

# Operating Results for the Fiscal Year 2021

April 28, 2022

ITOCHU Techno-Solutions Corporation



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## Summary

- **Revenue, all profit line items, OPM, orders received and backlog reached record highs.**

The actual data excluding special cause such as below reached high as well.

- Gain on the sales of Data Center assets: +2.8 \*

- Impairment of goodwill relating overseas consolidated subsidiaries: (3.3) \*

- Gain on fund management: +0.6 \*

\*the impact on net profit attributable to CTC's shareholders is described in billion of yen.

- **Net profit attributable to CTC's shareholder reached record highs for 8 consecutive years.**

Gross profit records highs for 10 consecutive years. Operating income records highs for 6 consecutive years.

- **Planning a total annual dividends of ¥85.**

Increase ordinary dividends by +¥5 and pay 50 commemorative dividends of ¥ 10.



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# Performance for FY2021 (vs. FY2020)

(Billion of yen)

	FY2020 Results	FY2021 Results	YoY change	YoY change (%)	Forecast at Beginning of FY
Revenue	479.9	522.4	+42.5	+8.9%	520.0
Gross profit	121.5	134.7	+13.2	+10.9%	132.0
Gross profit margin	25.3%	25.8%	+0.5p	-	25.4%
Other income and expenses	(77.8)	(84.2)	(6.4)	+8.2%	(83.5)
Operating income	43.6	50.5	+6.9	+15.7%	48.5
Operating income margin	9.1%	9.7% *	+0.6p	-	9.3%
Net profit attributable to CTC's shareholders	30.5	35.4 *	+4.9	+16.0%	33.0
Orders received	522.5	547.0 *	+24.5	+4.7%	535.0
Backlogs	314.9	339.6	+24.7	+7.8%	329.9

\*Performance excluding special cause such as the gain on the sale of Data Center assets (operating income: +4.1 billion of yen/ net profit attributable to CTC's shareholders: +2.8 billion of yen), impairment of goodwill relating overseas consolidated subsidiaries (operating income: +4.7 billion of yen/ net profit attributable to CTC's shareholders: +3.3 billion of yen), gain on fund management (net profit attributable to CTC's shareholders: +0.6 billion of yen)

• Operating income: 51.1 billion of yen (YoY Change: +17.0%)

• Operating income margin: 9.8% (YoY Change: +0.7P)

• Net profit attributable to CTC's shareholders: 35.2 billion of yen (YoY Change: +15.5%)



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## ■ Revenue

- Increased in all business groups. Performances of overseas consolidated subsidiaries in Singapore and Malaysia were also good.

## ■ Gross profit

- Increased for the rise in revenue and GPM.
- Gross profit margin rose further from the previous fiscal year.
- Gross profit margin improved by +0.3p(YoY) excluding unprofitable projects.

## ■ Other income and expenses

- Despite gain on sales of Data Center assets, other expenses increased mainly reflecting the rise in personnel expenses due to performance-linked bonus and impairment of goodwill relating overseas consolidated subsidiaries.

## ■ Operating income/ net profit attributable to CTC's shareholders

- Increased due to the rise in gross profit.

## ■ Order received

- Despite the reactionary fall from large-scale projects of the Telecommunication Business Group, orders received increased chiefly because of the upward trend of other business groups and overseas consolidated subsidiaries.

## ■ Backlogs

- Reached record highs by increasing further from backlogs at the end of previous fiscal year.

# Performance by Business Groups

(Billion of yen)

	Orders received			Revenue			Backlogs		
	FY2020 Results	FY2021 Results	YoY Change	FY2020 Results	FY2021 Results	YoY Change	FY2020 Results	FY2021 Results	YoY Change
Enterprise	117.2	129.1	+11.9	109.0	121.4	+12.4	74.1	81.8	+7.8
Distribution	49.9	51.5	+1.6	47.7	49.0	+1.3	30.2	32.8	+2.5
Telecommunication	207.9	189.5	(18.4)	178.7	188.8	+10.1	109.9	110.7	+0.8
Regional & Social Infrastructure	69.1	76.2	+7.1	62.4	70.1	+7.8	54.0	60.1	+6.1
Financial Services	24.6	27.6	+3.0	24.5	28.3	+3.7	19.8	19.1	(0.7)
Others	53.7	73.0	+19.3	57.6	64.8	+7.3	26.9	35.1	+8.2
<b>Total</b>	<b>522.5</b>	<b>547.0</b>	<b>+24.5</b>	<b>479.9</b>	<b>522.4</b>	<b>+42.5</b>	<b>314.9</b>	<b>339.6</b>	<b>+24.7</b>

## ■ Enterprise: DX-related projects for manufacturing and non-manufacturing were active.

➢ Orders/Revenue: rose primarily because of infrastructure, cloud and data analytics platform projects at a diverse industries such as manufacturing, automobile, construction, research institutions and pharmacy.

## ■ Distribution: Steady performance due to SI development for trading company and relating firms.

➢ Orders/Revenue: increased by data analysis and block-chain projects utilization in addition to the ERP system development for distribution industry.

## ■ Telecommunication: Kept high level despite reactionary fall of 5G-related projects and impacts of semiconductor shortage.

➢ Orders : decreased due to reactionary fall from 5G-related projects despite the rise of collaborative business with telecoms companies.

➢ Revenue: increased primarily for the 5G-related projects and collaborative business with telecoms companies.

## ■ Regional & Social infrastructure: Good performance in diverse domain such as public offices, public utilities, energy, manufacturing companies despite reactionary decrease from large-scale projects in the previous fiscal year.

➢ Orders : rose with network-building, maintenance and operation projects for public offices and infrastructure, cloud and SI development for public utilities by recovering reactionary fall from large-scale projects for social infrastructure in the previous fiscal year.

➢ Revenue: increased from network-building, maintenance and operation projects for public offices, infrastructure, cloud and SI development for public utilities, and infrastructure projects for social infrastructure.

## ■ Financial Services: Good performance mainly due to major banks, government financial institutions and online banks.

➢ Orders : rose with network-building and data analysis for banks, infrastructure for government financial institutions, and cloud to help other financial institutions improve operation efficiency.

➢ Revenue: increased from security platform and SI development for banks, and infrastructure for government financial institutions.

## ■ Others: Differed with countries, but good performance overall.

➢ Orders : increased chiefly from infrastructure projects at overseas consolidated subsidiaries in Singapore, Malaysia and US.

➢ Revenue: increased chiefly from infrastructure projects at overseas consolidated subsidiaries in Singapore and Malaysia.

# Performance by Business Model

(Billion of yen)

	Orders received			Revenue			Backlogs		
	FY2020 Results	FY2021 Results	YoY Change	FY2020 Results	FY2021 Results	YoY Change	FY2020 Results	FY2021 Results	YoY Change
Services	214.1 (41.0%)	218.0 (39.9%)	+3.9	195.4 (40.7%)	209.1 (40.0%)	+13.7	215.9 (68.6%)	224.8 (66.2%)	+8.9
SI Development	113.0 (21.6%)	118.4 (21.6%)	+5.4	103.3 (21.5%)	120.1 (23.0%)	+16.8	37.0 (11.7%)	35.3 (10.4%)	(1.7)
Products	195.4 (37.4%)	210.6 (38.5%)	+15.2	181.2 (37.8%)	193.1 (37.0%)	+12.0	62.0 (19.7%)	79.4 (23.4%)	+17.5
Total	522.5	547.0	+24.5	479.9	522.4	+42.5	314.9	339.6	+24.7

\* Percentage shows composition ratio



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## ■ Services

- Orders : rose due to network maintenance and operation for public offices, cloud for public utilities, and added to that other projects at overseas consolidated subsidiaries in Malaysia.
- Revenue: increased particularly from network maintenance and operation for public offices, 5G-related projects for telecoms companies and cloud for manufacturing and automobile industries.

## ■ SI Development

- Orders : rose from SI development for transportation, distribution industry and research institutions, network-building for public offices.
- Revenue: increased from SI development for transportation, distribution industry and research institutions, 5G-related projects for telecoms companies.

## ■ Products

- Orders : increased because of infrastructure for manufacturing industry and entertainment companies, projects at overseas consolidated subsidiaries in Malaysia and US.
- Revenue: rose because of software for manufacturing, automobile industries and banks, and infrastructure projects at social infrastructure and public offices, other projects at overseas consolidated subsidiaries in Singapore, Malaysia.

## Breakdown of other income and expenses

(Billion of yen)

		FY2020 Results	FY2021 Results	YoY Change
<b>SG&amp;A expenses</b>	Personnel expenses	(47.1)	(50.3)	(3.3)
	Outside staff expenses	(7.3)	(7.4)	(0.1)
	Depreciation and amortization	(9.7)	(8.3)	+1.4
	Others	(15.3)	(18.5)	(3.2)
		(79.3)	(84.5)	(5.2)
	Other income	1.8	5.4 <sup>*1</sup>	+3.6
	Other expenses	(0.4)	(5.1) <sup>*2</sup>	(4.8)
	<b>Other income and expenses</b>	<b>(77.8)</b>	<b>(84.2)</b>	<b>(6.4)</b>

\*1 Including the gain on the sale of Data Center assets : +4.1 billion of yen

\*2 Including impairment of goodwill relating overseas consolidated subsidiaries : (4.7) billion of yen

### [SG&A expenses]

#### ■ Personnel expenses

➢ Increased due to the rise in number of employees and salaries, and performance-linked bonuses.

#### ■ Depreciation and amortization

➢ Decreased by reactionary decrease from the fixed assets accelerated depreciations of former office in the previous fiscal year, despite the rise in repayment of the fixed assets accompanied with the office relocation.

#### ■ Others

➢ Rose because of costs helping company to grow in the future such as human resource development and some costs since sales activities that had been shrinking due to the impacts of COVID-19 have resumed and other costs regarding office rent.

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

### [Other income]

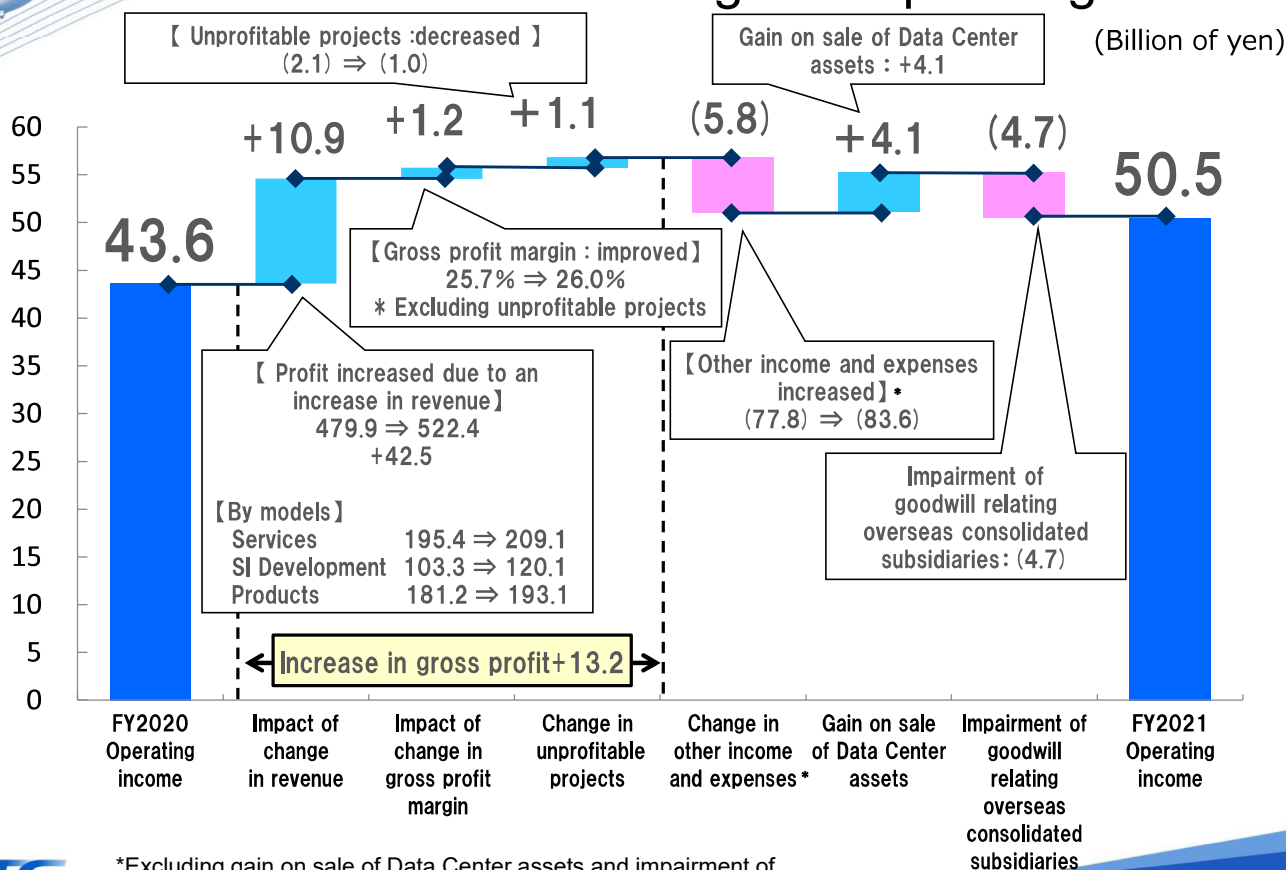
➢ Rose by the gain on the sales of Data Center assets.

### [Other expenses]

➢ Rose by impairment of goodwill relating overseas consolidated subsidiaries.



# Main reasons for YoY changes in operating income

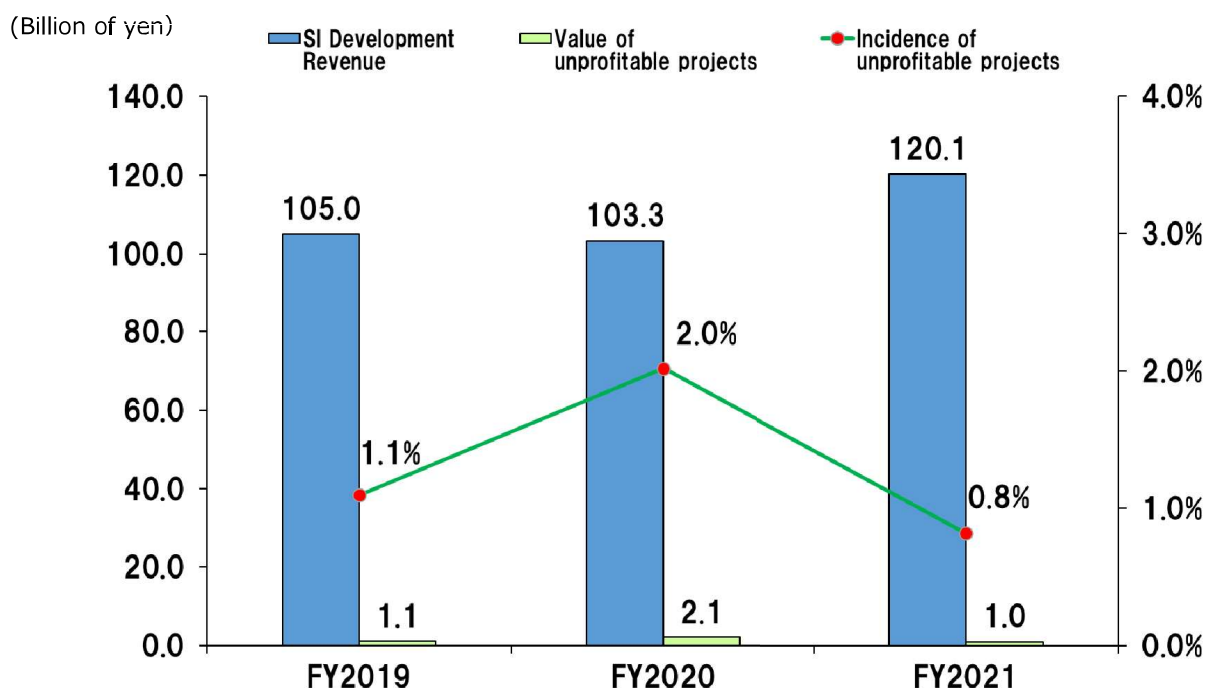


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## Revenue and unprofitable projects in SI Development

The ratio of unprofitable projects to the revenue of SI Development decreased.



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## Consolidated balance sheets

(Billion of yen)

	End of FY2020	End of FY2021	YoY Change
<b>Current assets</b>	<b>353.7</b>	<b>381.1</b>	<b>+27.4</b>
<b>Non current assets</b>	<b>109.1</b>	<b>126.6</b>	<b>+17.5</b>
<b>Total assets</b>	<b>462.7</b>	<b>507.7</b>	<b>+45.0</b>
<b>Current liabilities</b>	<b>172.8</b>	<b>173.7</b>	<b>+0.9</b>
<b>Non current liabilities</b>	<b>27.3</b>	<b>45.6</b>	<b>+18.2</b>
<b>Total liabilities</b>	<b>200.1</b>	<b>219.2</b>	<b>+19.1</b>
<b>Equity</b>	<b>262.6</b>	<b>288.5</b>	<b>+25.9</b>
<b>Total liabilities and equity</b>	<b>462.7</b>	<b>507.7</b>	<b>+45.0</b>

### [Current assets]

- Increased from the rise in trade accounts receivable with improvement of sales revenue and in cash and cash equivalents due to the gain of sales of Data Center assets.

### [Non current assets]

- Rose because of property, plant and equipment by office relocation and lease assets of new office rental despite impairment of goodwill relating overseas consolidated subsidiaries.

### [Non current liabilities]

- Long-term lease liabilities rose chiefly due to new office rental.



## Consolidated cash flows

(Billion of yen)

	FY2020	FY2021
Cash and cash equivalents at the beginning of the period	74.6	80.9
Operating activities	37.3	36.1
Investing activities	(10.1)	3.5
Financing activities	(21.1)	(27.4)
Cash and cash equivalents at the end of the period	80.9	94.1
Free cash flow	27.1	39.5

### [Operating activities]

- Acquired the appropriate funds according to the size of earnings.

### [Investing activities]

- Expenses due to acquisition of tangible fixed assets such as equipment because of office relocation.
- Income due to sales of property, plant and equipment because of sales of Data Center assets.

### [Financing activities]

- Expenses due to payment of dividends.
- Expenses due to repayment of lease liabilities such as operating equipment and office rent.

# For reference : Performance for the 4<sup>th</sup> quarter (3 months) of FY2021

(Billion of yen)

	4th Quarter FY2020 Results	4th Quarter FY2021 Results	YoY change	YoY change (%)
Revenue	149.0	163.3	+14.3	+9.6%
Gross profit	40.6	43.7	+3.0	+7.5%
Gross profit margin	27.3%	26.7%	(0.6p)	-
Other income and expenses	(20.0)	(28.1)	(8.1)	+40.5%
Operating income	20.7	15.6*	(5.0)	(24.4%)
Operating income margin	13.9%	9.6%*	(4.3p)	-
Net profit attributable to CTC's shareholders	14.6	10.7*	(3.9)	(26.7%)
Orders received	182.4	180.1	(2.3)	(1.2%)
Backlogs	314.9	339.6	+24.7	+7.8%

\* Performance excluding special cause such as impairment of goodwill relating overseas consolidated subsidiaries (operating income: (4.7) billion of yen/ net profit attributable to CTC's shareholders: (3.3) billion of yen)

- Operating income: 20.3 billion of yen (YoY Change: (1.9%))
- Operating income margin: 12.4% (YoY Change: (1.5P))
- Net profit attributable to CTC's shareholders: 14.0 billion of yen (YoY Change: (4.0%))



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## ■ Revenue

- Increased in all business groups. Performances of overseas consolidated subsidiaries in Singapore and Malaysia were also good.

## ■ Gross profit

- Rose for increase in revenue.

## ■ Other income and expenses

- Expenses increased mainly reflecting the rise in personnel expenses due to the rise in number of employees and performance-linked bonus, and impairment of goodwill relating overseas consolidated subsidiaries.

## ■ Operating income/ net profit attributable to CTC's shareholders

- Declined due to the rise other expenses.

## ■ Backlogs

- Reduced by reactionary fall from some large-scale projects such as 5G-related projects, software licenses and multi-year collective contract of operation services in the previous fiscal year.

# For reference : Performance by business groups/business model for the 4<sup>th</sup> quarter (3 months) of FY2021

(Billion of yen)

		Orders received			Revenue		
		4th Quarter (3months) FY2020 Results	4th Quarter (3months) FY2021 Results	YoY Change	4th Quarter (3months) FY2020 Results	4th Quarter (3months) FY2021 Results	YoY Change
By business group	Enterprise	41.1	40.7	(0.4)	31.8	36.5	+4.7
	Distribution	20.7	21.9	+1.1	12.9	14.1	+1.2
	Telecommunication	72.0	66.8	(5.2)	63.1	66.0	+2.9
	Regional & Social	20.3	21.8	+1.5	19.3	21.7	+2.4
	Financial Services	9.0	7.7	(1.4)	7.1	7.3	+0.2
	Others	19.2	21.4	+2.1	14.9	17.7	+2.9
	Total	182.4	180.1	(2.3)	149.0	163.3	+14.3
By business model	Services	103.5	100.7	(2.7)	52.7	56.2	+3.4
	SI Development	30.1	30.8	+0.8	32.1	36.2	+4.1
	Products	48.8	48.5	(0.3)	64.1	70.9	+6.8
	Total	182.4	180.1	(2.3)	149.0	163.3	+14.3

## [Performance by business group]

- **Enterprise:** Orders were roughly on a par with the previous fiscal year ultimately by reflecting the reactionary fall from outsourcing services for retail finance and cloud for transportation despite increased for infrastructure projects at manufacturing industry, SI development at information services and cloud and analysis projects at construction company. Revenue rose by infrastructure projects for manufacturing industry and SI development for research institutions.
- **Distribution:** Orders and revenue rose due to SI development for distribution industry.
- **Telecommunication:** Orders declined by reactionary fall from 5G-related projects for telecoms companies. Revenue rose due to 5G-related projects and collaborative business with telecoms companies.
- **Regional & Social infrastructure:** Orders rose by infrastructure projects at railway company and network projects at public utilities. Revenue increased from maintenance and operation for public offices, and SI development for railway company.
- **Financial Services:** Orders fall due to reactionary fall from software for banks in the previous fiscal year. Revenue were roughly on a par with the previous fiscal year.
- **Others:** Orders increased chiefly from infrastructure projects at overseas consolidated subsidiaries in Malaysia and Indonesia. Revenue rose chiefly from infrastructure projects at overseas consolidated subsidiaries in US.

## [Performance by business model]

- **Services:** Orders decreased particularly from reactionary fall from outsourcing services for retail finance and cloud for transportation. Revenue increased mainly from outsourcing services for retail finance, and cloud for industries such as manufacturing, automobile and public utilities, and network maintenance and operation for public offices.
- **SI Development:** Orders increased from SI development for distribution industry and banks. Revenue increased from SI development for research institutions, pharmacy and distribution industry.
- **Products:** Orders were roughly on a par with the previous fiscal year ultimately by reflecting the reactionary fall from 5G-related projects for telecoms companies and software for banks despite the rise due to infrastructure projects at manufacturing companies. Revenue increased from software for manufacturing and automobile companies, and network projects at telecoms company and public offices.

# For reference : Breakdown of “Other income and expenses” for the 4<sup>th</sup> quarter (3 months) of FY2021

(Billion of yen)

		4th Quarter (3months)	4th Quarter (3months)	YoY change
<b>SG&amp;A expenses</b>	Personnel expenses	(11.9)	(13.8)	(1.9)
	Outside staff expenses	(1.7)	(1.8)	(0.1)
	Depreciation and amortization	(4.6)	(1.8)	+2.8
	Others	(2.8)	(6.3)	(3.5)
		(21.0)	(23.7)	(2.7)
	Other income	1.2	0.7	(0.5)
	Other expenses	(0.1)	(5.0)*	(4.9)
	<b>Other income and expenses</b>	<b>(20.0)</b>	<b>(28.1)</b>	<b>(8.1)</b>

\* Impairment of goodwill relating overseas consolidated subsidiaries : (4.7) Billion of yen

## [SG&A expenses]

### ■ Personnel expenses

➢ Increased due to the rise in number of employees and salaries, and performance-linked bonuses.

### ■ Depreciation and amortization

➢ Decreased by reactionary decrease from the fixed assets accelerated depreciations of former office in the previous fiscal year, despite the rise in repayment of the fixed assets accompanied with the office relocation.

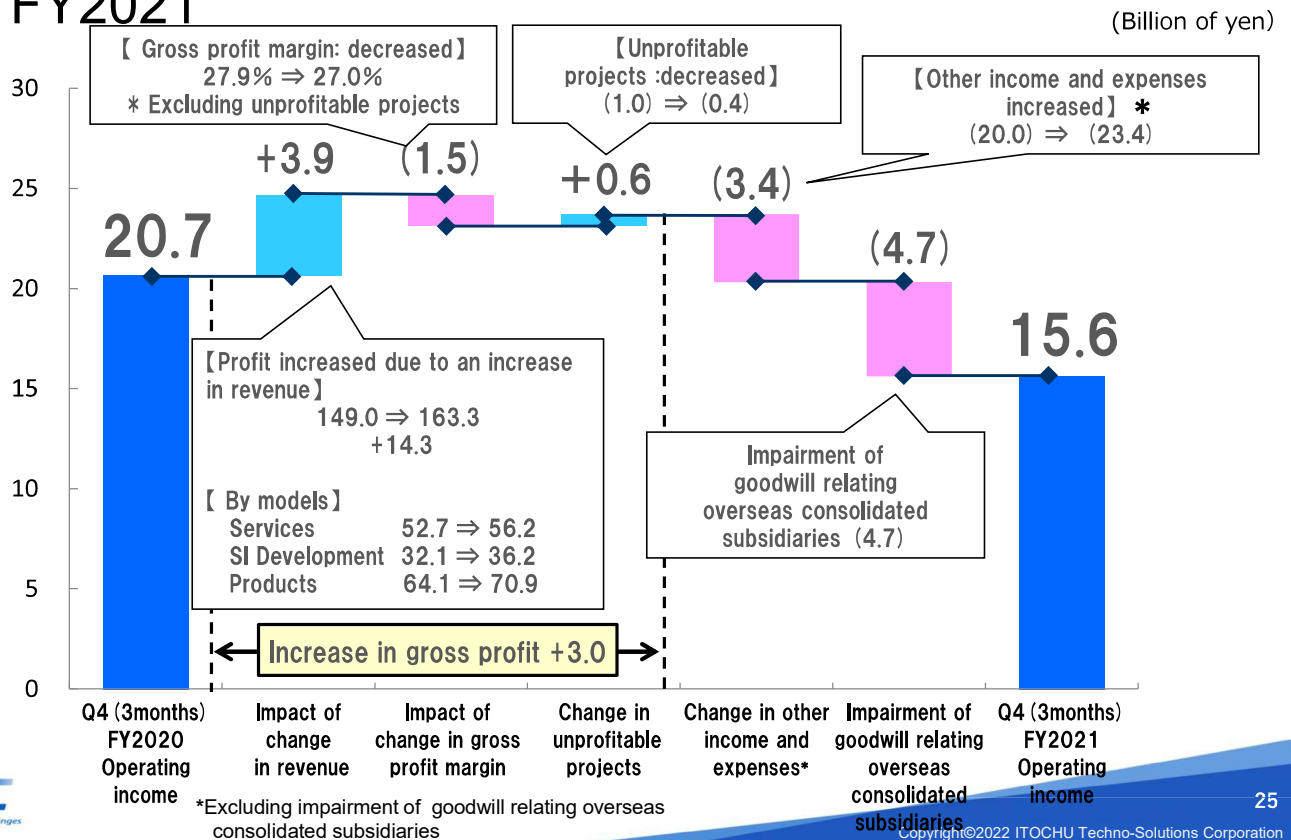
### ■ Others

➢ Rose because of costs helping company to grow in the future such as human resource development and some costs since sales activities that had been shrinking due to the impacts of COVID-19 have resumed and other costs regarding office rent.  
➢ The impact of office relocation is divided into "depreciation and amortization" and "others", but the net impact is slight.

## [Other expenses]

➢ Rose by impairment of goodwill relating overseas consolidated subsidiaries.

# For reference : Main reasons for YoY changes in operating income for the 4th quarter (3 months) of FY2021



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# Beyond the Horizons

 To the Future Ahead

## Accelerate

Create future wealth

Accelerate new initiatives that support customers' innovation

## Expand

Expand current wealth

Further exploration and market expansion in strong areas

## Upgrade

Increase feasibility

Practicing self-improvement with a view to the future

## Priority Scenarios of the new Medium-Term Management Plan

### Accelerate

Create future wealth

Customer operations, customer businesses, and DX in people's daily lives

Community building and expanding business co-creation

Providing high value-added services and advanced technologies

### Expand

Expand current wealth

5G business expansion based on "creation"

Strengthening XaaS businesses

Global expansion of domestic business models

### Upgrade

Increase feasibility

Strengthening overall capabilities by combining individual growth and the right person in the right place

Management infrastructure reform to adapt to changes in the environment

Co-existence with various stakeholders



# FY2021 Review of Medium-Term Management Plan: Quantitative

## Accelerate

Create future wealth

Accelerate new initiatives that support customers' innovation

Priority Scenarios	Initiatives in FY 2022
Customer operations, customer businesses, and DX in people's daily lives	<ul style="list-style-type: none"> <li>Acquired DX projects in the LOB domain to effect changes in the operations and business of our customers</li> <li>Acquired projects that transform customers' business with digital technology</li> </ul>
Community building and expanding business co-creation	<ul style="list-style-type: none"> <li>Opened up co-creation business with customers from diverse industries and partners</li> </ul>
Providing high value-added services and advanced technologies	<ul style="list-style-type: none"> <li>Started testing of advanced technologies such as RAN, Metaverse and Observability</li> </ul>

# FY2021 Review of Medium-Term Management Plan: Quantitative

## Expand

Expand current wealth

Further exploration and market expansion in strong areas

Priority Scenarios	Initiatives in FY 2022
5G business expansion based on "creation"	<ul style="list-style-type: none"> <li>Kept good performance regarding 5G-related projects for telecoms companies</li> <li>Acquired PoC projects with local 5G</li> </ul>
Strengthening XaaS businesses	<ul style="list-style-type: none"> <li>Expanded integration business of cloud for public offices and municipalities</li> <li>Expanded business of public cloud particularly AWS</li> <li>Advanced CUVIC services by strategic collaborations with IBM</li> </ul>
Global expansion of domestic business models	<ul style="list-style-type: none"> <li>Expanded global delivery functions in our overseas region bases</li> </ul>

# FY2021 Review of Medium-Term Management Plan: Quantitative

**Upgrade**

Increase feasibility

Practicing self-improvement with  
a view to the future

Priority Scenarios	Initiatives in FY 2022
Strengthening overall capabilities by combining individual growth and the right person in the right place	<ul style="list-style-type: none"> <li>Developed digital innovation and digital transformation personnel, advanced security and cloud personnel.</li> <li>Introduced of career sponsorship system for empowerment of women in the workplace</li> </ul>
Management infrastructure reform to adapt to changes in the environment	<ul style="list-style-type: none"> <li>Relocated head office and promoted in-house DX</li> <li>Prepared for selection of Prime Market</li> <li>Signed a strategic partnership agreement in order to optimize business of Data Centers</li> </ul>
Co-existence with various stakeholders	<ul style="list-style-type: none"> <li>Released detailed report regarding Human Resources Strategy for the expansion of information disclosure</li> <li>Implemented 50th year commemorative measures including advertisement</li> </ul>

## Reference: TOPIC 1

**Accelerate**  
Create future wealth

### CTC Begins Preparations for the Provision of an IoT Camera Solution

\*See press release for details. <https://www.ctc-g.co.jp/company/release/20211122-01376.html>

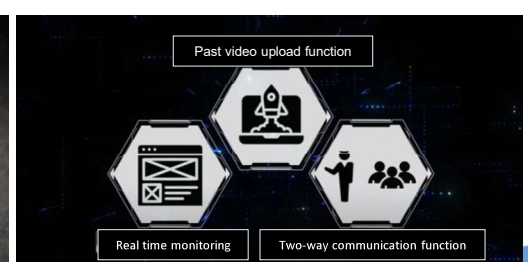
CTC has begun collaborating with NTT Docomo, Inc. and MOYAI Co. in the provision of an IoT camera solution.

This solution is a platform service that enables the real-time viewing of video collected via NTT Docomo's network using MOYAI's high-functioning network sensor with built-in LEDs\* and quick AI video analysis.

CTC will be responsible for data storage, device management, the development of viewing interfaces and service operations.

\* A sensor using a highly functional camera with integrated LED lights.

The inside of stores, vehicles, and other locations can be photographed simply by replacing existing fluorescent lights, eliminating the cost of electric wiring construction and allowing easy installation without changing decorations or layout.



## Reference: TOPIC 2

**Expand**

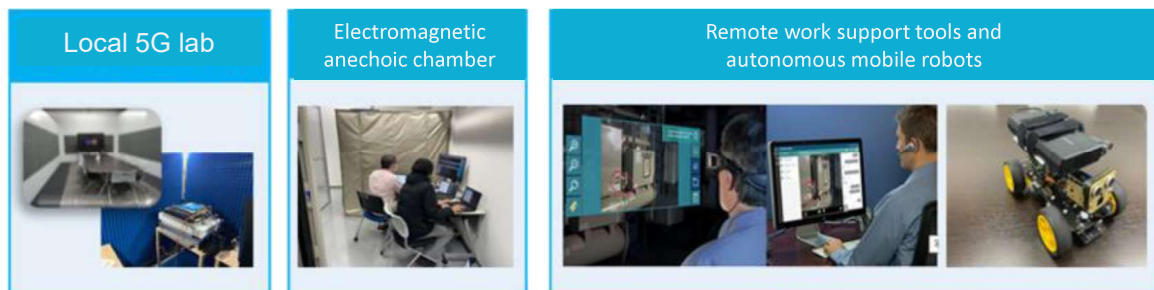
Expand current wealth

### CTC Launches Local 5G Verification Space

\*See press release for details <https://www.ctc-g.co.jp/company/release/20220105-01392.html>

The space has a communication environment consisting of core equipment for a wireless system necessary for the introduction of the technology, network equipment, mobile terminals, security devices and other equipment. This space opens the way toward the quick construction of proof of concept environments. CTC will develop new solutions and services related to local 5G technologies.

- New business development using large-capacity data communication technology
- Remote work assistance using artificial intelligence (AI) and augmented reality (AR) technologies
- Automation of tasks in factories using autonomous mobile robots (AMR) and other solutions and services



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## Reference: TOPIC 3

**Upgrade**

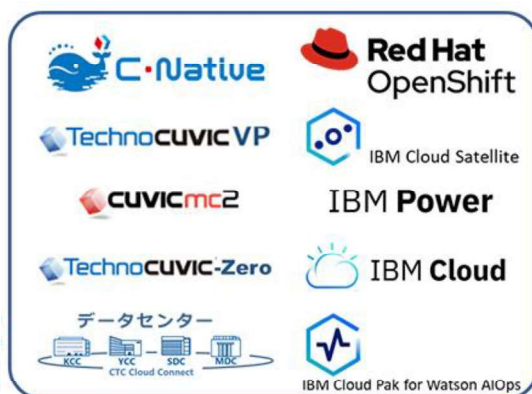
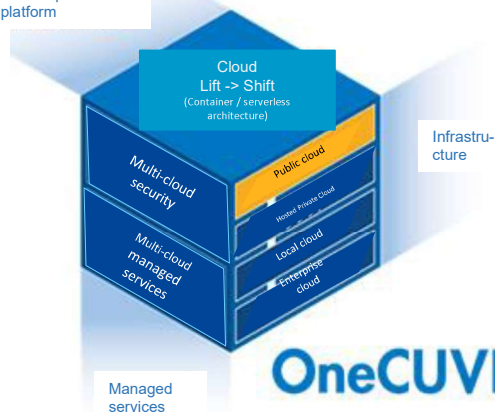
Increase feasibility

### Implement the OneCUVIC strategy

\*See press release for details. <https://www.ctc-g.co.jp/company/release/20211201-01378.html>

As part of the actions for strengthening its own brand, OneCUVIC, CTC has signed strategic partnership agreements with Digital Edge (Japan) G.K. and Kanden Energy Solution Co., Inc. The goals of these agreements are to expand cloud services and increase operational efficiency. CTC aims to provide efficient data center services and enhanced hybrid cloud services.

Application development and execution platform



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# FY2021 Review of Medium-Term Management Plan: Qualitative

**Steadily moving forward achieving medium-term management plan.  
ROE achieves 2023 target ahead of schedule.**

	FY2020 Actual	FY2021 Actual	FY2023 Target
Operating income ratio	9.1%	9.7%	10%
Net profit attributable to CTC's shareholders	30.5 Billion Yen	35.4 Billion Yen	40.0 Billion Yen
ROE	12.5%	13.2%	13% or above

## I

FY2021

## Operating Results

## II

FY2021-FY2023

## Progress of Medium-Term Management Plan

## III

FY2022

## Forecasts

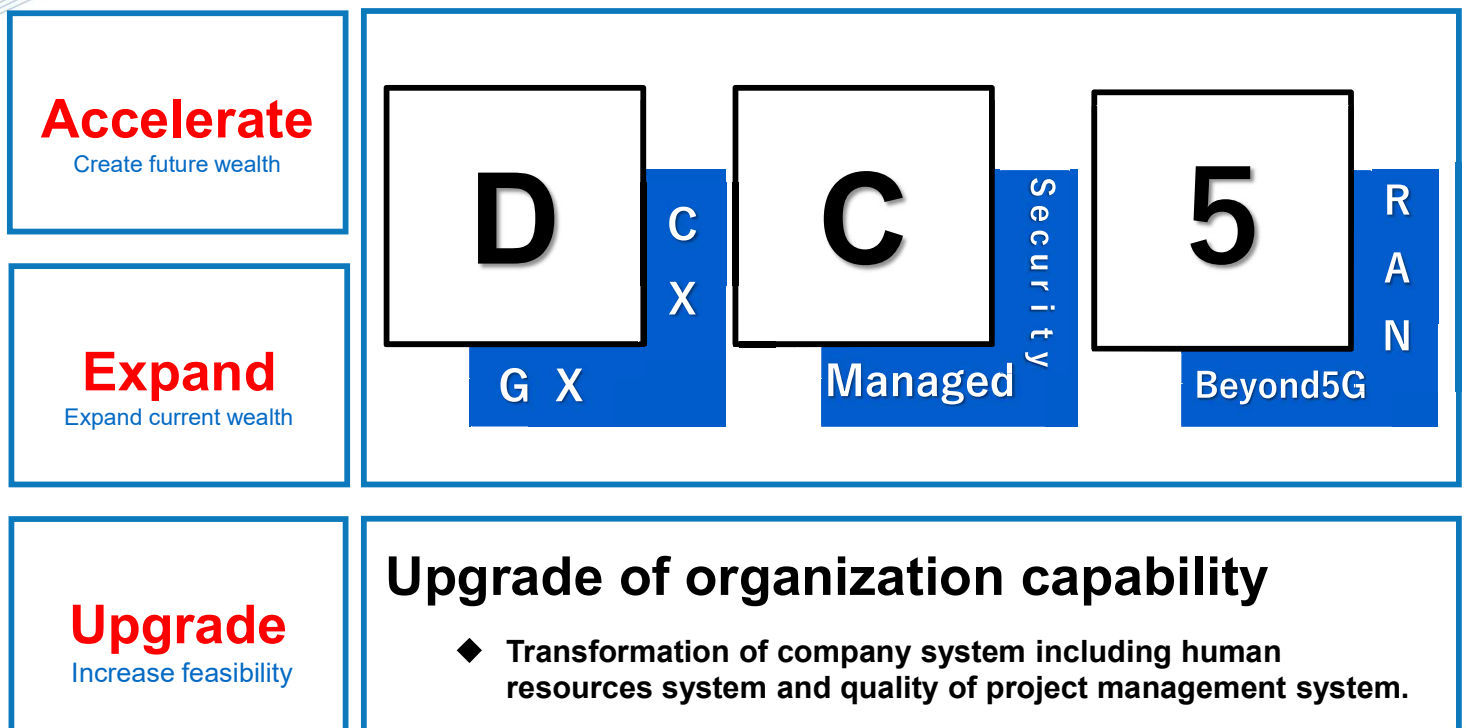


# Positioning of FY 2022 in the Mid-term Management Plan

Refining WAZA (unique skillset) every year toward FY2023

Beyond the Horizons			
	FY2021	FY2022	FY2023
	守	破	離
	<b>Accelerate / Create future wealth</b> Accelerate new initiatives that support customers' innovation		
	<b>Expand / Expand current wealth</b> Further exploration and market expansion in strong areas		
	<b>Upgrade / Increase feasibility</b> Practicing self-improvement with a view to the future		
Operating income	9.7%	10%	10%
Net profit attributable to CTC's shareholders	35.4 Billion of yen	38.0 Billion of yen	40.0 Billion of yen
ROE	13.2%	13.1%	13.0%or above

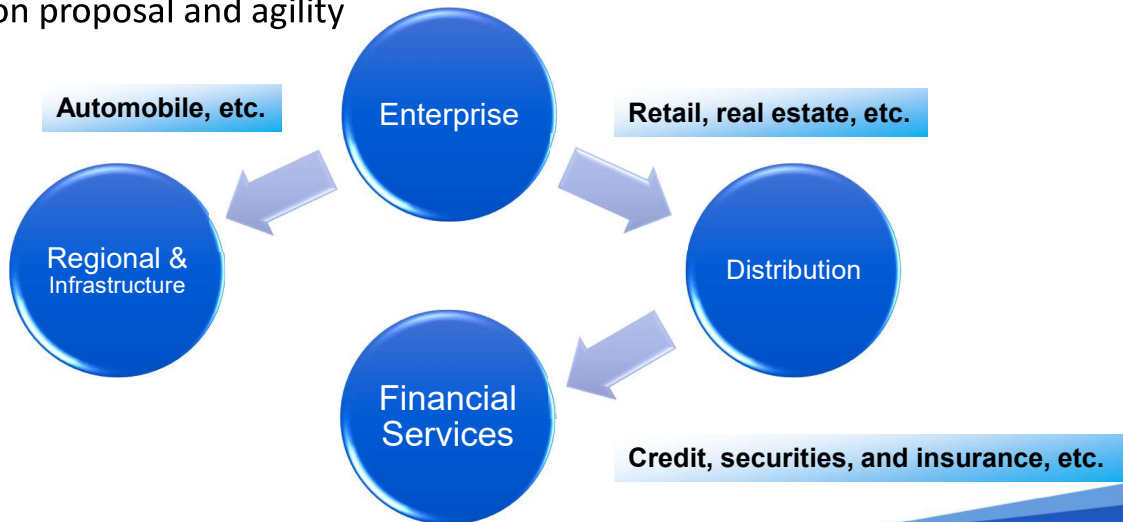
## Key Measures in FY 2022



# FY2022 Main reorganization implement

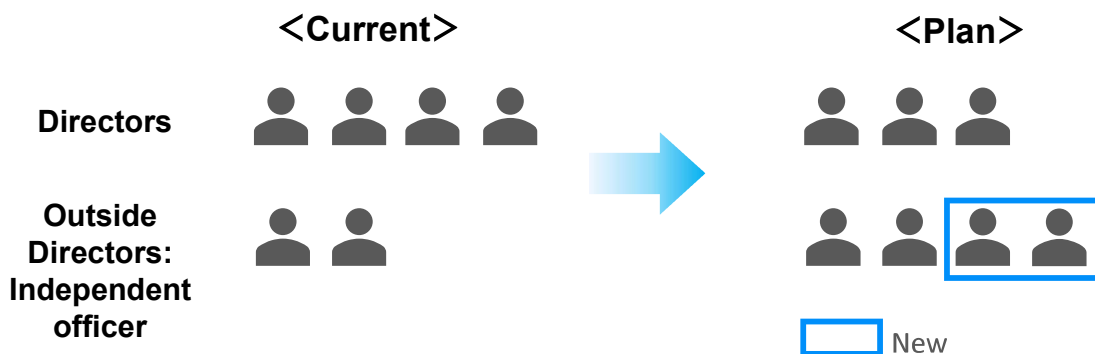
Executed reorganization implement to maximize our strengths for sustainable growth.

- consolidation our pool of engineers
- concentrating our know-how and enhancing our capability regarding solution proposal and agility



## Change of Corporate Governance Structure: Director

Planning to increase the number of independent directors by two, and half of the Company's directors would be independent outside directors for the sake of enhance management transparency, fairness, and diversity in order to maximize corporate value.



This change is planning to be executed after resolution of general meeting of share holders.



# FY2022 Operating Results Forecast

(Billion of yen)

	FY2021 Results	FY2022 Forecast	YoY change	YoY change (%)
Revenue	522.4	553.0	+30.6	+5.9%
Gross profit	134.7	143.0	+8.3	+6.2%
Gross profit margin	25.8%	25.9%	+0.1p	-
Other income and expenses	(84.2)	(87.5)	(3.3)	+3.9%
Operating income	50.5	55.5	+5.0	+9.9%
Operating income margin	9.7%	10.0%	+0.4p	-
Net profit attributable to CTC's shareholders	35.4	38.0	+2.6	+7.4%
Order received	547.0	563.0	+16.0	+2.9%
Backlogs	339.6	349.6	+10.0	+3.0%

## Growth of each business group

All of business group facing new challenges of each.

The entire group will achieve growth overall with combination of each strength.

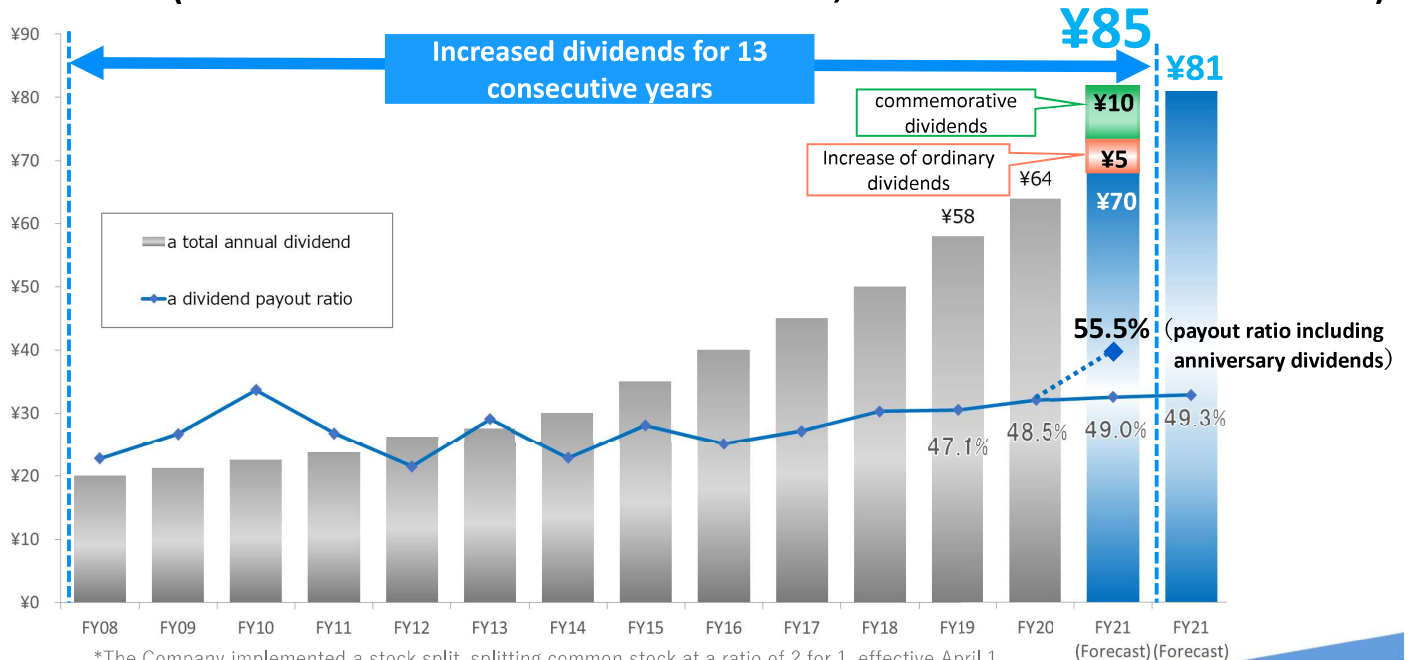
Business group	Key Measures
Enterprise	<ul style="list-style-type: none"> <li>● Accelerate DX of diverse customer base</li> <li>● Create business opportunities regarding GX and Health Tech</li> <li>● Expand integration with cloud shift</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>● Advance strengths in ERP system domain</li> <li>● Expand customer base in distribution industry</li> <li>● Expand business of co-creation by utilizing block-chain and AI</li> </ul>
Telecommunication	<ul style="list-style-type: none"> <li>● Steady progress in network domain and expand new domain, prepare beyond 5G</li> <li>● Collaboration and co-creation with customers</li> <li>● Expand business domain by collaborating with other business groups and other System Integrators</li> </ul>
Regional & Social Infrastructure	<ul style="list-style-type: none"> <li>● Lead local innovation by enhancing application and consulting domain in addition to the infrastructure</li> <li>● Strengthen collaboration between business groups with region, industry and technology</li> <li>● Steady progress of large-scale projects</li> </ul>
Financial Services	<ul style="list-style-type: none"> <li>● Increasing and horizontally rolling out the know-how regarding market-related and risk-related fields</li> <li>● Hele customer DX of business transformation</li> <li>● Challenge retail domain and CX</li> </ul>
ITS	<ul style="list-style-type: none"> <li>● Implement One CUVIC</li> <li>● Enhance security services and shift to service-oriented business</li> </ul>
Global	<ul style="list-style-type: none"> <li>● Strengthening the profitability of overseas Operating Companies</li> <li>● unearthing leading-edge technologies</li> </ul>
DxG	<ul style="list-style-type: none"> <li>● enhancing the cooperative relationship of DX partners</li> <li>● creation of new business</li> </ul>

# Shareholder Return Plan

- increase year end dividends by +¥ 5 from the initially planned ¥ 35
- pay 50 years commemorative dividends of ¥ 10

⇒ planning year end dividends of ¥ 50

(Combined with interim dividends of ¥ 35, an annual dividends will be ¥ 85.)



\*The Company implemented a stock split, splitting common stock at a ratio of 2 for 1, effective April 1, 2018. The results of dividends per share before FY17 are displayed in the converted values after the stock split.

\*The dividend payout ratio in the above graph is shown by rounding off the first decimal place.



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## Lastly

- ◆ As the first year of Mid-Term Management Plan, we had a good start in terms of both quantity and quality.
- ◆ Toward our sustainable growth, CTC group will challenge new technology and build new WAZA (unique skillset) to expand our business domain.
- ◆ We take every possible precaution to changes in external environment.



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# Beyond the Horizons



To the Future Ahead

**CTC**

Challenging Tomorrow's Changes

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