

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022**[Japanese GAAP]**

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Listing: Tokyo Stock Exchange
 URL: <https://www.comture.com/en/ir/index.html>

Scheduled date of Annual General Meeting of Shareholders: June 17, 2022
 Scheduled date of payment of dividend: June 20, 2022
 Scheduled date of filing of Annual Securities Report: June 20, 2022
 Preparation of supplementary materials for financial results: Yes
 Holding of 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 Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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 | % |
| Fiscal year ended Mar. 31, 2022 | 24,985 | 19.7 | 3,996 | 26.8 | 4,000 | 25.3 | 2,517 | 20.8 |
| Fiscal year ended Mar. 31, 2021 | 20,868 | (0.3) | 3,150 | 11.2 | 3,192 | 11.3 | 2,083 | 5.5 |

Note: Comprehensive income (million yen):
 Fiscal year ended Mar. 31, 2022: 2,518 (up 20.4%)
 Fiscal year ended Mar. 31, 2021: 2,092 (up 6.1%)

| | Net income per share | Diluted net income per share | Return on equity | Ordinary profit on total assets | Operating profit to net sales |
|---------------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended Mar. 31, 2022 | 78.97 | - | 19.2 | 22.6 | 16.0 |
| Fiscal year ended Mar. 31, 2021 | 65.38 | - | 17.7 | 20.4 | 15.1 |

*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 | Net assets per share |
|---------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2022 | 18,934 | 13,820 | 73.0 | 433.56 |
| As of Mar. 31, 2021 | 16,483 | 12,353 | 74.9 | 387.60 |

Reference: Shareholders' equity (million yen):
 As of Mar. 31, 2022: 13,820 As of Mar. 31, 2021: 12,353

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended Mar. 31, 2022 | 4,420 | 31 | (1,437) | 11,265 |
| Fiscal year ended Mar. 31, 2021 | 1,562 | (1,391) | (813) | 8,251 |

2. Dividends

| | Dividend per share | | | | | Total dividends | Dividend payout ratio (consolidated) | Dividend on equity (consolidated) |
|---|--------------------|--------|--------|----------|-------|-----------------|--------------------------------------|-----------------------------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total | | | |
| Fiscal year ended Mar. 31, 2021 | 7.75 | 7.75 | 7.75 | 7.75 | 31.00 | 988 | 47.4 | 8.4 |
| Fiscal year ended Mar. 31, 2022 | 8.25 | 8.25 | 9.25 | 11.25 | 37.00 | 1,179 | 46.9 | 9.0 |
| Fiscal year ending Mar. 31, 2023 (forecast) | 11.00 | 11.00 | 11.00 | 11.00 | 44.00 | | 45.5 | |

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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 | 13,890 | 15.8 | 2,200 | 12.1 | 2,200 | 11.9 | 1,450 | 18.8 | 45.50 |
| Full year | 28,800 | 15.3 | 4,660 | 16.6 | 4,660 | 16.5 | 3,080 | 22.4 | 96.60 |

* Notes

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

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

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(3) Number of outstanding shares (common stock)

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

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of Mar. 31, 2022: | 32,241,600 shares | As of Mar. 31, 2021: | 32,241,600 shares |
|----------------------|-------------------|----------------------|-------------------|

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

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of Mar. 31, 2022: | 365,150 shares | As of Mar. 31, 2021: | 369,020 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Fiscal year ended Mar. 31, 2022: | 31,874,809 shares | Fiscal year ended Mar. 31, 2021: | 31,873,137 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---------------------------------|-------------|------|------------------|------|-----------------|--------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended Mar. 31, 2022 | 16,904 | 13.2 | 2,908 | 19.8 | 2,904 | (39.6) | 1,854 | (53.6) |
| Fiscal year ended Mar. 31, 2021 | 14,930 | 8.1 | 2,428 | 27.5 | 4,812 | 148.5 | 3,997 | 201.2 |

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Fiscal year ended Mar. 31, 2022 | 58.18 | - |
| Fiscal year ended Mar. 31, 2021 | 125.43 | - |

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

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2022 | 16,269 | 12,443 | 76.5 | 390.35 |
| As of Mar. 31, 2021 | 14,873 | 11,639 | 78.3 | 365.18 |

Reference: Shareholders' equity (million yen): As of Mar. 31, 2022: 12,443 As of Mar. 31, 2021: 11,639

* This financial report is not subject to audit by certified public accountants or auditing firms.

* 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. Overview of Results of Operations, (4) Outlook" on page 5 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

(1) 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. 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 global vendors.

COMTURE was one of the first companies to build value-added 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 AWS, Microsoft, Salesforce, ServiceNow, Pega and other cloud platforms. Services also encompass data analytics using SAS and other tools, the use of robotic process automation (RPA) tools for the efficiency and automation of business processes, and more DX-related solutions. Demand is increasing for the construction of systems based on these DX platforms and COMTURE has the expertise to create profitable proposals with significant added value for customers. Furthermore, 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 providing services with even more added value involving consulting and other fields.

We are using formats that combine online and face-to-face interaction for efficient 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 team 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 templates based on customers' needs and then using these ideas for new businesses that can contribute to our next stage of growth.

Market conditions are favorable for receiving new orders and our highest priority is recruiting and retaining the engineers we require to handle these orders and maintain strong performance. Improving salaries and other benefits for employees is the most important point for recruiting and retaining engineers. One step was an average salary increase of 10% in the current fiscal year. We have also been increasing engagement with our workforce, such as by allowing individuals to use a working style combining telework and work at a COMTURE office, utilizing small groups and other forms of unrestricted R&D activities and by establishing more ties between management and employees.

We are using numerous measures to strengthen recruiting activities. For example, in addition to hiring talented new college graduates, we are using collaborations with recruiting agents in order to improve our recruitment of people who have experience at other companies.

In addition, to cover areas where there are shortages in our own workforce, we are using strategic forms of collaboration with partner companies, including the creation of core partners. These relationships allow us to be the first to receive information about engineers we can hire who will become productive immediately. Activities involving engineers also include support for training programs in growing market sectors. Overall, numerous activities are under way to recruit and retain engineers.

On April 4, 2022, the stock listing of COMTURE moved to the Prime Market of the Tokyo Stock Exchange. We remain committed to the proper and transparent disclosure of information, listening carefully to the opinions and other input of shareholders and other stakeholders, strengthening corporate governance, and achieving long-term growth of corporate value.

Due to numerous measures that reflect changes in the business climate, along with initiatives for the growth of the DX business, we achieved the twelfth consecutive year of sales growth in the current fiscal year on an effective sales basis. In addition, gross profit rose to a new record high for the eleventh consecutive year.

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 the gross profit increased because of higher demand for several services. Sources of growth include the use of collaborations with Microsoft and Salesforce.com to build customer information systems, the shift of internal data systems to the cloud, primarily at large companies in the manufacturing and other sectors, and consulting and other services involving the digitalization of business processes.

In the Digital Solutions Business, sales and the gross profit increased. One reason is growth of the data analysis business, which includes anti-money laundering 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 on the Google Cloud Platform, was another reason for the increases in sales and earnings.

In the Business Solutions Business, sales and the gross profit increased along with the growth in demand for many services. There was growth of the SAP business, including the use of SAP's S/4HANA ERP system, 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 the 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 and security support of IT system operations.

In the Digital Learning Business, sales and gross profit increased 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)

| | | FY3/21 | FY3/22 | Change | Change (%) |
|---------------------------------------|--------------|--------|--------|--------|------------|
| Cloud Solutions Business | Net sales | 8,063 | 9,485 | 1,423 | 17.6% |
| | Gross profit | 1,863 | 2,436 | 573 | 30.7% |
| Digital Solutions Business | Net sales | 2,424 | 2,848 | 424 | 17.5% |
| | Gross profit | 660 | 755 | 96 | 14.5% |
| Business Solutions Business | Net sales | 5,661 | 6,060 | 399 | 7.0% |
| | Gross profit | 1,272 | 1,344 | 72 | 5.7% |
| Platform, Operation Services Business | Net sales | 4,486 | 5,104 | 618 | 13.8% |
| | Gross profit | 1,085 | 1,183 | 97 | 9.0% |
| Digital Learning Business | Net sales | 233 | 1,486 | 1,253 | 537.4% |
| | Gross profit | 9 | 371 | 362 | 3,983.6% |

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 SAS, Informatica and other big data/AI tools, support for the automation of business processes using UiPath, Automation Anywhere and other 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. |

Financial highlights of the fiscal year are as follows.

| | (Millions of yen) | | | |
|---|-------------------|--------|--------|------------|
| | FY3/21 | FY3/22 | Change | Change (%) |
| Net sales | 20,868 | 24,985 | 4,117 | 19.7% |
| Gross profit | 4,891 | 6,091 | 1,200 | 24.5% |
| Operating profit | 3,150 | 3,996 | 845 | 26.8% |
| Ordinary profit | 3,192 | 4,000 | 807 | 25.3% |
| Profit attributable to owners of parent | 2,083 | 2,517 | 433 | 20.8% |

Sales increased as more resources were shifted to DX-related businesses and sales activities backed by stronger relationships with platformers and tool vendors and for other reasons. The Digital Learning Business subsidiary also contributed to sales growth. As a result, sales increased 19.7% from one year earlier as COMTURE posted the twelfth consecutive year of sales growth in the current fiscal year.

Gross profit increased 24.5%. One reason was a 5.2% increase in sales per employee. 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 to improve employees' job satisfaction and an increase in outsourcing expenses due to the growth of business operations.

Operating profit increased 26.8% 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 20.8% to an all-time high and achieved the eleventh consecutive year of earnings growth, despite the booking of loss on valuation of investment securities.

The shareholders' equity ratio, which is an indicator of financial soundness, was 73.0% at the end of the fiscal year and the return on equity, an indicator of the ability to create added value, was 19.2%. These figures demonstrate our ability to maintain high levels of both financial soundness and profitability.

(2) Financial Position

Total assets were 18,934 million yen at the end of the current fiscal year, 2,450 million yen more than the end of the previous fiscal year. Cash and deposits increased 3,014 million yen mainly due to an increase in profit. Investment securities decreased 241 million yen mainly due to impairment, notes and accounts receivable-trade decreased 198 million yen as payments for these receivables were collected for a large project, and goodwill decreased 154 million yen because of amortization.

Liabilities increased 983 million yen to 5,113 million yen. Income taxes payable increased 892 million yen because of the increase in taxable income, provision for bonuses increased 253 million yen to give employees remuneration based on their accomplishments, and accounts payable-trade increased 191 million yen due to the larger volume of orders. There was a net decrease in short-term and long-term borrowings of 370 million yen because of repayments.

Net assets increased 1,466 million yen to 13,820 million yen mainly because profit attributable to owners of parent of 2,517 million yen was more than dividend payments of 1,067 million yen.

(3) Cash Flows

There was a net increase of 3,014 million yen in cash and cash equivalents from the end of the previous fiscal year to 11,265 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 183.0% to 4,420 million yen. Major sources of cash were profit before income taxes of 3,786 million yen, an increase of 253 million yen in provision for bonuses, loss on valuation of investment securities of 242 million yen, a decrease of 198 million yen in trade receivables, and an increase of 191 million yen in trade payables. A Major use of cash was income taxes paid of 667 million yen.

Net cash provided by investing activities was 31 million yen, compared with 1,391 million yen used a year earlier. The major source of cash was proceeds from refund of guarantee deposits of 53 million yen. The major use of cash was purchase of property, plant and equipment of 24 million yen.

Net cash used in financing activities increased 76.7% to 1,437 million yen. There were payments of 1,066 million yen for dividends and a net decrease in short-term and long-term borrowings of 370 million yen.

(4) Outlook

The DX sector, which is the primary market for the COMTURE Group, is growing rapidly because of the increasing interest at companies in the benefits of the DX and this growth trend is expected to continue.

Due to the outlook for social and economic activity to start recovering, companies are likely to begin using a broad range of working styles and create new business models. Cloud platforms and other digital technologies will be essential for accomplishing both goals. More growth is expected for measures to eliminate the use of paper documents, move internal IT systems to the cloud, and use data and data analysis to become more competitive. At the same time, methods used for developing IT systems are changing. There is an increasing need for low-code development, which reduces the need to write code, and agile development, which greatly shortens the software development lifecycle. As a result, we anticipate more growth in the demand for system development for the platforms and tools required by these new software development methods.

To achieve more growth, we started a new medium-term business plan that covers the three-year period ending in March 2025. The plan has targets with the overall objective of achieving sustained growth along with business operations capable of providing substantial added value. The sales target of this plan is average annual growth of at least 15% and our target for profitability is an operating margin of at least 16%. 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, in order to advance to the next stage of our growth.

Continuing to hire talented engineers will be vital to our ability to accomplish the goals of the medium-term

business plan. We plan to assemble a highly skilled team for the next phase of our growth by providing training for project manager, vendor and other qualifications and other forms of support. In addition, we will continue recruiting many new graduates and people with work experience in order to build a core team of people with the right skills and other characteristics for the activities of the COMTURE Group.

We are also focusing on sales processes that can increase the volume of business with current customers and use joint activities with vendors to add new customers for the growth of orders and sales. Based on the outlook, we forecast a 15.3% increase in sales to 28,800 million yen for the fiscal year ending in March 2023.

For earnings growth, we plan to increase added value by strengthening consulting and other upstream processes, improving productivity, making quality management more rigorous to reduce unprofitable projects, and taking other actions. We also plan on expenditures for significantly improving remuneration and employee benefits, recruiting and training activities, R&D to create new businesses, and other initiatives. As a result, we expect earnings to increase to all-time highs for the twelfth consecutive year. We forecast operating profit of 4,660 million yen, ordinary profit of 4,660 million yen and profit attributable to owners of parent of 3,080 million yen. This forecast incorporates the effects of changes in the business climate due to the pandemic. We will closely monitor the constantly changing situation such as the level infections, to determine the effects on our performance and 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.

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

| | (Millions of yen) | |
|-------------------------------------|---------------------------------|---------------------------------|
| | FY3/21 (As of Mar. 31, 2021) | FY3/22 (As of Mar. 31, 2022) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,251 | 11,265 |
| Notes and accounts receivable-trade | 4,186 | 3,988 |
| Work in process | 88 | 107 |
| Other | 262 | 266 |
| Total current assets | 12,788 | 15,628 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 483 | 435 |
| Vehicles, net | 7 | 15 |
| Tools, furniture and fixtures, net | 263 | 199 |
| Other, net | 1 | - |
| Total property, plant and equipment | 755 | 650 |
| Intangible assets | | |
| Goodwill | 834 | 680 |
| Software | 9 | 12 |
| Other | 155 | 125 |
| Total intangible assets | 1,000 | 819 |
| Investments and other assets | | |
| Investment securities | 804 | 563 |
| Guarantee deposits | 642 | 587 |
| Deferred tax assets | 429 | 617 |
| Other | 62 | 66 |
| Total investments and other assets | 1,938 | 1,836 |
| Total non-current assets | 3,694 | 3,305 |
| Total assets | 16,483 | 18,934 |

| | (Millions of yen) | |
|--|-----------------------|-----------------------|
| | FY3/21 | FY3/22 |
| | (As of Mar. 31, 2021) | (As of Mar. 31, 2022) |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 1,038 | 1,230 |
| Short-term borrowings | 500 | 200 |
| Current portion of long-term borrowings | 70 | - |
| Accrued expenses | 384 | 421 |
| Income taxes payable | 274 | 1,166 |
| Provision for bonuses | 676 | 929 |
| Provision for bonuses for directors (and other officers) | 20 | 30 |
| Provision for loss on construction contracts | - | 5 |
| Other | 647 | 667 |
| Total current liabilities | 3,613 | 4,650 |
| Non-current liabilities | | |
| Retirement benefit liability | 132 | 107 |
| Asset retirement obligations | 244 | 244 |
| Other | 139 | 110 |
| Total non-current liabilities | 516 | 462 |
| Total liabilities | 4,129 | 5,113 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,022 | 1,022 |
| Capital surplus | 3,617 | 3,631 |
| Retained earnings | 7,812 | 9,262 |
| Treasury shares | (109) | (107) |
| Total shareholders' equity | 12,342 | 13,808 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 11 | 12 |
| Total accumulated other comprehensive income | 11 | 12 |
| Total net assets | 12,353 | 13,820 |
| Total liabilities and net assets | 16,483 | 18,934 |

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|--|--|--|
| Net sales | 20,868 | 24,985 |
| Cost of sales | 15,976 | 18,893 |
| Gross profit | 4,891 | 6,091 |
| Selling, general and administrative expenses | 1,740 | 2,095 |
| Operating profit | 3,150 | 3,996 |
| Non-operating income | | |
| Interest income | 5 | 6 |
| Dividend income | 0 | 0 |
| Surrender value of insurance policies | 48 | - |
| Gain on investments in investment partnerships | 0 | 13 |
| Gain on sale of investment securities | 1 | - |
| Other | 2 | 13 |
| Total non-operating income | 57 | 33 |
| Non-operating expenses | | |
| Interest expenses | 1 | 1 |
| Loss on valuation of investment securities | 5 | 23 |
| Other | 8 | 4 |
| Total non-operating expenses | 16 | 29 |
| Ordinary profit | 3,192 | 4,000 |
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 0 |
| Gain on sale of investment securities | - | 5 |
| Total extraordinary income | - | 5 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 3 | 0 |
| Loss on valuation of investment securities | 81 | 218 |
| Total extraordinary losses | 84 | 219 |
| Profit before income taxes | 3,108 | 3,786 |
| Income taxes-current | 1,101 | 1,457 |
| Income taxes-deferred | (77) | (188) |
| Total income taxes | 1,024 | 1,269 |
| Profit | 2,083 | 2,517 |
| Profit attributable to owners of parent | 2,083 | 2,517 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|---|--|--|
| Profit | 2,083 | 2,517 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8 | 0 |
| Total other comprehensive income | 8 | 0 |
| Comprehensive income | 2,092 | 2,518 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,092 | 2,518 |

(3) Consolidated Statement of Changes in Equity

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,022 | 3,602 | 6,678 | (110) | 11,192 |
| Cumulative effects of changes in accounting policies | | | 22 | | 22 |
| Restated balance | 1,022 | 3,602 | 6,700 | (110) | 11,214 |
| Changes during period | | | | | |
| Dividends of surplus | | | (972) | | (972) |
| Profit attributable to owners of parent | | | 2,083 | | 2,083 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 14 | | 1 | 16 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | 14 | 1,111 | 1 | 1,127 |
| Balance at end of period | 1,022 | 3,617 | 7,812 | (109) | 12,342 |

| | Accumulated other comprehensive income | | Total net assets |
|--|---|--|------------------|
| | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income | |
| Balance at beginning of period | 3 | 3 | 11,195 |
| Cumulative effects of changes in accounting policies | | | 22 |
| Restated balance | 3 | 3 | 11,217 |
| Changes during period | | | |
| Dividends of surplus | | | (972) |
| Profit attributable to owners of parent | | | 2,083 |
| Purchase of treasury shares | | | (0) |
| Disposal of treasury shares | | | 16 |
| Net changes in items other than shareholders' equity | 8 | 8 | 8 |
| Total changes during period | 8 | 8 | 1,136 |
| Balance at end of period | 11 | 11 | 12,353 |

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,022 | 3,617 | 7,812 | (109) | 12,342 |
| Cumulative effects of changes in accounting policies | | | | | - |
| Restated balance | 1,022 | 3,617 | 7,812 | (109) | 12,342 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,067) | | (1,067) |
| Profit attributable to owners of parent | | | 2,517 | | 2,517 |
| Purchase of treasury shares | | | | | - |
| Disposal of treasury shares | | 14 | | 2 | 16 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | 14 | 1,449 | 2 | 1,465 |
| Balance at end of period | 1,022 | 3,631 | 9,262 | (107) | 13,808 |

| | Accumulated other comprehensive income | | Total net assets |
|--|---|--|------------------|
| | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income | |
| Balance at beginning of period | 11 | 11 | 12,353 |
| Cumulative effects of changes in accounting policies | | | - |
| Restated balance | 11 | 11 | 12,353 |
| Changes during period | | | |
| Dividends of surplus | | | (1,067) |
| Profit attributable to owners of parent | | | 2,517 |
| Purchase of treasury shares | | | - |
| Disposal of treasury shares | | | 16 |
| Net changes in items other than shareholders' equity | 0 | 0 | 0 |
| Total changes during period | 0 | 0 | 1,466 |
| Balance at end of period | 12 | 12 | 13,820 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| | FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) | FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,108 | 3,786 |
| Depreciation | 143 | 163 |
| Amortization of goodwill | 78 | 154 |
| Increase (decrease) in allowance for doubtful accounts | 14 | - |
| Increase (decrease) in provision for bonuses | 173 | 253 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 1 | 9 |
| Increase (decrease) in provision for loss on construction contracts | (29) | 5 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (47) | - |
| Increase (decrease) in retirement benefit liability | - | (25) |
| Interest and dividend income | (5) | (6) |
| Interest expenses | 1 | 1 |
| Surrender value of insurance policies | (48) | - |
| Loss (gain) on sale of non-current assets | - | (0) |
| Loss (gain) on sale of investment securities | - | (5) |
| Loss (gain) on valuation of investment securities | 87 | 242 |
| Loss (gain) on investments in investment partnerships | (0) | (13) |
| Loss on retirement of non-current assets | 3 | 0 |
| Decrease (increase) in trade receivables | (733) | 198 |
| Decrease (increase) in inventories | 7 | (19) |
| Increase (decrease) in trade payables | (26) | 191 |
| Increase (decrease) in accrued expenses | 57 | 36 |
| Increase (decrease) in accrued consumption taxes | 72 | 2 |
| Other, net | 158 | 18 |
| Subtotal | 3,016 | 4,994 |
| Interest and dividends received | 4 | 6 |
| Interest paid | (1) | (1) |
| Income taxes paid | (1,457) | (667) |
| Income taxes refund | - | 88 |
| Net cash provided by (used in) operating activities | 1,562 | 4,420 |

| | (Millions of yen) | |
|--|--------------------------------|--------------------------------|
| | FY3/21 | FY3/22 |
| | (Apr. 1, 2020 – Mar. 31, 2021) | (Apr. 1, 2021 – Mar. 31, 2022) |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | - | 5 |
| Purchase of property, plant and equipment | (250) | (24) |
| Payments for asset retirement obligations | (28) | - |
| Purchase of intangible assets | (2) | (7) |
| Proceeds from sale of investment securities | - | 5 |
| Purchase of investment securities | (600) | - |
| Proceeds from redemption of investment securities | 200 | - |
| Purchase of membership | - | (17) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (904) | - |
| Payments of guarantee deposits | (3) | - |
| Proceeds from refund of guarantee deposits | 65 | 53 |
| Proceeds from cancellation of insurance funds | 102 | - |
| Other, net | 29 | 16 |
| Net cash provided by (used in) investing activities | (1,391) | 31 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 300 | (300) |
| Repayments of long-term borrowings | (139) | (70) |
| Dividends paid | (970) | (1,066) |
| Other, net | (2) | (1) |
| Net cash provided by (used in) financing activities | (813) | (1,437) |
| Net increase (decrease) in cash and cash equivalents | (642) | 3,014 |
| Cash and cash equivalents at beginning of period | 8,893 | 8,251 |
| Cash and cash equivalents at end of period | 8,251 | 11,265 |

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

Not applicable.

Changes in Accounting Policies

COMTURE has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019). There is no effect of the application of these standards on the consolidated financial statements.

Additional Information

Change in units for monetary figures

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

Finalization of provisional accounting treatment for business combinations

A provisional accounting treatment was used in the previous fiscal year for COMTURE's acquisition of Edifist Learning Inc. on March 1, 2021, and this treatment was finalized in the fiscal year that ended in March 2022.

Due to the finalization of the provisional accounting treatment, comparative information included in the consolidated financial statements for the fiscal year that ended in March 2022 reflects a significant revision of the initial allocation of the acquisition cost. Part of the amount initially classified as goodwill has been reclassified.

On the acquisition date, 153 million yen of the acquisition cost was allocated to customer-related assets, which are intangible assets, and 52 million yen was allocated to deferred tax liabilities. As a result, the provisional goodwill of 894 million yen was reduced by 100 million yen to 794 million yen. In addition, other intangible assets and deferred tax liabilities as of the end of March 2021 increased by 153 million yen and 52 million yen, respectively.

The amortization period of customer-related assets period is 5 years.

Segment and Other Information

Segment information

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

Subsequent Events

Business combination through acquisition

At the meeting of the Board of Directors held on March 16, 2022, COMTURE CORPORATION has decided to acquire all of the outstanding shares of SoftwareCreation CO.,LTD., and make this company a consolidated subsidiary. Payments related to this acquisition were completed on April 25, 2022.

(1) Summary of business combination

1) Acquired company and its business activities

Acquired company: SoftwareCreation CO.,LTD.

Business activities: System development (web, client servers, etc.), construction of infrastructure

2) Main Reasons for acquisition

The cloud solutions business and digital solutions business of the COMTURE Group are providing a broad range of services in the digital transformation (DX) domain as the pace of the global DX increases. This focus

on the DX market has enabled the COMTURE Group to grow at an average annual rate of 15% since its inception.

SoftwareCreation provides web-based system development services and infrastructure construction services.

COMTURE concluded an agreement for the acquisition of SoftwareCreation because it believes that the acquisition will add a team of experienced engineers to the COMTURE Group, which is expected to result in synergies and contribute to double-digit organic growth. In addition, this acquisition will help make it possible to achieve the expansion of business operations accompanied by an increase in added value generated by group companies. These benefits are expected to enable COMTURE to continue increasing its corporate value.

3) Acquisition date

April 1, 2022 (assumed acquisition date)

4) Legal form of acquisition

Acquisition of stock

5) Company's name after acquisition

There is no change in the company's name

6) Percentage of voting rights acquired

100%

7) Basis for choosing the company to acquire

COMTURE acquired the shares in exchange for consideration in cash.

(2) Acquisition cost of acquired company and break down by type of consideration

| | | |
|------------------------------|------|-----------------|
| Payment for the acquisition: | Cash | 500 million yen |
| <hr/> | | |
| Acquisition cost: | | 500 million yen |

(3) Details of major acquisition-related costs

Advisory compensation, fees, etc.: 4 million yen

(4) Goodwill resulting from the acquisition

Not determined at this time.

(5) Breakdown of assets acquired and liabilities assumed on the acquisition date

Not determined at this time.

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.