Consolidated Financial Results
for the Fiscal Year ended March 31, 2019
(IFRS)

April 26, 2019

Listed Company Name:	ITOCHU Techno-Solutions Corporation	Listing Exchanges:	Tokyo Stock Exchange
Securities Code:	4739	URL:	http://www.ctc-g.co.jp/en/index.html
Representative:	Satoshi Kikuchi, President & CEO		
Contact:	Yasuo Tode, General Manager, General Accounting & Financial Control Department Phone: +81-3-6203-5000		

Scheduled date to Annual General Meeting of Shareholders:	June 19, 2019
Scheduled date of dividend paymenat:	June 20, 2019
Scheduled date to submit the annual securities report *(Yukashoken Hokokusho)*:	June 20, 2019
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (for institutional investors and analysts)

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Fiscal Year ended March 31, 2019 (April 1, 2018 –March 31, 2019)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Revenue		Operating income		Profit before tax		Net Profit		Net profit attributable to CTC's shareholders		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 3/19	451,957	5.2	35,898	10.0	36,286	7.6	24,878	4.6	24,616	4.4	25,361	2.0
Year ended 3/18	429,625	5.3	32,622	4.8	33,729	7.8	23,774	8.1	23,581	7.9	24,855	16.0

	Basic earnings per share attributable to CTC's shareholders	Diluted earnings per share attributable to CTC's shareholders	Ratio of Net profit attributable to CTC's shareholders to shareholder's equity	Ratio of profit before tax to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
Year ended 3/19	106.55	—	11.5	9.9	7.9
Year ended 3/18	102.04	—	11.8	9.8	7.6

(Reference) Share of profit of associates accounted for using the equity method: Year ended 19/3: 388 millions of yen Year ended 18/3: 6 millions of yen

(Note) The company conducted a two-for-one stock split for its common stock on April 1, 2018. The amount of "Basic earnings per share attributable to CTC's shareholders" is calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Total shareholders' equity	Ratio of shareholders' equity to total assets	shareholders' equity per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
Year ended 3/19	378,936	225,105	220,701	58.2	955.30
Year ended 3/18	353,882	210,850	206,569	58.4	894.13

(Note) The company conducted a two-for-one stock split for its common stock on April 1, 2018. The amount of "shareholders' equity per share" is calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(3) Consolidated cash flow position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 3/19	20,622	(3,235)	(9,567)	58,878
Year ended 3/18	11,014	(2,306)	(5,994)	51,003

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended 3/18	—	42.50	—	47.50	90.00	10,405	44.1	5.2
Year ended 3/19	—	24.00	—	26.00	50.00	11,561	46.9	5.4
Year ended 3/20 (forecast)	—	27.50	—	27.50	55.00		47.1	

(Note) The company conducted a two-for-one stock split for its common stock on April 1, 2018. For the fiscal years ended March 2018, the amounts of dividends before the stock split are recorded.

3. Forecast for Consolidated Business Results for the Fiscal Year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent changes from the same period of previous fiscal year)

	Revenue		Operating income		Profit before tax		Net Profit		Net profit attributable to CTC's shareholders		Basic earnings per share attributable to CTC's shareholders
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	480,000	6.2	39,000	8.6	39,500	8.9	27,300	9.7	27,000	9.7	116.87

* Notes

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting principles and changes of accounting estimates
- (i) Changes in accounting principles required by IFRS: Applicable
- (ii) Changes in accounting principles other than (i): Not applicable
- (iii) Changes in accounting estimates: Not applicable

(3) Number of outstanding shares (common shares)
- (i) Number of shares outstanding at the end of period (including treasury shares):
  Year ended 3/19: 240,000,000 shares Year ended 3/18: 240,000,000 shares
- (ii) Number of treasury shares at the end of period:
  Year ended 3/19: 8,970,749 shares Year ended 3/18: 8,970,504 shares
- (iii) Average number of shares during the period:
  Year ended 3/19: 231,029,271 shares Year ended 3/18: 231,111,806 shares

(Note) The Company conducted a two-for-one stock split for its common stock on April 1, 2018. "Number of shares outstanding at the end of period (including treasury shares)," "Number of treasury shares at the end of period" and "Average number of shares during the period" are calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Business Results for the Fiscal Year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Non-consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 3/19	401,420	4.4	22,872	11.7	27,022	8.5	19,287	(17.7)
Year ended 3/18	384,618	7.0	20,467	0.3	24,894	7.2	23,433	7.0

	Earnings per share	Earnings per share/ diluted
	Yen	Yen
Year ended 3/19	83.48	—
Year ended 3/18	101.40	—

(Note) The Company conducted a two-for-one stock split for its common stock on April 1, 2018. The amount of "Earnings per share" is calculated on the assumption that the stock split had been carried out at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of yen	Millions of yen	%	Yen
Year ended 3/19	346,824	204,002	58.8	883.02
Year ended 3/18	327,083	195,535	59.8	846.36

(Reference) Shareholders' equity (Millions of yen): Year ended 3/19: 204,002 Year ended 3/18: 195,535

(Note) The Company conducted a two-for-one stock split for its common stock on April 1, 2018. The amount of "Book-value per share" is calculated on the assumption that the stock split had been carried out at the beginning of the previous fiscal year.

(Note) The financial figures presented in the Summary of Non-Consolidated Financial Results are prepared in accordance with the Japan GAAP.

* This document is an English translation of a statement written initially in Japanese as a guide for non-Japanese investors. The Japanese original document should be considered as the primary version.

* Disclosure regarding audit procedures
- This quarterly financial results report is not subject to quarterly review procedures by independent auditors under the Financial Institutions and Exchange Act. At the time of disclosure of this report, review procedures for quarterly financial statements had not been completed.

* Cautionary statement with respect to forward-looking statements
- These materials contain forward-looking statements and statements of this nature based on assumptions judged to be valid and information available to the Company as of the announcement date of the summary. These statements are not promises by the Company regarding future performance. Actual results may differ materially from forecasts due to a variety of factors.

* "CTC" is the abbreviation for ITOCHU Techno-Solutions Corporation.

○Accompanying Materials –Contents

1. Analysis of Operating Results and Financial Condition

(1) Analysis of operating results

In the fiscal year under review, the Japanese economy staged a modest recovery overall against the background of improvement in corporate earnings and employment conditions, even though there were signs of weakness in some areas of the domestic economy due to the slowdown in the world economy caused by factors such as rising global trade tensions.

In the information service industry, business conditions remained firm with IT investments showing a trend toward recovery in fields such as manufacturing and distribution.

In this environment, ITOCHU Techno-Solutions Corporation (“CTC”) and its consolidated subsidiaries (collectively the “CTC Group”) formulated a Medium-Term Management Plan subtitled “Opening New Horizons” for a period of three years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021. In this Management Plan, aimed at “Take responsibility for the evolution of the IT industry, as the industry’s leading company,” the CTC Group stipulated fields for new activities as “Horizons.” In the four Horizons stipulated in this way, the CTC Group is focusing on “Go upward: Challenge business transformation,” “Go forward: Sharpening our advantages,” “Go out: New coverage, new region in globe” and “Consolidate foothold: Stabilize management infrastructure.” Specific initiatives are as follows.

＜Initiatives related to “Go upward: Challenge business transformation”＞

・As the first step toward reforming ITOCHU Corporation’s mission-critical systems, the CTC Group built a next-generation integrated Group-wide data platform that supports faster, more flexible business data analysis based on taking a hard look at the age of digital transformation. The CTC Group will continue expanding new functions that support operations in the period through fiscal 2020, such as the streamlining and sophistication of management decisions based on the real-time processing of sales and settlement data and business efficiency improvement through the application of artificial intelligence (AI).

・The CTC Group and ITOCHU Corporation started a Proof of Concept (PoC) with the aim of developing a blockchain traceability system that ensures stable procurement and supply of raw material in the supply chain, improving the traceability of its distribution. The PoC will take place in the raw material supply chain of Pt. Aneka Bumi Pratama, a natural rubber processing company fully owned by ITOCHU Corporation. The POC plans to use a smartphone app that allows transaction details of suppliers involved in the supply chain, from production to delivery, to be recorded in the blockchain. This will ensure the transparency of the supply chain and establish traceability.

＜Initiatives related to “Go forward: Sharpening our advantages”＞

・The CTC Group built a data communication connection system for Security Mobile Access (“SMA”), a mobile access service for business customers provided by SoftBank Corporation. SMA is a service that meets diverse needs including the development of environments that employees working from home can access from outside their company via mobile terminals and the construction of systems to integrate with many IoT devices. When building the data communication connection system, the CTC Group used NFV（Network Functions Virtualization）technology and achieved high scalability which can handle high volume of connection.

・The CTC Group added and enhanced the functions of its “E-PLSM” cloud service for renewable energy management, launched in 2011. The CTC Group added a function for detecting signs of anomalies in power generation equipment and enhanced the energy output estimation function for wind and solar powers to improve accuracy. To make renewable energy more widely use, the energy output estimates used to maintain the balance between energy supply and demand need to be more accurate. The CTC Group will continue helping customers to raise productivity through enhancement of its E-PLSM service and will continue contributing to achievement of the sustainable development goals (SDGs) through the development of clean energy technologies.

＜Initiatives related to “Go out: New coverage, new region in globe”＞

・To expand IT service operations in Europe and North America, CTC formed a business alliance with Newton Information Technology Ltd. in Britain and a capital alliance with SYSCOM (USA) INC. in the United States through ITOCHU Techno-Solutions America, Inc., its subsidiary in the United States. (CTC acquired 33.7% of the outstanding shares of SYSCOM (USA) INC. through the subsidiary). The CTC Group will cooperate with the two companies from now on to achieve a global customer support network that covers Europe, North America, the ASEAN region and Japan.

・The Group has opened “agile offices” at its offices in Tokyo and Toyota City Aichi. An agile office is a dedicated space for agile development that will make it possible to commence new business quickly with a small start while responding flexibly to changes in customer requirements or specifications. The Group will strive to co-create digital businesses in the environment that facilitates close cooperation with customers while also focusing its efforts on the development of engineers to be involved in the co-creation.

・The CTC Group invested in Cinnamon Inc., a company with leading technologies in the field of handwritten character recognition using deep learning (AI-OCR), as an investment project undertaken by CTC Innovation Partners, a venture capital established to provide support to start-ups and expand business domains through joint ventures with customers. In addition, the CTC Group invested in CoCooking Co., Ltd., a company offering a platform for reducing food waste by linking unsold products with buyers, and Active SONAR Inc., a provider of a resale platform that supports activities in the field of the sharing economy, in a bid to contribute to the realization of a recycling-oriented society and the achievement of SDGs.

＜Initiatives related to “Consolidate foothold: Stabilize management infrastructure”＞

・CTC concluded an academic exchange agreement with Waseda University for training individuals in the data science field where there are shortages as a result of the recent advancement of big data, IoT and AI. In cooperation with Waseda University, the CTC Group will commit to training personnel in the field of data science, in addition to advancing data analysis and AI development at companies. The Group also established AI_LAB, an environment for verifying use of AI at scale and learning, and we began offering a free program for the university at the lab. In addition, to further strengthen the framework for promoting AI business, the CTC Group delivered an AI education program to around 3,000 employees.

・The CTC Group has been actively implementing “workstyle reform” and “health management” initiatives to enable employees to stay healthy and work efficiently with a sense of job satisfaction. In recognition of these initiatives, CTC was certified an Excellent Enterprise of *Health* and Productivity Management *2019* (*White 500*) by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi for a third consecutive year. Meanwhile, in recognition of our initiatives to actively recruit women, such as the delivery of career seminars by female managers, the development of a mentor-mentee program to support women’s career advancement, and the development and enhancement of childcare-related programs to enable mothers to continue working, CTC was also as selected as a “Semi-Nadeshiko Brand” by METI and the Tokyo Stock Exchange for outstanding efforts to encourage the empowerment of women in the workplace.

In its sales activities, the Group focused primarily on network and infrastructure development projects for the communications sector, and infrastructure and maintenance projects for the manufacturing sector.

Revenue for the fiscal year under review amounted to 451,957 million yen (up 5.2% year on year), reflecting across-the-board increases, in the Development business and the Services business. Operating income rose 10.0%

year on year, to 35,898 million yen, thanks to higher sales and an improved gross margin. Profit before tax came to 36,286 million yen (up 7.6% year on year) due to higher operating income, despite factors including lower gains on sales of shares of subsidiaries and associates. Net profit was 24,878 million yen (up 4.6% year on year). Net profit attributable to CTC's shareholders totaled 24,616 million yen (up 4.4% year on year).

Segment results by business were as follows.

Effective from the fiscal year under review, the Company revised its reportable segment structure. Year-on-year comparisons and analyses have been adjusted to reflect the revised segments.

(i) Distribution & Enterprise

Revenue increased by 3.6% year on year, to 155,471 million yen, due mainly to the increase in operation for the distribution sector and infrastructure development and maintenance projects for the manufacturing sector. Profit before tax rose by 0.8%, to 9,813 million yen.

(ii) Telecommunication

Revenue rose by 12.5%, to 174,496 million yen, reflecting growth mainly in network and infrastructure development projects for the communications sector. Profit before tax increased by 19.4%, to 14,935 million yen.

(iii) Regional Business & Social Infrastructure

Revenue decreased by 8.0%, to 49,833 million yen, mainly due to decline in projects for the public business sector. Profit before tax fell 41.1%, to 1,117 million yen due to lower revenue and higher SG&A expenses.

(iv) Finance & Social Infrastructure

Revenue rose by 5.3%, to 42,560 million yen, reflecting growth in infrastructure development projects for the finance sector. Profit before tax increased 9.4%, to 2,535 million yen.

(v) IT Services

In this segment, all the companies in the Group offer comprehensive services that focus on cloud-related business and maintenance and operation. Revenue rose by 0.5%, to 105,583 million yen, and profit before tax grew by 23.1%, to 9,214 million yen.

(vi) Others

Revenue rose by 11.8%, to 38,258 million yen, mainly due to an increase in projects at certain overseas subsidiaries. Profit before tax rose by 130.2%, to 2,270 million yen chiefly owing to an increase in equity in earnings of associates and joint ventures in addition to higher revenue.

(Note) The revenue and profit before tax for the segments shown above are those before the elimination of intersegment sales.

(2) Analysis of financial condition

Assets at the end of the consolidated fiscal year under review amounted to 378,936 million yen, up 25,053 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases of 7,875 million yen in cash and cash equivalents, 3,329 million yen in inventories, and 15,594 million yen in other current assets.

Liabilities rose by 10,798 million yen from the end of the previous consolidated fiscal year, to 153,830 million yen. This was mainly due to increases of 5,328 million yen in trade and other payables, 1,875 million yen in income taxes payable, 1,413 million yen in liabilities for employee benefits (current liabilities,) and 1,330 million yen in long-term financial liabilities.

Equity reached 225,105 million yen, up 14,255 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to increases of 24,878 million yen in profit for the year and 482 million yen in other comprehensive income, offsetting a decrease of 11,199 million yen due to the payment of dividends.

(3) Analysis of cash flows

Cash and cash equivalents (hereinafter called “cash”) at the end of the fiscal year under review rose 7,875 million yen from the end of the previous fiscal year, to 58,878 million yen.

The status and major components of each cash flow in the consolidated fiscal year under review are shown below.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 20,622 million yen. This reflected 36,286 million yen in profit before tax, 8,851 million yen in depreciation and amortization expense, an increase of 16,332 million yen in trade and other receivables, and 10,336 million yen in income taxes paid.

Compared to the previous consolidated fiscal year, net cash provided by operating activities increased by 9,608 million yen due to increases of 2,556 million yen in profit before tax and 5,245 million yen in trade and other payables as well as a decrease of 4,446 million yen in increase in trade and other receivables.

(Cash flows from investing activities)

Net cash used in investing activities totaled 3,235 million yen. This was due to 3,248 million yen in payments for purchases of property, plant and equipment, 1,646 million yen in payments for purchases of intangible assets, 963 million yen in payments for purchase of investment securities, and 504 million yen in payments for purchases of shares of subsidiaries despite 3,000 million yen in net decrease (increase) in deposits

Compared to the previous consolidated fiscal year, net cash used in investing activities increased by 929 million yen. This was attributable to increases of 568 million yen in payments for purchases of intangible assets, 564 million yen in payments for purchase of investment securities, and 504 million yen in payments for purchases of shares of subsidiaries despite an increase of 1,000 million yen in net decrease (increase) in deposits.

(Cash flows from financing activities)

Net cash used in financing activities totaled 9,567 million yen. Major factors were 2,715 million yen in repayments of finance lease obligations and 11,039 million yen in dividends paid to CTC’s shareholders, offsetting 3,806 million yen in proceeds from sales and leasebacks.

Compared to the previous consolidated fiscal year, net cash used in financing activities increased by 3,572 million yen. This result reflected a 2,411 million yen decrease in proceeds from sales and leasebacks and a 1,214 million yen increase in dividends paid to CTC’s shareholders.

(4) Outlook for the fiscal year ended March 31, 2019

Although the impact of trade tensions on the international economy and the volatility of financial and capital markets will continue to require close monitoring, the Japanese economy is expected to continue to recover at a modest pace.

In the information services industry, the impact of changes in the economic environment on corporate earnings will need to be monitored. However, investment in the IT sector is expected to remain solid, particularly in the distribution, manufacturing and telecommunications sectors.

Under these circumstances, the Group maintained “Take responsibility for the evolution of the IT industry, as the industry’s leading company” as its vision and formulated its new Medium-Term Management Plan: “Opening New Horizons ～To See New Landscapes～,” covering the three years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021. More specifically, the Group aims to achieve the quantitative targets for the fiscal year ending March 31, 2021 by steadily implementing various measures based on the following four themes.

◆Medium-Term Management Plan: “Opening New Horizons ～To See New Landscapes～”

＜Priority Measures：Four Horizons＞

(i) Go upward (Challenge business transformation)

The CTC Group will build partnerships to grow with customers by expanding consulting services and bolstering its applications development capabilities.

・Co-Creation of digital transformation businesses with major clients：The CTC Group will develop new digital businesses with customers.

・Expand businesses in application services layer：The CTC Group will further the development of business applications aggressively by introducing new technologies and methods for developing applications.

(ii) Go forward (Sharpening our advantages)

The CTC Group will work to expand and stabilize earnings by building up its strong points such as IT infrastructure and cloud computing services.

・No.1 Cloud-computing integrator：The CTC Group will bolster its capabilities to integrate cloud services, such as hybrid cloud services and the cloud native environment centered on DevOps.

・No.1 IT Infrastructure & network environment provider：The CTC Group will increase its earnings strength in the fields of infrastructure and networks where it has advantages by plowing deep SDN/NFV, AI and IoT technologies.

・Accelerate expanding of recurring businesses：The CTC Group will work to stabilize earnings by strengthening cloud services, mission-critical system operation services and managed security services (MSS).

(iii) Go out (New coverage, new region in globe)

The CTC Group will search for new regions and business fields, and establish businesses that contribute to earnings growth in the future.

・Create open innovation activities as new business models：The CTC Group will offer IT services globally by expanding service and R&D bases.

・Expand global activities：The CTC Group will expand its systems for collaboration with companies in different lines of business and challenge new business fields, in addition to making the most of its collaborations with start-ups, venture funds aimed at joint ventures with customers and the "DEJIMA" space for realizing open innovations.

(iv) Consolidate foothold (Stabilize management infrastructure)

The CTC Group will build rock-solid business foundations as the groundwork for all its activities.

・Skill transition & workstyle transformation：The CTC Group will strive to enhance the attractiveness of its Group companies by improving personnel systems so that they contribute to greater job satisfaction for employees and promoting working style reforms that support diverse ways of working.

・Consolidate CTC-group governance：The CTC Group will seek to improve its Group value by enhancing operational efficiency and pursuing specialization using AI/RPA.

・Quality first & customer centric：The CTC Group will offer reliable IT services by checking issues each year as business partners through its activities of listening to customers and reflecting their opinions in service improvements.

・Keep shareholders value & returns：The CTC Group will implement capital policies that give consideration to growth in ROE.

<Quantitative targets>

The targets for the fiscal year ending March 31, 2021, which is the final year of the new Medium-Term Management Plan are as follows:

・Profit attributable to CTC's shareholders: 30 billion yen
・Cloud and IT outsourcing business: 60 billion yen
  *CTC will aim to expand recurring business to ensure stable revenue for the future.
・Global business: 60 billion yen
  *In addition to growth in Japan, CTC will also continue to focus on global business with high growth potential.
・ROE exceeding 12%

As a result of the above, the Company's forecast for the fiscal year ending March 31, 2019 is revenue of 450,000 million yen, operating income of 35,000 million yen, profit before tax of 35,000 million yen, net profit for the year of 24,200 million yen, and profit attributable to CTC's shareholders of 24,000 million yen.

2. Basic Policy for the Selection of Accounting Standards

As part of its efforts to promote global business expansion, the Group adopts International Financial Reporting Standards, which are global accounting standards, with the aim of enhancing convenience to Japanese and overseas shareholders and investors by facilitating the international comparability of our financial information in capital markets.

3. Consolidated Financial Statements

(1) Consolidated statement of financial position

	Previous consolidated fiscal year (As of March 31, 2018)	Consolidated fiscal year (As of March 31, 2019)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Assets)		
Current assets		
Cash and cash equivalents	51,003	58,878
Trade and other receivables	130,370	132,348
Inventories	25,577	28,907
Current tax assets	79	78
Other current financial assets	23,333	20,089
Other current assets	42,427	58,021
Total current assets	272,792	298,325
Non-current assets		
Property, plant and equipment	34,857	34,488
Goodwill	4,470	4,233
Intangible assets	10,538	8,937
Investments accounted for using the equity method	724	1,568
Other non-current financial assets	14,888	16,233
Deferred tax assets	12,817	12,467
Other non-current assets	2,793	2,681
Total non-current assets	81,090	80,611
Total assets	353,882	378,936

	Previous consolidated fiscal year (As of March 31, 2018)	Consolidated fiscal year (As of March 31, 2019)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Liabilities and Equity)		
Current liabilities		
Trade and other payables	48,572	53,901
Other current financial liabilities	5,992	5,479
Income taxes payable	8,089	9,964
Liabilities for employee benefits	17,633	19,047
Provisions	707	1,333
Other current liabilities	44,934	45,677
Total current liabilities	125,929	135,403
Non-current liabilities		
Non-current financial liabilities	10,912	12,243
Liabilities for employee benefits	4,149	4,016
Provisions	1,716	1,825
Deferred tax liabilities	324	341
Total non-current liabilities	17,103	18,427
Total liabilities	143,032	153,830
Equity		
Common stock	21,763	21,763
Capital surplus	33,152	33,193
Treasury stock	(9,621)	(9,622)
Retained earnings	160,544	174,460
Other components of equity	730	906
Total shareholders' equity	206,569	220,701
Non-controlling interests	4,281	4,404
Total equity	210,850	225,105
Total liabilities and equity	353,882	378,936

(2) Consolidated income statement and consolidated comprehensive income statement

Consolidated income statement

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (From April 1, 2018 to March 31, 2019)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Revenue	429,625	451,957
Cost of sales	(328,024)	(344,248)
Gross profit	101,601	107,709
Other income and expenses		
Selling, general and administrative expenses	(69,165)	(71,795)
Other income	371	558
Other expenses	(185)	(574)
Total other income and expenses	(68,978)	(71,810)
Operating income	32,622	35,898
Financial income	574	284
Financial costs	(811)	(285)
Share of profit of associates accounted for using the equity method	6	388
Gains on disposal and remeasurement of investments in subsidiaries and associates	1,337	—
Profit before tax	33,729	36,286
Income tax expense	(9,954)	(11,407)
Net profit	23,774	24,878
Profit attributable to:		
CTC's shareholders	23,581	24,616
Non-controlling interests	192	261

Earnings per share (Attribution to CTC's shareholders):	(Yen)	(Yen)
Basic earnings per share	102.04	106.55
Diluted earnings per share	—	—

Consolidated comprehensive income

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (From April 1, 2018 to March 31, 2019)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Profit	23,774	24,878
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss:		
Changes in net fair value of financial assets measured through other comprehensive income	430	108
Remeasurement of defined benefit plans	252	295
Share of other comprehensive income of associates accounted for using the equity method	1	(2)
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	465	26
Cash flow hedges	(42)	53
Share of other comprehensive income of associates accounted for using the equity method	(26)	1
Total other comprehensive income, net of tax effect	1,080	482
Total comprehensive income	24,855	25,361
Total comprehensive income attributable to:		
CTC's shareholders	24,535	25,086
Non-controlling interests	320	275

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

Items	Attributable to the owners of the Company						
					Other components of equity		
	Common stock	Capital surplus	Treasury stock	Retained earnings	Exchange differences on translating foreign operations	Changes in net fair value of financial assets measured through other comprehensive income	Cash flow hedges
April 1, 2017	21,763	33,076	(9,231)	146,537	(582)	621	(9)
Profit	—	—	—	23,581	—	—	—
Other comprehensive income	—	—	—	—	311	432	(42)
Total comprehensive income	—	—	—	23,581	311	432	(42)
Payment of dividends	—	—	—	(9,827)	—	—	—
Purchase of treasury stock	—	—	(390)	—	—	—	—
Sale of treasury stock	—	—	—	—	—	—	—
Share-based payment transactions	—	36	—	—	—	—	—
Changes in interests in subsidiaries	—	40	—	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	252	—	—	—
Total transactions with owners	—	76	(390)	(9,574)	—	—	—
March 31, 2018	21,763	33,152	(9,621)	160,544	(270)	1,053	(52)

Items	Shareholders' equity		Non-controlling interests	Total equity
	Other components of equity	Total shareholders' equity		
	Remeasurement of defined benefit plans			
April 1, 2017	—	192,175	3,525	195,701
Profit	—	23,581	192	23,774
Other comprehensive income	252	953	127	1,080
Total comprehensive income	252	24,535	320	24,855
Payment of dividends	—	(9,827)	(87)	(9,914)
Purchase of treasury stock	—	(390)	—	(390)
Sale of treasury stock	—	—	—	—
Share-based payment transactions	—	36	—	36
Changes in interests in subsidiaries	—	40	521	562
Transfer to retained earnings from other components of equity	(252)	—	—	—
Total transactions with owners	(252)	(10,141)	434	(9,706)
March 31, 2018	—	206,569	4,281	210,850

Consolidated fiscal year under review (From April 1, 2018 to March 31, 2019) (Millions of yen)

Items	Shareholder's equity						
					Other components of equity		
	Common stock	Capital surplus	Treasury stock	Retained earnings	Exchange differences on translating foreign operations	Changes in net fair value of financial assets measured through other comprehensive income	Cash flow hedges
April 1, 2018 (as previously reported)	21,763	33,152	(9,621)	160,544	(270)	1,053	(52)
Effect of accounting change	—	—	—	46	—	—	—
April 1, 2018 (as restated)	21,763	33,152	(9,621)	160,591	(270)	1,053	(52)
Profit	—	—	—	24,616	—	—	—
Other comprehensive income	—	—	—	—	14	105	53
Total comprehensive income	—	—	—	24,616	14	105	53
Payment of dividends	—	—	—	(11,041)	—	—	—
Purchase of treasury stock	—	—	(0)	—	—	—	—
Sale of treasury stock	—	0	0	—	—	—	—
Share-based payment transactions	—	47	—	—	—	—	—
Changes in interests in subsidiaries	—	(6)	—	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	293	—	1	—
Total transactions with owners	—	41	(0)	(10,747)	—	1	—
March 31, 2019	21,763	33,193	(9,622)	174,460	(256)	1,160	1

Items	Shareholders' equity		Non-controlling interests	Total equity
	Other components of equity	Total shareholders' equity		
	Remeasurement of defined benefit plans			
April 1, 2018 (as previously reported)	—	206,569	4,281	210,850
Effect of accounting change	—	46	—	46
April 1, 2018 (as restated)	—	206,616	4,281	210,897
Profit	—	24,616	261	24,878
Other comprehensive income	295	469	13	482
Total comprehensive income	295	25,086	275	25,361
Payment of dividends	—	(11,041)	(158)	(11,199)
Purchase of treasury stock	—	(0)	—	(0)
Sale of treasury stock	—	0	—	0
Share-based payment transactions	—	47	—	47
Changes in interests in subsidiaries	—	(6)	6	—
Transfer to retained earnings from other components of equity	(295)	—	—	—
Total transactions with owners	(295)	(11,000)	(152)	(11,152)
March 31, 2019	—	220,701	4,404	225,105

(4) Consolidated cash flow statement

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (From April 1, 2018 to March 31, 2019)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from operating activities		
Profit before tax	33,729	36,286
Adjustments for:		
Depreciation and amortization expense	8,820	8,851
Impairment losses	10	456
Interest and dividend income	(253)	(283)
Interest expenses	794	234
Share of profit of associates accounted for using the equity method	(6)	(388)
Loss(gains) on disposal and remeasurement of investments in subsidiaries and associates	(1,337)	—
Increase in trade and other receivables	(20,778)	(16,332)
(Increase) decrease in inventories	(1,432)	(2,309)
Increase (decrease) in trade and other payables	249	5,494
Others - net	2,282	(1,286)
Subtotal	22,077	30,722
Interest and dividends received	289	318
Interest paid	(57)	(81)
Income taxes paid	(11,295)	(10,336)
Net cash provided by operating activities	11,014	20,622
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,419)	(3,248)
Payments for retirement of property, plant and equipment	(36)	(116)
Proceeds from sales of property, plant and equipment	7	11
Purchases of intangible assets	(1,078)	(1,646)
Proceeds from sales of intangible assets	—	1
Purchases of investment securities	(398)	(963)
Proceeds from sales of investment securities	10	3
Purchases of shares of subsidiaries	(464)	—
Purchases of shares of subsidiaries and associates	—	(504)
Proceeds from sales of shares of subsidiaries and associates	751	—
Proceeds from dividend of investment partnership	445	13
Proceeds from Government grants	42	42
Decrease (increase) in deposits other than cash equivalents	2,000	3,000
Others – net	(165)	171
Net cash used in investing activities	(2,306)	(3,235)

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (From April 1, 2018 to March 31, 2019)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	539
Purchase of treasury stock	(390)	(0)
Proceeds from share issuance to non-controlling interests	562	—
Proceeds from sales and leaseback	6,218	3,806
Repayments of finance lease obligations	(2,473)	(2,715)
Dividends paid to CTC's shareholders	(9,824)	(11,039)
Dividend paid to non-controlling interests	(87)	(158)
Others – net	—	0
Net cash used in financing activities	(5,994)	(9,567)
Effects of exchange rate changes on cash and cash equivalents	76	56
Net increase (decrease) in cash and cash equivalents	2,790	7,875
Cash and cash equivalents at the beginning of the year	48,213	51,003
Cash and cash equivalents at the end of the year	51,003	58,878

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)
None

(Change in the accounting policies)
Application of IFRS 9 Financial Instruments

Starting from the consolidated fiscal year ended March 2019, the Group applies IFRS 9 Financial Instruments (revised in July 2014). In applying IFRS 9, the Group adopted a method with which the accumulated impact of the application of IFRS 9 is recognized on the day when it began to be applied, which is permitted as a transitional measure.

Concerning impairment losses of financial assets, IFRS 9 replaces "incurred loss model" in IAS 39 "Financial Instruments: Recognition and Measurement" with "expected credit loss model."

On the last day of every consolidated accounting period, the CTC Group assesses whether or not credit risk related to financial assets has increased significantly from the level at the time of initial recognition. Where the credit risk has not increased significantly from the level at the time of initial recognition, the Group recognizes the amount equivalent to the 12-month expected credit losses as the allowance for doubtful accounts. On the other hand, where the credit risk has increased significantly from the level at the time of initial recognition, the Group recognizes the amount equivalent to the full lifetime expected credit losses as the allowance for doubtful accounts. However, the Group applies the simplified approach stipulated in IFRS 9 for expected credit losses related to trade receivables, contract assets and lease receivables, recognizing the allowance for doubtful accounts to be equivalent in amount to the full lifetime expected credit losses. Expected credit losses are estimated by reflecting changes in credit information, information about overdue accounts receivable and other information.

The application of this standard does not have any material impact on the profit or loss of the Group.

Application of IFRS 15 Revenue from Contracts with Customers

Starting from the consolidated fiscal year ended March 2019, the CTC Group applies IFRS 15 Revenue from Contracts with Customers (published in May 2014) and Clarifications to IFRS 15 (published in April 2016) (hereinafter collectively referred to as "IFRS 15"). In applying IFRS 15, the Group adopted a method with which the accumulated impact of the application of IFRS 15 is recognized on the day when it began to be applied, which is permitted as a transitional measure.

Reflecting the application of IFRS 15, the Group recognizes its revenue in the following five steps:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

The Group is engaged in Services, Development and SI, and the sale of Products, and recognizes revenue from each of these activities as outlined below.

Revenue is measured based on the compensation indicated in the contract with the customer by excluding the amount of money collected for third parties. The CTC Group recognizes revenue when the control of goods or a service is passed to the customer.

Consideration for a performance obligation is usually received within one year of satisfaction of the performance obligation (except for transactions that fall under leases on the lessor side which are accounted for in accordance with IRFS 16) and does not include significant financing components.

(i) Services

Transactions in which revenues are generated by providing service include SE services, maintenance transactions and other transactions that involve rendering services. Such transactions are routine or repeat services and the performance obligation is judged to be satisfied over the time during which the service is provided to the customer in accordance with the contract, and the CTC Group recognizes revenue by prorating the amount promised in the contract with the customer over the period during which it renders the service.

(ii) Development and SI

Transactions in which revenues are generated by providing development and SI services include system development and infrastructure development transactions under contracts or quasi-mandate contracts.

In transactions under contracts, the Group is not allowed to divert a system under development, etc. to another customer or a different application and has an enforceable right to receive payment for the completed work. Consequently, the performance obligation is judged to be satisfied based on the progress of system development or infrastructure development and, if the total cost to complete the project can be reasonably measured, the Group recognizes revenue by the cost to cost method (based on the total expenses incurred at the end of the period to the total estimated cost), or if the total cost to complete the project cannot be reasonably measures, the Group recognizes revenue based on the amount of incurred costs which are likely to be recoverable. Revenue recognized before the date that it is invoiced to the customer is recognized as contract assets.

In transactions under quasi-mandate contracts, since the Group generally renders certain services over a contract period, the performance obligation is judged to be satisfied over time and the Group recognizes revenue by prorating the amount promised in the contract with the customer over the period during which it renders the services.

(iii) Products

Transactions in which revenues are generated by selling products include sales of hardware and software. In such transactions, the performance obligation is judged to be satisfied when the terms of delivery, for instance, the handover of the hardware or software products to the customer or receipt via acceptance inspection, are satisfied, and the Group recognizes revenue based on the amount promised in the contract with the customer at such time.

(iv) Hybrid transactions

In the case of revenue relating to hybrid transactions in which the Group provides multiple goods or services, for example, selling products and providing maintenance services, the Group identifies performance obligations in the contract and if it is necessary to allocate the consideration under the contract to separate performance obligations, the Group usually allocates the transaction price based on the estimated standalone sale price through the approach of adding a margin to the expected cost.

The application of this standard does not have any material impact on the consolidated financial statements of the Group.

(Segment information)

(i) Summary of reportable segments

The Group's reporting segments are components of the Group's organizational structure, and the Group has five reportable segments: Distribution & Enterprise, Telecommunication, Regional Business & Social Infrastructure, and Finance and IT Services

The Distribution & Enterprise, Telecommunication, Regional Business & Social Infrastructure, and Finance Business Groups are classed as organizations that can provide optimum solutions to meet customer needs, and each of these segments conduct comprehensive proposal and sales activities ranging from consulting to system design, construction, maintenance and operation services.

The IT Services Business Group's role is to collaborate with the abovementioned four reportable segments over proposals and procurement in the service-type business which consists mainly in IT infrastructure outsourcing and maintenance and operations.

As part of structural changes implemented on April 1, 2018, the Company shifted resources to expand public and regional business and transferred the public business, which had previously been included in the "Finance & Social Infrastructure Business," to the "Public and Regional Business," and changed the names of the segments from "Public and Regional Business" to "Regional Business & Social Infrastructure" and from "Finance & Social Infrastructure Business" to "Finance Business" respectively. The Group also partially revised the product responsibility structure and this caused fluctuation in "Inter-segment revenue or transfers" for some reportable segments.

The segment information for the previous fiscal year has been prepared based on the reportable segment classifications after the change.

The segments reported below are business units of the Group that have separate financial information available and that are subject to periodical examinations by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance

(ii) Information about reportable segment revenue, profit or loss, assets, etc.

The accounting policies and procedures used for the reportable segments are the same as those used for the consolidated financial statements. Intersegment transactions are based on actual market prices.

The Group's reportable segment information is as follows.

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable Segment						Other (Note1)	Total	Reconciliations (Note2)	Consolidated
	Distribution & Enterprise	Telecommunications	Regional Business & Social Infrastructure	Finance	IT Services	Subtotal				
Revenue										
Revenue from external customers	141,222	151,158	53,883	39,189	10,824	396,278	33,346	429,625	—	429,625
Inter-segment revenue or transfers	8,819	3,893	268	1,220	94,236	108,438	880	109,318	(109,318)	—
Total	150,042	155,051	54,152	40,409	105,060	504,717	34,226	538,944	(109,318)	429,625
Profit before tax (Segment profit)	9,735	12,505	1,898	2,318	7,486	33,944	986	34,930	(1,200)	33,729
Segment assets	62,673	72,698	18,338	14,111	78,621	246,443	35,362	281,805	72,077	353,882
Other items										
Financial income	44	58	3	16	11	135	48	183	391	574
Financial costs	(29)	(5)	(4)	(0)	(174)	(214)	(3)	(217)	(594)	(811)
Share of profit of associates accounted for using the equity method	(31)	—	—	—	—	(31)	38	6	—	6
Loss (gain) on sale and valuation of investments in associates	1,147	—	—	—	—	1,147	189	1,337	—	1,337
Depreciation and amortization expense (Note 3)	(1,433)	(328)	(193)	(79)	(3,847)	(5,882)	(2,765)	(8,647)	(172)	(8,820)
Impairment losses	—	—	—	—	(9)	(9)	—	(9)	(0)	(10)
Investments accounted for using the equity method	554	—	—	—	—	554	170	724	—	724
Capital expenditures (Note 3)	505	355	205	76	2,876	4,019	1,242	5,262	(53)	5,208

(Notes) 1 . "Other", which is not included in the reportable segments, consists of foreign subsidiaries and Advanced IT Strategy Group, etc.

2. Reconciliations are as follows:

(1) Reconciliations of segment loss of 1,200 million yen include primarily administrative expenses and investments that are not allocated to business segments of 1,904 million yen

(2) Reconciliations of segment assets of 72,077 million yen include corporate assets of 88,333 million yen and intersegmental elimination of receivables and payables of (13,026) million yen. Corporate assets consist of primarily cash and cash equivalents that are not allocated to business segments and assets related to the administrative department.

(3) Reconciliations of financial income in other items of 391 million yen include 399 million yen of gains related to the administrative department that are not allocated to business segments. Reconciliations of financial costs of 594 million yen include 602 million yen of losses related to the administrative department that are not allocated to business segments. Reconciliations of depreciation and amortization expense of 172 million yen include depreciation and amortization on corporate assets of 392 million yen and elimination of unrealized gains of 219 million yen. Reconciliations of impairment losses of 0 million yen are impairment losses related to corporate assets. Reconciliations of capital expenditures of (53) million yen include an increase in corporate assets of 65 million yen and elimination of unrealized gains of (118) million yen.

3. Depreciation and amortization and capital expenditure under other items include amounts associated with long-term prepaid expenses.

Consolidated fiscal year under review (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segment						Other (Note1)	Total	Reconciliations (Note2)	Consolidated
	Distribution & Enterprise	Telecommunications	Regional Business & Social Infrastructure	Finance	IT Services	Subtotal				
Revenue										
Revenue from external customers	145,002	168,860	49,291	40,560	11,340	415,054	36,903	451,957	—	451,957
Inter-segment revenue or transfers	10,468	5,636	542	2,000	94,243	112,891	1,355	114,246	(114,246)	—
Total	155,471	174,496	49,833	42,560	105,583	527,945	38,258	566,203	(114,246)	451,957
Profit before tax (Segment profit)	9,813	14,935	1,117	2,535	9,214	37,616	2,270	39,886	(3,599)	36,286
Segment assets	72,716	79,436	21,273	12,225	74,070	259,723	37,355	297,078	81,857	378,936
Other items										
Financial income	47	66	8	21	9	152	87	240	44	284
Financial costs	(28)	(13)	(7)	(4)	(94)	(149)	(5)	(155)	(130)	(285)
Share of profit of associates accounted for using the equity method	60	—	—	—	—	60	328	388	—	388
Loss (gain) on sale and valuation of investments in associates	—	—	—	—	—	—	—	—	—	—
Depreciation and amortization expense (Note 3)	(1,302)	(319)	(162)	(80)	(3,960)	(5,824)	(2,804)	(8,629)	(221)	(8,851)
Impairment losses	—	—	—	—	(226)	(226)	(225)	(451)	(5)	(456)
Investments accounted for using the equity method	598	—	—	—	—	598	969	1,568	—	1,568
Capital expenditures (Note 3)	881	661	67	194	3,077	4,882	2,013	6,896	340	7,236

(Notes) 1 . "Other", which is not included in the reportable segments, consists of foreign subsidiaries and Advanced IT Strategy Group, etc.

2. Reconciliations are as follows:

(1) Reconciliations of segment loss of 3,599 million yen include primarily administrative expenses and investments that are not allocated to business segments of 3,217 million yen.

(2) Reconciliations of segment assets of 81,857 million yen include corporate assets of 94,451 million yen and intersegmental elimination of receivables and payables of (12,778) million yen. Corporate assets consist of primarily cash and cash equivalents that are not allocated to business segments and assets related to the administrative department.

(3) Reconciliations of financial income in other items of 44 million yen include 28 million yen of gains related to the administrative department that are not allocated to business segments.

Reconciliations of financial costs of 130 million yen include 128 million yen of losses related to the administrative department that are not allocated to business segments.

Reconciliations of depreciation and amortization expense of 221 million yen include depreciation and amortization on corporate assets of 431 million yen and elimination of unrealized gains of 209 million yen.

Reconciliations of impairment losses of 5 million yen are impairment losses related to corporate assets.

Reconciliations of capital expenditures of 340 million yen include an increase in corporate assets of 420 million yen and elimination of unrealized gains of (80) million yen.

3. Depreciation and amortization and capital expenditure under other items include amounts associated with long-term prepaid expenses.

(iii) Information on products and services

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2019)

(Millions of yen)

	Services	SI development	Products	Total
Revenue from external customers	170, 918	91, 574	167, 132	429, 625

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Services	SI development	Products	Total
Revenue from external customers	179, 105	94, 963	177, 888	451, 957

(iv) Information about geographical areas

(a) Revenue from external customers

Information about geographical areas is omitted as revenue from external customers in Japan makes up most of revenue recorded in the consolidated statement of income.

(b) Noncurrent assets

A breakdown of the carrying value of noncurrent assets (excluding financial instruments, deferred tax assets and postemployment benefit assets) by location is as follows.

(Millions of yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Consolidated fiscal year under review (As of March 31, 2019)
Japan	43, 363	40, 540
Asia	7, 122	7, 464
Others	23	37
Total	50, 509	48, 042

(v) Information on major customers

Major external customers contributing to the revenue recorded in the consolidated statement of income are as follows.

(Millions of yen)

	Main related reportable segment	Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)
NTT Group	Telecommunication	50, 214	74, 288

(Earnings per share)

Basic earnings per share for the previous consolidated fiscal year and the consolidated fiscal year under review is calculated as follows.

	Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)	Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)
Profit attributable to CTC’s shareholders (millions of yen)	23, 581	24, 616
Weighted average number of shares of common stock outstanding (thousand shares)	231, 111	231, 029
Basic earnings per share attributable to CTC’s shareholders (yen)	102. 04	106. 55

(Notes) 1 . Information on diluted earnings per share attributable to CTC’s shareholders is omitted because there are no potential shares with a dilutive effect outstanding.

2. The Company conducted a two-for-one share split for its common shares on April 1, 2018. Basic earnings per share attributable to CTC’s shareholders (yen) is calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(Material subsequent events)

None