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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

Company name: COMTURE CORPORATION

Stock exchange listing: Tokyo

Code number: 3844

URL: <https://www.comture.com/>

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Scheduled date of Annual General Meeting of Shareholders: June 21, 2024

Scheduled date of commencing dividend payments: June 24, 2024

Scheduled date of filing annual securities report: June 24, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	34,185	17.7	4,600	13.1	4,597	13.0	3,135	16.3
March 31, 2023	29,056	16.3	4,065	1.7	4,067	1.7	2,695	7.1

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 3,134 million [16.5%]
Fiscal year ended March 31, 2023: ¥ 2,691 million [6.9%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	98.35	-	19.7	20.4	13.5
March 31, 2023	84.56	-	18.6	20.0	14.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ - million
Fiscal year ended March 31, 2023: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	23,442	16,805	71.7	527.07
March 31, 2023	21,738	15,097	69.4	473.67

(Reference) Equity: As of March 31, 2024: ¥ 16,805 million
As of March 31, 2023: ¥ 15,097 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	3,424	449	(1,952)	12,123
March 31, 2023	1,947	(1,707)	(1,303)	10,202

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	11.00	11.00	11.00	11.00	44.00	1,402	52.0	9.7
March 31, 2024	11.50	11.50	11.50	11.50	46.00	1,466	46.8	9.2
Fiscal year ending								
March 31, 2025 (Forecast)	12.00	12.00	12.00	12.00	48.00		47.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	37,700	10.3	4,900	6.5	4,900	6.6	3,250	3.7	101.93

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 32,241,600 shares

March 31, 2023: 32,241,600 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 356,904 shares

March 31, 2023: 368,290 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 31,880,935 shares

Fiscal Year ended March 31, 2023: 31,873,728 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	22,341	21.7	3,215	12.8	5,106	78.9	4,273	117.9
March 31, 2023	18,356	8.6	2,850	(2.0)	2,854	(1.7)	1,961	5.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	134.04	-
March 31, 2023	61.53	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	19,771	15,835	80.1	496.66
March 31, 2023	17,043	12,989	76.2	407.54

(Reference) Equity: As of March 31, 2024: ¥ 15,835 million
As of March 31, 2023: ¥ 12,989 million

* The current 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.

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1. Overview of Results of Operations

(1) Results of Operations

Investments in the digital transformation (DX) continue to gain momentum as companies become increasingly aware of the importance of using digital technologies for strategic business process innovations.

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). We expanded our business by playing a key role in the business model reforms of our customers. Our strategy for the next 10 years includes DX provision that incorporates our own templates and solutions for the provision of added value, an activity centered on building stronger ties with global vendors.

To support these activities, we are raising the technological skills of our workforce by encouraging people to acquire even more advanced vendor certifications. In addition, we have established Consulting Division in October 2023 as an organization that provides business process consulting and other services with substantial added value. We are actively taking actions to reinforce our ability to create proposals for customers and prospective customers and create business opportunities. Activities include proposals incorporating the cross-selling of our consulting services for current customers and measures to add new customers.

For sales activities and the presentation of proposals to prospective customers, one priority is further upgrading sales capabilities with the goal of transforming customers' needs into solutions. Daily business reports utilize a sales force automation (SFA) system (Salesforce) to facilitate the timely sharing of information across the company, including management.

Market conditions are favorable for receiving new orders and our highest priority is recruiting and retaining the engineers. Raising salaries and other benefits for employees is one of the most important points for recruiting and retaining engineers. One step was an average salary increase of 8.1% in the previous fiscal year and 8.1% in the current fiscal year. We have also taken more actions to increase engagement with our workforce. To monitor and confirm the benefits of these activities, we have started to ask employees to complete an engagement survey. In April 2024, we restructured our personnel system. Revisions include more career paths and training programs and remuneration that more closely reflects contributions and skills. All these steps are creating an environment that enables our employees to clearly see their progress with upgrading skills and adding new ones.

During the current fiscal year, 213 new graduates joined the COMTURE Group and became productive quickly because of our training programs. In addition, we are shifting resources to growing business sectors by using reskilling programs for current employees. These activities established a sound base for becoming even more profitable in the following fiscal years. In another step to hire the people we require, we are recruiting engineers with previous work experience who can be productive immediately. To hire these engineers, we are strengthening ties with recruiting agents, using a program that encourages employees to introduce a prospective new employee and taking other actions. In addition, we acquired TAKT SYSTEMS, INC., which have a team of 100 engineers, in the previous fiscal year. We are making frequent use of M&A deals that can speed up the growth of the COMTURE Group.

Increasing the utilization of engineers at COMTURE's partner companies is another goal. We are using strategic forms of collaboration with major partner companies, such as by making them core partners. One aim is to be first to receive information about engineers who can become productive immediately. Activities for the recruitment of engineers also include the educational programs of Edifist Learning Inc., an IT training company in the COMTURE Group, to assist individuals acquire skills in growing market sectors.

In addition to recruiting engineers, we are also working on other ways to achieve more growth. One significant measure was the establishment of a business alliance with ITOCHU Corporation in the current fiscal year. We used this alliance to start joint activities in several fields including IT system development (CRM/low-code software development and enterprise resource planning (ERP)) and data analysis, and benefits are already appearing. For example, activities are under way for providing joint proposals about DX support to ITOCHU Group companies, and with IT companies in the ITOCHU Group for enlarging markets for our services.

There are many activities involving generative AI in order to add new business domains. We are considering the addition of a generative AI menu in the Cloud Solutions Business and plan to use this technology in our system development process. Plans also include the launch of a training program for companies that want to start using

generative AI. These types of measures will make it possible to conduct generative AI business operations that fully utilize the strengths of all COMTURE Group companies. To use generative AI at the COMTURE Group, we have started a program for creating our own environment for utilizing this technology in our corporate departments. About 100 people are engaged in this program in order to make corporate business processes more efficient and to make decisions faster.

Financial highlights of the current fiscal year are as follows.

	(Millions of yen)			
	FY3/23	FY3/24	Change	Change (%)
Net sales	29,056	34,185	5,128	17.7%
Gross profit	6,696	7,852	1,155	17.3%
Operating profit	4,065	4,600	534	13.1%
Ordinary profit	4,067	4,597	530	13.0%
Profit attributable to owners of parent	2,695	3,135	440	16.3%

Sales increased because of the shift of more resources to DX-related businesses, sales activities backed by stronger relationships with platformers and tool vendors, and progress with making new employees and reskilled employees productive quickly, and double-digit growth of access to resources of partner companies. M&A also contributed to sales growth. The result was a 17.7% increase in sales from one year earlier.

Gross profit increased 17.3%. There was a big increase in personnel expenses in order to raise employees' job satisfaction as well as expenses for training programs for reskilling. Sales per employee increased because of upgrading proposal skills and the quality of services, improvements in productivity, the expansion of consulting activities, and the shift of resources to growing market sectors. As a result, the gross profit per employee* increased 2.1%. In previous fiscal years, personnel expenses during the April and May training period for employees hired following graduation were classified as cost of sales. Beginning with the current fiscal year, these expenses are included in selling, general and administrative expenses. This change increased gross profit by 84 million yen in the previous fiscal year.

Operating profit increased 13.1%. Selling, general and expenses increased because of activities for more growth in the next fiscal year. There were investments in human resources, such as for recruiting, revisions to personnel systems, more collaboration space at offices, and more face-to-face events encompassing the entire company. M&A activity also contributed to the growth of SG&A expenses. Although expenses were higher, operating profit increased mainly because the amortization of all goodwill in the previous fiscal year reduced earnings.

Profit attributable to owners of parent increased 16.3% from one year earlier. Although the receipt of an insurance payment raised this profit in the previous fiscal year, this profit was even higher in the current fiscal year in part because there was no loss on valuation of investment securities.

The shareholders' equity ratio, which is an indicator of financial soundness, was 71.7% at the end of the current fiscal year. These figures demonstrate our ability to maintain a high level of financial soundness.

*Gross profit divided by the number of employees (excluding directors and executive officers) at the end of the fiscal year

The COMTURE Group reports its performance in the following five business categories.

Business Category	Activities
Cloud Solutions Business	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
Digital Solutions Business	Construction of data infrastructures by working with global AI vendors (Google Cloud, 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
Business Solutions Business	Construction, operation and modernization concerning accounting, personnel, fintech and other core IT systems using collaborations with SAP, SuccessFactors and other global ERP package vendors
Platform, Operation Services Business	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
Digital Learning Business	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

Sales and gross profit in the COMTURE Group's business categories were as follows.

In the Cloud Solutions Business, although there was a temporary increase in training costs for new graduates and reskilling, sales and gross profit increased due to the contribution of a newly consolidated subsidiary and higher demand for several services. Sources of growth include the use of collaborations with Microsoft Japan Co., Ltd. and Salesforce Japan Co., Ltd. to build customer information systems, the shift of internal data systems to the cloud, primarily at large companies, and consulting and other services involving the digitalization of business processes.

In the Digital Solutions Business, although there was a temporary increase in training costs for new graduates and reskilling, sales and gross profit increased. One reason is growth of the data analysis business, which uses SAS and Databricks. Growth of the data management business, such as building infrastructures for collecting and storing large amount of data on the Google Cloud Platform, and building of anti-money laundering systems for financial institutions also contributed to higher sales and gross profit.

In the Business Solutions Business, sales and gross profit were higher even though some people were shifted to the Cloud Solutions Business due to reskilling programs. Sales and earnings benefited from the growth of the SAP business, including SAP's S/4 HANA ERP system, and of business growth due to cross-selling activities involving customers in the financial services sector. The resolution of issues that arose in the previous fiscal year also contributed to sales and earnings growth.

In the Platform, Operation Services Business, sales and gross profit were higher because of the growth of the business for operating cloud environments and increasing demand for the outsourcing and security support of IT system operations.

In the Digital Learning Business, demand increased at companies for new employee, DX and other structured training programs. Sales and gross profit decreased in part because instructors in this business were used for training programs at COMTURE Group companies.

(Millions of yen)

		FY3/23	FY3/24	Change	Change (%)
Cloud Solutions Business	Net sales	9,112	12,997	3,885	42.6%
	Gross profit	2,388	3,146	758	31.8%
Digital Solutions Business	Net sales	4,164	4,736	572	13.8%
	Gross profit	981	1,069	88	9.0%
Business Solutions Business	Net sales	8,814	9,049	234	2.7%
	Gross profit	1,757	2,076	319	18.2%
Platform, Operation Services Business	Net sales	5,399	5,855	456	8.4%
	Gross profit	1,111	1,138	27	2.5%
Digital Learning Business	Net sales	1,565	1,545	(19)	(1.3)%
	Gross profit	458	420	(37)	(8.2)%

Note: Due to the partial revision of business categories in the current fiscal year, net sales in the Cloud Solutions, Digital Solutions, Business Solutions, and Platform, Operation Services businesses decreased by 1,965 million yen, increased by 1,029 million yen, increased by 858 million yen, and increased by 76 million yen, respectively, in FY3/23.

In addition, due to a change in the classification of personnel expenses during the April and May training period for new graduates as selling, general and administrative expenses, gross profit in the Cloud Solutions, Digital Solutions, Business Solutions, Platform, Operation Services and Digital Learning businesses decreased by 325 million yen, increased by 194 million yen, increased by 160 million yen, increased by 52 million yen and increased by 1 million yen, respectively, in FY3/23.

(2) Financial Position

Total assets were 23,442 million yen at the end of the current fiscal year, 1,704 million yen more than the end of the previous fiscal year. There were increases in cash and deposits of 1,921 million yen mainly due to an increase in profit before income taxes and notes and accounts receivable-trade of 482 million yen mainly due to higher sales. Insurance funds, which is included in other investments and other assets, decreased 652 million yen due to cancellation and goodwill decreased 338 million yen because of amortization.

Liabilities decreased 4 million yen to 6,637 million yen. This was mainly attributable to decreases in short-term borrowings of 500 million yen due to repayments and retirement benefit liability of 95 million yen mainly due to retirement allowance resulting from the termination of retirement benefit plans of certain consolidated subsidiaries. Accrued expenses increased 369 million yen mainly because the end of the current fiscal year was a holiday, and accounts payable-trade increased 200 million yen mainly due to higher cost of sales.

Net assets increased 1,708 million yen to 16,805 million yen mainly because profit attributable to owners of parent of 3,135 million yen was more than dividend payments of 1,450 million yen.

(3) Cash Flows

There was a net increase of 1,921 million yen in cash and cash equivalents from the end of the previous fiscal year to 12,123 million yen at the end of the current fiscal year. Major components of cash flows were as follows.

Net cash provided by operating activities increased 75.8% to 3,424 million yen. Major sources of cash were profit before income taxes of 4,553 million yen, amortization of goodwill of 338 million yen, depreciation of 161 million yen, an increase in accrued expenses of 369 million yen, and an increase in trade payables of 200 million yen. Major uses of cash were income taxes paid of 1,752 million yen and an increase in trade receivables of 482 million yen.

Net cash provided by investing activities was 449 million yen, compared with 1,707 million yen used a year earlier. Major sources of cash were proceeds of 653 million yen from cancellation of insurance funds. The major uses of cash were purchase of intangible assets of 205 million yen and purchase of property, plant and equipment of 40 million yen.

Net cash used in financing activities increased 49.8% to 1,952 million yen. There were payments of 1,452 million yen for dividends and a net decrease in short-term borrowings of 500 million yen.

(4) Outlook

The DX sector, which is the primary market for the COMTURE Group, is growing rapidly because of the increasing investments as companies become more aware of the benefits of the DX. This growth is expected to continue.

The emergence of generative AI and other new technologies is significantly altering the business climate. Companies are using these new technologies to use a variety of working styles and create innovative business models. Accomplishing these goals will require the use of cloud services and other digital technologies. As a result, more growth in demand is expected for shifting companies' IT systems to the cloud, analyzing and using data, training programs to give people DX skills, and other services. There is also an increasing need for fast and flexible methods for developing IT systems, such as low-code development and agile development. Consequently, we believe that the demand for the platforms and tools required to support these activities will continue to grow.

To achieve more growth and provide services with even more added value in this business climate, we have established a new medium-term business plan covering the three-year period ending in March 2027. In addition, we have established a sustainability policy and a vision as one way to meet the expectations of our stakeholders. The current business plan has the goal of implementing this policy and vision. As we step up the pace of our shift of resources to the DX domain, we are aiming to raise our sales to 100 billion yen by the fiscal year ending in March 2032.

(Millions of yen)

	Fiscal year ended March 2024 (Results)	Fiscal year ending March 2027 (Plan)	Average annual growth rate (April 2023 to March 2027)
Net sales	34,185	50,000	10.0% or more
Operating profit	4,600	6,500	10.0% or more
Operating margin	13.5%	13.0%	-
ROE	19.7%	20.0% or more	-
Payout ratio	46.8%	45.0% or more	-

The plan has targets with the overall objective of achieving sustained growth. The sales target of this plan is average annual organic growth (excluding M&A and other external contributions) of at least 10% and our target for profitability is an operating margin of 13%. These targets demonstrate our determination to grow rapidly while maintaining a high level of profitability. To accomplish these goals, we have a strong commitment to assisting our customers with their DX activities as well as using the COMTURE Transformation (CX) to significantly alter COMTURE itself. We plan on taking many actions, centered on collaborations with platform and tool vendors worldwide, for even faster growth as we advance to our next stage of progress.

In the steadily expanding DX domain, our target is to raise the share of DX sales to at least 80% from the current 67%. To accomplish this goal, we will continue reskilling programs that use the educational programs of COMTURE Group member Edifist Learning. We will also rapidly shift resources across the entire group to the four business sectors that are our key growth domains: Microsoft, Salesforce, SAP and data analysis.

The COMTURE Group will continue to concentrate on three core strategic initiatives. First is a rigorous sales process centered on vendor collaboration in order to increase orders and sales. Second is upgrading proposal capabilities by enlarging solution and template menus. Third is the expansion of human resources by hiring and training a large number of people with the right skills and reinforcing ties with partner companies.

Furthermore, we plan to use M&A often for even faster growth. Our plans also include more expenditures involving human resources, such as recruiting activities, more improvements in remuneration and benefits, measures for increasing engagement with employees, an upgraded training structure as part of our new personnel framework, and other measures.

For growth in a new business domain, we plan to increase the provision of services to assist customers with the use of generative AI and training services for this technology. Another priority is building a more powerful infrastructure for our business operations by making more progress with the DX and updating our core IT systems. The goals of these activities are sustained growth accompanied by consistently high profitability, including more growth in sales and earnings in the future.

We forecast sales growth for the fifteenth consecutive fiscal year with a 10.3% increase to 37,700 million yen in the fiscal year ending in March 2025, which is the first year of the medium-term business plan.

For earnings growth, we plan to increase added value, improving productivity, making quality management more rigorous to reduce unprofitable projects, and taking other actions. We also plan on expenditures for improving remuneration and employee benefits, R&D to create new businesses, and other initiatives. As a result, we expect earnings to increase to all-time highs for the fourteenth consecutive year. We forecast operating profit of 4,900 million yen, ordinary profit of 4,900 million yen and profit attributable to owners of parent of 3,250 million yen.

This forecast is based on assumptions judged to be valid and information available to management at the time the forecast was prepared. We will make an announcement promptly if any revisions to the forecast are needed.

2. Basic Approach to the Selection of Accounting Standards

As the COMTURE Group's operations are limited to Japan and we have no overseas activity, we expect to employ Japanese accounting standards for the foreseeable future. However, we intend to consider the future adoption of International Financial Reporting Standards (IFRS), depending on our percentage of foreign shareholders and adoption trends among other companies in Japan.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	10,202	12,123
Notes and accounts receivable - trade	6,094	6,577
Work in process	170	109
Other	318	414
Total current assets	16,785	19,225
Non-current assets		
Property, plant and equipment		
Buildings, net	508	451
Vehicles, net	10	6
Tools, furniture and fixtures, net	211	176
Construction in progress	1	14
Total property, plant and equipment	731	649
Intangible assets		
Goodwill	1,694	1,355
Software	13	43
Software in progress	-	185
Other	98	65
Total intangible assets	1,806	1,650
Investments and other assets		
Investment securities	173	136
Guarantee deposits	701	689
Deferred tax assets	854	1,035
Other	686	55
Total investments and other assets	2,415	1,916
Total non-current assets	4,953	4,217
Total assets	21,738	23,442

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,670	1,871
Short-term borrowings	700	200
Accrued expenses	608	977
Asset retirement obligations	-	10
Income taxes payable	662	657
Provision for bonuses	1,204	1,258
Provision for bonuses for directors (and other officers)	34	37
Provision for loss on construction contracts	2	14
Other	790	856
Total current liabilities	5,673	5,882
Non-current liabilities		
Retirement benefit liability	533	438
Asset retirement obligations	321	311
Deferred tax liabilities	60	-
Other	52	5
Total non-current liabilities	968	754
Total liabilities	6,641	6,637
Net assets		
Shareholders' equity		
Share capital	1,022	1,022
Capital surplus	3,631	3,652
Retained earnings	10,543	12,228
Treasury shares	(107)	(103)
Total shareholders' equity	15,089	16,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	7
Total accumulated other comprehensive income	8	7
Total net assets	15,097	16,805
Total liabilities and net assets	21,738	23,442

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	29,056	34,185
Cost of sales	22,359	26,332
Gross profit	6,696	7,852
Selling, general and administrative expenses	2,630	3,252
Operating profit	4,065	4,600
Non-operating income		
Interest income	5	1
Dividend income	0	0
Foreign exchange gains	0	3
Subsidy income	5	-
Gain on investments in investment partnerships	18	-
Other	4	6
Total non-operating income	34	12
Non-operating expenses		
Interest expenses	1	2
Loss on investments in investment partnerships	-	1
Loss on valuation of investment securities	20	-
LossOnRedemptionOfInvestmentSecurities	-	9
Office relocation expenses	5	-
Other	5	1
Total non-operating expenses	32	14
Ordinary profit	4,067	4,597
Extraordinary income		
Insurance claim income	108	0
Gain on sale of investment securities	-	5
Total extraordinary income	108	6
Extraordinary losses		
Loss on retirement of non-current assets	1	-
Loss on sale of investment securities	4	-
Loss on valuation of investment securities	304	-
Loss on termination of retirement benefit plan	-	49
Total extraordinary losses	310	49
Profit before income taxes	3,865	4,553
Income taxes - current	1,306	1,660
Income taxes - deferred	(136)	(241)
Total income taxes	1,169	1,418
Profit	2,695	3,135
Profit attributable to owners of parent	2,695	3,135

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	2,695	3,135
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(1)
Total other comprehensive income	(3)	(1)
Comprehensive income	2,691	3,134
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,691	3,134

(3) Consolidated Statements of Changes in Equity

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,022	3,631	9,262	(107)	13,808
Changes during period					
Dividends of surplus			(1,414)		(1,414)
Profit attributable to owners of parent			2,695		2,695
Purchase of treasury shares					-
Disposal of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	1,281	-	1,281
Balance at end of period	1,022	3,631	10,543	(107)	15,089

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	12	12	13,820
Changes during period			
Dividends of surplus			(1,414)
Profit attributable to owners of parent			2,695
Purchase of treasury shares			-
Disposal of treasury shares			-
Net changes in items other than shareholders' equity	(3)	(3)	(3)
Total changes during period	(3)	(3)	1,277
Balance at end of period	8	8	15,097

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,022	3,631	10,543	(107)	15,089
Changes during period					
Dividends of surplus			(1,450)		(1,450)
Profit attributable to owners of parent			3,135		3,135
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		20		3	24
Net changes in items other than shareholders' equity					-
Total changes during period	-	20	1,684	3	1,709
Balance at end of period	1,022	3,652	12,228	(103)	16,798

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	8	8	15,097
Changes during period			
Dividends of surplus			(1,450)
Profit attributable to owners of parent			3,135
Purchase of treasury shares			(0)
Disposal of treasury shares			24
Net changes in items other than shareholders' equity	(1)	(1)	(1)
Total changes during period	(1)	(1)	1,708
Balance at end of period	7	7	16,805

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,865	4,553
Depreciation	150	161
Amortization of goodwill	207	338
Increase (decrease) in provision for bonuses	203	54
Increase (decrease) in provision for bonuses for directors (and other officers)	4	2
Increase (decrease) in provision for loss on construction contracts	(2)	11
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(122)	(45)
Increase (decrease) in retirement benefit liability	(12)	(95)
Interest and dividend income	(5)	(2)
Interest expenses	1	2
Insurance claim income	(103)	(0)
Gain on insurance cancellation	(5)	-
Loss on termination of retirement benefit system	-	49
Loss on retirement of non-current assets	1	-
Loss (gain) on sale of investment securities	4	(5)
Loss (gain) on valuation of investment securities	325	-
Loss (gain) on redemption of investment securities	-	9
Loss (gain) on investments in investment partnerships	(18)	1
Decrease (increase) in trade receivables	(848)	(482)
Decrease (increase) in inventories	(18)	60
Increase (decrease) in trade payables	86	200
Increase (decrease) in accrued expenses	49	369
Increase (decrease) in accrued consumption taxes	(59)	67
Other, net	(17)	(74)
Subtotal	3,686	5,176
Interest and dividends received	5	2
Interest paid	(1)	(2)
Proceeds from insurance income	114	-
Income taxes paid	(1,858)	(1,752)
Income taxes refund	1	0
Net cash provided by (used in) operating activities	1,947	3,424

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(114)	(40)
Purchase of intangible assets	(3)	(205)
Proceeds from sale of investment securities	148	12
Proceeds from redemption of investment securities	-	0
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	41	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,782)	-
Payments of guarantee deposits	(60)	-
Proceeds from refund of guarantee deposits	13	11
Purchase of insurance funds	(0)	-
Proceeds from cancellation of insurance funds	39	653
Payments for asset retirement obligations	(12)	-
Other, net	23	17
Net cash provided by (used in) investing activities	(1,707)	449
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	310	(500)
Repayments of long-term borrowings	(210)	-
Dividends paid	(1,403)	(1,452)
Other, net	-	(0)
Net cash provided by (used in) financing activities	(1,303)	(1,952)
Net increase (decrease) in cash and cash equivalents	(1,063)	1,921
Cash and cash equivalents at beginning of period	11,265	10,202
Cash and cash equivalents at end of period	10,202	12,123

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

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 the current 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 statements of income for the fiscal year ended March 31, 2023 have been restated.

As a result, 84 million yen in cost of sales in the previous fiscal year's consolidated statements of income has been reclassified as selling, general and administrative expenses. This change increased gross profit by 84 million yen in the fiscal year ended March 31, 2023.

Segment and Other Information

Segment information

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

Per Share Information

(Yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	473.67	527.07
Basic earnings per share	84.56	98.35

Notes: 1. Diluted earnings per share is not presented because there were no potential shares with dilutive effects.

2. The basis of calculating the basic earnings per share and diluted earnings per share is as follows:

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Profit attributable to owners of parent (Millions of yen)	2,695	3,135
Amount not attributable to ordinary shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Millions of yen)	2,695	3,135
Average number of common shares outstanding (Shares)	31,873,728	31,880,935

3. The basis of calculating the net assets per share is as follows:

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Total net assets (Millions of yen)	15,097	16,805
Deduction from total net assets (Millions of yen)	-	-
[of which share acquisition rights]	[-]	[-]
[of which non-controlling interests]	-	-
Net assets applicable to common shares (Millions of yen)	15,097	16,805
Number of common shares used in calculation of net assets per share (Shares)	31,873,310	31,884,696

Subsequent Events

Not applicable.

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.