

Announcement of 1st Quarter Operating Results for the Fiscal Year Ending March 31, 2022

August 3, 2021

ITOCHU Techno-Solutions Corporation



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Summary

- **“Higher revenue, higher profit” and “Record high backlogs” by capturing the needs of a wide range clients accurately.**
- **A good start with the continuing preferable condition which we had developed for the period of our previous Medium-Term Management Plan.**

- ◆ **In the 1st quarter of the fiscal year,**
 - Revenue, all profit line items, orders received reached record highs.
 - GPM and OPM reached record highs after introducing IFRS.
- ◆ **Backlogs further increased from the record highs at the end of the previous fiscal year and reached a new highs.**



Performance highlights

(Billions of yen)

	1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY change	YoY change (%)
Revenue	104.1	108.6	+4.5	+4.3%
Gross profit	25.0	27.5	+2.5	+10.1%
Gross profit margin	24.0%	25.3%	+1.3p	–
Other income and expenses	(19.1)	(19.8)	(0.7)	+3.7%
Operating income	5.8	7.7	+1.8	+31.0%
Operating income margin	5.6%	7.1%	+1.5p	–
Net profit attributable to CTC's shareholders	4.1	5.4	+1.3	+31.8%
Orders received	95.9	113.1	+17.3	+18.0%
Backlogs	264.1	319.5	+55.4	+21.0%

1st Quarter FY2021 Performance highlights (vs. 1st Quarter FY2020)

[Revenue]

Increased in business for telecoms companies, financial industry and overseas consolidated subsidiaries.

[Gross profit]

Rose with increase in revenue and improved profitability.

The gross profit margin excluding the effect of unprofitable projects improved 1.5p year on year.

[Other income and expenses]

SG&A increased mainly due to personnel expenses.

[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, public utilities, public offices and overseas consolidated subsidiaries.

[Backlogs]

Backlogs increased mainly from manufacturing industry, telecommunications industry, public utilities, social infrastructure industry, and public offices.

Performance by business groups

(Billions of yen)

	Orders received			Revenue			Backlogs		
	1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY Change	1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY Change	1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY Change
Enterprise	23.9	25.5	+1.6	25.7	25.7	+0.1	64.1	73.8	+9.7
Distribution	8.4	8.1	(0.3)	11.4	11.6	+0.2	25.0	26.7	+1.7
Telecommunication	31.7	40.3	+8.6	34.8	36.8	+2.0	77.6	113.4	+35.8
Regional & Social Infrastructure	14.7	17.0	+2.3	14.4	15.0	+0.6	47.5	55.9	+8.5
Financial Services	5.6	5.0	(0.6)	5.2	5.9	+0.7	20.1	18.9	(1.3)
Others	11.6	17.3	+5.7	12.6	13.4	+0.8	29.8	30.8	+1.0
Total	95.9	113.1	+17.3	104.1	108.6	+4.5	264.1	319.5	+55.4

Performance by Business Groups

[Enterprise]

Orders increased primarily for infrastructure projects at manufacturing industry and construction industry.

Revenue was roughly on a par with the previous fiscal year.

[Distribution]

Orders and revenue were roughly on a par with the previous fiscal year.

[Telecommunication]

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

[Regional & Social infrastructure]

Orders increased mainly for operation at public offices and SI development at public utilities.

Revenue rose from infrastructure projects for municipalities.

[Financial Services]

Orders fell by reactionary fall from SI development and infrastructure projects for government financial institutions.

Revenue rose mainly from infrastructure at banks and securities companies.

[Others]

Orders increased chiefly services and infrastructure projects for overseas consolidated subsidiaries.

Revenue rose particularly for infrastructure equipment at overseas consolidated subsidiaries.

Performance by Business model

(Billions of yen)

	Orders received			Revenue			Backlogs		
	1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY Change	1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY Change	1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY Change
Services	33.8 (35.2%)	39.1 (34.6%)	+5.4	46.8 (45.0%)	49.3 (45.4%)	+2.5	184.2 (69.7%)	205.8 (64.4%)	+21.6
SI Development	21.4 (22.4%)	26.7 (23.6%)	+5.2	20.6 (19.8%)	24.7 (22.7%)	+4.1	28.2 (10.7%)	39.0 (12.2%)	+10.8
Products	40.6 (42.4%)	47.3 (41.8%)	+6.7	36.7 (35.2%)	34.6 (31.9%)	(2.1)	51.8 (19.6%)	74.7 (23.4%)	+23.0
Total	95.9	113.1	+17.3	104.1	108.6	+4.5	264.1	319.5	+55.4

* Percentage shows composition ratio

Performance by Business Models

[Services]

Orders increased particularly from cloud services for manufacturing industry and infrastructure construction at telecoms industry and overseas consolidated subsidiaries. Revenue rose primarily from cloud services for manufacturing industry and infrastructure construction at overseas consolidated subsidiaries.

[SI Development]

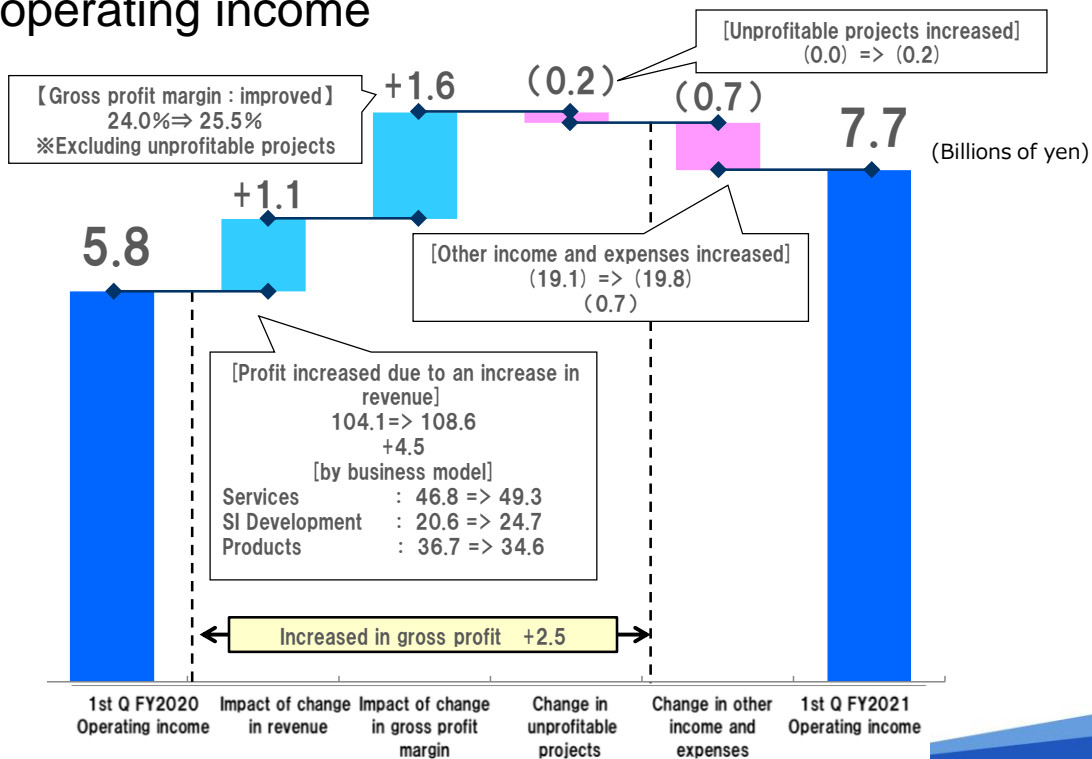
Orders increased chiefly from SI development for distribution industry and public utilities, and 5G related projects for telecoms companies. Revenue rose particularly from SI development for transportation companies and distribution industry, and 5G related projects for telecoms companies.

[Products]

Orders rose mainly for 5G related projects for telecoms companies and infrastructure equipment in overseas consolidated subsidiaries. Revenue declined by reactionary fall from infrastructure projects at telecoms companies and energy companies.

Main reasons for YoY changes in operating income

1st Q FY2021



Breakdown of "Other income and expenses"

(Billions of yen)

			1st Quarter FY2020 Results	1st Quarter FY2021 Results	YoY change
	SG&A expenses	Personnel expenses	(11.7)	(12.0)	(0.3)
		Outside staff expenses	(2.0)	(1.9)	+0.1
		Depreciation and amortization	(1.7)	(3.0)	(1.3)
		Others	(3.9)	(3.0)	+0.9
			(19.2)	(19.9)	(0.7)
	Other income		0.1	0.1	+0.0
	Other expenses		(0.0)	(0.1)	(0.0)
Other income and expenses			(19.1)	(19.8)	(0.7)

Breakdown of "Other income and expenses"**[Personnel expenses]**

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

On the other hand, there was a reductive effect by improving the utilization rate of system engineers.

[Depreciation and amortization]

Mainly amortization of fixed assets due to the office relocation.

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

[Others]

Improved by the impacts of office relocation. On the other hand, an increase in some costs since sales activities that had been shrinking due to the impacts of COVID-19 have resumed.

