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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 5, 2024

Company name: COMTURE CORPORATION

Listing: Tokyo

Securities code: 3844

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Scheduled date to file semi-annual securities report: November 11, 2024

Scheduled date to commence dividend payments: November 29, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	17,794	6.2	1,983	1.7	1,984	1.9	1,278	2.1
September 30, 2023	16,761	19.3	1,950	12.5	1,946	11.8	1,251	5.5

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 1,274 million [ 1.7%]  
Six months ended September 30, 2023: ¥ 1,253 million [ 5.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	40.09	-
September 30, 2023	39.26	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	24,060	17,342	72.1
March 31, 2024	23,442	16,805	71.7

(Reference) Equity: As of September 30, 2024: ¥ 17,342 million  
As of March 31, 2024: ¥ 16,805 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	11.50	11.50	11.50	11.50	46.00
Fiscal year ending March 31, 2025	12.00	12.00			
Fiscal year ending March 31, 2025 (Forecast)			12.00	12.00	48.00

(Note) Revision to the forecast for dividends announced most recently: None

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

(Percentages indicate year-on-year changes.)

	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

(Note) Revision to the financial results forecast announced most recently: None

### \* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name: )  
Excluded: - (Company name: )

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024: 32,241,600 shares  
March 31, 2024: 32,241,600 shares

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

September 30, 2024: 352,609 shares  
March 31, 2024: 356,904 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 31,885,010 shares  
Six months ended September 30, 2023: 31,877,050 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

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 several reasons.

Please refer to "1. Qualitative Information on Semi-annual Consolidated Financial Performance, (4) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Semi-annual Consolidated Financial Performance

### (1) Explanation of Results of Operations

Investments in the digital transformation (DX) are increasingly gaining momentum as companies become increasingly aware of the importance of using digital technologies for strategic business process innovations. As investments increase, customers' needs involving system integration, assistance for performing generative AI and low code system development internally, the outsourcing of IT system operations, and other services are becoming even greater and more diverse.

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 to achieve net sales of 100 billion yen in the fiscal year ending in March 2032 includes DX services and support that incorporates our own templates and solutions for the provision of added value, an activity centered on building stronger ties with global vendors.

As one step to accomplish this goal, we have upgraded our consulting business unit from a department to a division. As a business group rather than a division, our consulting operations will be even better able to create proposals for customers and create new business opportunities. By focusing on these goals, we continue to strengthen our ability to create proposals incorporating the cross-selling of our consulting services for current customers and measures to add new customers.

Market conditions are favorable 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 2.9% in the first half of the current fiscal year. We have also taken more actions to increase engagement with our workforce. We have restructured our personnel system. Revisions include new career paths for specialists, expansion of the overall 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.

In April 2024, 196 new graduates joined the COMTURE Group. In addition, we have already given 184 students who will graduate by March 2025 preliminary job offer notifications, exceeding the initial recruiting plan. The number of people with prior work experience that we are hiring has increased significantly from one year earlier as we use employment agents and referrals.

Training and skill development programs are a priority in order to raise the value of our engineers. New graduates start their careers at COMTURE with a three-month training period that ends in June. As in the previous fiscal year, we also continue providing programs for the multi-skilling of current employees and the reskilling of people for changing to a new career path. We will continue to use the resources of Edifist Learning, Inc., the COMTURE Group's IT training company, to strengthen training programs for the entire 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 the first to procure engineers who can become productive immediately.

In addition to recruiting engineers, there are many activities for expanding business operations to more business domains. Generative AI is one example. We used an alliance with Microsoft Japan to start a training service for Microsoft Copilot, which is this company's generative AI assistant. In the current fiscal year, about 6,000 people are planning to participate in this training. Through training, we will encourage companies to raise awareness and provide skills for using generative AI. Systems engineers will then help companies incorporate generative AI into their business processes. We are also using generative AI throughout the COMTURE Group for implementing business process reforms and to offer installation support and training services for providing this generative AI know-how to our customers.

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

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024	Change	Change (%)
Net sales	16,761	17,794	1,032	6.2%
Gross profit	3,670	3,911	241	6.6%
Operating profit	1,950	1,983	33	1.7%
Ordinary profit	1,946	1,984	37	1.9%
Profit attributable to owners of parent	1,251	1,278	26	2.1%

Sales increased 6.2% from one year earlier. The shift of more resources to DX-related businesses and sales activities backed by stronger relationships with platformers and tool vendors contributed to this growth. Higher sales were also attributable to increasing demand for COMTURE Group services at financial institutions, a recovery in the hiring of people with prior work experience, and an increase in engineer resources at partner companies.

Gross profit increased 6.6% despite an increase in personnel expenses due to higher salary and larger number of employees and higher expenses for strengthening training programs for new graduates. The gross profit increase was mainly due to higher sales per employee, the result of shifting people to growing market sectors, raising the quality of services and improving productivity, and to an increase in the number of productive workforce at partner companies.

Operating profit increased 1.7% due to higher expenses associated with the consolidation of offices to strengthen ties with Group companies and an increase in expenditures concerning human resources, including the cost of company-wide events for increasing engagement with employees and training programs for upgrading skills of employees.

Profit attributable to owners of parent increased 2.1% from one year earlier. The shareholders' equity ratio, which is an indicator of financial soundness, was 72.1% at the end of the first half. This figure demonstrates our ability to maintain a high level of financial soundness.

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 Platform, Amazon Web Services and others), provision of data analysis solutions by working with global data analysis vendors (SAS, Informatica, Databricks and others), and other activities
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	Training services with cooperation of global vendors (Microsoft, Salesforce, ServiceNow and others) for acquiring vendor certifications and IT training 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, sales increased because of increasing demand for moving internal data systems to the cloud, primarily at large companies while using collaborations with Microsoft Japan and other vendors, consulting services for the digitalization of business processes, and the use of low code development tools for the establishment of internal IT systems. Gross profit declined due to higher expenses for hiring people with prior work experience and the incurrence of costs during the reskilling period, as well as higher expenses for strengthening training programs for new graduates.

In the Digital Solutions Business, sales and gross profit increased due to growth of the data analysis business and the data management business, such as building infrastructures for collecting and storing large amount of data, and an increase in demand for the establishment of cloud environments.

In the Business Solutions Business, sales and gross profit increased due to the continuing growth of the SAP business and increasing demand at financial institutions for the development of front office systems to serve customers and for the automation of business processes, and the expansion of public-sector SAP-related development projects.

In the Platform, Operation Services Business, sales and gross profit were higher because of increasing demand for the outsourcing of IT system operations and IT system security support and the expansion of public-sector network construction projects.

In the Digital Learning Business, sales and gross profit increased because of the growing demand for generative AI training programs, the growth of training programs outsourced by other companies and an increase in instructor utilization rate and pricing.

(Millions of yen)

		For the six months ended September 30, 2023	For the six months ended September 30, 2024	Change	Change (%)
Cloud Solutions Business	Net sales	6,339	6,508	168	2.7%
	Gross profit	1,454	1,440	(14)	(1.0)%
Digital Solutions Business	Net sales	2,315	2,439	123	5.3%
	Gross profit	495	548	52	10.7%
Business Solutions Business	Net sales	4,316	4,695	378	8.8%
	Gross profit	958	999	40	4.2%
Platform, Operation Services Business	Net sales	2,856	3,138	281	9.9%
	Gross profit	480	593	112	23.5%
Digital Learning Business	Net sales	933	1,013	80	8.6%
	Gross profit	281	330	49	17.6%

## (2) Explanation of Financial Position

Total assets were 24,060 million yen at the end of the second quarter, 617 million yen more than the end of the previous fiscal year. There were decreases in cash and deposits of 1,281 million yen because of an increase in trade receivables and goodwill of 169 million yen due to amortization. There were increases in notes and accounts receivable-trade of 1,338 million yen due to business growth, software in progress of 311 million yen due to installations of new core IT systems and buildings, net of 133 million yen due to the relocation of the Osaka office.

Liabilities increased 79 million yen to 6,717 million yen. This was mainly attributable to increases in provision for bonuses of 346 million yen, an important means of rewarding employees for their dedication and income taxes payable of 120 million yen because of higher profit before income taxes. There was a decrease in accrued expenses of 342 million yen due to the payment of social insurance premiums that were not paid because the end of the previous fiscal year was a bank holiday.

Net assets increased 537 million yen to 17,342 million yen mainly because of profit attributable to owners of parent of 1,278 million yen and dividend payments of 749 million yen.

**(3) Explanation of Cash Flows**

There was a net decrease of 1,281 million yen in cash and cash equivalents from the end of the previous fiscal year to 10,842 million yen at the end of the second quarter. Major components of cash flows were as follows.

**Cash flows from operating activities**

Net cash provided by operating activities decreased 97.2% to 46 million yen. Major sources of cash were profit before income taxes of 1,980 million yen, provision for bonuses of 346 million yen, amortization of goodwill of 169 million yen. Major uses of cash were an increase in trade receivables of 1,338 million yen, income taxes paid of 586 million yen, and a decrease in accrued expenses of 342 million yen.

**Cash flows from investing activities**

Net cash used in investing activities was 579 million yen, compared with 666 million yen provided a year earlier. The major uses of cash were purchase of property, plant and equipment of 235 million yen and purchase of intangible assets of 260 million yen.

**Cash flows from financing activities**

Net cash used in financing activities decreased 38.7% to 748 million yen. There were payments of 748 million yen for dividends.

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

There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2025 that was announced in the “Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Japanese GAAP)” on May 10, 2024.

These 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. Semi-annual Consolidated Financial Statements

## (1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	12,123	10,842
Notes and accounts receivable - trade	6,577	7,915
Work in process	109	198
Other	414	499
Total current assets	19,225	19,456
Non-current assets		
Property, plant and equipment		
Buildings, net	451	585
Vehicles, net	6	5
Tools, furniture and fixtures, net	176	243
Construction in progress	14	-
Total property, plant and equipment	649	834
Intangible assets		
Goodwill	1,355	1,186
Software	43	44
Software in progress	185	497
Other	65	50
Total intangible assets	1,650	1,778
Investments and other assets		
Investment securities	136	118
Guarantee deposits	689	768
Deferred tax assets	1,035	1,037
Other	55	66
Total investments and other assets	1,916	1,990
Total non-current assets	4,217	4,603
Total assets	23,442	24,060



(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,871	1,884
Short-term borrowings	200	200
Accrued expenses	977	634
Income taxes payable	657	777
Provision for bonuses	1,258	1,604
Provision for bonuses for directors (and other officers)	37	18
Provision for loss on construction contracts	14	2
Asset retirement obligations	10	-
Other	856	788
Total current liabilities	5,882	5,911
Non-current liabilities		
Retirement benefit liability	438	435
Asset retirement obligations	311	363
Other	5	5
Total non-current liabilities	754	805
Total liabilities	6,637	6,717
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,022	1,022
Capital surplus	3,652	3,662
Retained earnings	12,228	12,757
Treasury shares	(103)	(102)
Total shareholders' equity	16,798	17,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	2
Total accumulated other comprehensive income	7	2
Total net assets	16,805	17,342
Total liabilities and net assets	23,442	24,060

## (2) Semi-annual Consolidated Statements of Income and Comprehensive Income

## Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	16,761	17,794
Cost of sales	13,091	13,883
Gross profit	3,670	3,911
Selling, general and administrative expenses	1,719	1,927
Operating profit	1,950	1,983
Non-operating income		
Interest income	1	0
Dividend income	0	0
Foreign exchange gains	3	0
Other	3	2
Total non-operating income	8	4
Non-operating expenses		
Interest expenses	2	0
Loss on redemption of investment securities	9	-
Other	0	3
Total non-operating expenses	12	4
Ordinary profit	1,946	1,984
Extraordinary income		
Insurance claim income	0	-
Gain on sale of investment securities	4	-
Total extraordinary income	5	-
Extraordinary losses		
Loss on retirement of non-current assets	-	4
Total extraordinary losses	-	4
Profit before income taxes	1,951	1,980
Income taxes	700	701
Profit	1,251	1,278
Profit attributable to owners of parent	1,251	1,278

## Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,251	1,278
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(4)
Total other comprehensive income	1	(4)
Comprehensive income	1,253	1,274
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,253	1,274

## (3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,951	1,980
Depreciation	77	86
Amortization of goodwill	169	169
Increase (decrease) in provision for bonuses	218	346
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	(18)
Increase (decrease) in provision for loss on construction contracts	(2)	(11)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	-
Increase (decrease) in retirement benefit liability	13	(2)
Interest and dividend income	(1)	(1)
Interest expenses	2	0
Gain on insurance cancellation	(0)	-
Loss (gain) on sale of investment securities	(4)	-
Loss (gain) on redemption of investment securities	9	-
Loss on retirement of non-current assets	-	4
Decrease (increase) in trade receivables	393	(1,338)
Decrease (increase) in inventories	(10)	(89)
Increase (decrease) in trade payables	(140)	13
Increase (decrease) in accrued expenses	153	(342)
Increase (decrease) in accrued consumption taxes	(44)	(121)
Other, net	(135)	(121)
Subtotal	2,631	552
Interest and dividends received	1	1
Interest paid	(1)	(0)
Income taxes paid	(952)	(586)
Income taxes refund	0	79
Net cash provided by (used in) operating activities	1,680	46
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7)	(235)
Proceeds from sale of investment securities	11	-
Proceeds from redemption of investment securities	0	-
Purchase of intangible assets	(12)	(260)
Payments for asset retirement obligations	-	(16)
Payments of guarantee deposits	-	(79)
Proceeds from refund of guarantee deposits	11	0
Proceeds from cancellation of insurance funds	653	-
Other, net	10	12
Net cash provided by (used in) investing activities	666	(579)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(500)	-
Dividends paid	(722)	(748)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,222)	(748)
Net increase (decrease) in cash and cash equivalents	1,124	(1,281)
Cash and cash equivalents at beginning of period	10,202	12,123
Cash and cash equivalents at end of period	11,326	10,842

**(4) Notes to Semi-annual Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Application of Special Accounting Methods for Presenting Semi-annual Consolidated Financial Statements****Calculation of tax expenses**

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 period under review falls, and multiplying that rate by the profit before income taxes for the period under review.

**Changes in Accounting Policies****Application of Accounting Standard for Current Income Taxes**

COMTURE has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) from the beginning of the first half of the fiscal year ending March 31, 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of this revised accounting standard and in the proviso of Paragraph 65-2, Item 2 of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). The application of this standard has no effect on the semi-annual consolidated financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, COMTURE has applied the Implementation Guidance on Accounting Standard for Tax Effect Accounting beginning with the first half of the current fiscal year. This change has been applied retrospectively and the semi-annual and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement. This change in accounting policies has no effect on the semi-annual and fiscal year consolidated financial statements for the previous fiscal year.

**Segment and Other Information****Segment information**

I For the six months ended September 30, 2023

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

II For the six months ended September 30, 2024

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

*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.*