

First Quarter of the Fiscal Year Ending March 31, 2020 Financial Results Materials

*Transforming needs
into solutions*

COMTURE CORPORATION



July 31, 2019

Koichi Mukai
Chairman & CEO

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1Q of the FY Ending March 31, 2020

Results of Operations



1-1 Financial Highlights (Announced July 31, 2019)

Achieved 9 consecutive years of sales growth and 6 consecutive years of earnings growth with both sales and earnings climbing to record highs

	1Q FY3/19 Results		1Q FY3/20 Results		YoY change (%)
	Amount	% to net sales	Amount	% to net sales	
Net sales	4,184 million yen	-	4,812 million yen	-	+15.0%
Operating profit	505 million yen	12.1%	617 million yen	12.8%	+22.1%
Ordinary profit	509 million yen	12.2%	626 million yen	13.0%	+22.9%
Profit attributable to owners of parent	332 million yen	7.9%	465 million yen	9.7%	+39.9%
Net income per share	22.77 yen	-	29.58 yen	-	+29.9%

1-2 FY3/20 Contributing Factors

Net sales

Up 15.0% YoY

- + Cloud solutions business: up 38.3% (500 million yen) to 1,800 million yen mainly due to collaborations with a cloud platformer**
- + Digital solutions business: up 52.5% (170 million yen) to 500 million yen mainly due to collaborations with vendors of big data, AI , RPA tools**
- + Up 140 million yen due to consolidation of UX-Systems**

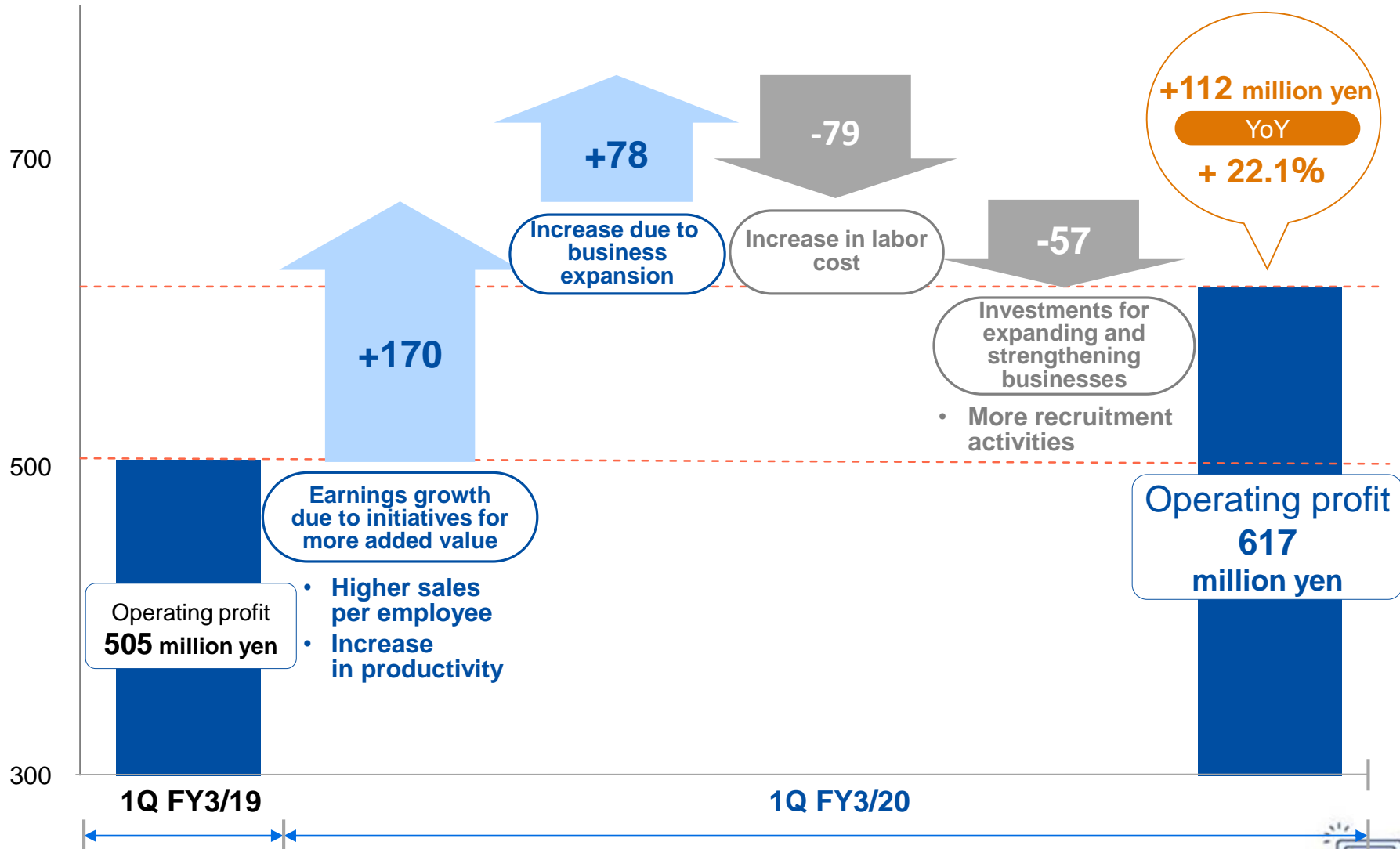
Operating profit

Up 22.1% YoY

- + 4.3% increase in sales per employee resulting from better consulting and proposal skills and other upstream process initiatives, and a shift toward growing business domains**
- + Growth of the digital transformation business**
- Higher labor cost per employee**
- More investments to expand and strengthen business operations, including strengthened recruiting activities**

1-3 Components of Changes in Operating Profit

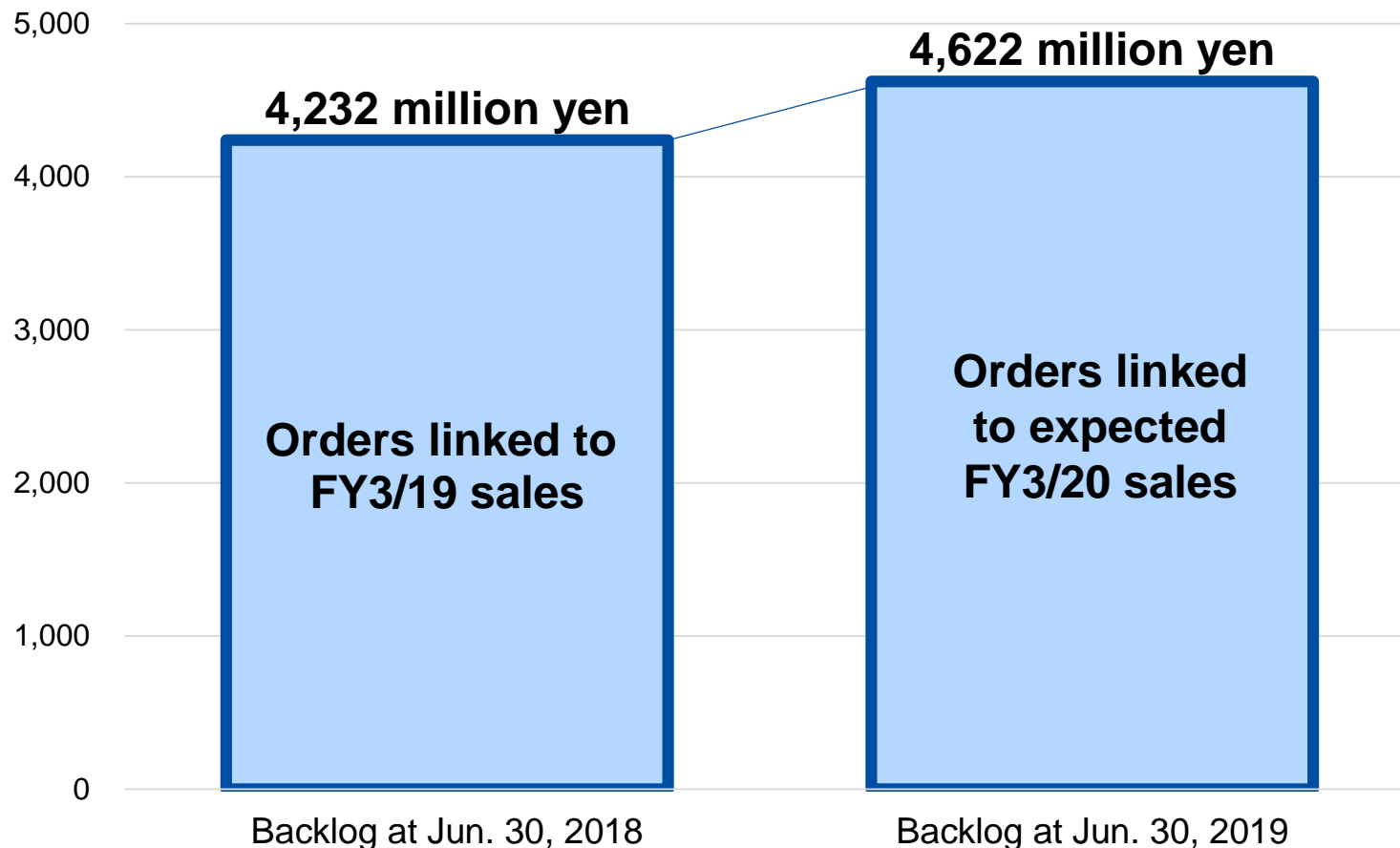
(Unit: million yen)



1-4 Order Backlog

Up 9.2% for orders expected to produce FY3/20 sales

(Unit: million yen)



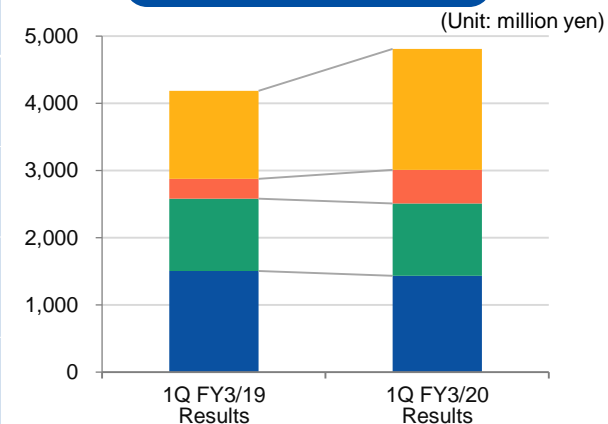
1-5 Business Segment Performance

(Unit: million yen)

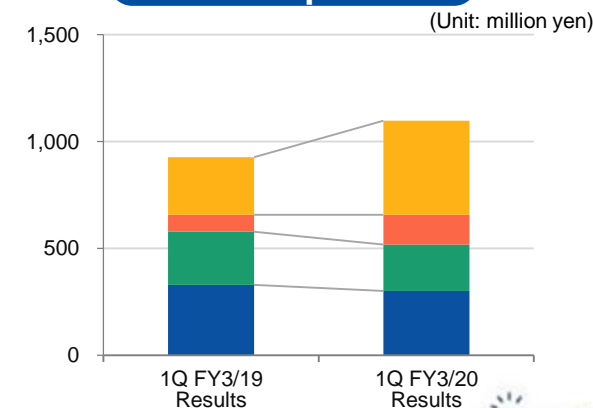
	1Q FY3/19 Results	1Q FY3/20 Results	YoY change (%)
Net sales	4,184	4,812	+15.0%
Cloud Solutions	1,302	1,802	+38.3%
Digital Solutions	328	501	+52.5%
Enterprise Solutions	1,084	1,075	-0.9%
Platform, Operation Services	1,467	1,432	-2.4%
Gross profit	927	1,097	+18.3%
Cloud Solutions	272	439	+61.0%
Digital Solutions	85	139	+62.9%
Enterprise Solutions	240	217	-9.5%
Platform, Operation Services	329	301	-8.3%

- Cloud Solutions Business
- Digital Solutions Business
- Enterprise Solutions Business
- Platform, Operation Services Business

Net sales



Gross profit



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FY3/20

Earnings Forecast

No change in the earnings forecast announced on May 8, 2019



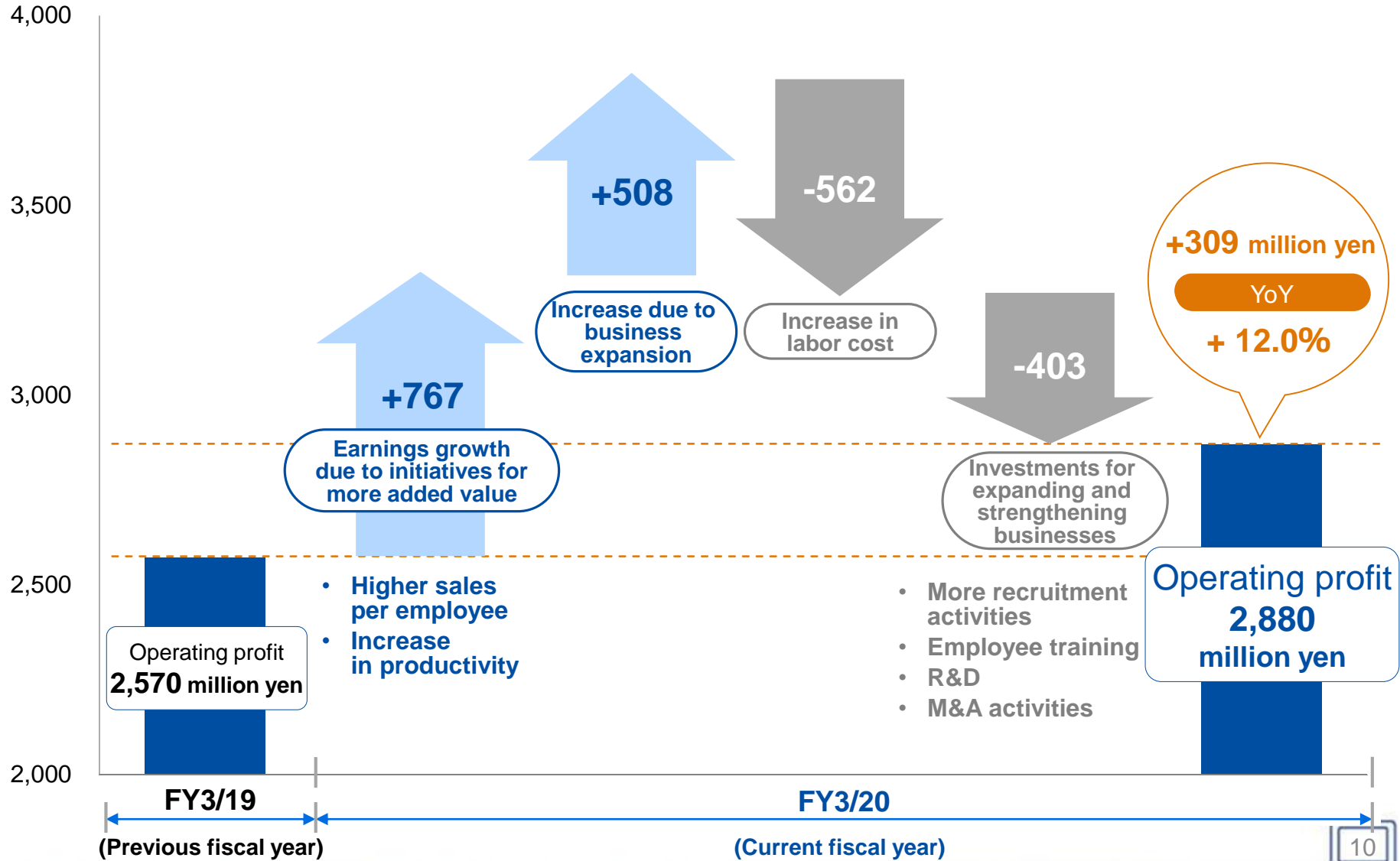
2-1 FY3/20 Earnings Forecast

Aiming for 10 consecutive years of sales growth and 9 consecutive years of earnings growth, reaching new record highs

	FY3/19 Results		FY3/20 Forecast		YoY change (%)
	Amount	% to net sales	Amount	% to net sales	
Net sales	18,070 million yen	-	20,000 million yen	-	+10.7%
Operating profit	2,570 million yen	14.2%	2,880 million yen	14.4%	+12.0%
Ordinary profit	2,575 million yen	14.3%	2,874 million yen	14.4%	+11.6%
Profit attributable to owners of parent	1,807 million yen	10.0%	2,021 million yen	10.1%	+11.8%
Net income per share	122.49 yen	-	129.35 yen	-	+5.6%

2-2 Forecast for Changes in Operating Profit

(Unit: million yen)



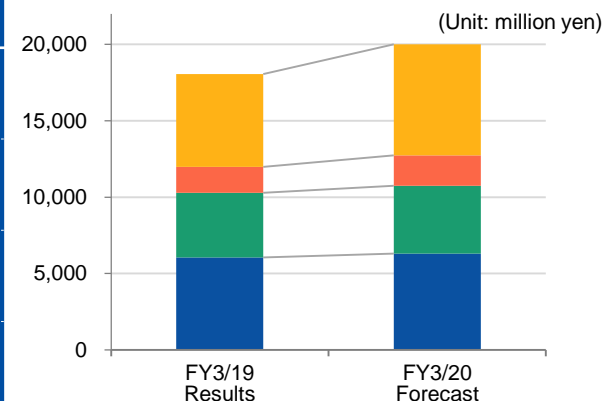
2-3 Business Segment Forecast

(Unit: million yen)

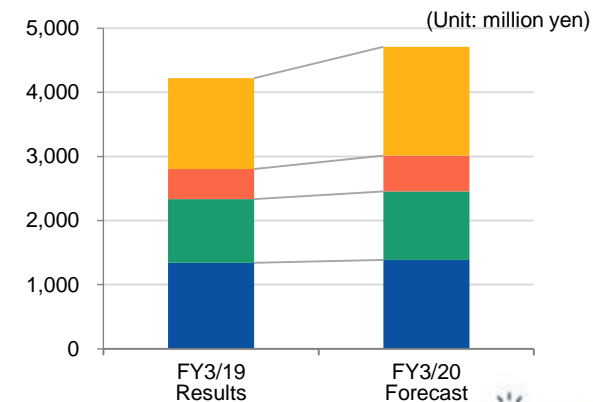
	FY3/19 Results	FY3/20 Forecast	YoY change (%)
Net sales	18,070	20,000	+10.7%
Cloud Solutions	6,094	7,269	+19.3%
Digital Solutions	1,682	1,985	+18.0%
Enterprise Solutions	4,244	4,446	+4.8%
Platform, Operation Services	6,050	6,300	+4.1%
Gross profit	4,219	4,711	+11.7%
Cloud Solutions	1,415	1,697	+20.0%
Digital Solutions	470	562	+19.6%
Enterprise Solutions	994	1,063	+6.9%
Platform, Operation Services	1,341	1,389	+3.6%

- Cloud Solutions Business
- Digital Solutions Business
- Enterprise Solutions Business
- Platform, Operation Services Business

Net sales



Gross profit



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Topics

3-1 More Office Space

A digital smart office to facilitate working style reforms

More space along with advanced technologies and innovative office configurations and other features in anticipation of more growth



Facilitate working style reforms

Improve labor productivity

Encourage creation of
innovative ideas

Reinforce the COMTURE brand

3-2 Stock Split

The stock split is expected to increase liquidity and attract a broader range of investors

Stock split ratio	Two-for-one split of COMTURE common stock
Total number of shares outstanding	Before split: 16,120,800 shares After split: 32,241,600 shares
Effective date	October 1, 2019
Revision to dividend per share forecast due to the split	3Q: 7.25 yen (14.5 yen) 4Q: 7.25 yen (14.5 yen) * Figures in parentheses are the forecasts on May 8, 2019 * The dividend revision reflects only the stock split; there is no change in the effective dividend per share
Shares required for the shareholder benefit program	At least 300 shares (3 trading units) * No change in the number of shares for eligibility, thereby <u>expanding eligibility to more shareholders</u> after the split

3-3 Acquisition of UX Systems Co., Ltd.

UX-Systems became an 89.9% owned consolidated subsidiary in April 2019

Established	June 1990
Name and title of representative	Takashi Ichinose, President and Representative Director
Business	Designing, building and monitoring cloud infrastructures
Headquarters	Kichijoji, Musashino-shi, Tokyo
Capital	86 million yen
Net sales	FY10/18: 630.28 million yen
Operating profit	FY10/18: 50.48 million yen
Profit	FY10/18: 33.66 million yen
Employees	52 (as of April 1, 2019)
Acquisition cost	171 million yen

3-4 Third-party Allotment of the Second Share Acquisition Rights with Exercise Price Revision Provision

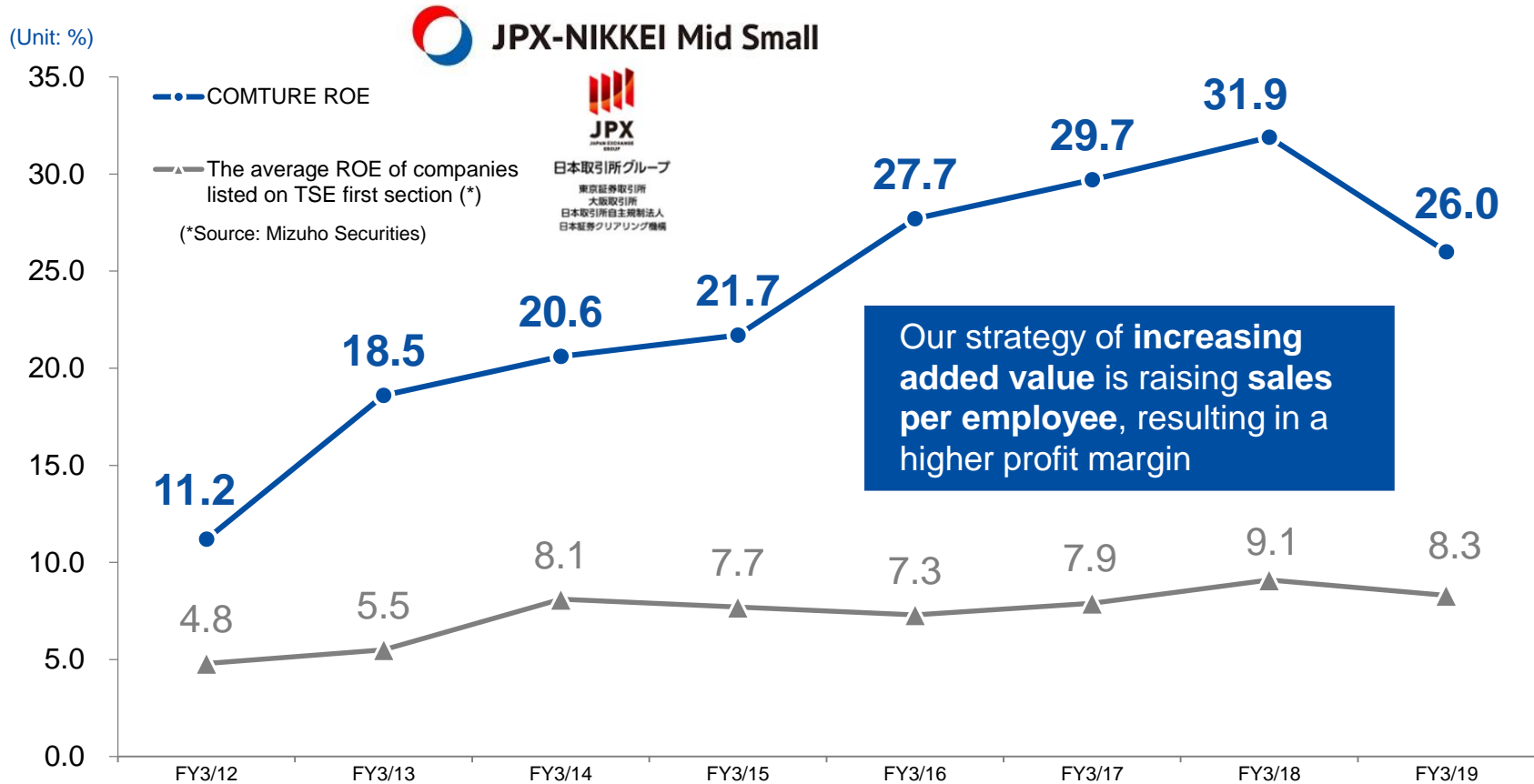
All share acquisition rights with exercise price revision issued on January 10, 2019 were exercised

Purposes of fund raising and intended fund usages	(1) Mergers and acquisitions in the cloud, big data, artificial intelligence and other growing business sectors (3,000 million yen) (2) Expenses for human resources to strengthen consulting and project management operations in the cloud, big data, artificial intelligence and other growing business sectors (1,000 million yen)
Number of dilutive shares through the issuance of share acquisition rights	1,300,000 shares • Approximately 8.1% of the total number of issued shares (16,120,800 shares) • Treasury shares held by COMTURE shall be delivered
Amount of funds	4,080 million yen
Average exercise price	3,128 yen (Total amount funded through the exercise / Total number of shares issued)

3-5 A High Return on Equity

Our goal is an ROE that is consistently above 20%

As in FY3/19, the ROE was much higher than the average for all TSE first section companies



3-6 External Recognition

Defined KPI/External evaluation of goal achievements

Tokyo Stock Exchange
Corporate Value
Improvement Award
candidate

50 companies

Approx.
3,600 companies

Tokyo Stock Exchange
JPX-Nikkei Mid and
Small Cap Index

(3 consecutive years)

200 issues

Approx.
2,900 issues

Forbes Asia
**Best Under
A Billion**

(Excellent small listed company
in Asia-Pacific region)

200 companies*

Approx.
24,000 companies

*** 38 Japanese companies**

Evaluation criteria:

- Substantial added value
- Highly profitable
- High dividend payout ratio

**Over 5% annual increase in sales
per employee**
High ROE, high operating margin

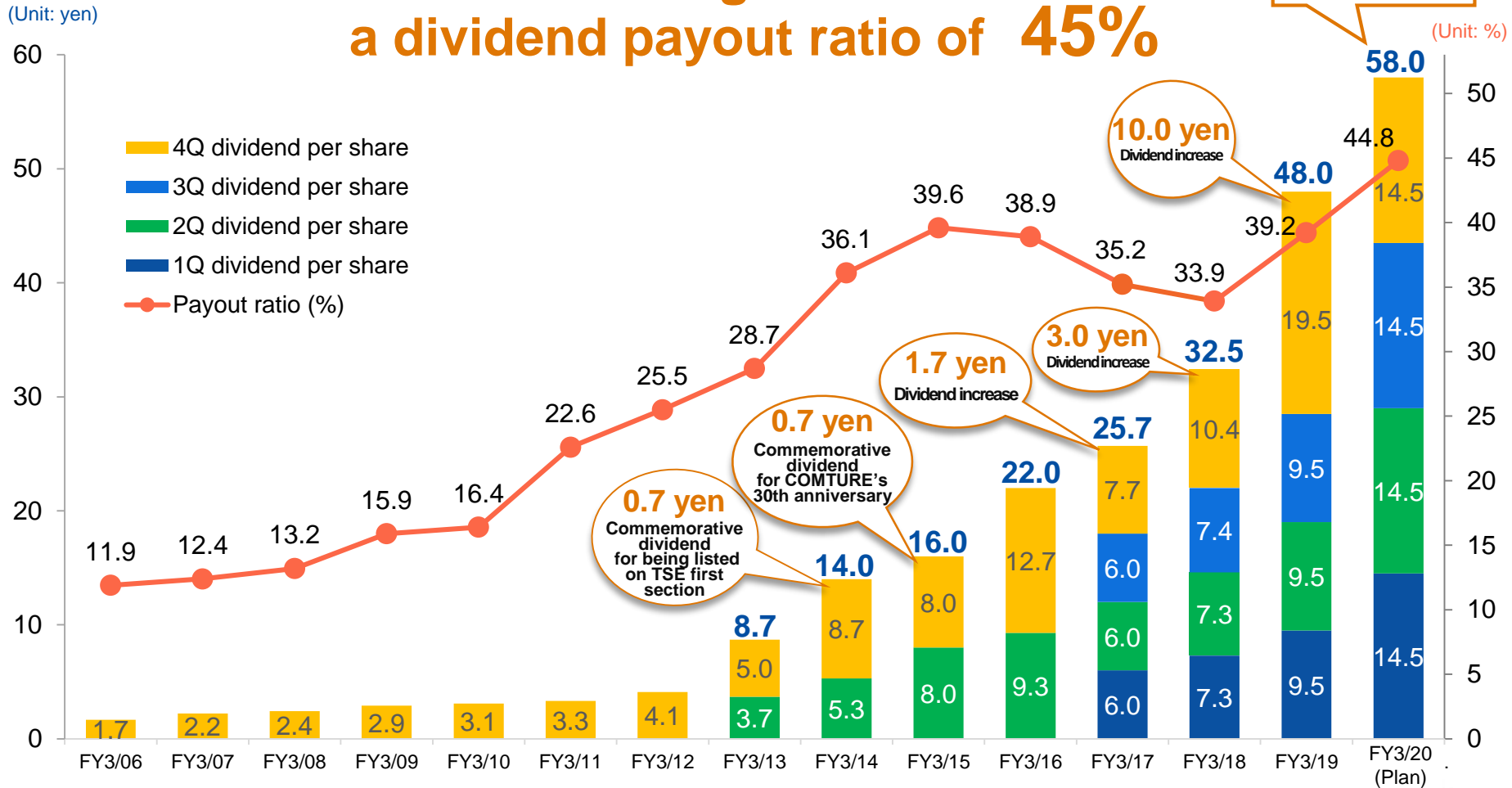
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Shareholder Returns

4-1 Dividend Growth

Plan to raise the dividend for the 15th consecutive year

Our goal is a dividend payout ratio of 45%



COMTURE conducted a 3-for-1 stock split effective on October 1, 2017. Dividend amounts before 2Q of FY3/18 are retroactively adjusted to reflect the stock split.

4-2 Quarterly Dividends

COMTURE pays dividends every quarter

COMTURE pays a quarterly dividend because the stability of operations results in the stability of quarterly performance as well.

Dividend payment schedule

	Dividend record date	Dividend payment date (planned)
1Q	Jun. 30, 2019	Aug. 30, 2019
2Q	Sep. 30, 2019	Nov. 29, 2019
3Q	Dec. 31, 2019	Feb. 28, 2020
4Q	Mar. 31, 2020	Next business day after shareholders' meeting approval

4-3 Shareholder Benefit Program

Shareholders receive special benefits in addition to dividends

Shareholders of record at the end of September and March every year who own at least 300 shares receive prepaid QUO cards worth 1,000 yen (2,000 yen every fiscal year).

- * Dividend of 17,400 yen + prepaid QUO cards worth 2,000 yen = 19,400 yen annually
- * The total payout ratio including QUO cards are expected to be 50% for the fiscal year ending March 31, 2020 (for shareholders holding 300 shares)



Precautions

- This presentation was prepared to provide information about COMTURE and is not a solicitation to invest in COMTURE.
- COMTURE exercised care regarding the accuracy of information in this presentation but does not guarantee that this information is complete.
- COMTURE assumes no responsibility whatsoever concerning any losses or damages resulting from the use of information in this presentation.
- Forecasts and other forward-looking statements in this presentation are based on the judgments of COMTURE using information that was available when this presentation was prepared and incorporate risks and uncertainties. As a result, actual performance may differ significantly from the forward-looking statements in this presentation due to changes in market conditions or many other reasons.

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