Consolidated Financial Results
for the Fiscal Year ended March 31, 2020
(IFRS)

April 30, 2020

Listed Company Name: ITOCHU Techno-Solutions Corporation | Listing Exchanges: Tokyo Stock Exchange
Securities Code: 4739 | URL: https://www.ctc-g.co.jp/en/index.html
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Scheduled date to Annual General Meeting of Shareholders: June 18, 2020
Scheduled date of dividend payment: June 19, 2020
Scheduled date to submit the annual securities report *(Yukashoken Hokokusho)*: June 19, 2020
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, 2020 (April 1, 2019 –March 31, 2020)

(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 3/20	487,018	7.8	41,667	16.1	41,541	14.5	28,461	14.4	28,451	15.6	27,572	8.7
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

	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 3/20	123.15	—	12.6	10.2	8.6
Year ended 3/19	106.55	—	11.5	9.9	7.9

(Reference) Share of profit of associates accounted for using the equity method: Year ended 20/3: 146 millions of yen Year ended 19/3: 388 millions of yen

(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 3/20	438,816	238,564	231,672	52.8	1,002.76
Year ended 3/19	378,936	225,105	220,701	58.2	955.30

(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 3/20	50,103	(17,188)	(17,123)	74,615
Year ended 3/19	20,622	(3,235)	(9,567)	58,878

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 3/19	—	24.00	—	26.00	50.00	11,561	46.9	5.4
Year ended 3/20	—	27.50	—	30.50	58.00	13,411	47.1	5.9
Year ended 3/21 (forecast)	—	31.50	—	31.50	63.00		48.5	

3. Forecast for Consolidated Business Results for the Fiscal Year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	500,000	2.7	44,600	7.0	44,600	7.4	30,600	7.5	30,000	5.4	129.85

* 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 3/20: 240,000,000 shares Year ended 3/19: 240,000,000 shares
- (ii) Number of treasury shares at the end of period:
  Year ended 3/20: 8,966,282 shares Year ended 3/19: 8,970,749 shares
- (iii) Average number of shares during the period:
  Year ended 3/20: 231,032,318 shares Year ended 3/19: 231,029,271 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Business Results for the Fiscal Year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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 3/20	424,723	5.8	23,020	0.6	31,930	18.2	23,549	22.1
Year ended 3/19	401,420	4.4	22,872	11.7	27,022	8.5	19,287	(17.7)

	Earnings per share	Earnings per share/ diluted
	Yen	Yen
Year ended 3/20	101.93	—
Year ended 3/19	83.48	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of yen	Millions of yen	%	Yen
Year ended 3/20	383,736	216,492	56.4	937.06
Year ended 3/19	346,824	204,002	58.8	883.02

(Reference) Shareholders' equity (Millions of yen): Year ended 3/20: 216,492 Year ended 3/19: 204,002

(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 financial results report is not subject to review procedures by independent auditors under the Financial Institutions and Exchange Act. At the time of disclosure of this report, review procedures for 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 promised 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 continued to stage a modest recovery overall against the background of corporate earnings, which remained high, and an improvement in employment conditions. In the information service industry, business conditions also remained generally strong with IT investments showing a trend toward recovery in fields such as manufacturing and distribution.

Toward the end of the fiscal year under review, however, the effects of COVID-19 rapidly put downward pressure on the economy, which now faces a severe situation with weakening corporate earnings, particularly in the manufacturing sector.

In this environment, ITOCHU Techno-Solutions Corporation ("CTC") and its consolidated subsidiaries (collectively the "CTC Group") focused on the following four "Horizons" to achieve a Medium-Term Management Plan subtitled "Opening New Horizons" for a period of three years from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021: "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 in each segment are as follows.

【Enterprise】

<Initiatives related to "Go upwards: Challenge business transformation">

・ITOCHU Techno-Solutions Corporation (hereinafter "CTC") and FPT Japan Holdings Co., Ltd. (hereinafter "FPT Japan"), a subsidiary of FPT Corporation, Vietnam's largest ICT company, formed a business alliance to promote agile development. CTC will provide a low-code development platform "OutSystems," and FPT Japan will build a remote agile development system that combines offshore development resources in Vietnam, in order to respond to the demand for application development and engineer shortage in Japan.

<Initiatives related to "Go forwards: Sharpening our advantages>

・CTC has begun handling an edge cloud service "Volterra Edge Cloud" provided by Volterra Inc., an edge computing venture company in the United States, and invested in the company. Given that the processing of an enormous volume of data without delay is required because the dissemination of IoT is expected associated with the full-scale introduction of 5G, there are strong expectations for the edge computing that processes data near the terminal. The CTC Group will promote the development of IoT services in Japan and the expansion of Volterra Edge Cloud in North America and Southeast Asia by strengthening its partnership with the company.

・CTC has begun providing Citrix Cloud for Windows Virtual Desktop, a solution that links Citrix Cloud, cloud infrastructure of Citrix Systems, Inc., and Windows Virtual Desktop, virtual desktop infrastructure (VDI) of Microsoft Azure, a cloud platform provided by Microsoft Japan Co., Ltd. In about two months, CTC has completely revamped its VDI environment, which is used by about 10,000 people, from design to the commencement of transition by utilizing its advanced design and operation expertise of Windows 10 and the management function of Citrix Cloud for Windows Virtual Desktop. CTC will provide total support for the construction of the VDI environment, including the formulation, operation and design of an efficient transition plan and changes in network settings based on its accumulated expertise in in-house introduction.

・CTC has established QuesTek Japan K.K., a joint venture company, with QuesTek International LLC (hereinafter "QuesTek"), which features advanced technologies, including those for developing new materials and improving properties of existing materials. Based on technologies owned by QuesTek, CTC will contribute to cost savings and addressing social issues through the development of novel materials by providing a design service for novel materials and selling alloy licenses in Japan.

【Distribution】

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

・CTC has begun providing CTC DX Solution for Retail, which provides comprehensive support for the realization of a smart store that utilizes new technologies such as AI and IoT jointly with ITOCHU Corporation (“ITOCHU”). This service is a retail solution that provides a comprehensive service for building a smart store ranging from the introduction of sensors and cameras to be positioned in the store to marketing utilizing data and data linkage between manufacturers and retailers or distributors. The CTC Group will contribute to the digital transformation (“DX”) of customers in the distribution industry by utilizing the network of ITOCHU.

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

・ITOCHU and CTC acquired 24.5% of the outstanding shares of WingArc1st Inc. (“WingArc”), which provides software services to support the data utilization of companies through IW.DX Partners Inc., a co-founded company of ITOCHU and CTC. By combining ITOCHU’s business expertise from a range of industries, the data utilization technologies of WingArc and the expertise that CTC has gained through building big data, AI and other data analysis-related systems, CTC will work on the DX business together with ITOCHU and WingArc.

【Telecommunication】

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

・CTC officially started receiving orders for OMNIedge, an IoT service for the manufacturing industry, jointly with THK Co., Ltd. (“THK”), NTT DOCOMO, INC. (“DOCOMO”) and Cisco Systems G.K. (“Cisco”). This is a subscription service that is able to detect signs of failure in machines and equipment on the manufacturing premises by acquiring the status data of their components using the THK SENSING SYSTEM of THK, and by quantifying and analyzing them through the edge computing router of Cisco and the LTE line of DOCOMO. In this service, which has been achieved with the strengths of the four companies working together, CTC will undertake a consultation for the introduction of an IoT platform, build it and support its operation.

<Initiatives related to “Go forwards: Sharpening our advantages>

・CTC received orders for projects to build a network for 5G services from a telecom carrier, as in FY2018. CTC has been cultivating human resources for network virtualization technology and conducting joint verification with customers for the past few years, and these efforts have resulted in the acquisition of the orders for the project. CTC will continue to support the 5G development of telecom carriers for their commercialization of 5G services scheduled in spring 2020 and the subsequent expansion thereof.

・The CTC Group provided open networking*1 solutions for the data analysis infrastructure of Yahoo Japan Corporation. The CTC Group achieved the effective use and improved scalability of network bandwidth by adopting a data center network design introduced by leading OTT service providers*2, in addition to the improved efficiency and automation of operation using operating tools based on open source software. The CTC Group also provided development support to improve the efficiency of verification process of changes in network configuration, as well as integrated maintenance services.

*1: Open networking: Technology to build a network flexibly without relying on unique technologies of certain manufacturers, by combining hardware and operating systems according to the situation like a server.

*2：OTT (Over The Top) service providers: Business operators that provide websites and contents such as images and sounds on the Internet as represented by Google and Facebook.

【Regional & Social Infrastructure】

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

・CTC invested in Intumit Inc. (“Intumit”), a venture company in Taiwan engaging in the AI and robot business, to begin cooperating in introducing AI chat robots of Intumit in Japan. To that end, CTC will take a role of coordinating the AI chat robots with existing chat systems and intra-company systems, in addition to the sale and maintenance of “SmartRobot,” an AI platform using an AI engine developed by Intumit on its own.

【Financial Services】

<Initiatives related to “Go forwards: Sharpening our advantages>

・CTC has begun handling BitSight Security Ratings, a rating service for cyber security measures provided by BitSight Technologies in the United States. This is a SaaS service that evaluates the status of companies’ cyber security measures by examining the systems to be covered by the service on the Internet and realizes the understanding and management of security risks including their group companies and business partners based on the latest security information.

【Others】

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

・CTC acquired 70% of the outstanding shares in two Indonesian IT companies, PT. Nusantara Compnet Integrator and PT. Pro Sistimatika Automasi, from existing shareholders and made them its subsidiaries. They are system integrators that jointly provide total IT services including infrastructure, cloud, and applications. They are developing business not only for local companies but also for Japanese, U.S., and European capital companies, and thus have a high affinity with CTC and are expected to have a strong complementary relationship. We are aiming to expand our business further in the ASEAN region through the mutual utilization of customer bases, expertise, technologies, and so forth.

【All the companies】

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

・CTC established the ITOCHU Techno-Solutions Future Foundation for the purpose of fostering the next generation of young people with a focus on its IT-related scholarships and education. The CTC Group will support IT education for children and the young, study for young people who aspire to work in IT, and study and job opportunity creation for young people with disabilities, promoting proactive social contribution activities with a view toward becoming a public interest incorporated foundation.

・The CTC Group sought to contribute to action against global warming and the achievement of the Sustainable Development Goals (SDGs) and adopted the 2050 CTC Environmental Declaration, a medium- to long-term environmental goal. The CTC Group will aim to reduce CO2 emissions associated with its businesses by 30% in comparison with the level in 2015 by 2030, and to zero by 2050, through the promotion of energy saving with leading-edge technologies such as IoT and AI, the creation of innovations using IT, the use of renewable energy, and the use of Non-Fossil Certificates and Tradable Green Certificates.

・CTC was selected as one of the Competitive IT Strategy Companies for 2019 for the third consecutive year. Under this program, the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange (TSE) select companies that are working on the active use and application of IT to improve management innovations, earnings and productivity. CTC’s efforts to improve productivity with new development methods (agile software development, etc.), its cultivation of advanced IT human resources including those for big data, IoT and AI, and the establishment of AI LAB, which gathers advanced AI systems for the verification and learning of extensive use of AI, were recognized.

・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 2020 (White 500) by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi for a fourth 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 for the second consecutive year.

In its sales activities, the Group focused primarily on development projects for the distribution sector and infrastructure development projects for the manufacturing and public interest sectors.

Operating results of the Group for the fiscal year under review are as follows.

(Monetary unit is million yen. Percentages show the rate of year-on-year change)

	Revenue		Gross profit		Other income and expenses		Operating income		Profit before tax		Net profit attributable to CTC's shareholders	
Year ended 3/20	487,018	7.8%	118,051	9.6%	(76,383)	(6.4%)	41,667	16.1%	41,541	14.5%	28,451	15.6%
Year ended 3/19	451,957	5.2%	107,709	6.0%	(71,810)	(4.1%)	35,898	10.0%	36,286	7.6%	24,616	4.4%
Year ended 3/18	429,625	5.3%	101,601	5.1%	(68,978)	(5.2%)	32,622	4.8%	33,729	7.8%	23,581	7.9%

(Revenue)

Revenue increased by 35,061 million yen, or 7.8% year on year, to 487,018 million yen in the fiscal year under review due mainly to an increase in projects for the distribution and public interest sectors.

(Gross profit)

Gross profit increased by 10,342 million yen, or 9.6% year on year, to 118,051 million yen in the fiscal year under review due to increased revenue and improved gross margin.

Gross margin rose 0.4 percentage point from 23.8% in the previous fiscal year, to 24.2% due mainly to the improved profitability of development projects.

(Other income and expenses)

Other income and expenses increased by 4,573 million yen, or 6.4% year on year, to 76,383 million yen in the fiscal year under review due mainly to a rise in personnel expenses.

(Operating income)

Operating income increased by 5,768 million yen, or 16.1% year on year, to 41,667 million yen. In addition, the ratio of operating income to revenue rose 0.7 percentage point from 7.9% in the previous fiscal year, to 8.6%.

(Profit before tax)

Profit before tax increased by 5,254 million yen, or 14.5% year on year, to 41,541 million yen.

(Net profit attributable to CTC's shareholders)

Income taxes increased by 1,672 million yen year on year, to 13,080 million yen, and net profit attributable to non-controlling interests decreased by 252 million yen year on year, to 9 million yen.

As a result, net profit attributable to CTC’s shareholders increased by 3,834 million yen, or 15.6% year on year, to 28,451 million yen.

Operating results in each segment are 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.

(Monetary unit is million yen. Percentages show the rate of year-on-year change)

	Enterprise		Distribution		Tele-communication		Regional Business & Social Infrastructure		Finance		IT Services		Others	
Revenue	145,170	7.9%	46,382	6.7%	180,945	3.0%	60,990	22.4%	24,070	(4.2)%	112,444	3.8%	41,445	37.6%
Profit before tax	9,451	23.1%	5,124	23.2%	17,019	13.3%	2,412	137.0%	1,207	(19.2)%	11,316	24.2%	631	(52.0)%

(i) Enterprise

Revenue increased by 7.9% year on year, to 145,170 million yen, due mainly to a rise in infrastructure projects for the manufacturing and transportation sectors. Profit before tax increased by 23.1% year on year, to 9,451 million yen, due chiefly to the improved gross margin, in addition to increased revenue.

(ii) Distribution

Revenue rose by 6.7%, to 46,382 million yen, due mainly to an increase in development projects for the distribution sector. Profit before tax increased by 23.2% year on year, to 5,124 million yen, due chiefly to the improved gross margin, in addition to increased revenue.

(ii) Telecommunication

Revenue increased by 3.0%, to 180,945 million yen, due mainly to an increase in infrastructure projects for telecommunications carriers and Internet service providers. Profit before tax increased by 13.3% year on year, to 17,019 million yen, due chiefly to the improved gross margin, in addition to increased revenue.

(iv) Regional Business & Social Infrastructure

Revenue rose by 22.4%, to 60,990 million yen, due mainly to an increase in infrastructure projects for the public interest, railway and manufacturing sectors. Profit before tax increased by 137.0% year on year, to 2,412 million yen, due chiefly to a rise in gross profit derived from increased revenue.

(v) Finance

Revenue decreased by 4.2%, to 24,070 million yen, due mainly to a fall in development and infrastructure projects for government-affiliated financial institutions. Profit before tax declined by 19.2% year on year, to 1,207 million yen, due chiefly to a fall in gross margin and an increase in selling, general and administrative expenses, in addition to decreased revenue.

(vi) IT Services

This segment offers comprehensive services that focus on cloud-related and data center businesses to other organizations across CTC. Revenue rose by 3.8%, to 112,444 million yen, and profit before tax grew 24.2%, to 11,316 million yen.

(vii) Others

Revenue rose by 37.6%, to 41,445 million yen, mainly due to an increase in projects at overseas companies and a rise in revenue due to the consolidation of IT companies in Indonesia associated with their acquisition. However, profit before tax decreased by 52.0%, to 631 million yen, chiefly owning to deteriorated profitability at some overseas subsidiaries.

(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 438,816 million yen, up 59,880 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases of 15,736 million yen in cash and cash equivalents, 5,387 million yen in trade and other receivables, 4,941 million yen in other current assets, 20,893 million yen in property, plant and equipment and 6,173 million yen in goodwill.

Liabilities rose by 46,421 million yen from the end of the previous consolidated fiscal year, to 200,252 million yen. This was mainly due to increases of 2,887 million yen in trade and other payables, 9,339 million yen in other financial liabilities (current liabilities), 10,868 million yen in other current liabilities and 18,978 million yen in long-term financial liabilities.

Equity reached 238,564 million yen, up 13,458 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase due to net profit of 28,461 million yen and an increase of 3,154 million yen in non-controlling interests due to the new acquisition of subsidiaries, offsetting a decrease of 12,453 million yen due to dividends of surplus and the posting of (2,155) million yen in opening adjustments associated with the application of IFRS 16 Leases.

(3) Analysis of cash flows

Cash and cash equivalents (hereinafter called “cash”) at the end of the fiscal year under review rose 15,736 million yen from the end of the previous fiscal year, to 74,615 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 50,103 million yen. This reflected 41,541 million yen in profit before tax, 16,240 million yen in depreciation and amortization expenses, and 12,450 million yen in income taxes paid.

Compared to the previous consolidated fiscal year, net cash provided by operating activities increased by 29,480 million yen. This was mainly due to an increase in profit before tax and a decrease in trade and other payables as well as the reclassification of the payment of rent expenses, which had been presented as cash flows from operating activities in the past, to cash flows from financing activities associated with the application of IFRS 16 Leases.

(Cash flows from investing activities)

Net cash used in investing activities totaled 17,188 million yen. This was due to 4,921 million yen in payments for purchases of property, plant and equipment for investments in the cloud computing area and facility expansion at existing data centers, 6,872 million yen in payments for purchases of shares of subsidiaries to invest in two IT companies in Indonesia and 3,684 million yen in payments for purchases of shares of subsidiaries and associates to invest in new affiliates of digital transformation business.

Compared with the previous consolidated fiscal year, net cash used in investing activities increased 13,952 million yen. This was mainly due to investments in two IT companies in Indonesia and new affiliates mentioned above.

(Cash flows from financing activities)

Net cash used in financing activities totaled 17,123 million yen. Major factors were 11,961 million yen in repayments for lease obligations and 12,363 million yen in dividends paid to CTC’s shareholders.

Compared to the previous consolidated fiscal year, net cash used in financing activities increased 7,555 million yen. This was mainly due to the reclassification of the payment of rent expenses, which had been presented as cash flows from operating activities in the past, to cash flows from financing activities associated with the application of IFRS 16 Leases.

(4) Outlook for the fiscal year ending March 31, 2021

The harsh business environment is expected to continue, mainly because of the effects of COVID-19, but we will work to take necessary measures in a flexible manner while understanding its impact on the domestic and global economies, customers, business partners and the Group.

In the information service industry, although we expect that companies will continue to make a certain level of IT investment, the outlook is uncertain in terms of the impact of changes in the economic environment on corporate earnings.

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 upwards (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 forwards (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 outwards (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, for the fiscal year ending March 31, 2021, the Company forecasts revenue of 500,000 million yen, operating income of 44,600 million yen, profit before tax of 44,600 million yen, net profit for the year of 30,600 million yen, and profit attributable to CTC's shareholders of 30,000 million yen on a consolidated basis.

Actual results may fluctuate significantly due to the spread of COVID-19 in the months ahead. If it becomes necessary to revise our forecast for operating results, we will promptly disclose it.

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, 2019)	Consolidated fiscal year (As of March 31, 2020)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Assets)		
Current assets		
Cash and cash equivalents	58,878	74,615
Trade and other receivables	132,348	137,736
Inventories	28,907	29,044
Current tax assets	78	76
Other current financial assets	20,089	20,301
Other current assets	58,021	62,963
Total current assets	298,325	324,736
Non-current assets		
Property, plant and equipment	34,488	55,382
Goodwill	4,233	10,406
Intangible assets	8,937	8,477
Investments accounted for using the equity method	1,568	5,035
Other non-current financial assets	16,233	18,721
Deferred tax assets	12,467	13,910
Other non-current assets	2,681	2,145
Total non-current assets	80,611	114,080
Total assets	378,936	438,816

	Previous consolidated fiscal year (As of March 31, 2019)	Consolidated fiscal year (As of March 31, 2020)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Liabilities and Equity)		
Current liabilities		
Trade and other payables	53,901	56,788
Other current financial liabilities	5,479	14,818
Income taxes payable	9,964	11,696
Liabilities for employee benefits	19,047	21,761
Provisions	1,333	995
Other current liabilities	45,677	56,545
Total current liabilities	135,403	162,604
Non-current liabilities		
Non-current financial liabilities	12,243	31,222
Liabilities for employee benefits	4,016	3,839
Provisions	1,825	2,198
Deferred tax liabilities	341	387
Total non-current liabilities	18,427	37,647
Total liabilities	153,830	200,252
Equity		
Common stock	21,763	21,763
Capital surplus	33,193	30,526
Treasury stock	(9,622)	(9,613)
Retained earnings	174,460	188,149
Other components of equity	906	846
Total shareholders' equity	220,701	231,672
Non-controlling interests	4,404	6,892
Total equity	225,105	238,564
Total liabilities and equity	378,936	438,816

(2) Consolidated income statement and consolidated comprehensive income statement

Consolidated income statement

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Revenue	451,957	487,018
Cost of sales	(344,248)	(368,967)
Gross profit	107,709	118,051
Other income and expenses		
Selling, general and administrative expenses	(71,795)	(75,474)
Other income	558	849
Other expenses	(574)	(1,758)
Total other income and expenses	(71,810)	(76,383)
Operating income	35,898	41,667
Financial income	284	343
Financial costs	(285)	(616)
Share of profit of associates accounted for using the equity method	388	146
Profit before tax	36,286	41,541
Income tax expense	(11,407)	(13,080)
Net profit	24,878	28,461
Profit attributable to:		
CTC’s shareholders	24,616	28,451
Non-controlling interests	261	9

Earnings per share (Attribution to CTC’s shareholders):	(Yen)	(Yen)
Basic earnings per share	106.55	123.15
Diluted earnings per share	—	—

Consolidated comprehensive income

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Profit	24,878	28,461
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	108	1,367
Remeasurement of defined benefit plans	295	(236)
Share of other comprehensive income of associates accounted for using the equity method	(2)	0
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	26	(1,977)
Cash flow hedges	53	(32)
Share of other comprehensive income of associates accounted for using the equity method	1	(9)
Total other comprehensive income, net of tax effect	482	(888)
Total comprehensive income	25,361	27,572
Total comprehensive income attributable to:		
CTC’s shareholders	25,086	28,151
Non-controlling interests	275	(578)

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(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, 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)	–	–	–	–
Disposal of treasury stock	–	0	0	–	–	–	–
Share-based payment transactions	–	47	–	–	–	–	–
Changes in purchase of shares of subsidiaries	–	–	–	–	–	–	–
Changes in interests in subsidiaries	–	(6)	–	–	–	–	–
Put options held by non-controlling shareholders	–	–	–	–	–	–	–
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)
Disposal of treasury stock	–	0	–	0
Share-based payment transactions	–	47	–	47
Changes in purchase of shares of subsidiaries	–	–	–	–
Changes in interests in subsidiaries	–	(6)	6	–
Put options held by non-controlling shareholders	–	–	–	–
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

Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020) (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, 2019 (as previously reported)	21,763	33,193	(9,622)	174,460	(256)	1,160	1
Effect of accounting change	–	–	–	(2,151)	–	–	–
April 1, 2019 (as restated)	21,763	33,193	(9,622)	172,309	(256)	1,160	1
Profit	–	–	–	28,451	–	–	–
Other comprehensive income	–	–	–	–	(1,399)	1,367	(32)
Total comprehensive income	–	–	–	28,451	(1,399)	1,367	(32)
Payment of dividends	–	–	–	(12,370)	–	–	–
Purchase of treasury stock	–	–	(0)	–	–	–	–
Disposal of treasury stock	–	–	8	–	–	–	–
Share-based payment transactions	–	60	–	–	–	–	–
Changes in purchase of shares of subsidiaries	–	–	–	–	–	–	–
Changes in interests in subsidiaries	–	–	–	–	–	–	–
Put options held by non-controlling shareholders	–	(2,727)	–	–	–	–	–
Transfer to retained earnings from other components of equity	–	–	–	(240)	–	4	–
Total transactions with owners	–	(2,667)	8	(12,611)	–	4	–
March 31, 2020	21,763	30,526	(9,613)	188,149	(1,655)	2,532	(31)

Items	Shareholders' equity		Non-controlling interests	Total equity
	Other components of equity	Total shareholders' equity		
	Remeasurement of defined benefit plans			
April 1, 2019 (as previously reported)	–	220,701	4,404	225,105
Effect of accounting change	–	(2,151)	(4)	(2,155)
April 1, 2019 (as restated)	–	218,550	4,399	222,949
Profit	–	28,451	9	28,461
Other comprehensive income	(236)	(300)	(588)	(888)
Total comprehensive income	(236)	28,151	(578)	27,572
Payment of dividends	–	(12,370)	(82)	(12,453)
Purchase of treasury stock	–	(0)	–	(0)
Disposal of treasury stock	–	8	–	8
Share-based payment transactions	–	60	–	60
Changes in purchase of shares of subsidiaries	–	–	3,154	3,154
Changes in interests in subsidiaries	–	–	–	–
Put options held by non-controlling shareholders	–	(2,727)	–	(2,727)
Transfer to retained earnings from other components of equity	236	–	–	–
Total transactions with owners	236	(15,029)	3,071	(11,957)
March 31, 2020	–	231,672	6,892	238,564

(4) Consolidated cash flow statement

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from operating activities		
Profit before tax	36,286	41,541
Adjustments for:		
Depreciation and amortization expense	8,851	16,240
Impairment losses	456	1,124
Interest and dividend income	(283)	(342)
Interest expenses	234	567
Share of profit of associates accounted for using the equity method	(388)	(146)
Increase in trade and other receivables	(16,332)	(11,771)
(Increase) decrease in inventories	(2,309)	1,648
Increase (decrease) in trade and other payables	5,494	831
Others - net	(1,286)	12,579
Subtotal	30,722	62,273
Interest and dividends received	318	693
Interest paid	(81)	(413)
Income taxes paid	(10,336)	(12,450)
Net cash provided by operating activities	20,622	50,103
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,248)	(4,921)
Payments for retirement of property, plant and equipment	(116)	(26)
Proceeds from sales of property, plant and equipment	11	23
Purchases of intangible assets	(1,646)	(2,056)
Proceeds from sales of intangible assets	1	3
Purchases of investment securities	(963)	(381)
Proceeds from sales of investment securities	3	307
Purchases of shares of subsidiaries	—	(6,872)
Purchases of shares of subsidiaries and associates	(504)	(3,684)
Proceeds from dividend of investment partnership	13	64
Proceeds from Government grants	42	42
Decrease (increase) in deposits other than cash equivalents	3,000	—
Others – net	171	314
Net cash used in investing activities	(3,235)	(17,188)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from financing activities		
Proceeds from short-term borrowings	539	—
Increase (decrease) in short-term borrowings	—	(53)
Purchase of treasury stock	(0)	(0)
Proceeds from sales and leaseback	3,806	7,337
Repayments of lease obligations	(2,715)	(11,961)
Dividends paid to CTC's shareholders	(11,039)	(12,363)
Dividend paid to non-controlling interests	(158)	(82)
Others – net	0	—
Net cash used in financing activities	(9,567)	(17,123)
Effects of exchange rate changes on cash and cash equivalents	56	(55)
Net increase (decrease) in cash and cash equivalents	7,875	15,736
Cash and cash equivalents at the beginning of the year	51,003	58,878
Cash and cash equivalents at the end of the year	58,878	74,615

(5) Notes to the summary of quarterly consolidated financial statement

(Notes on going concern assumptions)

None

(Change in the accounting policies)

Application of IFRS 16 Leases

Starting from the first quarter of the consolidated fiscal year ending March 2020, the Group applies IFRS 16 Leases (published in January 2016) ("IFRS 16"). In applying IFRS 16, the Group adopted a method with which the accumulated impact of the application of IFRS 16 is recognized on the day when it began to be applied, which is permitted as a transitional measure.

In association with the application of IFRS 16, the Group assesses whether a contract contains a lease at the inception of the contract. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Group assesses that the contract contains a lease.

If the Group assesses that the contract contains a lease, the Group recognizes a right-of-use asset and a lease liability on the lease commencement date. The Group measures the lease liability at the present value of the total amount of lease payments that are not paid on the lease commencement date. The Group measures the right-of-use asset by making an adjustment for the amount of the initial measurement of the lease liability, lease payments made on or before the commencement date, and initial direct costs, etc.

After the commencement of the lease, the Group recognizes an amount obtained by multiplying the lease liability by a discount rate on the lease commencement date as interest paid and reduces the difference between the lease payments made and the interest paid from the lease liability. If the ownership of the underlying asset is transferred to the lessee by the end of the lease term or if the future exercise of a purchase option is reasonably certain, the Group depreciates the right-of-use asset for the estimated useful life of the underlying asset, or otherwise, from the lease commencement date to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term, using a straight-line method.

For short-term leases the lease term of which will end within 12 months and leases of low-value assets, the Group does not recognize a right-of-use asset and a lease liability but recognizes them as expenses over the lease term using a straight-line method, etc.

As an impact of applying IFRS 16 on the summary of quarterly consolidated financial statements of the Group, the Group additionally recognizes right-of-use assets of 19,114 million yen in property, plant and equipment and intangible assets and lease liabilities of 22,220 million yen in other current financial assets and non-current financial liabilities in the summary of quarterly consolidated statement of financial position on the date of initial application. As a result, retained earnings declined 2,151 million yen.

The weighted average of the lessee's incremental borrowing rate applied to lease liabilities as of the date of initial application is 1.1%.

The reconciliation of non-cancellable operating lease contracts to which IAS 17 Leases was applied at the end of the previous consolidated fiscal year and lease liabilities recognized on the date of initial application is as follows.

(Millions of yen)

Non-cancellable operating lease contracts at the end of the previous consolidated fiscal year	5,264
Amount discounted by using an incremental borrowing rate on the date of initial application	5,196
Finance lease obligations recognized at the end of the previous consolidated fiscal year	16,210
Discounted present value of non-cancellable operating lease contracts	17,023
Lease liabilities recognized on the date of initial application	38,430

In applying IFRS 16, the Group uses the following practical expedients:

- Use the previous judgment as to whether a lease is included in the contract existing as of the date of initial application.
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Account for leases whose term ends within 12 months from the date of initial application by the same method as short-term leases.
- Exclude initial direct costs from the measurement of right-of-use assets as of the date of initial application.
- Use ex-post judgment when calculating the lease term if the contract includes an option to extend or cancel the lease.

(Segment information)

(i) Summary of reportable segments

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

The Enterprise, Distribution, 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 five reportable segments over proposals and procurement in the service-type business which consists mainly in IT infrastructure outsourcing and maintenance and operations.

Because the Group conducted organizational restructuring on April 1, 2019, for the purpose of achieving the medium-term business plan and expanding business in the future, the reportable segment "Distribution & Enterprise Business" has been reclassified into the Enterprise Business and the Distribution Business.

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

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, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segment							Other (Note1)	Total	Reconciliations (Note2)	Consolidated
	Enterprise	Distribution	Telecommunication	Regional Business & Social Infrastructure	Finance	IT Services	Subtotal				
Revenue											
Revenue from external customers	125,505	43,280	168,934	49,298	25,052	11,105	423,178	28,779	451,957	—	451,957
Inter-segment revenue or transfers	9,082	175	6,785	542	76	97,182	113,844	1,335	115,179	(115,179)	—
Total	134,587	43,456	175,720	49,841	25,128	108,288	537,022	30,114	567,137	(115,179)	451,957
Profit before tax (Segment profit)	7,677	4,161	15,026	1,018	1,493	9,109	38,487	1,316	39,803	(3,516)	36,286
Segment assets	64,331	16,153	79,693	21,290	7,252	74,195	262,916	34,695	297,611	81,324	378,936
Other items											
Financial income	33	17	66	9	18	9	155	84	239	45	284
Financial costs	(25)	(6)	(13)	(7)	(2)	(95)	(151)	(3)	(154)	(130)	(285)
hare of profit of associates accounted for using the equity method	52	8	—	—	—	—	60	328	388	—	388
Depreciation and amortization expense (Note 3)	(1,301)	(158)	(319)	(162)	(24)	(3,962)	(5,928)	(2,705)	(8,633)	(217)	(8,851)
Impairment losses	—	—	—	—	—	(226)	(226)	(225)	(451)	(5)	(456)
Investments accounted for using the equity method	500	97	—	—	—	—	598	969	1,568	—	1,568
Capital expenditures (Note 3)	584	458	661	68	124	3,076	4,974	1,899	6,873	362	7,236

(Notes) 1. “Other”, which is not included in the reportable segments, consists of foreign subsidiaries and the Service Design Group, etc.

2. Reconciliations are as follows:

(1) Reconciliations of segment loss of (3,516) million yen include primarily administrative expenses and investments that are not allocated to business segments of (3,137) million yen.

(2) Reconciliations of segment assets of 81,324 million yen include corporate assets of 94,345 million yen and intersegmental elimination of receivables and payables of (12,685) 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 45 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 (217) million yen include depreciation and amortization on corporate assets of (427) 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 362 million yen include an increase in corporate assets of 442 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.

Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable Segment							Other (Note1)	Total	Reconciliations (Note2)	Consolidated
	Enterprise	Distribution	Telecommunication	Regional Business & Social Infrastructure	Finance	IT Services	Subtotal				
Revenue											
Revenue from external customers	131,087	46,258	173,480	60,683	24,041	11,010	446,561	40,456	487,018	—	487,018
Inter-segment revenue or transfers	14,083	124	7,465	307	29	101,433	123,442	988	124,431	(124,431)	—
Total	145,170	46,382	180,945	60,990	24,070	112,444	570,004	41,445	611,450	(124,431)	487,018
Profit before tax (Segment profit)	9,451	5,124	17,019	2,412	1,207	11,316	46,532	631	47,163	(5,622)	41,541
Segment assets	64,330	17,238	90,725	24,755	7,461	79,101	283,612	45,759	329,371	109,444	438,816
Other items											
Financial income	34	31	67	24	18	5	183	126	309	33	343
Financial costs	(24)	(7)	(27)	(7)	(2)	(149)	(219)	(124)	(344)	(271)	(616)
hare of profit of associates accounted for using the equity method	85	34	5	—	—	—	126	19	146	—	146
Depreciation and amortization expense (Note 3)	(1,316)	(216)	(843)	(318)	(38)	(5,005)	(7,738)	(3,247)	(10,985)	(5,254)	(16,240)
Impairment losses	—	—	—	—	—	(122)	(122)	(999)	(1,122)	(2)	(1,124)
Investments accounted for using the equity method	585	3,733	65	—	—	—	4,384	651	5,035	—	5,035
Capital expenditures (Note 3)	1,011	345	777	666	139	3,715	6,655	2,831	9,486	6,679	16,165

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

2. Reconciliations are as follows:

(1) Reconciliations of segment loss of (5,622) million yen include primarily administrative expenses and investments that are not allocated to business segments of (4,650) million yen.

(2) Reconciliations of segment assets of 109,444 million yen include corporate assets of 123,053 million yen and intersegmental elimination of receivables and payables of (13,475) 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 33 million yen include 32 million yen of gains related to the administrative department that are not allocated to business segments.

Reconciliations of financial costs of (271) million yen include (258) million yen of losses related to the administrative department that are not allocated to business segments.

Reconciliations of depreciation and amortization expense of (5,254) million yen include depreciation and amortization on corporate assets of (5,463) million yen and elimination of unrealized gains of 208 million yen.

Reconciliations of impairment losses of (2) million yen are impairment losses related to corporate assets.

Reconciliations of capital expenditures of 6,679 million yen include an increase in corporate assets of 6,842 million yen and elimination of unrealized gains of (163) 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, 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

Consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Services	SI development	Products	Total
Revenue from external customers	192,485	105,029	189,502	487,018

(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, 2019)	Consolidated fiscal year under review (As of March 31, 2020)
Japan	40,540	58,876
Asia	7,464	15,793
Others	37	106
Total	48,042	74,776

(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, 2018 to March 31, 2019)	Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)
NTT Group	Telecommunication	74,288	72,671

(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, 2018 to March 31, 2019)	Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)
Profit attributable to CTC's shareholders (millions of yen)	24,616	28,451
Weighted average number of shares of common stock outstanding (thousand shares)	231,029	231,032
Basic earnings per share attributable to CTC's shareholders (yen)	106.55	123.15

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

(Material subsequent events)

None