

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2022
(Three Months Ended June 30, 2021)

[Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: August 6, 2021
 Scheduled date of payment of dividend: August 31, 2021
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2021
(April 1, 2021 – June 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2021	5,910	19.2	932	67.2	929	65.7	558	51.0
Three months ended Jun. 30, 2020	4,960	3.1	557	(9.8)	560	(10.4)	369	(20.6)

Note: Comprehensive income (million yen): Three months ended Jun. 30, 2021: 558 (up 48.3%)
 Three months ended Jun. 30, 2020: 376 (down 19.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	17.52	-
Three months ended Jun. 30, 2020	11.60	-

Diluted net income per share is not presented because there were no potential shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2021	16,778	12,665	75.5
As of Mar. 31, 2021	16,483	12,353	74.9

Reference: Shareholders' equity (million yen): As of Jun. 30, 2021: 12,665 As of Mar. 31, 2021: 12,353

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2021	Yen 7.75	Yen 7.75	Yen 7.75	Yen 7.75	Yen 31.00
Fiscal year ending Mar. 31, 2022	8.25				
Fiscal year ending Mar. 31, 2022 (forecast)		8.25	9.25	9.25	35.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	11,911	18.3	1,822	36.3	1,820	32.4	1,123	22.0	35.23
Full year	24,100	15.5	3,800	20.6	3,800	19.0	2,400	15.2	75.30

Note: Revisions to the most recently announced consolidated earnings forecasts: Yes

*** Notes**

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

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2021:	32,241,600 shares	As of Mar. 31, 2021:	32,241,600 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	371,160 shares	As of Mar. 31, 2021:	369,020 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	31,871,450 shares	Three months ended Jun. 30, 2020:	31,870,441 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Companies and governments need to implement strategic innovations that utilize digital technologies, such as by creating new businesses and services and new ways for people to do their jobs. Demand associated with these IT investments is starting to recover from the slowdown in IT investments caused by the COVID-19 pandemic. As a result, the growth of IT investments is expected to gain momentum in the digital transformation (DX) sector.

The COMTURE Group regards these trends as an opportunity for long-term growth. We are dedicated to giving customers support for their DX activities as well as altering COMTURE itself, a process we call the COMTURE Transformation (CX). Our strategy for the next 10 years is to play a key role in the business model reforms of our customers. This includes DX assistance that incorporates our own templates and solutions for the provision of added value, an activity centered on building stronger ties with major global platform and tool vendors.

COMTURE was one of the first companies to build low-code, customized systems based on Lotus Notes, SAP and other platforms. We increased the number of platforms we handle to match changes in the business climate. Today, we build systems based on Microsoft, Salesforce, ServiceNow, AWS and other cloud platforms. Services also encompass data analytics using SAS and other tools as well as the use of robotic process automation (RPA) tools for the efficiency and automation of business processes. By adding to conventional stand-alone platforms the ability to supply multi-faceted platforms, we can meet the increasingly complex needs of our customers by assembling the best possible solutions. To provide these solutions, we are encouraging our people to acquire even more advanced vendor certifications and improve skills at creating proposals for customers. Another priority is creating solutions with even more added value involving upstream business processes, consulting and other fields.

We are using formats that combine online and face-to-face interaction for sales activities and the presentation of proposals to prospective customers. Daily business reports utilize a sales force automation (SFA) system to facilitate the timely sharing of information with many people, including management. The goal is to utilize the collective knowledge of our group even more in order to raise our proposals to a higher level and strengthen sales activities. Launching new businesses faster in growing market sectors is another priority. We have started a project that covers all COMTURE businesses for the purpose of creating ideas based on customers' needs and then using these ideas for new businesses that can contribute to our next stage of growth.

Looking ahead to working styles for the new normal after the pandemic ends, we are creating new working styles by increasing the use of digital technologies for internal systems, offering employees the option of a hybrid format that combines telework and on-site work, shortening and staggering working times, and using internet communication tools for internal and external lines of communication.

Due to numerous measures that reflect changes in the business climate, as well as activities for growth of digital transformation operations, we achieved the eleventh consecutive year of first quarter sales growth on an effective sales basis (see note) and a rapid recovery in gross profit. The result was record-high quarterly gross profit for the first time in two fiscal years.

Note: COMTURE started applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) in the fiscal year ended March 31, 2021, which is earlier than required. Sales comparisons use the assumption that this standard had been used in prior fiscal years too.

In the Cloud Solutions Business, sales and gross profit increased because of higher demand in several market sectors. There was growth in demand for building healthcare management systems for the public sector and for moving internal data systems to the cloud and the digitalization of business processes, mainly at internet data service firms, construction companies and other large companies.

In the Digital Solutions Business, sales and gross profit increased. One reason is growth of the data analysis business, which includes demand forecasting for retail companies, risk management for financial institutions, and other activities. Growth of the data management business, such as building and maintaining infrastructures for collecting and storing large amount of data for retail companies, was another reason for the increases in sales and earnings.

In the Business Solutions Business, sales and gross profit increased along with the growth in demand for many services. There was growth of the SAP business, increasing demand for the development of IT systems for human resources, increasing demand for the use of COMTURE products for connections to the Japanese Banks' Payment Clearing Network, and other areas of growth.

In the Platform, Operation Services Business, sales and gross profit increased. Demand is increasing for the construction of Amazon Web Services (AWS) and other cloud environments and services for the shift of operations to the cloud. There is also growth of the business for operating cloud environments and increasing demand for the outsourcing of IT system operations.

In the Digital Learning Business, sales increased and the business returned to a positive gross profit because of growth of the DX education business for cloud service certifications of Microsoft, Salesforce, ServiceNow and other companies as well as the growth of sales at a subsidiary newly consolidated in this fiscal year.

(Millions of yen)

		1Q of FY3/21	1Q of FY3/22	Change	Change (%)
Cloud Solutions Business	Net sales	1,995	2,244	249	12.5%
	Gross profit	410	569	159	38.9%
Digital Solutions Business	Net sales	498	572	74	14.7%
	Gross profit	114	143	29	26.0%
Business Solutions Business	Net sales	1,335	1,434	99	7.4%
	Gross profit	255	311	56	22.0%
Platform, Operation Services Business	Net sales	1,086	1,170	84	7.7%
	Gross profit	254	284	30	11.5%
Digital Learning Business	Net sales	44	489	445	999.2%
	Gross profit	(10)	142	152	-%

Activities of the business categories are as follows.

Business Category	Activities
Cloud Solutions Business	Providing system solutions and other activities using collaborations with Microsoft, Salesforce.com, ServiceNow, Pega and other global platformers.
Digital Solutions Business	Providing data analysis solutions using big data and AI tools, support for the automation of business processes using robotic process automation tools.
Business Solutions Business	Construction, operation, modernization and consulting concerning accounting, personnel, fintech and other core IT systems using collaborations with SAP and other ERP package vendors
Platform, Operation Services Business	System and network environment designs, construction and operation using collaborations with cloud platformers (Amazon Web Service, Google Cloud Platform, etc.) and hardware vendors (Hewlett Packard Enterprise, Dell, Cisco, etc.); remote surveillance of IT systems at the COMTURE Group's service center; help desk operations.
Digital Learning Business	Education services using e-learning and other platforms to upgrade the IT skills of a company's employees and enable employees to acquire platform vendor certifications.

In the first quarter of the fiscal year, the COMTURE Group performed as follows.

	(Millions of yen)			
	1Q of FY3/21	1Q of FY3/22	Change	Change (%)
Net sales	4,960	5,910	950	19.2%
Gross profit	1,024	1,451	427	41.7%
Operating profit	557	932	374	67.2%
Ordinary profit	560	929	368	65.7%
Profit attributable to owners of parent	369	558	188	51.0%

Sales were 10.8% higher than one year earlier. Sales increased in all four business categories as more resources were shifted to DX-related businesses, sales activities backed by stronger relationships with vendors and for other reasons. The Digital Learning Business subsidiary also contributed to first quarter sales. As a result, total sales increased 19.2% from one year earlier as COMTURE posted the eleventh consecutive first quarter of effective sales growth.

Gross profit increased 41.7%. Higher sales per employee was one reason. This was attributable to upgrading proposal skills, improvements in productivity and the quality of services, the expansion of consulting activities, the shift of resources to growing market sectors, and other reasons. Gross profit increased significantly even though there was a big increase in labor cost, made possible by the end of unprofitable projects in the same period of the previous fiscal year, to improve employees' job satisfaction, and an increase in outsourcing expenses due to the growth of business operations.

Operating profit increased 67.2% despite an increase in up-front investments for growth, such as for recruiting and training employees to earn certifications, and an increase in goodwill amortization. Earnings were higher mainly because of a decline in commuting, meeting and other expenses because of working style reforms, including the use of teleworking and internet conferences.

Profit attributable to owners of parent increased 65.7% to an all-time high.

The shareholders' equity ratio, which is an indicator of financial soundness, was 75.5%. These figures demonstrate our ability to maintain high levels of both financial soundness and profitability.

(2) Explanation of Financial Position

Total assets were 16,778 million yen at the end of the first quarter, 295 million yen more than the end of the previous fiscal year. Notes and accounts receivable-trade decreased 267 million yen as payments for these receivables were collected and investment securities decreased 84 million yen because of valuation loss due to decline in actual value and other factors. Cash and deposits increased 598 million yen mainly due to an increase in profit before income taxes.

Liabilities decreased 16 million yen to 4,113 million yen. This was mainly attributable to increases in other included in other current liabilities of 177 million yen mainly due to an increase in social insurance premiums deposited and accounts payable-trade of 87 million yen due to higher cost of sales. The provision for bonuses decreased 291 million yen because of the payment of bonuses.

Net assets increased 311 million yen to 12,665 million yen mainly because of profit attributable to owners of parent of 558 million yen and dividend payments of 247 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Based on the strong performance of the DX-related businesses, COMTURE announced the release titled "Notice of Revisions to Consolidated Forecasts and Dividend Forecast (Dividend Increase)" today.

The above forecasts are based on judgments made in accordance with information available to management at the time this report was prepared. Actual results may differ from these forecasts for a number of reasons.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	1Q of FY3/22 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	8,251	8,849
Notes and accounts receivable-trade	4,186	3,918
Work in process	88	146
Other	262	344
Total current assets	12,788	13,259
Non-current assets		
Property, plant and equipment		
Buildings, net	483	471
Vehicles, net	7	6
Tools, furniture and fixtures, net	263	245
Other, net	1	0
Total property, plant and equipment	755	723
Intangible assets		
Goodwill	935	883
Software	9	10
Other	2	2
Total intangible assets	947	897
Investments and other assets		
Investment securities	804	720
Guarantee deposits	642	641
Deferred tax assets	482	482
Other	62	54
Total investments and other assets	1,991	1,899
Total non-current assets	3,694	3,519
Total assets	16,483	16,778

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	1Q of FY3/22 (As of Jun. 30, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	1,038	1,126
Short-term borrowings	500	500
Current portion of long-term borrowings	70	35
Accrued expenses	384	423
Income taxes payable	274	324
Provision for bonuses	676	384
Provision for bonuses for directors (and other officers)	20	-
Other	647	825
Total current liabilities	3,613	3,620
Non-current liabilities		
Retirement benefit liability	132	116
Asset retirement obligations	244	244
Other	139	132
Total non-current liabilities	516	493
Total liabilities	4,129	4,113
Net assets		
Shareholders' equity		
Share capital	1,022	1,022
Capital surplus	3,617	3,617
Retained earnings	7,812	8,123
Treasury shares	(109)	(109)
Total shareholders' equity	12,342	12,653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	11
Total accumulated other comprehensive income	11	11
Total net assets	12,353	12,665
Total liabilities and net assets	16,483	16,778

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Three-month Period)**

(Millions of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	4,960	5,910
Cost of sales	3,936	4,459
Gross profit	1,024	1,451
Selling, general and administrative expenses	466	519
Operating profit	557	932
Non-operating income		
Interest income	0	1
Dividend income	0	0
Gain on cancellation of insurance policies	5	-
Other	0	4
Total non-operating income	5	6
Non-operating expenses		
Interest expenses	0	0
Loss on valuation of investment securities	-	5
Other	1	2
Total non-operating expenses	2	9
Ordinary profit	560	929
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Loss on valuation of investment securities	-	79
Total extraordinary losses	1	79
Profit before income taxes	559	850
Income taxes	189	292
Profit	369	558
Profit attributable to owners of parent	369	558

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Millions of yen)	
	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Profit	369	558
Other comprehensive income		
Valuation difference on available-for-sale securities	6	0
Total other comprehensive income	6	0
Comprehensive income	376	558
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	376	558

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

The tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year in which the quarter under review falls, and multiplying that rate by the quarterly profit before income taxes for the quarter under review.

Segment and Other Information

Segment Information

I First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

No segment-related information is provided because COMTURE has only a single business segment.

II First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

No segment-related information is provided because COMTURE has only a single business segment.

Additional Information

Amounts in the financial statements, presented in thousands of yen in prior periods, are presented in millions of yen beginning with the current first quarter. To simplify prior-year comparisons, figures for the previous fiscal year and the first quarter of the previous fiscal year have been changed to millions of yen.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.