

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2021
(Nine Months Ended December 31, 2020)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: February 5, 2021
 Scheduled date of payment of dividend: February 26, 2021
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2020
(April 1, 2020 – December 31, 2020)

(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, 2020	15,275	(1.5)	2,230	9.9	2,269	11.5	1,519	9.2
Nine months ended Dec. 31, 2019	15,507	19.1	2,030	7.1	2,034	6.9	1,392	10.3

Note: Comprehensive income (million yen):
 Nine months ended Dec. 31, 2020: 1,532 (up 9.9%)
 Nine months ended Dec. 31, 2019: 1,395 (up 10.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2020	47.68	-
Nine months ended Dec. 31, 2019	43.87	43.85

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.

Diluted net income per share for the nine months ended December 31, 2020 is not presented because there were no potential shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2020	15,215	12,041	79.1
As of Mar. 31, 2020	14,771	11,195	75.8

Reference: Shareholders' equity (million yen): As of Dec. 31, 2020: 12,041 As of Mar. 31, 2020: 11,195

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	14.50	14.50	7.25	7.25	-
Fiscal year ending Mar. 31, 2021	7.75	7.75	7.75		
Fiscal year ending Mar. 31, 2021 (forecast)				7.75	31.00

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 for the fiscal year ended March 31, 2020 are adjusted to reflect the stock split. No total dividend per share is shown for the fiscal year ended March 31, 2020.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	21,000	-	3,045	-	3,045	-	2,070	-	64.97

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

COMTURE started applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) in the fiscal year ending March 31, 2021, which is earlier than required. The earnings forecasts for the fiscal year ending March 31, 2021 use this revenue recognition standard. Assuming that this standard had been used in the fiscal year ended March 31, 2020, the year-on-year growth rates in this forecast are as follows.

Full year: Net sales: 5.0%; Operating profit: 7.5%; Ordinary profit: 6.2%; Profit attributable to owners of parent: 4.8%

*** Notes**

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

Newly added: - Excluded: -

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

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

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

2) Changes in accounting policies other than 1) above: Yes

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, 2020:	32,241,600 shares	As of Mar. 31, 2020:	32,241,600 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2020:	367,710 shares	As of Mar. 31, 2020:	370,158 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2020:	31,873,323 shares	Nine months ended Dec. 31, 2019:	31,732,910 shares
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COMTURE conducted a 2-for-1 common stock split effective on October 1, 2019. The average number of shares outstanding for the nine months ended December 31, 2019 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 5 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

The enormous economic impact of the global COVID-19 pandemic continues to make the outlook for the economy uncertain.

In the IT services market, there is an urgent need at companies and in the public sector for the use of IT to implement strategic management reforms. As a result, the growth of IT investments is expected to gain momentum in the digital transformation (DX) and other market sectors.

COMTURE regards these trends as an opportunity for long-term growth. We are taking many actions to play key roles in our customers' business model upgrades and innovations, primarily by strengthening ties with major platform vendors and IT tool vendors worldwide. As a comprehensive IT vendor, we support customers with our cloud solutions and platform businesses, our digital solutions business, which includes big data, AI and other fields, and other forms of assistance. In addition, we meet the increasingly complex needs of our customers by creating multi-faceted rather than conventional stand-alone solutions. To provide these solutions, we are encouraging our people to acquire even more advanced vendor certifications and improve skills at creating proposals for customers. Another priority is creating solutions with even more added value involving upstream business processes, consulting and other fields.

We are using many activities for more flexibility in how our people do their jobs in order to reflect changes due to the COVID-19 pandemic. We are increasing the use of digital technologies for internal systems, increasing the use of teleworking, shortening and staggering working times, and using web conferencing and other technologies for maintaining sound internal and external lines of communication.

Due to numerous measures that reflect changes in the business climate, as well as activities for growth of digital transformation operations, sales in the first nine months were effectively higher than one year earlier for the eleventh consecutive year and gross profit was higher for the ninth consecutive year as both sales and gross profit increased to all-time highs.

In the Cloud Solutions Business, sales increased, although the pace of sales growth slowed, and gross profit decreased. Performance benefited from an increase in demand for moving data systems and business processes to the cloud, mainly at large companies in the financial services and manufacturing sectors. In addition, demand for cloud solutions concerning teleworking continued to increase. However, there were postponements of cloud projects for companies in the airline industry and manufacturing sector. In addition, one-time unprofitable projects raised expenses and there were lost sales opportunities.

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

In the Business Solutions Business, sales and gross profit increased mainly because of the growth of the SAP business and increasing demand at companies for the digitalization of customer support systems at the financial services companies.

In the Platform, Operation Services Business, sales and gross profit decreased. Sales increased for infrastructure/network construction services and the operation of cloud environments. But total sales and earnings were lower because of the decision to stop providing operation services to large companies, which was an activity that had little added value.

In the Digital Learning Business, sales and gross profit decreased. Lessons were shifted from a classroom format to an online format due to the COVID-19 pandemic, but sales and earnings were lower because of the downturn in the performance of this business in the fiscal year's first half.

(Millions of yen)

		First nine months of FY3/20	First nine months of FY3/21	Change	Change (%)
Cloud Solutions Business	Net sales	5,645	5,962	317	5.6%
	Gross profit	1,361	1,352	(9)	(0.7)%
Digital Solutions Business	Net sales	1,510	1,703	193	12.8%
	Gross profit	439	458	19	4.4%
Business Solutions Business	Net sales	3,526	4,114	588	16.7%
	Gross profit	733	880	147	20.1%
Platform, Operation Services Business	Net sales	3,909	3,315	(594)	(15.2)%
	Gross profit	884	817	(67)	(7.6)%
Digital Learning Business	Net sales	196	179	(17)	(9.0)%
	Gross profit	69	3	(66)	(94.9)%

- Notes: 1. COMTURE started applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) in the fiscal year ending March 31, 2021, which is earlier than required. Net sales for the first nine months of FY3/20 have been calculated assuming that this standard had been used from the beginning of the fiscal year ended March 31, 2020.
2. Due to the reorganization of structures for business operations on April 1, 2020, the education operations that were previously in the Platform, Operation Services Business became the new Digital Learning Business. Net sales for the first nine months of FY3/20 have been calculated as comparative figures assuming that this reorganization had been implemented at the beginning of the fiscal year ended March 31, 2020.

In the fiscal year ending in March 2021, COMTURE has increased the number of business categories from four to five by making the Digital Learning Business, which was previously part of the Platform, Operation Services Business, a separate category.

Activities of the business categories are as follows.

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

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

	First nine months of FY3/20	First nine months of FY3/21	Change	Change (%)
Net sales	14,788	15,275	487	3.3%
Gross profit	3,488	3,511	23	0.7%
Operating profit	2,030	2,230	200	9.9%
Ordinary profit	2,034	2,269	234	11.5%
Profit attributable to owners of parent	1,392	1,519	127	9.2%

Note: COMTURE started applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) in the fiscal year ending March 31, 2021, which is earlier than required. Net sales for the first nine months of FY3/20 have been calculated assuming that this standard had been used from the beginning of the fiscal year ended March 31, 2020.

Sales increased 3.3% despite the negative effect of unprofitable projects. Sales growth was attributable to the ongoing shift to businesses involving the digital transformation, the use of web conferencing for sales activities and other reasons. This is the eleventh consecutive year of effective sales growth in the first nine months of a fiscal year.

Gross profit increased 0.7% even though there were higher personnel expenses and up-front investments were made for expanding and strengthening business operations. Earnings growth was attributable to an increase in sales per employee resulting from upgraded proposal skills, improvements in productivity and the quality of services, the expansion of consulting activities, and other reasons.

Operating profit increased 9.9% in part because of numerous cost cutting measures, including an improvement in methods used for recruiting activities.

Ordinary profit increased 11.5% in part because of income for the surrender value of insurance policies.

Profit attributable to owners of parent increased 9.2% to an all-time high for the first nine months of a fiscal year. This was the ninth consecutive year of earnings growth in the first nine months.

(2) Explanation of Financial Position

Total assets were 15,215 million yen at the end of the third quarter, 443 million yen more than the end of the previous fiscal year. This was attributable mainly to increases of 593 million yen in notes and accounts receivable-trade because of an increase in projects that recognize revenue over a certain period of time toward the end of the third quarter, 393 million yen in investment securities mainly because of an investment in a company in the DX sector, 164 million yen in other current assets mainly caused by advance payment of income taxes due to receipt of dividends from consolidated subsidiaries, 149 million yen in property, plant and equipment mainly because of a building and other items associated with the new Ariake office. Cash and deposits decreased 670 million yen due to investment securities and purchase of property, plant and equipment, guarantee deposits decreased 65 million yen as payments were collected, and goodwill decreased 58 million yen because of amortization.

Liabilities decreased 402 million yen to 3,173 million yen. This was mainly attributable to decreases of 521 million yen in income taxes payable because of the payment of taxes, 307 million yen in provision for bonuses and 47 million yen in provision for retirement benefits for directors (and other officers) because of the payment of bonuses and retirement benefits, and 104 million yen in long-term borrowings including current portion because of repayments. Accrued expenses increased 222 million yen mainly because of an increase in social insurance premiums caused by the payment of bonuses, other current liabilities increased 222 million yen mainly due to an increase in social insurance premiums deposited caused by the same reason, and accounts payable-trade increased 126 million yen mainly because of an increase in outsourcing expenses.

Net assets increased 845 million yen to 12,041 million yen mainly because of profit attributable to owners of parent of 1,519 million yen and dividend payments of 725 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, 2021 that was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Japanese GAAP)” on May 15, 2020.

There is currently uncertainty about the level of IT investments by companies and the public sector due to the COVID-19 pandemic. However, we believe that this crisis will have only a limited negative effect on the performance of the COMTURE Group. We will closely monitor the constantly changing situation involving this crisis to determine the effects on our performance and will make an announcement promptly if any revisions to the forecast are needed during the fiscal year.

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

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	3Q of FY3/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	8,893,827	8,223,199
Notes and accounts receivable-trade	3,139,705	3,733,411
Work in process	131,159	149,589
Other	282,173	447,038
Total current assets	12,446,865	12,553,238
Non-current assets		
Property, plant and equipment		
Buildings, net	360,020	460,364
Vehicles, net	10,631	7,976
Tools, furniture and fixtures, net	163,125	216,349
Construction in progress	39,759	39,759
Other, net	3,740	1,918
Total property, plant and equipment	577,278	726,367
Intangible assets		
Goodwill	119,136	60,202
Software	9,943	5,600
Other	2,862	2,862
Total intangible assets	131,941	68,665
Investments and other assets		
Investment securities	505,605	899,354
Guarantee deposits	642,509	577,089
Deferred tax assets	356,767	329,868
Other	110,563	60,670
Total investments and other assets	1,615,447	1,866,982
Total non-current assets	2,324,667	2,662,015
Total assets	14,771,532	15,215,254

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	3Q of FY3/21 (As of Dec. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	882,867	1,009,375
Short-term borrowings	200,000	200,000
Current portion of long-term borrowings	139,992	105,034
Accrued expenses	302,332	524,878
Income taxes payable	562,592	40,772
Provision for bonuses	468,751	161,638
Provision for bonuses for directors (and other officers)	19,000	15,600
Provision for loss on construction contracts	29,748	3,636
Asset retirement obligations	27,200	-
Other	532,885	755,601
Total current liabilities	3,165,369	2,816,536
Non-current liabilities		
Long-term borrowings	70,036	-
Provision for retirement benefits for directors (and other officers)	47,498	-
Asset retirement obligations	190,766	220,810
Other	102,450	136,499
Total non-current liabilities	410,751	357,309
Total liabilities	3,576,121	3,173,846
Net assets		
Shareholders' equity		
Share capital	1,022,124	1,022,124
Capital surplus	3,602,597	3,617,017
Retained earnings	6,678,575	7,495,484
Treasury shares	(110,993)	(109,368)
Total shareholders' equity	11,192,304	12,025,258
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,106	16,149
Total accumulated other comprehensive income	3,106	16,149
Total net assets	11,195,410	12,041,407
Total liabilities and net assets	14,771,532	15,215,254

(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 FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	15,507,844	15,275,410
Cost of sales	12,019,344	11,763,515
Gross profit	3,488,499	3,511,894
Selling, general and administrative expenses	1,458,322	1,281,478
Operating profit	2,030,177	2,230,416
Non-operating income		
Interest income	1,009	3,347
Dividend income	19	21
Gain on insurance cancellation Gain on cancellation of insurance policies	4,328	48,862
Gain on sales of investment securities	-	1,660
Gain on redemption of investment securities	7,232	1,100
Other	4,018	1,402
Total non-operating income	16,607	56,394
Non-operating expenses		
Interest expenses	1,206	960
Share issuance costs	5,129	-
Loss on valuation of investment securities	-	9,548
Other	6,228	7,229
Total non-operating expenses	12,563	17,737
Ordinary profit	2,034,221	2,269,073
Extraordinary income		
Gain on bargain purchase	49,131	-
Gain on step acquisitions	3,039	-
Total extraordinary income	52,171	-
Extraordinary losses		
Loss on retirement of non-current assets	7,117	3,148
Total extraordinary losses	7,117	3,148
Profit before income taxes	2,079,275	2,265,924
Income taxes	684,289	746,262
Profit	1,394,986	1,519,661
Profit attributable to non-controlling interests	2,802	-
Profit attributable to owners of parent	1,392,183	1,519,661

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

	(Thousands of yen)	
	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Profit	1,394,986	1,519,661
Other comprehensive income		
Valuation difference on available-for-sale securities	179	13,042
Total other comprehensive income	179	13,042
Comprehensive income	1,395,165	1,532,704
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,392,363	1,532,704
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.

Changes in Accounting Policies

Companies in Japan are allowed to use Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised on March 31, 2020) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, revised on March 31, 2020) from the beginning of fiscal years that started on or after April 1, 2018. COMTURE started applying this standard and guidance at the beginning of the first quarter of the fiscal year ending in March 2021.

The primary sources of revenue at the COMTURE Group are revenue from the provision of solution services and revenue from the sale of licenses. Hardware and other sales and the sale of licenses that take place in conjunction with solution services are classified as sales agent transactions.

1) Solution services revenue

The main categories of solution services of the COMTURE Group are cloud solutions, digital solutions, business solutions, platform and operation services, and digital learning.

Contractual obligations for providing these services are obligations that must be fulfilled over a specific period. One reason is that, normally, the provision of a contractual service to a customer results in an asset that cannot be used for a different application. Furthermore, the portion of this contractual obligation that has been fulfilled gives the COMTURE Group the legal right to receive compensation for the fulfillment of this portion.

The COMTURE Group rigorously manages the profitability of all projects based on reasonable estimates of future expenses that will be required for the completion of each project. In addition, the rate of progress of every project can be estimated by using the ratio of expenses currently incurred, based on working time and other items, to the estimate of total expenses.

Due to the ability to estimate the progress of individual projects, solution services revenue is recognized over certain periods. However, for projects that are completed within a very short time and are not significant in monetary terms, all revenue is recognized at once when the customer accepts the services provided upon completion.

2) License sale revenue

Sales of licenses for the off-the-shelf software of other companies accounts for most of the license sales of the COMTURE Group. Contracts for these sales do not allow the COMTURE Group to conduct activities that would have a significant impact on customers' intellectual property. Furthermore, it is assumed that customers have no reasonable expectation for these types of activities. In addition, we believe that activities of the COMTURE Group do not have any direct effect on customers' intellectual assets.

For these reasons, revenue from license sales is recognized at the beginning of the provision of a license that gives a customer the right to use an intellectual asset.

3) Sales agent transactions

Revenue from the sale of merchandise or services is recognized in one of two ways. If the COMTURE Group is judged to have control of the merchandise or service prior to its provision to a customer, the sale is a direct transaction. In all other cases, the sale is a sales agent transaction. The judgment regarding prior control is based

mainly on three factors, as well as other items. First, is the COMTURE Group primarily responsible for the provision of the merchandise or service? Second, is the COMTURE Group vulnerable to inventory risk regarding the merchandise or service prior to its provision to a customer? Third, is the COMTURE Group able to determine the price of the merchandise or service?

Hardware and other sales and the sale of licenses that take place in conjunction with normal solution service activities of the COMTURE Group are classified as sales agent transactions. Consequently, an amount equivalent to the commission income associated with these sales is recognized as revenue.

For the application of the new accounting standard and guidance for the recognition of revenue, COMTURE has applied the transitional measures prescribed in the supplementary information in paragraph 84 of this accounting standard. As a result, the cumulative effect of the retroactive application of the new standard prior to the first quarter of the current fiscal year was reflected in retained earnings at the beginning of the first quarter and the new standard was applied to retained earnings starting at that time.

Due to the application of the new accounting standard, there was an increase of 22 million yen in retained earnings at the beginning of the fiscal year. In addition, net sales decreased 822 million yen, and operating profit and profit before income taxes increased 52 million yen each in the first nine months of the current fiscal year.

Additional Information

Business combination through acquisition

COMTURE has decided to acquire all of the outstanding shares of Edifist Learning Inc., a subsidiary of Canon Marketing Japan Inc. An agreement for the acquisition of this stock was concluded with Canon Marketing Japan on December 24, 2020.

(1) Summary of business combination

1) Acquired company and its business activities

Acquired company : Edifist Learning Inc.

Business activities : Education and training services for providing corporate training programs and developing skills
Education and training services concerning information and communication systems
Education and training services concerning corporate management

2) Main Reasons for acquisition

As the digital transformation (DX) continues to advance at companies, there is certain to be a greater need to increase the IT literacy of the personnel of these companies. As a result, there is growing demand for educational services involving cloud services and digital technologies in order to ensure that employees have the necessary IT skills. Edifist Learning is a professional provider of education services centered on IT training and on human-business skill training. As a member of the Nomura Research Institute Group and the Canon Marketing Japan Group, Edifist Learning has conducted many highly effective IT classes and seminars concerning advanced technologies for a large number of companies. COMTURE concluded an agreement for the acquisition of Edifist Learning because it believes that, by combining and mutually leveraging the expertise and experience of Edifist Learning with the advanced cloud and digital technologies of the COMTURE Group, this acquisition is expected to result in even faster growth of the group's education business.

3) Acquisition date

March 1, 2021 (tentative)

4) Legal form of acquisition

Acquisition of shares with cash

5) Company's name after acquisition

There is no change in the company's name.

6) Percentage of voting rights acquired

100.0 %

7) Basis for choosing the company to acquire

The purpose is for COMTURE to acquire 100% of the voting rights of Edifist Learning in exchange for cash and make this company a wholly owned subsidiary.

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

Payment for the acquisition	Cash and deposits	1,350.0 million yen
Acquisition cost		1,350.0 million yen

(3) Details of major acquisition-related costs

Advisory compensation, fees, etc. (estimate) 4.3 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.

Segment and Other Information

Segment Information

I First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)

See “II First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020), Information related to revisions for reportable segments.”

II First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)

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

Information related to revisions for reportable segments

In prior years, the COMTURE Group had three reportable segments: Solution Services, Network Services and Product Sales. Beginning with the first quarter of the fiscal year ending in March 2021, there is only the single reportable segment of Solution Services.

The COMTURE Group medium-term plan that started in April 2019 positions the digital transformation (DX) as the group’s growth domain. Since the plan started, there has been significant growth of sales of cloud-related businesses and digital-related businesses. The increasing ties between cloud solutions services and network services made it difficult to divide the sales, expenses and earnings of these two businesses between the Solution Services and Network Services segments.

Furthermore, in part because of the COVID-19 crisis, customers’ DX domain IT investments are expected to grow even faster. In April 2020, the COMTURE Group changed to a new organizational structure for business operations. In March and June 2020, COMTURE established equity and business alliances with start-up companies in the AI and robotics fields and plans to develop new types of solutions and create new businesses.

An examination of the reportable segments based on business activities in the DX domain and on other considerations resulted in the conclusion that the division of business activities among different segments will become even more difficult. Consequently, the decision was made to treat all of the COMTURE Group’s activities as a unified business that should be reported as a single reportable segment.

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.