Orders increased from infrastructure-building in telecommunications industry. Revenue declined mainly from SI development for distribution industry.

[Products]

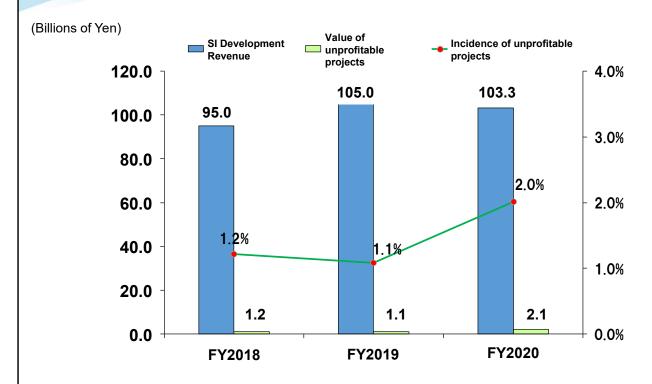
Orders rose mainly for infrastructure equipment and 5G related projects for telecoms companies and infrastructure equipment in social infrastructure.

Revenue declined particularly from infrastructure equipment at manufacturing and energy companies and projects of overseas consolidated subsidiaries.



For reference:

Revenue and unprofitable projects in SI Development





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Other income and expenses

(Billions of Yen)

(Dilli			Dillions of Terry	
		FY2019 Results	FY2020 Results	YoY Change
	Personnel expenses	(43.6)	(47.1)	(3.4)
	Outside staff expenses	(6.2)	(7.3)	(1.1)
	Depreciation and amortization	(6.3)	(9.7)	(3.4)
	Others	(19.3)	(15.3)	+4.0
	SG&A expenses	(75.5)	(79.3)	(3.9)
	Other income	0.8	1.8	+1.0
	Other expenses	(1.8)	(0.4)	+1.4
	Other income and expenses	(76.4)	(77.8)	(1.5)



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Breakdown of "Other income and expenses"

[Personnel expenses]

Personnel expenses increased due to an increase in number of employees, salaries and performance-linked bonuses.

Transfer amount to cost from SG&A expenses declined due to temporary suspension and postponement of SI development projects because of the impacts of COVID-19 during the first half year, in addition to that, by an increase in presales activities for obtaining new projects.

[Depreciation and amortization]

Accelerated depreciation by office relocation.

[Others]

Reduction of domestic/overseas business trip and entertainment expenses. (The impact of the office relocation is divided into "depreciation and amortization" and "others", but the net impact is slight.)

[Other income]

Benefit from IT liability insurance.

[Other expenses]

The reactionary fall from impairment losses about goodwill of overseas consolidated subsidiaries in the previous fiscal year.

Consolidated balance sheets

(Billions of Yen)

	End of FY2019	End of FY2020	YoY Change
Current assets	324.7	353.7	+28.9
Non current assets	114.1	109.1	(5.0)
Total assets	438.8	462.7	+23.9
Current liabilities	162.6	172.8	+10.2
Non current liabilities	37.6	27.3	(10.3)
Total liabilities	200.3	200.1	(0.1)
Equity	238.6	262.6	+24.0
Total liabilities and equity	438.8	462.7	+23.9



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1. Current assets:	+28.9
Cash and cash equivalents	+6.3
Trade and other receivables	+2.4
Inventories	+12.2
Other current financial assets	+4.5
Other current assets	+3.3
2. Non-current assets:	(5.0)
Property, plant and equipment	(10.4)
Goodwill	+1.3
Intangible assets	(1.2)
Shares of subsidiaries and associates	+1.3
Other non-current financial assets	+2.7
Other non-current assets	+1.4
3. Current liabilities:	+10.2
Trade and other payables (Current)	(0.8)
Income taxes payables	(0.4)
Liabilities for employee benefits	+0.5
Provisions	+3.8
Other current liabilities	+9.0
Other current financial liabilities	(2.0)
4. Non-current liabilities :	(10.3)
Long-term lease obligations	(9.1)
Provisions	(1.2)
5. Equity:	+24.0
Retained earnings	+17.3

Consolidated cash flows

(Billions of Yen)

	FY2019	FY2020	YoY Change
Cash and cash equivalents at the beginning of the period	58.9	74.6	+15.7
Operating activities	50.1	37.3	(12.8)
Investing activities	(17.2)	(10.1)	+7.1
Financing activities	(17.1)	(21.1)	(3.9)
Cash and cash equivalents at the end of the period	74.6	80.9	+6.3
Free cash flow	32.9	27.1	(5.8)



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Breakdown	FY2019	FY2020	YoY Change
Cash flows from operating activities	50.1	37.3	(12.8)
Profit before tax A decrease (an increase) in trade and other receivables A decrease(an increase) in inventory A decrease(an increase) in trade and other payable Depreciation and amortization expenses Income tax paid	41.5 (11.8) 1.6 0.8 16.2 (12.5)	44.0 (6.6) (12.0) (1.3) 19.7 (15.3)	+2.4 +5.1 (13.6) (2.1) +3.4 (2.8)
Cash flows from investing activities	(17.2)	(10.1)	+7.1
Purchases of property, plant and equipment Purchases of intangible assets Payments for lease and guarantee deposits Purchase of stocks of subsidiaries and affiliates Purchases of shares of subsidiaries	(4.9) (2.1) - (3.7) (6.9)	(3.9) (1.8) (3.8) (1.0)	+1.0 +0.2 (3.8) +2.7 +6.9
Cash flows from financing activities	(17.1)	(21.1)	(3.9)
Dividend payment to CTC's shareholders Repayments of lease obligations Proceeds from sales and leaseback	(12.4) (12.0) 7.3	(14.3) (11.4) 4.9	(2.0) +0.6 (2.4)

For reference:

Performance for the 4th Quarter of FY2020 (3 months)

(Billions of Yen)

	4th Quarter FY2019 Results	4th Quarter FY2020 Results	YoY change	YoY change (%)
Revenue	159.7	149.0	(10.7)	(6.7%)
Gross profit	39.4	40.6	+1.3	+3.2%
Gross profit margin	24.7%	27.3%	+2.6p	-
Other income and expenses	(21.9)	(20.0)	+1.9	(8.7%)
Operating income	17.5	20.7	+3.2	+18.1%
Operating income margin	11.0%	13.9%	+2.9p	-
Net profit attributable to CTC's shareholders	12.3	14.6	+2.3	+19.0%
Orders received	169.8	182.4	+12.6	+7.4%
Backlogs	272.3	314.9	+42.6	+15.6%



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Performance for the 4th Quarter of FY2020 (3 months) [Revenue]

Declined for telecoms and distribution industry.

[Gross profit]

Rose with the increase in revenue and gross profit.

The gross profit margin excluding the effect of unprofitable projects improved 2.9p year on year.

[Other income and expenses]

Improved with two reasons below.

- -Other income increased because of benefit from IT liability insurance.
- -Other expenses decreased due to the reactionary fall from impairment losses about goodwill of overseas consolidated subsidiaries in the previous fiscal year.

[Operating income]

Increased from a rise in gross profit and an improvement in Other income and expenses.

[Net profit attributable to CTC's shareholders]

Increased, reflecting the rise in operating income.

[Orders received]

Rose for retail-related finance, transportation, telecommunications, and social infrastructure industry.

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For reference: Performance by Business Groups/Business Models for the 4th Quarter of FY2020 (3 months)

(Billions of Yen)

		(Orders received		Revenue		
		4th Quarter (3months) FY2019 Results	4th Quarter (3months) FY2020 Results	YoY Change	4th Quarter (3months) FY2019 Results	4th Quarter (3months) FY2020 Results	YoY Change
	Enterprise	33.7	41.1	+7.5	33.1	31.8	(1.3)
Ву	Distribution	19.2	20.7	+1.5	14.4	12.9	(1.5)
bus	Telecommuni- cation	66.1	72.0	+5.9	70.6	63.0	(7.6)
By business group	Regional & Social Infrastructure	16.6	20.3	+3.7	19.4	19.3	(0.1)
	Financial Services	11.4	9.1	(2.4)	7.2	7.1	(0.1)
ਰ	Others	22.8	19.2	(3.6)	14.9	14.9	(0.1)
	Total	169.8	182.4	+12.6	159.7	149.0	(10.7)
By business model	Services	87.6	103.5	+15.9	50.5	52.7	+2.3
	SI Development	24.3	30.1	+5.8	31.1	32.1	+1.0
	Products	57.9	48.8	(9.1)	78.1	64.1	(14.0)
odel	Total	169.8	182.4	+12.6	159.7	149.0	(10.7)



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Performance by Business Groups/Business Models for the 4th Quarter of FY2020 (3 months)

[Enterprise]

Orders rose from services for retail-related finance, transportation and medical companies. Revenue declined particularly from infrastructure equipment at manufacturing and energy companies.

[Distribution]

Orders increased primarily due to service for distribution and insurance companies.

Revenue decreased from SI development for distribution industry.

[Telecommunication]

Orders rose by 5G related projects. Revenue fell from infrastructure equipment at telecoms companies.

[Regional & Social infrastructure]

Orders increased primarily for infrastructure equipment and service in social infrastructure and cloud services for educational sector. Revenue was almost same as previous fiscal year.

[Financial Services]

Orders fell from infrastructure projects for banks, Revenue was roughly on a par with the previous fiscal year.

[Others]

Orders declined particularly for infrastructure equipment at overseas consolidated subsidiaries. Revenue unchanged almost.

Performance by business model

[Services]

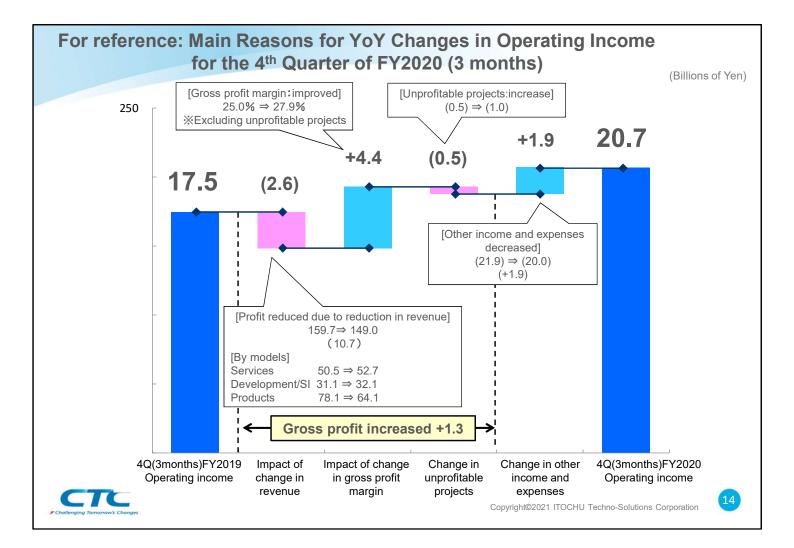
Orders increased from maintenance/cloud/service for retail-related finance, distribution, telecommunications, and social infrastructure. Revenue rose from services for overseas consolidated subsidiaries.

[SI Development]

Orders rose because of infrastructure construction for telecoms and manufacturing industry. Revenue increased from infrastructure construction for telecoms companies.

[Products]

Orders declined for infrastructure projects at telecoms companies and overseas consolidated subsidiaries. Revenue decreased for infrastructure projects of manufacturing and telecoms industry.



For reference:

Other Income and Expenses for the 4th Quarter of FY2020(3months)

(Billions of Yen)

		4th Quarter (3months) FY2019 Results	4th Quarter (3months) FY2020 Results	YoY change
	Personnel expenses	(11.8)	(11.9)	(0.1)
	Outside staff expenses	(1.5)	(1.7)	(0.2)
	Depreciation and amortization	(1.8)	(4.6)	(2.8)
	Others	(5.4)	(2.8)	+2.7
	SG&A expenses	(20.6)	(21.0)	(0.4)
	Other income	0.4	1.2	+0.8
	Other expenses	(1.6)	(0.1)	+1.5
Ot	ther income and expenses	(21.9)	(20.0)	+1.9



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Other Income and Expenses for the 4th Quarter of FY2020 (3months)

[Personnel expenses]

Personnel expenses increased due to an increase in number of employees and salaries. On the other hand personnel expenses decreased from provisions adjustment to reflect actual performance against higher provision for performance-linked bonuses from Q1 to Q3.

[Depreciation and amortization]

Accelerated depreciation of property, plant and equipment because of office relocation.

[Others]

Travel expenses and overseas travel expenses declined due to a decrease in business trips. In addition to that, entertainment expenses decreased.

(The impact of office relocation is divided into "depreciation and amortization" and "others", but the net impact is slight.)

[Other income]

Benefit from IT liability insurance.

[Other expenses]

The reactionary fall from impairment losses about Goodwill of overseas consolidated subsidiaries in the previous fiscal year.

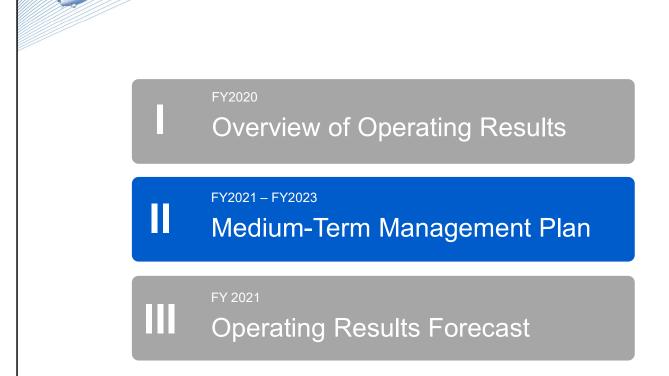
On the impact of COVID-19 FY2020 (Actual)

- Negative impact > Positive impact
- Although orders received in the second half recovered, full year revenues decreased due to the YoY reduction in orders in the first half
- The impact sustained longer in certain customers and regions (diversion with suppression)

The above is generally within expectations



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Review of previous Medium-Term Management Plan (Quantitative)

Opening New Horizons

		Target	Actual
Strengthen profitability	Net Profit Attributable to CTC's shareholders	30 Billion Yen	30.5 Billion Yen
Growth in focus	Recurring Business	60 Billion Yen	71.6 Billion Yen
businesses	Global Business	60 Billion Yen	61.7 Billion Yen
Improve capital efficiency	ROE	12 % or above	12.5 %



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Review of previous Medium-Term Management Plan (Qualitative)

Focus Themes		Review		
Go Upwards	Challenge Business Transformation	 Progress in digital business for key customers Strengthen agile development and low-code development 	0	
Go Forwards	Sharpening our Advantages	 Maintain and expand strengths in large-scale infrastructure and network domains Growth in cloud computing and other recurring business models 	0	
Go Outwards	New Coverage, New Region In Globe	 Investment execution in Indonesia, Malaysia, and the United States Creation of new businesses through the use of CVC 	0	
Consolidate Footholds	Stabilize Management Infrastructure	 Reform of work styles, health management, and promotion of women Changes in corporate governance structure Dividend increase for 12 consecutive fiscal years (planned) 	0	



Please watch the video on the new Medium-Term Management Plan

The same materials are also on website (Japanese only) https://www.youtube.com/watch?v=jh9D1za2f2s





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FY2023 Quantitative Targets

Expand the scope of value for customers and society, and aim to further improve profitability and capital efficiency

	FY2020 Actual	FY2023 Target
Operating income ratio	9.1 %	10 %
Net profit attributable to CTC's shareholders	30.5 Billion Yen	40 Billion Yen
ROE	12.5 %	13 % or above







FY2021 Operating Results Forecast

(Billions of Yen)

	FY2020 Results	FY2021 Forecast	YoY change	YoY change (%)
Revenue	479.9	520.0	+40.1	+8.4%
Gross profit	121.5	132.0	+10.5	+8.7%
Gross profit margin	25.3%	25.4%	+0.1p	-
Other income and expenses	(77.8)	(83.5)	(5.7)	+7.3%
Operating income	43.6	48.5	+4.9	+11.2%
Operating income margin	9.1%	9.3%	(+0.2p)	-
Net profit attributable to CTC's shareholders	30.5	33.0	+2.5	+8.2%
Order received	522.5	535.0	+12.5	+2.4%
Backlogs	314.9	329.9	+15.0	+4.8%



