

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2020
(Nine Months Ended December 31, 2019)

[Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: February 14, 2020
 Scheduled date of payment of dividend: February 28, 2020
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2019
(April 1, 2019 – December 31, 2019)

(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	%
Nine months ended Dec. 31, 2019	15,507	19.1	2,030	7.1	2,034	6.9	1,392	10.3
Nine months ended Dec. 31, 2018	13,025	7.5	1,894	36.9	1,903	35.3	1,262	21.4

Note: Comprehensive income (million yen):
 Nine months ended Dec. 31, 2019: 1,395 (up 10.9%)
 Nine months ended Dec. 31, 2018: 1,258 (up 20.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2019	43.87	43.85
Nine months ended Dec. 31, 2018	43.17	43.10

Reference: Equity in earnings of affiliates (million yen):
 Nine months ended Dec. 31, 2019: -
 Nine months ended Dec. 31, 2018: 10

COMTURE conducted a 2-for-1 common stock split effective on October 1, 2019. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2019	14,333	10,897	75.7
As of Mar. 31, 2019	12,988	9,019	69.4

Reference: Shareholders' equity (million yen):
 As of Dec. 31, 2019: 10,849 As of Mar. 31, 2019: 9,016

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	9.50	9.50	9.50	19.50	48.00
Fiscal year ending Mar. 31, 2020	14.50	14.50	7.25		
Fiscal year ending Mar. 31, 2020 (forecast)				7.25	-

Note: Revisions to the most recently announced dividend forecast: None

COMTURE conducted a 2-for-1 common stock split effective on October 1, 2019. The 3Q-end dividend per share and year-end dividend per share forecasts for the fiscal year ending March 31, 2020 are adjusted to reflect the stock split. No total dividend per share is shown for the fiscal year ending March 31, 2020.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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
Full year	20,000	10.7	2,880	12.0	2,874	11.6	2,021	11.8	64.68

Note: Revisions to the most recently announced consolidated earnings forecasts: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: 1 (UX-Systems Co., Ltd.) Excluded: -

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Dec. 31, 2019:	32,241,600 shares	As of Mar. 31, 2019:	32,241,600 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2019:	368,958 shares	As of Mar. 31, 2019:	993,326 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019:	31,732,910 shares	Nine months ended Dec. 31, 2018:	29,247,270 shares
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COMTURE conducted a 2-for-1 common stock split effective on October 1, 2019. Number of outstanding shares has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the principal business sectors of the COMTURE Group, sales in the Cloud Solutions Business were up 40% and sales in the Digital Solutions Business rose more than 30% compared with the same period a year earlier during the first nine months of the fiscal year ending March 31, 2020.

Now, IT has become indispensable for social and corporate reform. Companies have a strong desire to make digital transformation (DX) investments based on the cloud and digital technology platforms in order to revolutionize their business operations and organizations. Continuous growth is expected in expenditures as companies aim for higher sales and earnings, develop innovative business models, new ways for people to do their jobs, more efficient business activities, and other advances. According to a survey by IT research company IDC Japan Co., Ltd., IT expenditures are expected to grow at an annual rate of more than 30% for IT services based on cloud and digital platforms.

In this business environment, the COMTURE Group is concentrating on the digital transformation (DX) domain as an opportunity for long-term growth. There are many areas of progress, including the expansion of consulting and other upstream processes and the reinforcement of skills for performing big data analysis and creating ideas for ways that customers can use this information.

One priority of the COMTURE Group is enhancing the ability to create outstanding proposals by focusing on the theme of “transforming customers’ needs into solutions.” Accomplishing this goal entails identifying customers’ demands and interests and then using teams to come up with the necessary knowledge to meet these requirements. This structure makes it possible to provide every customer with the best possible proposals and services. By utilizing this structure, we are determined consistently improve customer satisfaction and provide even more added value.

The performance of the COMTURE Group’s four segments was as follows, with both the Cloud Solutions Business and the Digital Solutions Business achieving substantial growth.

Net sales (segment results)

Cloud Solutions Business:	6,084 million yen	(up 45.4% year-on-year)
Digital Solutions Business:	1,556 million yen	(up 30.6% year-on-year)
Enterprise Solutions Business:	3,540 million yen	(up 10.2% year-on-year)
Platform Solutions Business:	4,326 million yen	(down 2.5% year-on-year)

Gross profit (segment results)

Cloud Solutions Business:	1,361 million yen	(up 39.0% year-on-year)
Digital Solutions Business:	439 million yen	(up 36.4% year-on-year)
Enterprise Solutions Business:	733 million yen	(down 3.8% year-on-year)
Platform Solutions Business:	954 million yen	(down 8.4% year-on-year)

We have changed the composition of business segments in the current fiscal year. Activities of the business segments are as follows.

Cloud Solutions Business

Providing solutions, construction of cloud environments and other activities using collaborations with Amazon Web Service, Microsoft, Salesforce.com, ServiceNow and other global cloud platformers.

Digital Solutions Business

Providing data analysis solutions using big data and AI tools, support for the visualization, efficiency and automation of business processes using robotic process automation tools.

Enterprise Solutions Business

Consulting, design, development and other services for the implementation of ERP packages (SAP) and new enterprise systems.

Platform Solutions Business

System and network environment designs and construction using collaborations with Hewlett Packard Enterprise, Dell, Cisco and other global platformers; remote surveillance of IT systems at the COMTURE Group's service center, help desk operations for PCs and business applications.

In the first nine months, the COMTURE Group performed as follows.

Net sales:	15,507 million yen (up 19.1% year-on-year)
Operating profit:	2,030 million yen (up 7.1% year-on-year)
Ordinary profit:	2,034 million yen (up 6.9% year-on-year)
Profit attributable to owners of parent:	1,392 million yen (up 10.3% year-on-year)

Net sales in the first nine months were up significantly for the tenth consecutive year and reached to an all-time high. Sales growth was very strong in the Cloud Solutions Business and the Digital Solutions Business.

Profit attributable to owners of parent in the first nine months increased for the eighth consecutive year to an all-time high. This was the result of growth in sales per head because of measures to strengthen proposal skills, improve the quality and productivity of services, expand consulting operations, and make other improvements. In addition, higher sales per head offset upfront investments for more growth and further strengthening our business operations. Labor costs increased and there were expenditures for recruiting activities to increase the number of new hires, more office space and strengthening internal IT systems.

Business performance of the three former segments of COMTURE Group was as follows.

1) Solution Services

There was growth in demand in the cloud business, which is one of the group's main business sectors, big data, AI, and RPA businesses. Furthermore, in the ERP business both new system installation and system upgrades posted higher sales. As a result, sales increased 18.2% year-on-year to 10,060 million yen. However, operating profit was down 1.1% to 1,340 million yen because of upfront expenses for higher number of new hires and more office space.

2) Network Services

Positive actions are under way to shift the focus of this business to growing market sectors and adding more value. These include the cloud environment construction business, which assists customers move to the cloud, and the remote surveillance business. A subsidiary newly consolidated in the current fiscal year also contributed to this segment's performance. As a result, sales increased 20.5% year-on-year to 5,634 million yen and operating profit increased 28.1% to 693 million yen.

3) Product Sales

In this segment, the resale business for cloud service licenses grew significantly. As a result, sales increased 70.9% year-on-year to 56 million yen and operating profit increased 401.8% to 5 million yen.

(2) Explanation of Financial Position

Total assets were 14,333 million yen at the end of the third quarter, 1,345 million yen more than the end of the previous fiscal year. This was attributable mainly to increases of 1,071 million yen in cash and deposits, 190 million yen in buildings, net, and 158 million yen in guarantee deposits, while there was a decrease of 180 million yen in shares of subsidiaries and associates.

Liabilities decreased 532 million yen to 3,436 million yen. This was mainly attributable to decreases of 168 million yen in income taxes payable and 395 million yen in provision for bonuses.

Net assets increased 1,877 million yen to 10,897 million yen mainly because of an increase of 1,016 million yen in capital surplus and the booking of profit attributable to owners of parent of 1,392 million yen, while there were payment of dividends of 766 million yen.

(3) 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, 2020 that was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (Japanese GAAP)” on May 8, 2019.

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

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

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	3Q of FY3/20 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	7,809,231	8,880,234
Notes and accounts receivable-trade	3,057,885	3,063,031
Work in process	59,720	149,661
Other	292,766	295,751
Total current assets	11,219,604	12,388,678
Non-current assets		
Property, plant and equipment		
Buildings, net	176,238	366,992
Vehicles, net	15,939	11,958
Tools, furniture and fixtures, net	84,174	178,836
Construction in progress	-	39,759
Other, net	6,170	4,348
Total property, plant and equipment	282,522	601,895
Intangible assets		
Goodwill	247,589	138,780
Software	18,934	12,225
Other	2,867	2,867
Total intangible assets	269,391	153,874
Investments and other assets		
Investment securities	311,516	231,447
Shares of subsidiaries and associates	180,133	-
Guarantee deposits	337,410	495,887
Deferred tax assets	338,328	354,052
Other	49,277	107,737
Total investments and other assets	1,216,666	1,189,124
Total non-current assets	1,768,581	1,944,893
Total assets	12,988,185	14,333,572

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	3Q of FY3/20 (As of Dec. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	1,027,165	962,830
Short-term borrowings	200,000	200,000
Current portion of long-term borrowings	139,992	139,992
Accrued expenses	366,456	448,544
Income taxes payable	501,155	332,665
Provision for bonuses	534,001	138,313
Provision for bonuses for directors (and other officers)	22,040	25,333
Asset retirement obligations	56,738	42,532
Other	649,101	696,234
Total current liabilities	3,496,651	2,986,446
Non-current liabilities		
Long-term borrowings	210,028	105,034
Asset retirement obligations	165,571	190,741
Other	96,141	154,028
Total non-current liabilities	471,740	449,804
Total liabilities	3,968,392	3,436,250
Net assets		
Shareholders' equity		
Share capital	1,022,124	1,022,124
Capital surplus	2,582,274	3,599,049
Retained earnings	5,701,524	6,326,936
Treasury shares	(301,001)	(110,993)
Total shareholders' equity	9,004,922	10,837,117
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,988	12,168
Total accumulated other comprehensive income	11,988	12,168
Share acquisition rights	2,883	-
Non-controlling interests	-	48,036
Total net assets	9,019,793	10,897,322
Total liabilities and net assets	12,988,185	14,333,572

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

	(Thousands of yen)	
	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Net sales	13,025,048	15,507,844
Cost of sales	9,919,200	12,019,344
Gross profit	3,105,847	3,488,499
Selling, general and administrative expenses	1,211,082	1,458,322
Operating profit	1,894,764	2,030,177
Non-operating income		
Interest income	58	1,009
Dividend income	17	19
Share of profit of entities accounted for using equity method	10,246	-
Gain on insurance cancellation	35	4,328
Gain on redemption of investment securities	-	7,232
Other	2,591	4,018
Total non-operating income	12,949	16,607
Non-operating expenses		
Interest expenses	1,510	1,206
Share issuance cost	-	5,129
Other	3,078	6,228
Total non-operating expenses	4,589	12,563
Ordinary profit	1,903,125	2,034,221
Extraordinary income		
Gain on reversal of share acquisition rights	151	-
Gain on bargain purchase	-	49,131
Gain on step acquisitions	-	3,039
Total extraordinary income	151	52,171
Extraordinary losses		
Loss on retirement of non-current assets	-	7,117
Total extraordinary losses	-	7,117
Profit before income taxes	1,903,276	2,079,275
Income taxes	640,683	684,289
Profit	1,262,592	1,394,986
Profit attributable to non-controlling interests	-	2,802
Profit attributable to owners of parent	1,262,592	1,392,183

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

(Thousands of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Profit	1,262,592	1,394,986
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,346)	179
Total other comprehensive income	(4,346)	179
Comprehensive income	1,258,246	1,395,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,258,246	1,392,363
Comprehensive income attributable to non-controlling interests	-	2,802

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

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.