

First Quarter of the Fiscal Year Ending March 31, 2024 Financial Results Materials

*Transforming needs
into solutions*



COMTURE CORPORATION



July 31, 2023

Chihiro Sawada
Representative Director,
Executive President

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1Q of the FY Ending March 31, 2024

Results of Operations



1-1 Financial Highlights (Announced July 31, 2023)

Achieved 13 consecutive years of sales growth and earnings climbing to record highs

*Figures in parenthesis are organic growth excluding M&A

	1Q FY3/23 Results		1Q FY3/24 Results		YoY change (%)
	Amount	% to net sales	Amount	% to net sales	
Net sales	6,855 million yen	-	8,098 million yen (7,446million yen)	-	+18.1% (+8.6%)
Operating profit	686 million yen	10.0%	860 million yen (821 million yen)	10.6% (11.0%)	+25.3% (+19.6%)
Ordinary profit	681 million yen	9.9%	860 million yen (821 million yen)	10.6% (11.0%)	+26.3% (+20.5%)
Profit attributable to owners of parent	478 million yen	7.0%	558 million yen	6.9%	+16.7%
Net income per share	15.02 yen	-	17.52 yen	-	+16.7%

1-2 Business Segment Performance

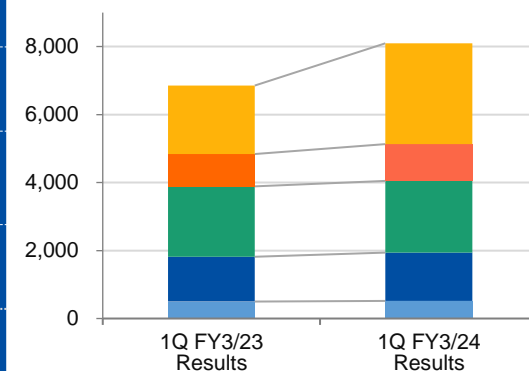
(Unit: million yen)

	1Q FY3/23 Results	1Q FY3/24 Results	YoY change (%)
Net sales (*) See next page	6,855	8,098	+18.1%
Cloud Solutions	2,012	2,962	+47.2%
Digital Solutions	950	1,087	+14.4%
Business Solutions	2,077	2,107	+1.5%
Platform, Operation Services	1,311	1,424	+8.6%
Digital Learning	504	517	+2.6%
Gross profit (*) See next page	1,461	1,798	+23.1%
Cloud Solutions	505	673	+33.1%
Digital Solutions	207	232	+11.9%
Business Solutions	334	489	+46.3%
Platform, Operation Services	253	242	-4.3%
Digital Learning	159	160	+1.0%

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

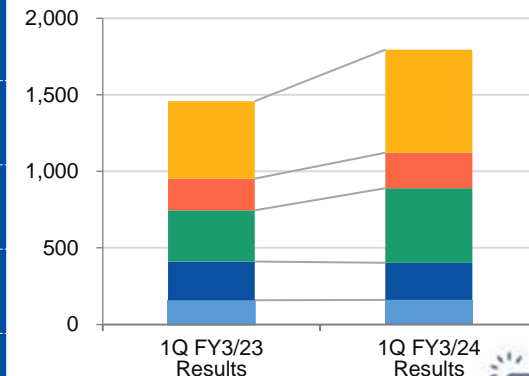
Net sales

(Unit: million yen)



Gross profit

(Unit: million yen)



*Business Segment for FY3/23:

Beginning with this fiscal year, we have revised a part of the scope of our business in accordance with the reality of our group's business.

For consistency with this change, the consolidated statement of income for the first quarter of the previous fiscal year have been restated.

*Gross profit for FY3/23:

In previous fiscal years, the salaries of employees hired following graduation were included in cost of sales during the April and May initial training period. Beginning with this fiscal year, these salaries are included in selling, general and administrative expenses in order to more appropriately show the true operations of the COMTURE Group because these new employees are not involved with business projects and make no direct contribution to sales during their two months training period.

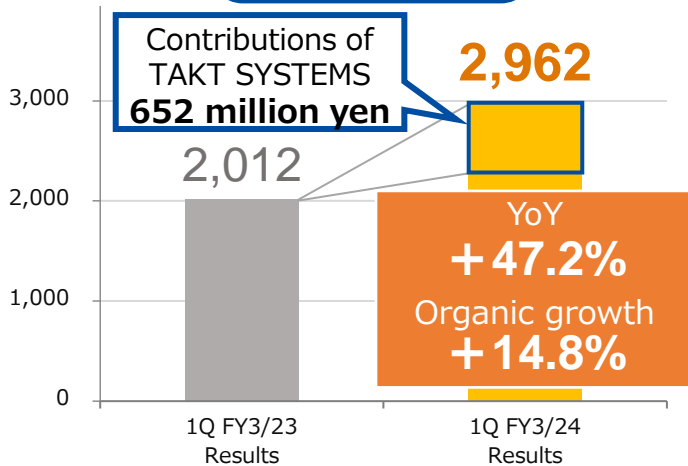
For consistency with this change, the consolidated statement of income for the first quarter of the previous fiscal year have been restated.



1-3 Cloud Solutions Business

Net sales

(Unit: million yen)

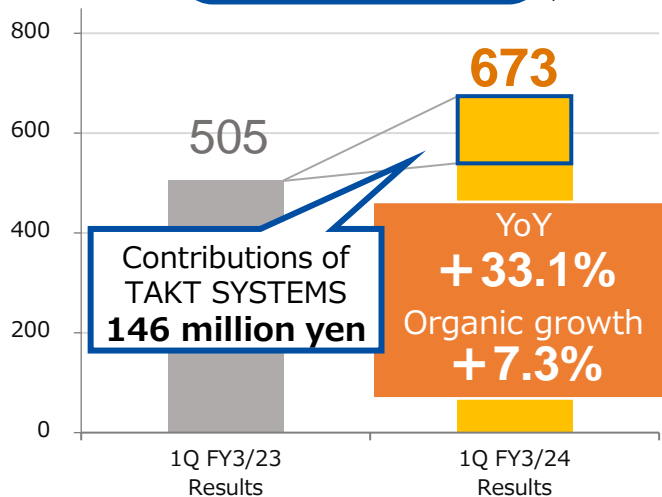


Main Activities

Collaboration using alliances with global SaaS vendors (Microsoft, Salesforce, ServiceNow and others), consulting and integration services for the installation and use of CRM and other cloud services, and other activities

Gross profit

(Unit: million yen)



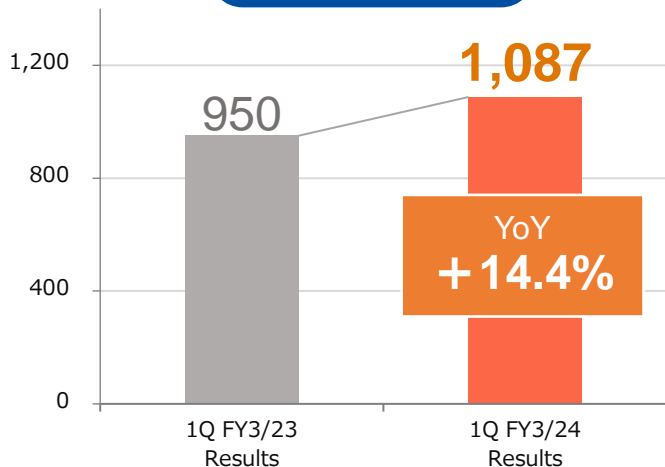
Overview

- + Higher demand for the use of collaborations with vendors to build systems and the shift to the cloud
- + An increase in demand for consulting services involving the digitalization of business processes
- + Contribution of the sales at a subsidiary newly consolidated in this fiscal year

1-4 Digital Solutions Business

Net sales

(Unit: million yen)

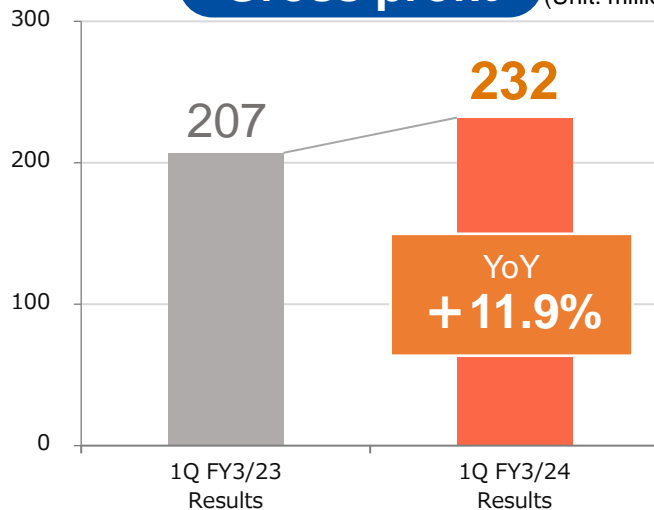


Main Activities

Construction of data infrastructures by working with global AI vendors (Google Cloud Platform, Amazon Web Services and others), provision of data analysis solutions by working with global data analysis vendors (SAS, Informatica, Databricks and others), and other activities

Gross profit

(Unit: million yen)



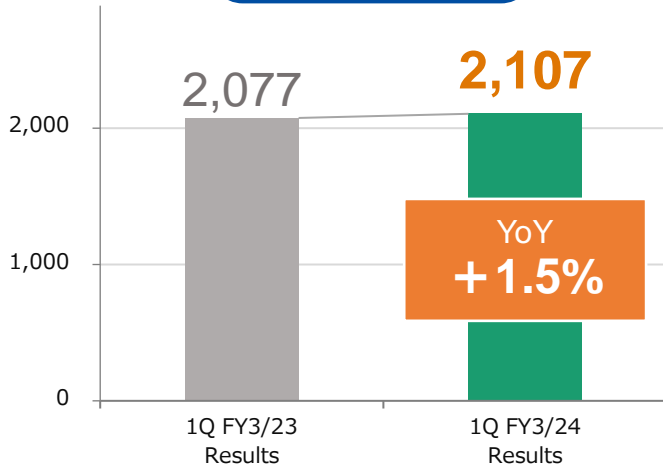
Overview

- + Expanding the business of building anti-money laundering systems for financial institutions
- + Growth of the data analysis business
- + Growth of the data management business, such as building infrastructures for collecting and storing large amount of data

1-5 Business Solutions Business

Net sales

(Unit: million yen)

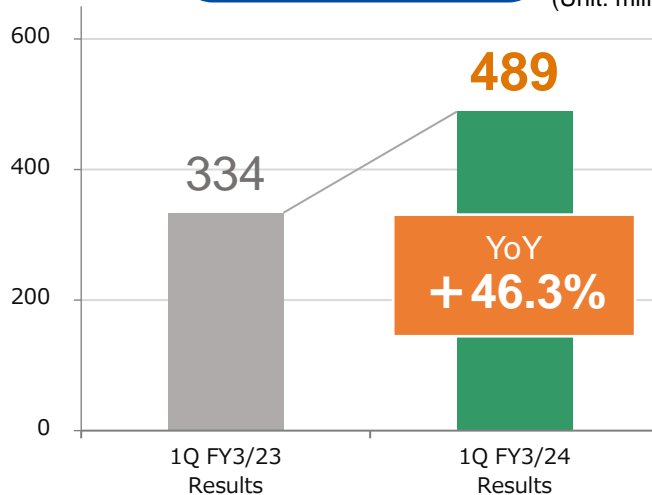


Main Activities

Construction, operation and modernization concerning accounting, personnel, fintech and other core IT systems using collaborations with SAP, SuccessFactors and other global ERP package vendors

Gross profit

(Unit: million yen)



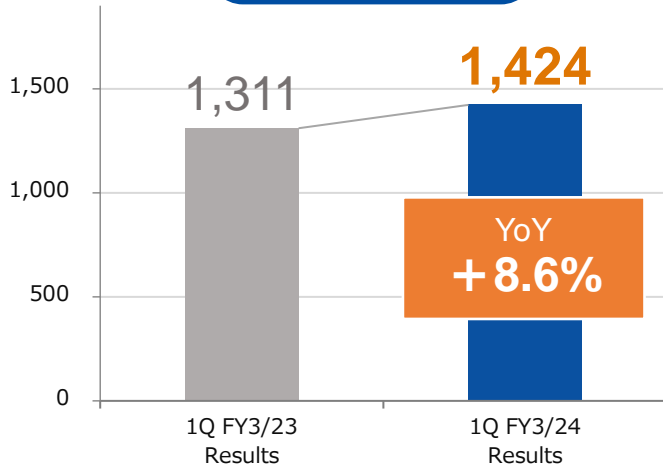
Overview

- + Growth of the SAP business resulting from the shift of people to this business due to reskilling
- + An increase in demand for the services of this business at financial institutions

1-6 Platform, Operation Services Business

Net sales

(Unit: million yen)

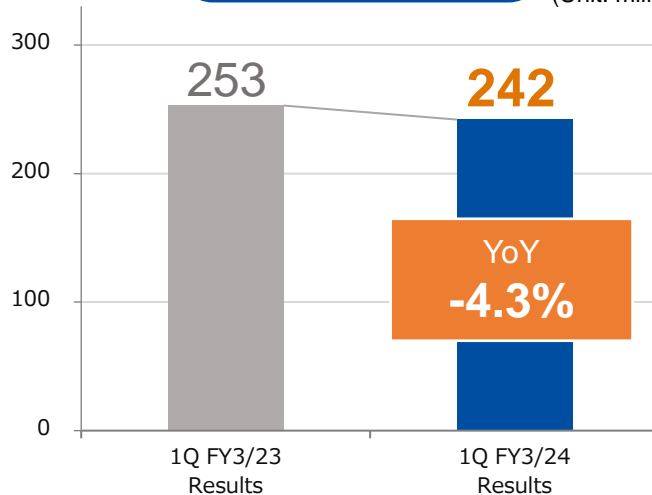


Main Activities

Hybrid cloud environments using virtualization software (Kubernetes and others), design, construction and operation of virtual networks (Cisco and others), IT system remote surveillance at COMTURE Group's service centers using global tools, help desk operations, and other activities

Gross profit

(Unit: million yen)



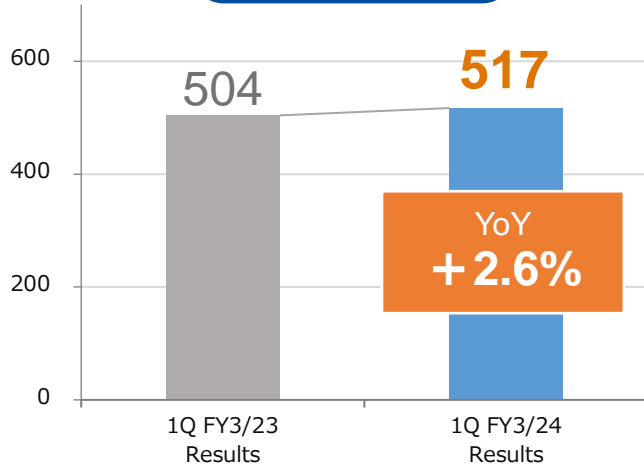
Overview

- + Growth of the business for operating cloud environments
- + Higher demand for the outsourcing and security support of IT system operations
- Higher labor cost due to salary increases

1-7 Digital Learning Business

Net sales

(Unit: million yen)

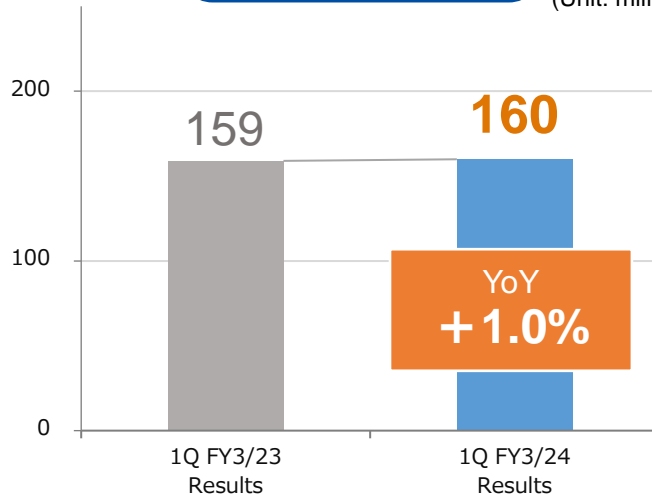


Main Activities

Education services with cooperation of global vendors (Microsoft, Salesforce, ServiceNow and others) for acquiring vendor certifications and IT education services to give people skills needed to perform DX jobs

Gross profit

(Unit: million yen)



Overview

- + Growth of the education business for acquisition of vendor certifications
- + Increasing demand at companies for structured training programs

1-8 Contributing Factors

Net sales

Up 18.1% YoY

- + Cloud solutions sales increased because of rising demand at companies for moving internal systems to the cloud, cloud consulting services and other services. M&A also contributed to sales growth.
- + Digital solutions sales increased due to higher demand for data management.
- + Business solutions sales increased because of the growth of the SAP business resulting from the shift of people to this business and of an increase in demand for the services of this business at financial institutions.
- + Platform, operation services sales increased mainly due to increasing demand for the outsourcing of IT system operations.
- + Digital learning sales increased due to higher demand at companies for new employee and other structured training programs

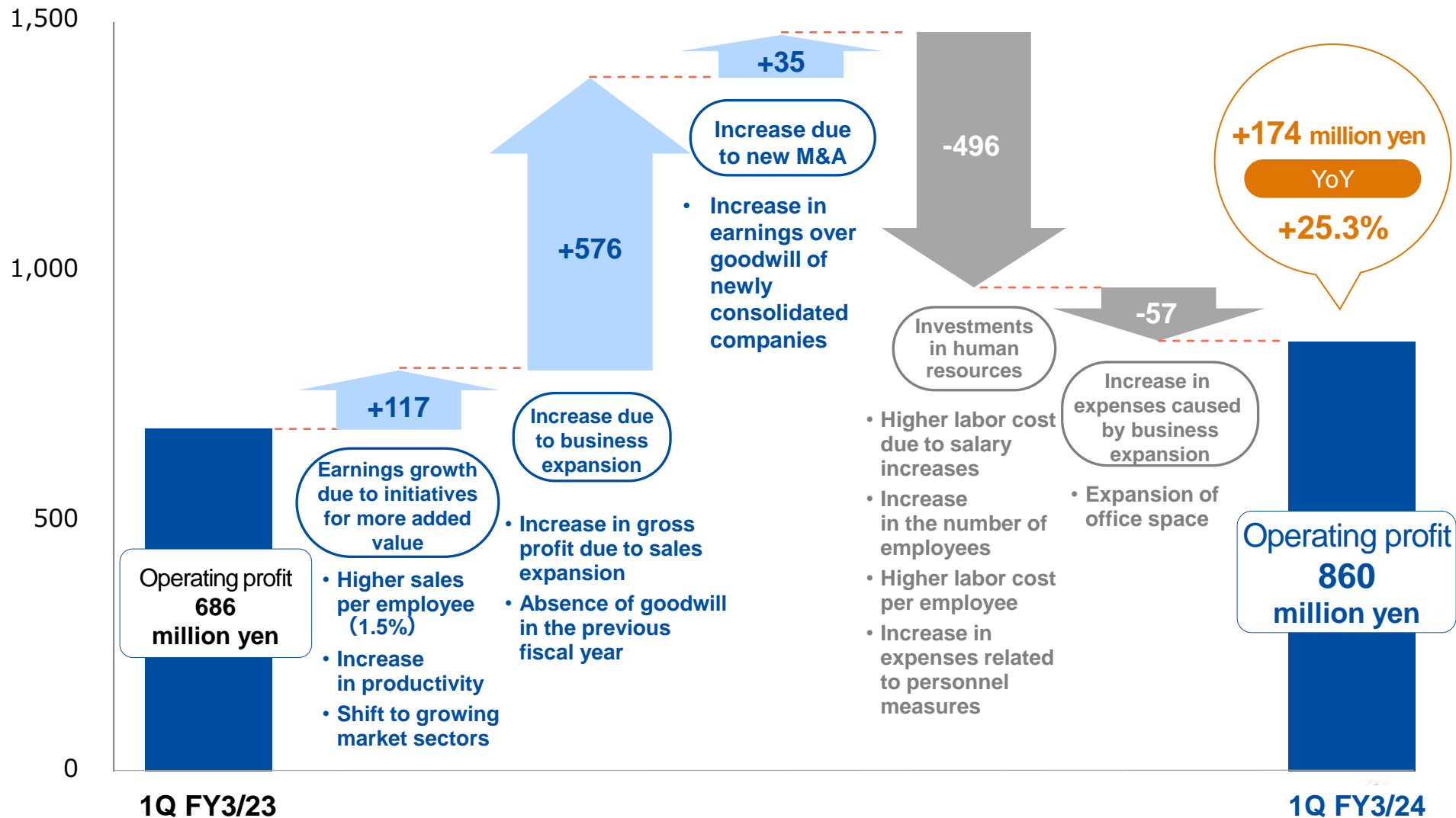
Operating profit

Up 25.3% YoY

- + Sales per employee: up 1.7%
- + Earnings increased due to growth of sales and start of contributions to sales of recently hired new graduates
- + Earnings growth more than offset the increase in goodwill amortization due to the acquisition of TAKT SYSTEMS.
- Labor expenses per capita increased 6.0% and expenses for human resource measures (recruiting, revisions of HR systems) increased
- Higher expenses due to the growth of business operations (increase in leased space, measures to improve workplace environments, other activities)

1-9 Components of Changes in Operating Profit

(Unit: million yen)



2

FY3/24

Earnings Forecast

No change in the earnings forecast announced on May 12, 2023

2-1 FY3/24 Earnings Forecast

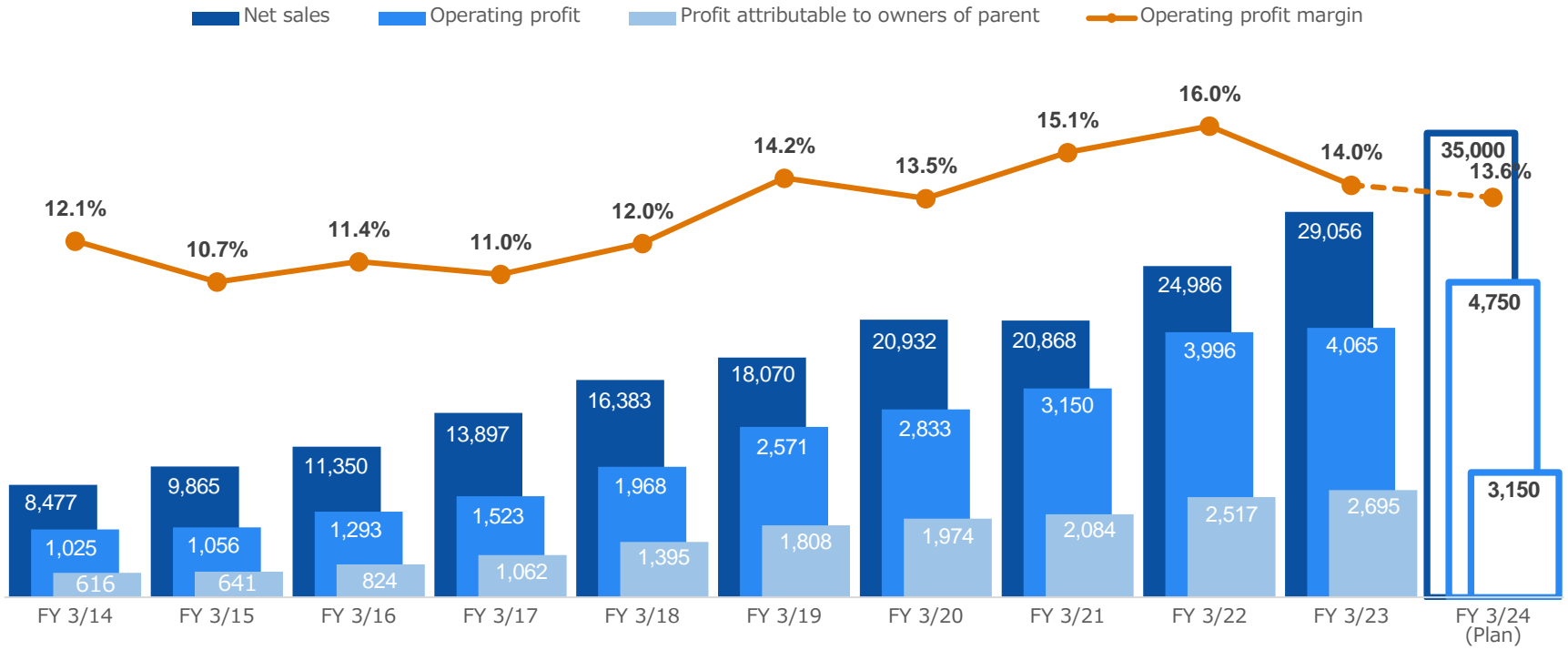
Aiming for 14 consecutive years of sales growth and 13 consecutive years of earnings growth, reaching new record highs

*Figures in parenthesis are organic growth excluding M&A

	FY3/23 Results		FY3/24 Forecast		YoY change (%)
	Amount	% to net sales	Amount	% to net sales	
Net sales	29,056 million yen	-	35,000 million yen (32,300 million yen)	-	+20.5% (+11.2%)
Operating profit	4,065 million yen	14.0%	4,750 million yen (4,596 million yen)	13.6% (14.2%)	+16.8% (+13.1%)
Ordinary profit	4,067 million yen	14.0%	4,750 million yen (4,596 million yen)	13.6% (14.2%)	+16.8% (+13.0%)
Profit attributable to owners of parent	2,695 million yen	9.3%	3,150 million yen	9.0%	+16.9%
Net income per share	84.56 yen	-	98.83 yen	-	+16.9%

2-2 Performance Trends

FY3/14 to FY3/24 (Net sales/Operating profit/Net income)



ROE	20.6%	21.7%	27.7%	29.7%	31.9%	26.0%	19.5%	17.7%	19.2%	18.6%	19.8%
Equity ratio	67.3%	55.7%	58.4%	53.3%	56.6%	69.4%	75.8%	74.9%	73.0%	69.4%	71.6%
Payout ratio	39.6%	39.6%	38.9%	35.2%	33.9%	39.5%	46.6%	47.4%	46.9%	52.0%	46.5%

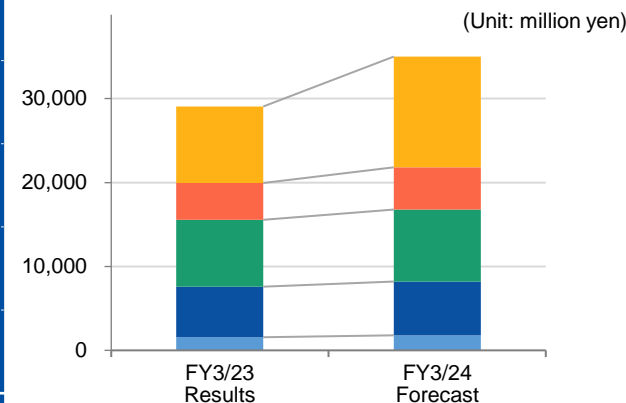
2-3 Business Segment Forecast

(Unit: million yen)

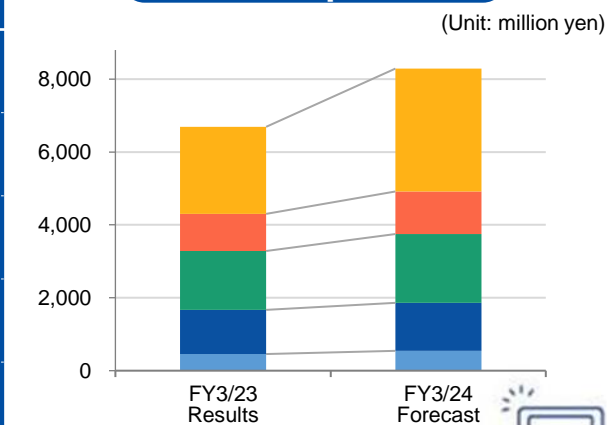
	FY3/23 Results	FY3/24 Forecast	YoY change (%)
Net sales	29,056	35,000	+20.5%
Cloud Solutions	9,112	13,200	+44.9%
Digital Solutions	4,375	5,000	+14.3%
Business Solutions	7,956	8,600	+8.1%
Platform, Operation Services	6,047	6,400	+5.8%
Digital Learning	1,566	1,800	+15.0%
Gross profit	6,696	8,289	+23.8%
Cloud Solutions	2,392	3,370	+40.8%
Digital Solutions	1,018	1,170	+14.8%
Business Solutions	1,615	1,890	+17.0%
Platform, Operation Services	1,211	1,320	+8.9%
Digital Learning	457	540	+17.8%

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

Net sales

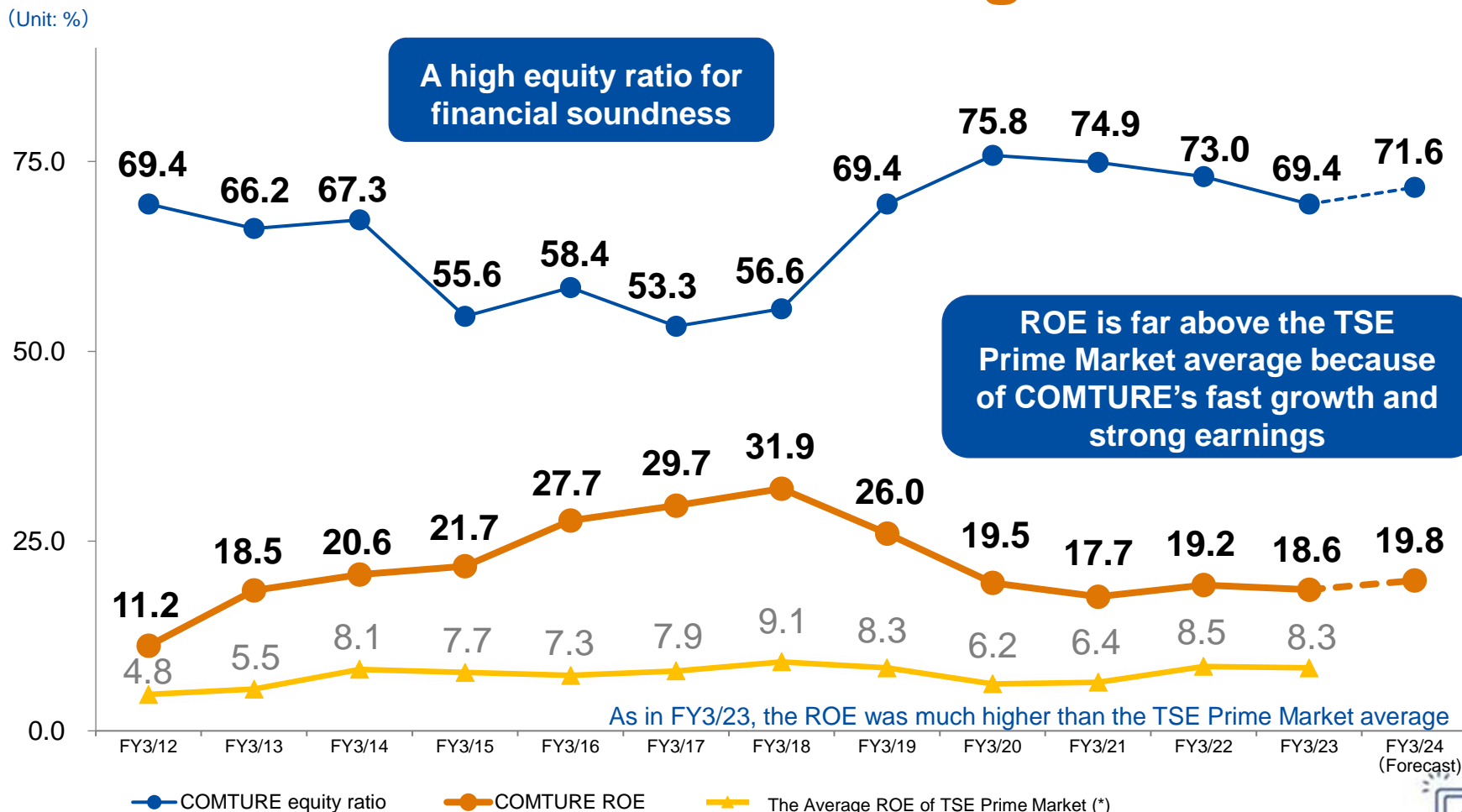


Gross profit



2-4 Financial Soundness and High Profitability

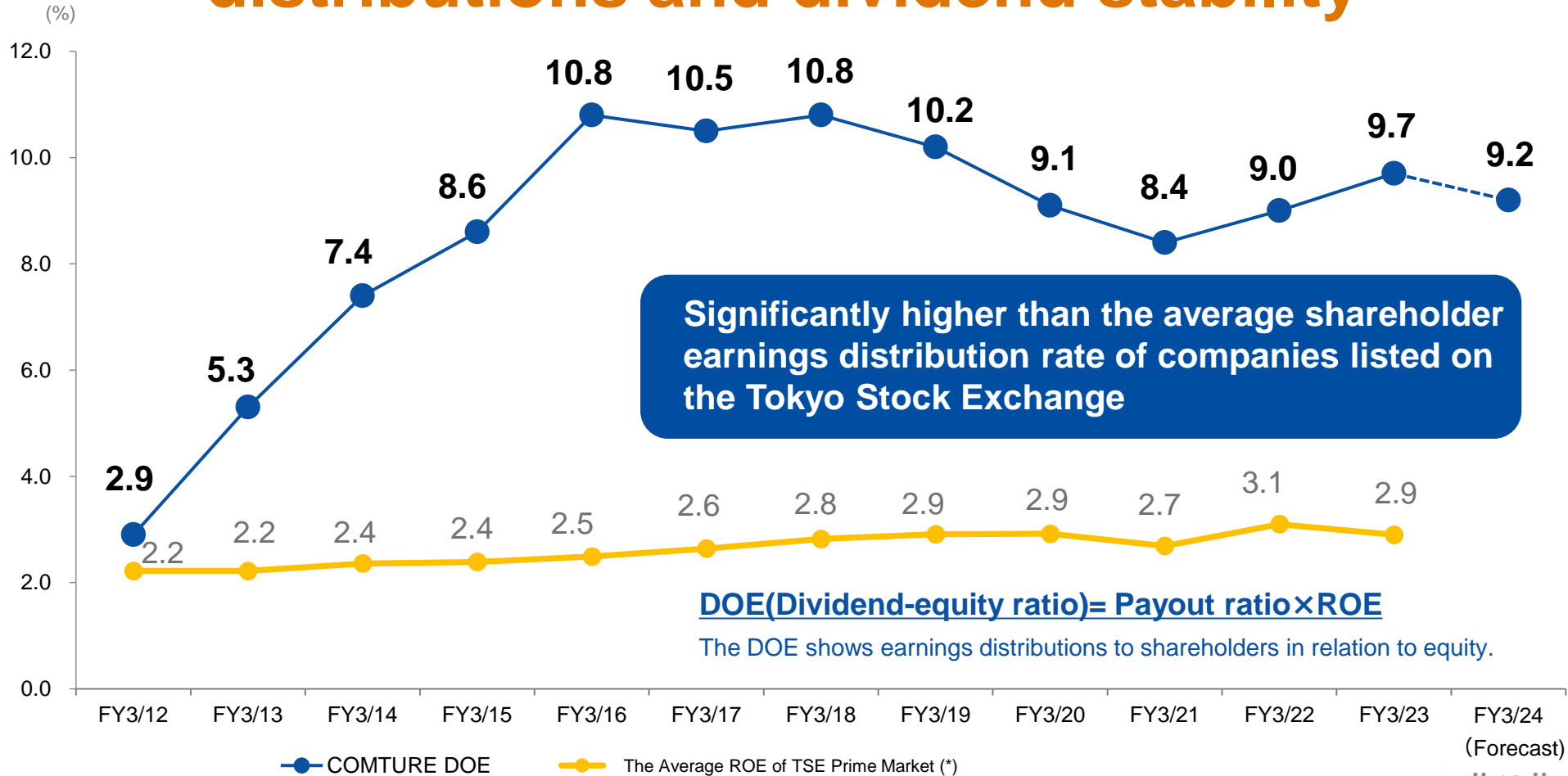
The goals are a shareholder's equity of **more than 70%** and a **high ROE**



(*Source: Mizuho Securities)

2-5 Balancing Capital Efficiency and Shareholder Returns

Goal is consistently **high shareholder distributions and dividend stability**



(*Source: Tokyo Stock Exchange)

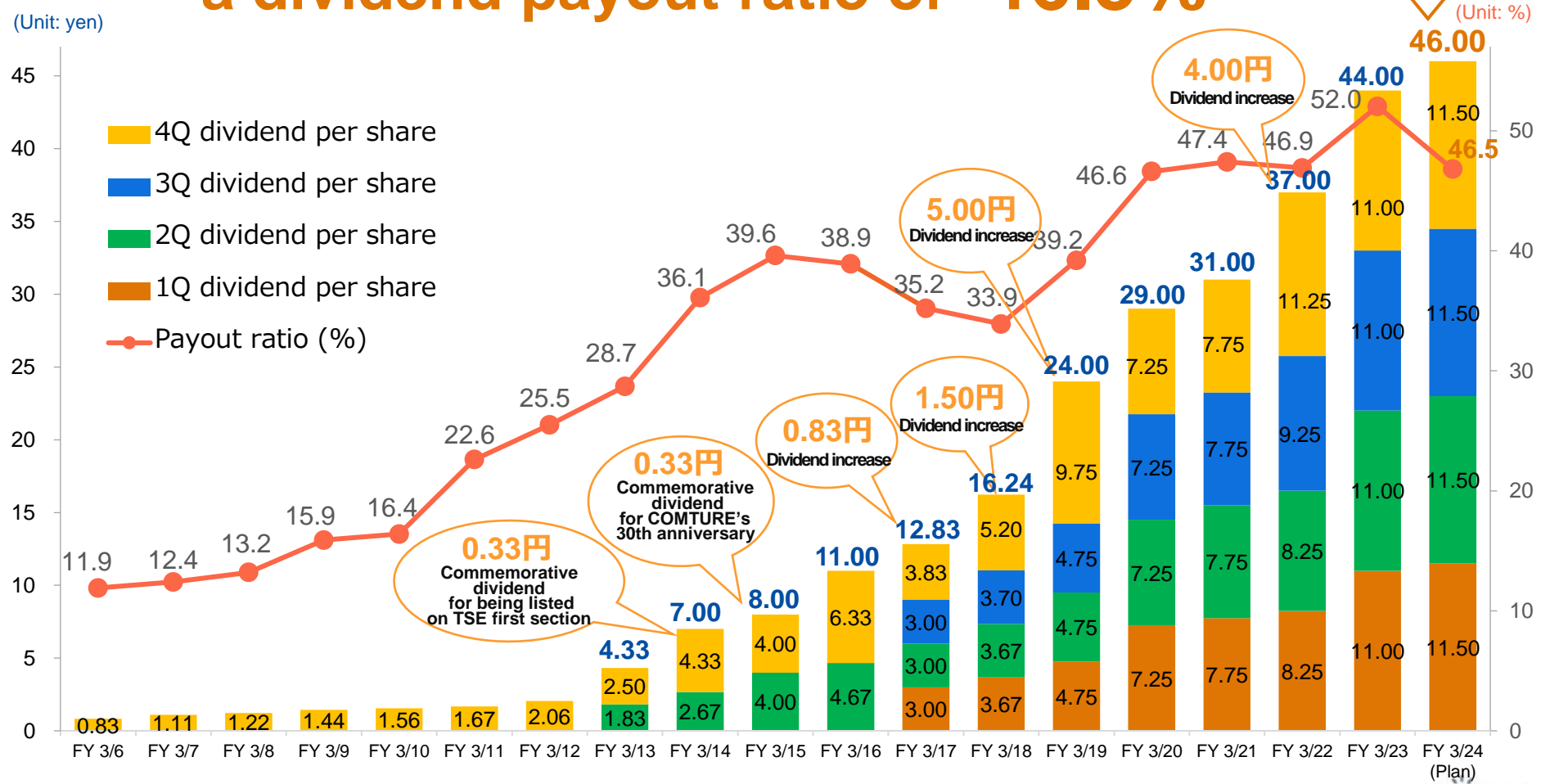
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Shareholder Returns

3-1 Dividend Growth

Plan to raise the dividend for the 19th consecutive year

a dividend payout ratio of **46.5%**



COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017 and a 2-for-1 common stock split effective on October 1, 2019. Dividend per share has been calculated as if these stock splits had taken place at the beginning of FY3/06.

3-2 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 per share	Dividend record date	Dividend payment date (Plan)
1Q	11.50 yen	Jun. 30, 2023	Aug. 31, 2023
2Q	11.50 yen	Sep. 30, 2023	Nov. 30, 2023
3Q	11.50 yen	Dec. 31, 2023	Feb. 28, 2024
4Q	11.50 yen	Mar. 31, 2024	Next business day after shareholders' meeting approval
Total	46.00 yen		

3-3 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 13,800 yen + prepaid QUO cards worth 2,000 yen = 15,800 yen annually
- The payout ratio including QUO cards are expected to be 53.3% for the fiscal year ending March 31, 2024 (for shareholders holding 300 shares)



4

Topics

4-1 Business Tie-up with ITOCHU Corporation

Starting to study cooperation involving IT system development for the growth of the ERP (SAP)/CRM (Salesforce) businesses



ERP/CRM proposal and technology skills



ITOCHU Corporation

Customers worldwide and many group companies

- Joint proposals for supporting the DX at all ITOCHU Group companies
- Provision of technology resources in the ERP/CRM domains (includes working with CTC)
- Use joint activities for the creation of new business domains

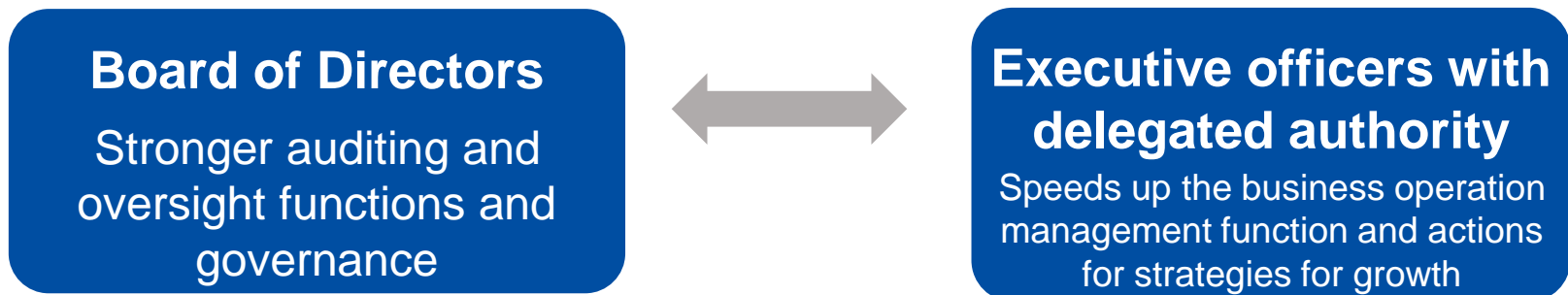
New opportunities in business operations for creating proposals

Interaction between ITOCHU/COMTURE people to further strengthen proposal and technology skills

Joint business activities that target new business domains

Separation of management and business operations

- Separation strengthens the auditing and oversight functions concerning the compliance and suitability of how business operations are managed. Also improves the transparency of management.
- Clarifying the responsibility and authority for making business decisions under the proper oversight of the Board of Directors makes business operation management function stronger and facilitates faster decision-making.



Internal directors: 2

Outside directors: 5 (including 2 females)

Even stronger corporate governance and faster growth strategy activities

4-3 Awards

Many rewards and other recognition from vendors

MVP Award 2023-2024

Received for the 18th time and the 14th consecutive year. Recognition of outstanding technologies and positive influence as a Microsoft product technology community leader.

Top Partner Engineer Award (Received by three COMTURE engineers)

Received this award in the business applications, modern work and security categories. Recognition of performance and advanced elements of projects and activities to increase the internal use of Microsoft technologies.



CyPN Report 2023 / CYBOZU Award 2023

Received the highest rating of three stars in the integration category in the CyPN Report 2023. Received one star in the sales category. In the CYBOZU Award 2023, the system integration section received an integration category award because of its outstanding accomplishments.



intra-mart Award 2023 Superior Partner Award

Received this award because of a big increase in sales.



Biz J AWARD 2023

Received a Project Award due to the use of strong proposal and management skills to capture the largest number of orders during the year.



WebPerformer Partner Award 2023

Received a Fresh Award as a newly contracted partner company in the applicable year by doing an outstanding job at creating projects and conducting promotional activities.

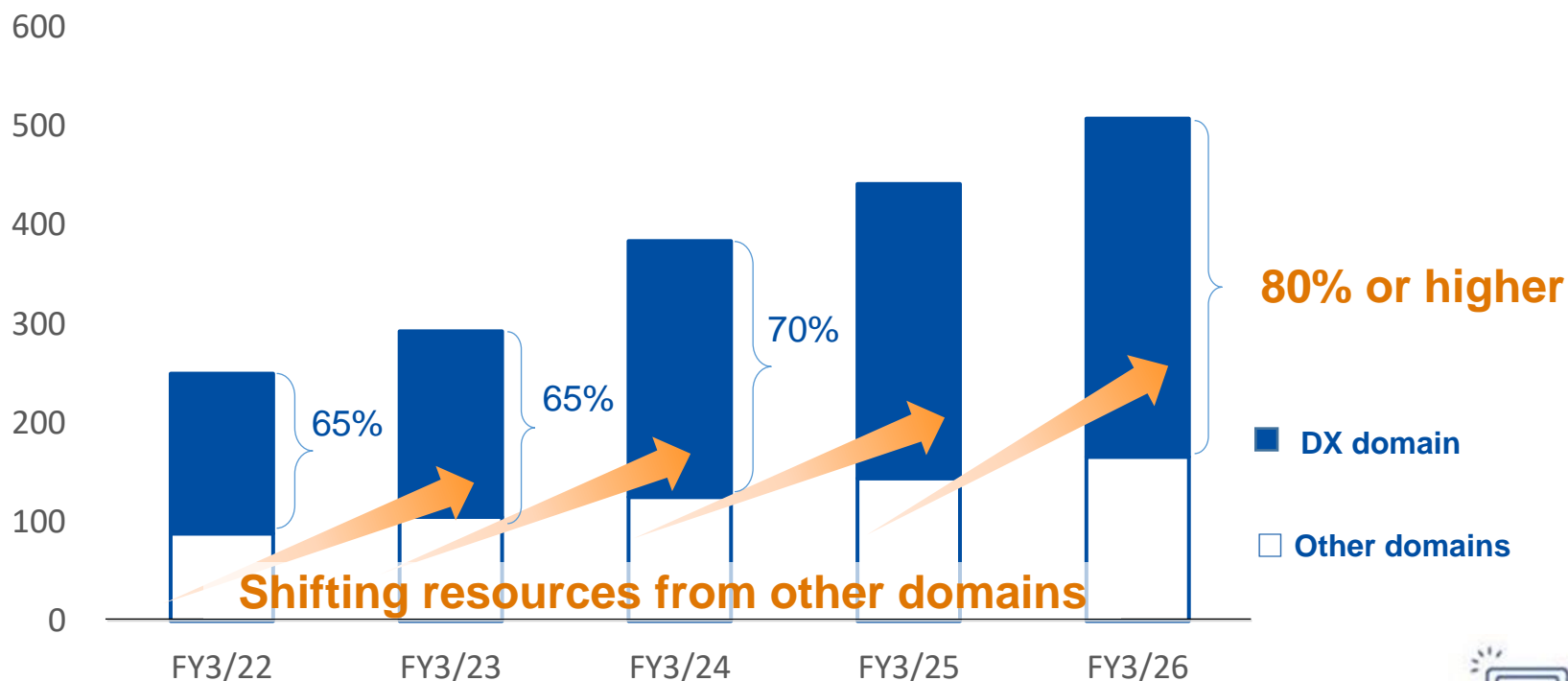
4-4 Medium-term Management Plan

– Expansion of DX domain

Accelerating the shift to DX domain, which is a growth engine

- **Expanding business in the DX domain** backed by the growing DX market
- **Shifting resources proactively** to grow at an accelerated rate
- **Increasing the ratio of businesses in the DX domain to net sales to 80% or higher (FY3/26)**

Net sales (100 million yen)



4-5 Progress of Medium-term Management Plan – Workforce Growth

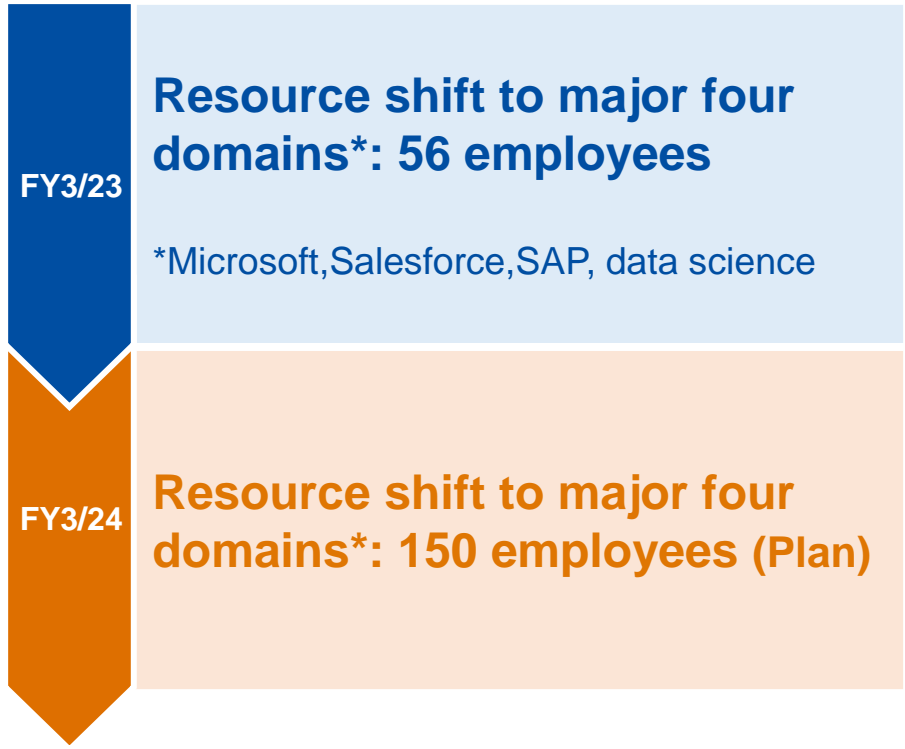
Education and training programs for more added value

Reskilling current employees

- 56 people had been shifted as of the end of March 2023.
- Plan to reskill and shift 150 people during FY3/24.

Fast training of new graduate employees

- Almost 30% of 201 new hires assigned to business units are productive
- Goal is 100% productivity of these new hires by the 2Q

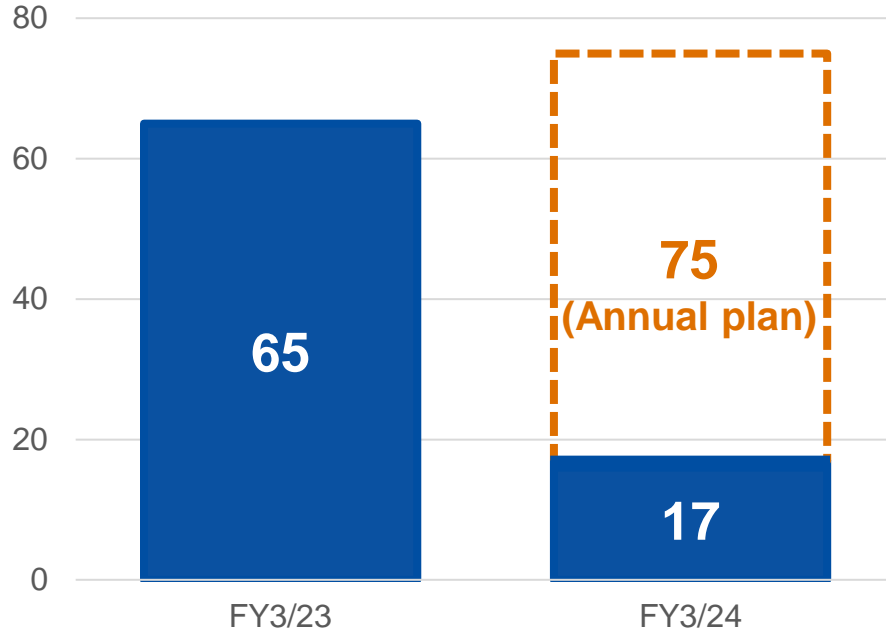


4-6 Progress of Medium-term Management Plan – Workforce Growth

Recruiting activities for faster growth

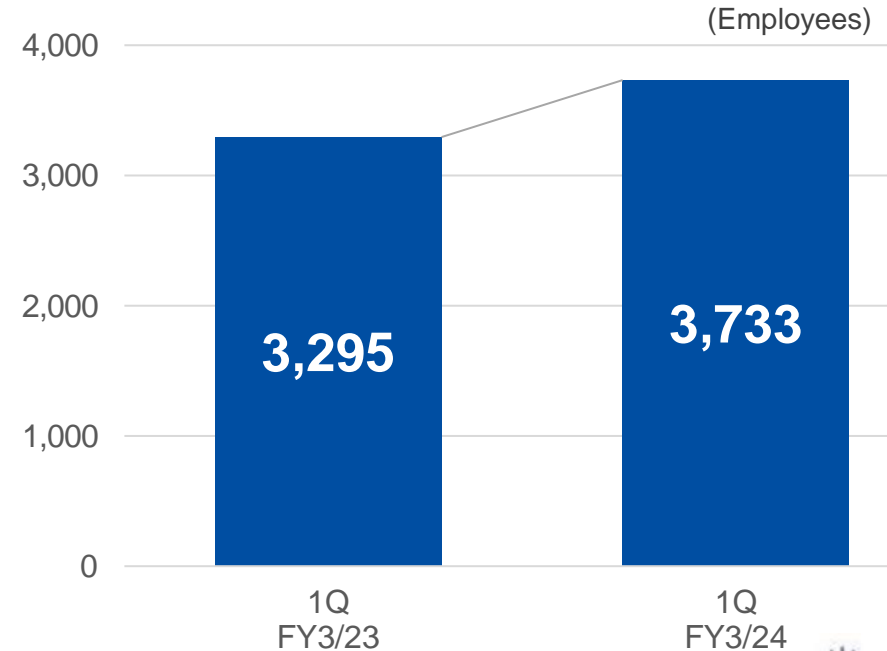
More hiring of experienced

- Hired 17 people in FY3/24 as of the end of June
- Using employee introductions, scouting and other activities



Stronger relationships with partner companies

- Outsourced projects were 13.3% more than one year earlier
- Working with 39 core partner companies



4-7 COMTURE in 5 to 10 years

The goal is sales of **100 billion yen** in FY3/32

100,000 million yen Unit: Million yen

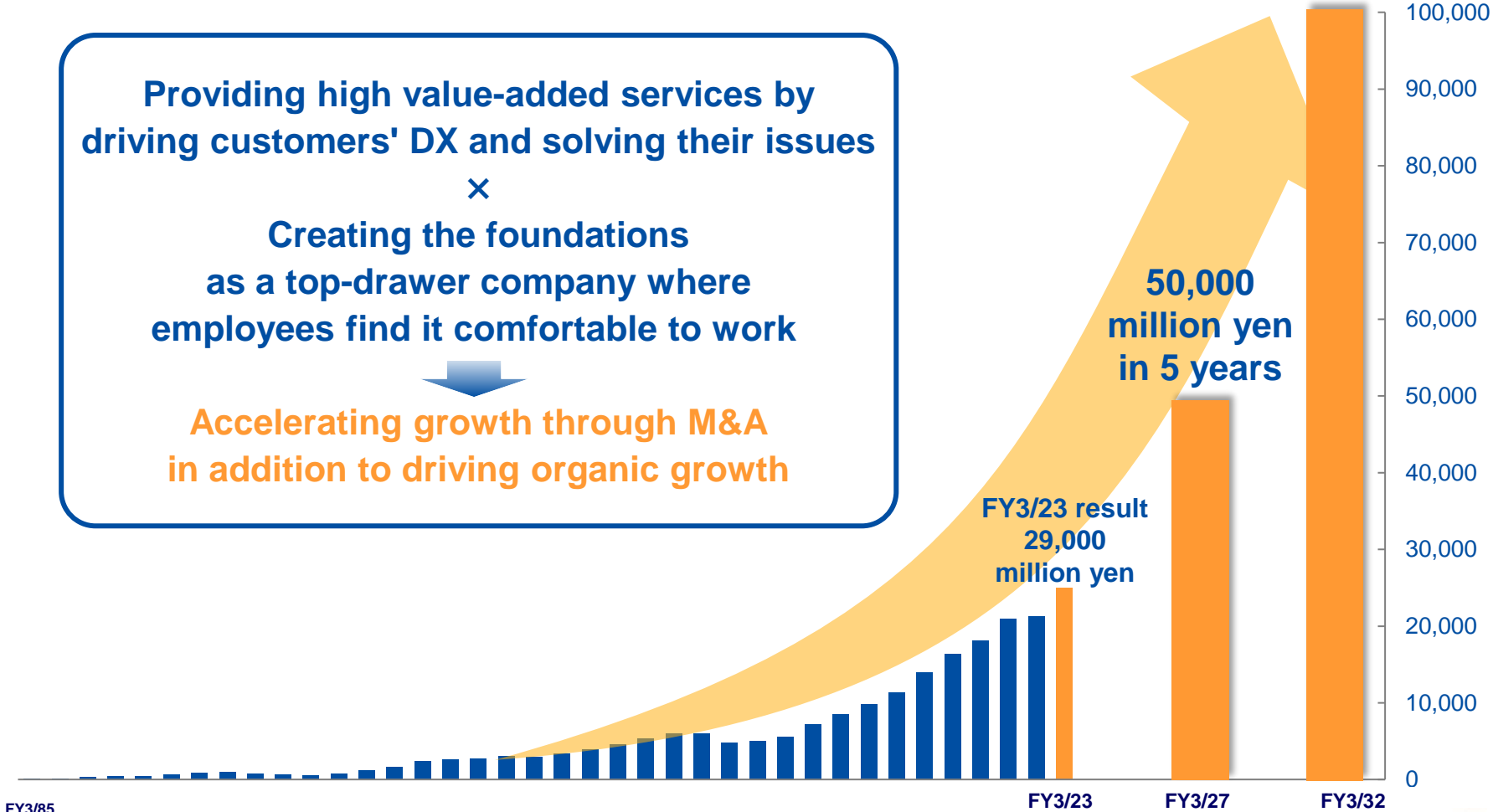
Providing high value-added services by driving customers' DX and solving their issues

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Creating the foundations as a top-drawer company where employees find it comfortable to work



Accelerating growth through M&A in addition to driving organic growth



FY3/85

10 years in the founding period

10 years when we established the area of specialty

10 years as a listed company

FY3/23

FY3/27

FY3/32

COMTURE Transformation

The Comture Transformation (CX)

Comture will transform into a DX integrator

The DX era is an opportunity for change

CX

DX



A powerful company with big dreams

Enabling business model innovative for customers

Be a source of
“*excitement*”
for customers and
“*dreams*”
for employees

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.

Inquiries

Corporate Functional Department, IR·SR
COMTURE CORPORATION

Tel: +81-(0)3-5745-9702

E-mail: irsr@comture.com