

# The Fiscal Year Ended March 31, 2024 Financial Results Materials

## COMTURE CORPORATION



May 10, 2024

Chihiro Sawada  
President

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**The FY Ended March 31, 2024**

# Results of Operations



# 1-1 Financial Highlights

**Achieved 14 consecutive years of sales growth and 13 consecutive years of earnings growth with both sales and earnings climbing to record highs**

\*Figures in parenthesis are organic growth excluding M&A

(Unit: million yen)	FY3/23		FY3/24		YoY change (%)
	Amount	% to net sales	Amount	% to net sales	
<b>Net sales</b>	29,056	-	<b>34,185</b> <b>(31,379)</b>	-	<b>+17.7%</b> <b>(+8.0%)</b>
<b>Operating profit</b>	4,065	14.0%	<b>4,600</b> <b>(4,289)</b>	<b>13.5%</b> <b>(13.7%)</b>	<b>+13.1%</b> <b>(+5.5%)</b>
<b>Ordinary profit</b>	4,067	14.0%	<b>4,597</b> <b>(4,284)</b>	<b>13.4%</b> <b>(13.7%)</b>	<b>+13.0%</b> <b>(+5.3%)</b>
<b>Profit attributable to owners of parent</b>	2,695	9.3%	<b>3,135</b>	<b>9.2%</b>	<b>+16.3%</b>
<b>Net income per share</b>	84.56 yen	-	<b>98.35 yen</b>	-	<b>+16.3%</b>

# 1-2 Business Segment Performance

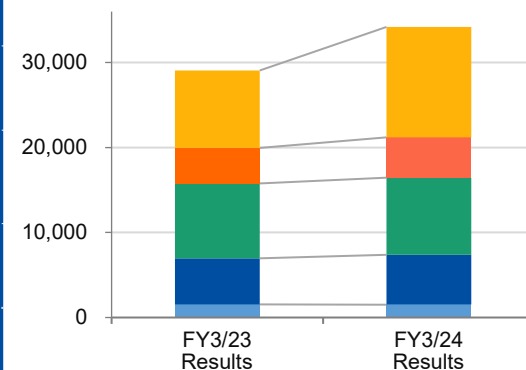
(Unit: million yen)

	FY3/23 Results	FY3/24 Results	YoY change (%)
<b>Net sales</b> (*) See next page	29,056	34,185	+17.7%
Cloud Solutions	9,112	12,997	+42.6%
Digital Solutions	4,164	4,736	+13.8%
Business Solutions	8,814	9,049	+2.7%
Platform, Operation Services	5,399	5,855	+8.4%
Digital Learning	1,565	1,545	-1.3%
<b>Gross profit</b> (*) See next page	6,696	7,852	+17.3%
Cloud Solutions	2,388	3,146	+31.8%
Digital Solutions	981	1,069	+9.0%
Business Solutions	1,757	2,076	+18.2%
Platform, Operation Services	1,111	1,138	+2.5%
Digital Learning	458	420	-8.2%

- Cloud Solutions Business
- Digital Solutions Business
- Business Solutions Business
- Platform, Operation Services
- Digital Learning

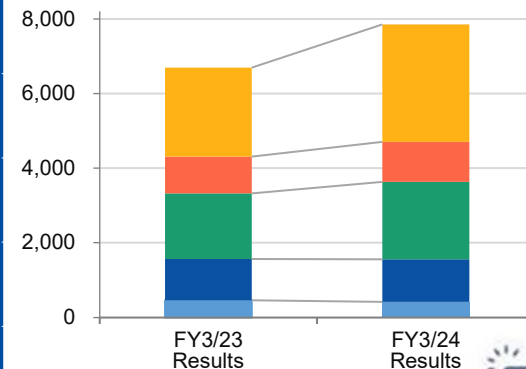
## Net sales

(Unit: million yen)



## Gross profit

(Unit: million yen)



## **\*Business Segment for FY3/23:**

Beginning FY3/24, we have revised a part of the scope of our business in accordance with the reality of our group's business.

For consistency with this change, the consolidated statement of income for FY3/23 have been restated.

## **\*Gross profit for FY3/23:**

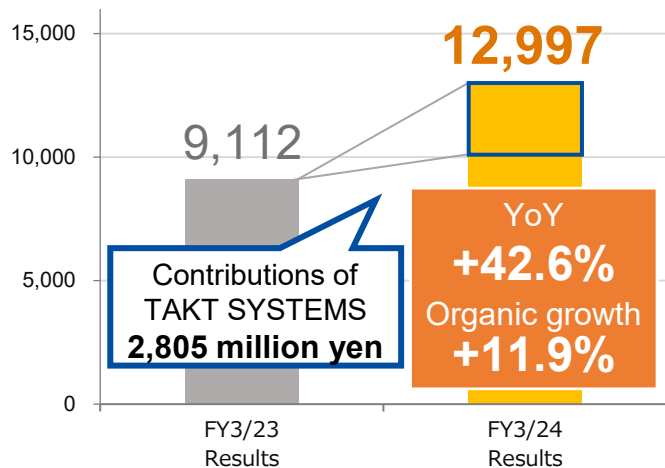
In FY3/23, the salaries of employees hired following graduation were included in cost of sales during the April and May initial training period. Beginning with FY3/24, these salaries are included in selling, general and administrative expenses in order to more appropriately show the true operations of the COMTURE Group because these new employees are not involved with business projects and make no direct contribution to sales during their two months training period.

For consistency with this change, the consolidated statement of income for FY3/23 have been restated.

# 1-3 Cloud Solutions Business

## Net sales

(Unit: million yen)

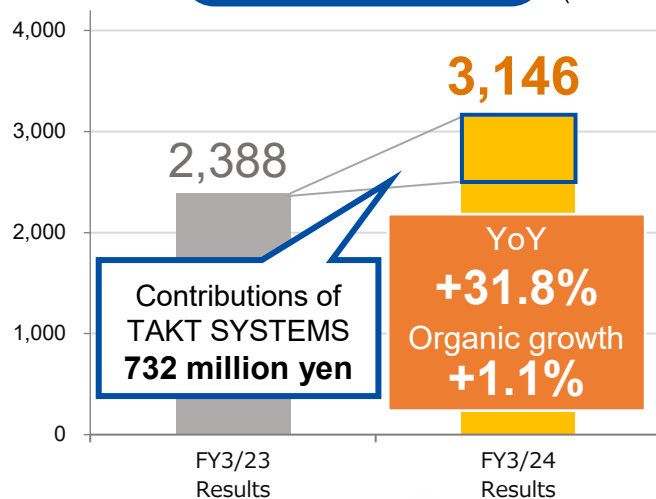


### Main Activities

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

## Gross profit

(Unit: million yen)



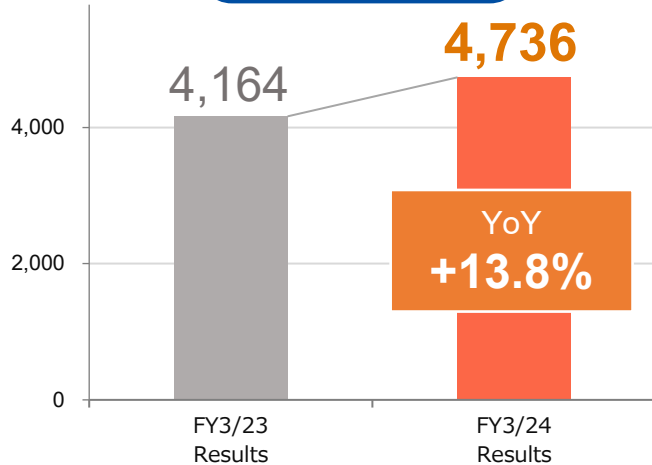
### Overview

- + Contribution of the sales at a subsidiary newly consolidated in this fiscal year
- + Growing demand for consulting services and building systems for the digital transformation (DX) using collaborations with vendors
- Temporary increase in training expenses for new graduate employees and for reskilling of current employees

# 1-4 Digital Solutions Business

## Net sales

(Unit: million yen)



### Main Activities

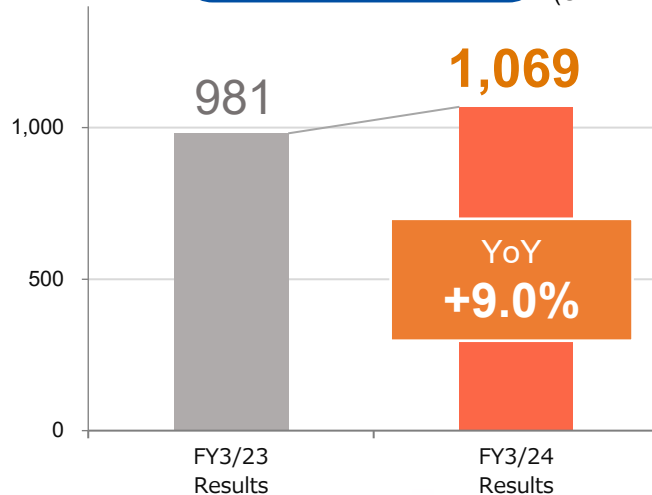
Construction of data infrastructures by working with global AI vendors (Google Cloud, Amazon Web Services and others), provision of data analysis solutions by working with global data analysis vendors (SAS, Informatica, Databricks and others), and other activities

### Overview

- + Growth of the data management business, such as building infrastructures for collecting and storing large amount of data
- + Expanding the business of building anti-money laundering systems for financial institutions
- Temporary increase in training expenses for new graduate employees

## Gross profit

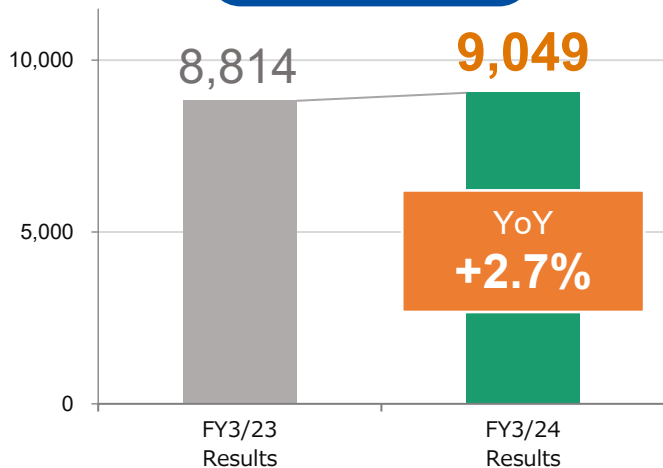
(Unit: million yen)



# 1-5 Business Solutions Business

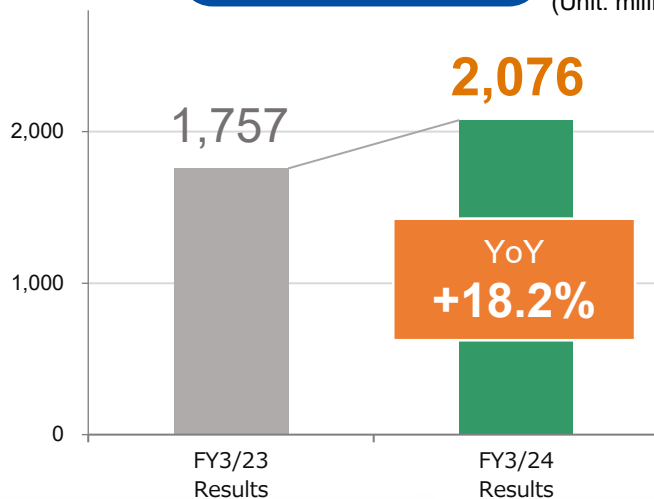
## Net sales

(Unit: million yen)



## Gross profit

(Unit: million yen)



### ■ Main Activities

Construction, operation and modernization concerning accounting, personnel, fintech and other core IT systems using collaborations with SAP, SuccessFactors and other global ERP package vendors

### ■ Overview

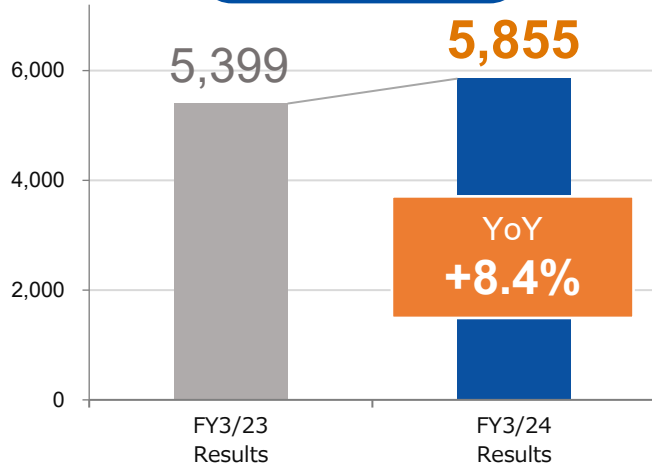
- ➕ Growth of the SAP business continued
- ➕ Cross-selling activities for financial institutions were expanded
- ➕ Profitability improved in part because earnings in the 1Q of FY3/23 were impacted by a project that encountered difficulties
- ➖ Used reskilling programs to shift people to the cloud solutions business and to operations involving SAP



# 1-6 Platform, Operation Services Business

## Net sales

(Unit: million yen)

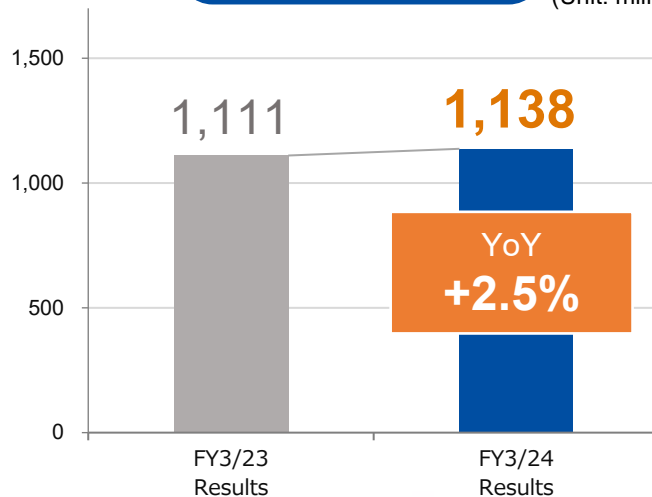


## Main Activities

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

## Gross profit

(Unit: million yen)



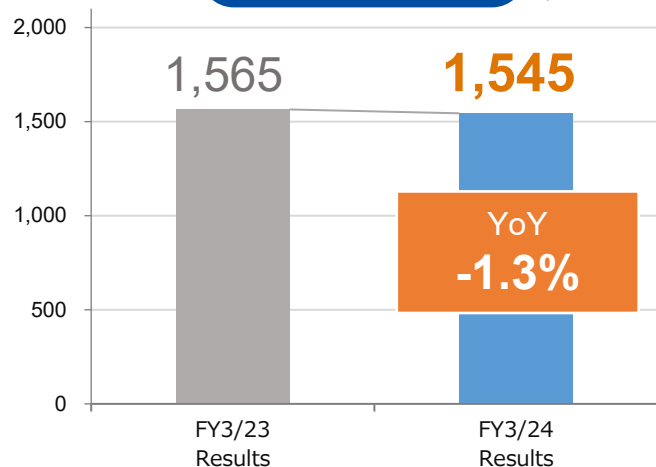
## Overview

- + Growth of the business for operating cloud environments
- + Higher demand for the outsourcing and security support of IT system operations

# 1-7 Digital Learning Business

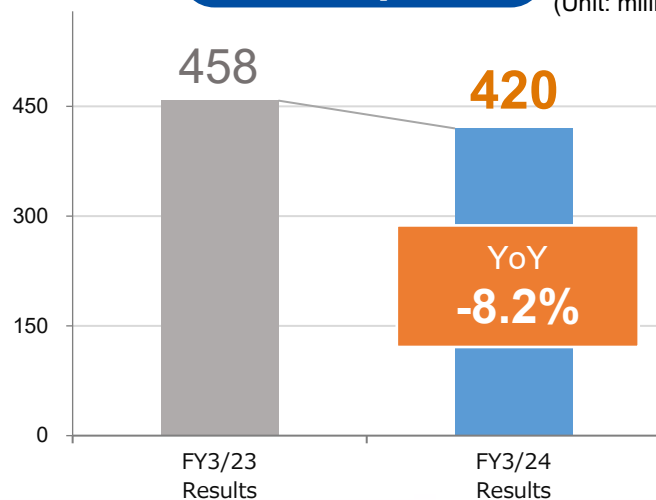
## Net sales

(Unit: million yen)



## Gross profit

(Unit: million yen)



### Main Activities

Education services with cooperation of global vendors (Microsoft, Salesforce, ServiceNow and others) for acquiring vendor certifications and IT education services to give people skills needed to perform DX jobs

### Overview

- + Increasing demand at companies for structured training programs
- Using COMTURE Group instructors for internal training programs for reskilling employees

# 1-8 Contributing Factors

Net sales

Up 17.7% YoY

- + Growth of the cloud solutions business because of increasing demand for the shift of the IT systems of companies to the cloud and for cloud consulting and the contribution of M&A to this business
- + Digital solutions sales increased due to higher demand for data management.
- + Higher sales due to making new graduates and reskilled current employees productive and to progress with the use of resources of partner companies

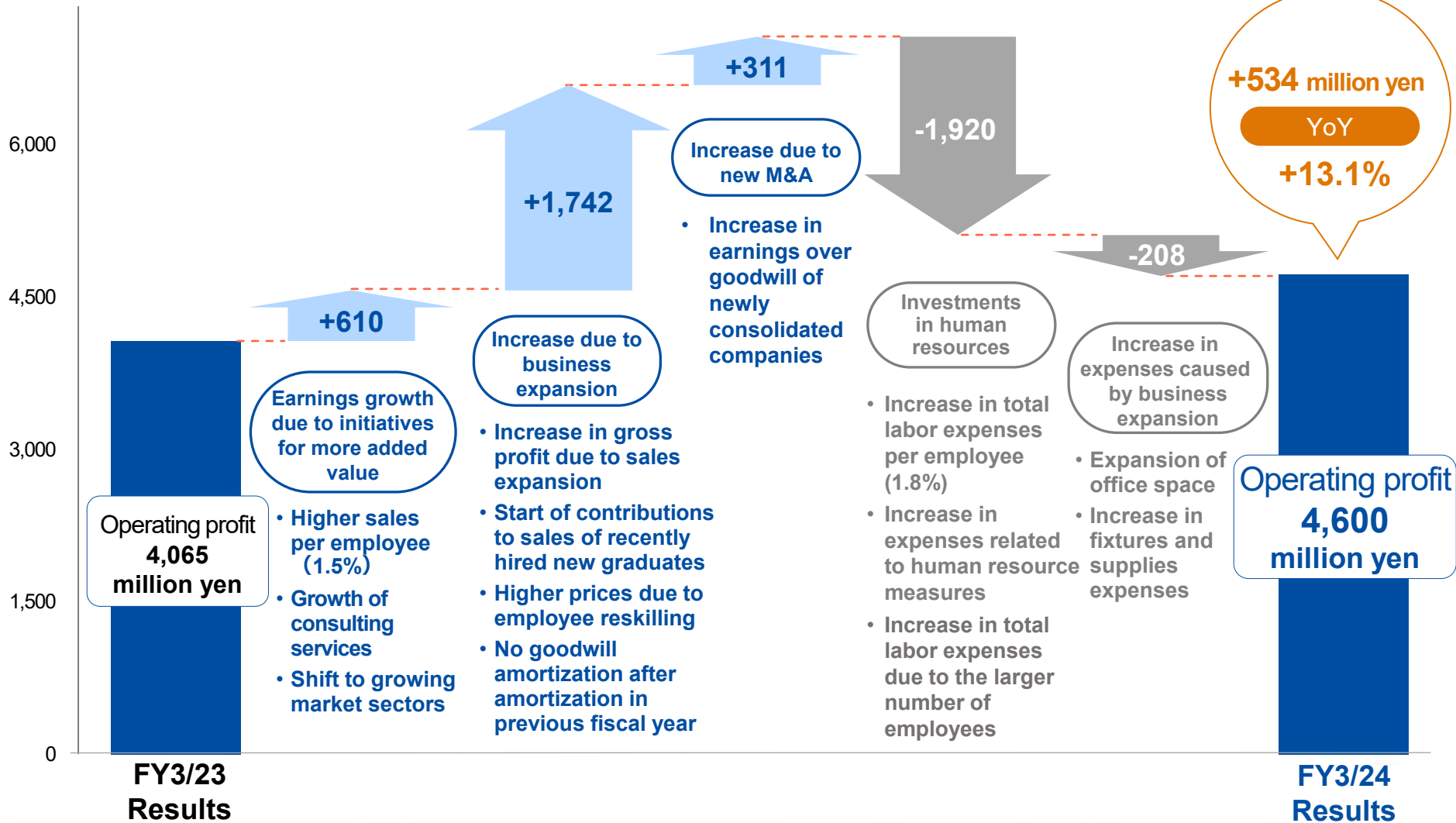
Operating profit

Up 13.1% YoY

- + Sales per employee: up 1.5%  
\*Sales per employee (excluding new employees): up 5.0%
- + Gross profit increased due to growth of sales and start of contributions to sales of recently hired new graduates.
- Total labor expenses per employee increased 1.8%.  
\*Expenses increased 8.1% after excluding new employees

# 1-9 Components of Changes in Operating Profit

(Unit: million yen)



**Earnings growth due to initiatives for more added value**

- Higher sales per employee (1.5%)
- Growth of consulting services
- Shift to growing market sectors

**Increase due to business expansion**

- Increase in gross profit due to sales expansion
- Start of contributions to sales of recently hired new graduates
- Higher prices due to employee reskilling
- No goodwill amortization after amortization in previous fiscal year

**Increase due to new M&A**

- Increase in earnings over goodwill of newly consolidated companies

**Investments in human resources**

- Increase in total labor expenses per employee (1.8%)
- Increase in expenses related to human resource measures
- Increase in total labor expenses due to the larger number of employees

**Increase in expenses caused by business expansion**

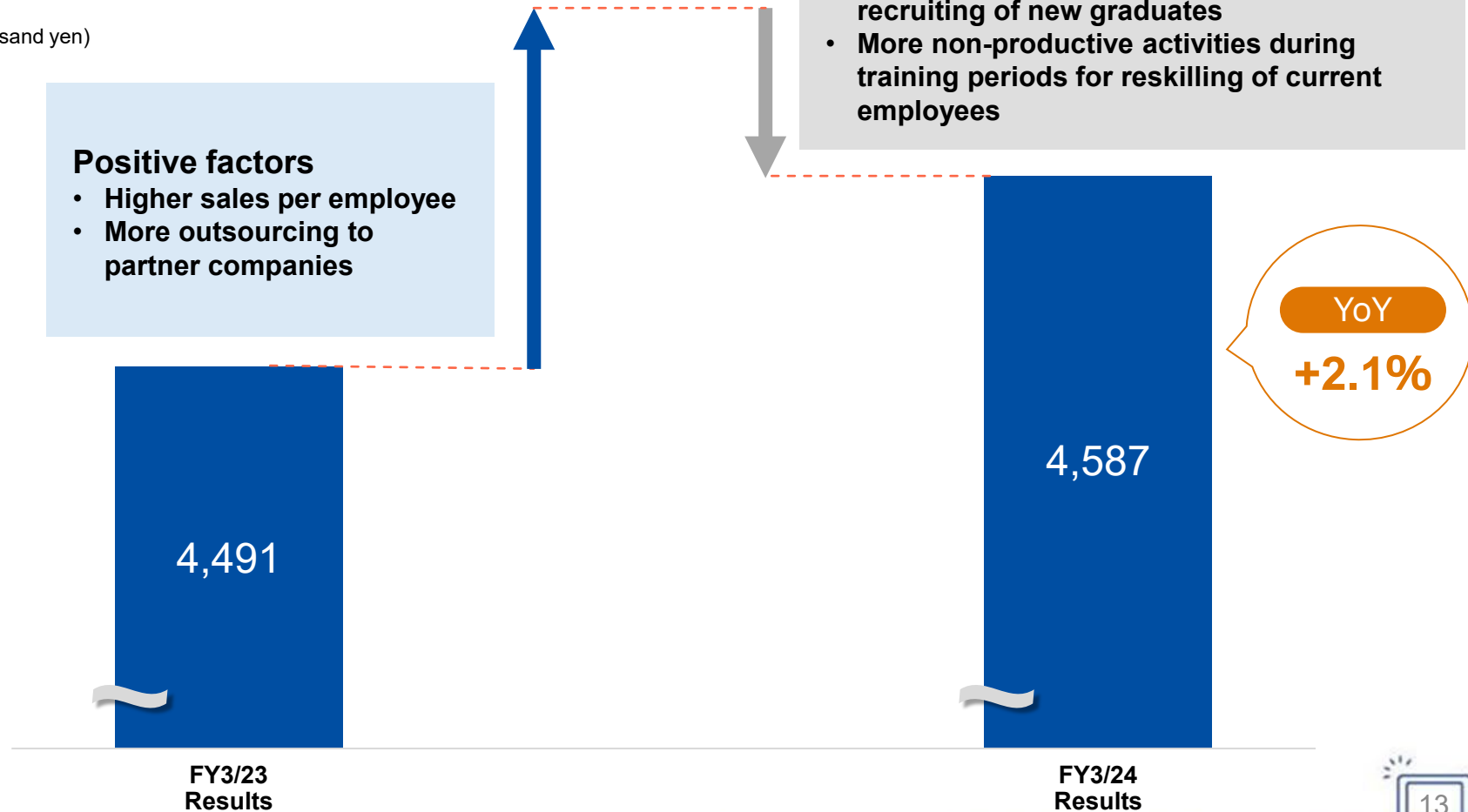
- Expansion of office space
- Increase in fixtures and supplies expenses

# 1-10 Components of Changes in Gross Profit per Employee\*

\*Gross profit per employee is total gross profit divided by the number of employees (consolidated, end of period)

\*Labor expenses per employee is total labor expenses divided by the number of employees (consolidated, end of period)

(Unit: thousand yen)



# 1-11 Progress of Medium-term Management Plan – Workforce Growth

## Recruiting activities for faster growth

### More hiring of experienced people

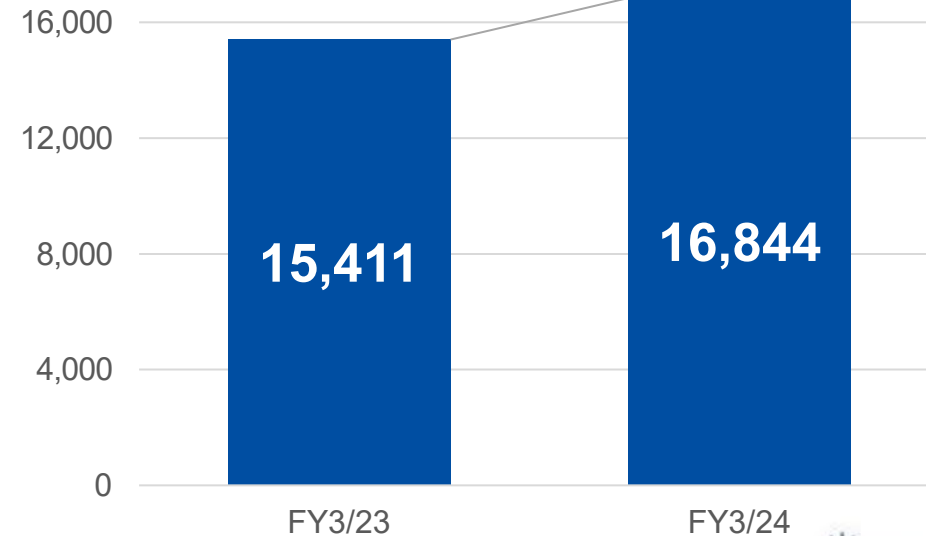
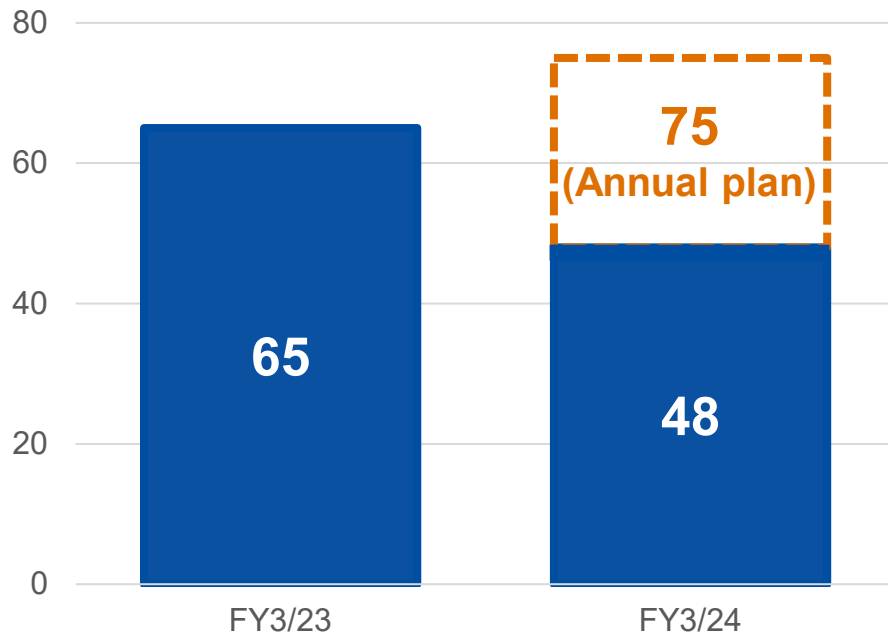
- Hired 48 people with prior work experience as of the end of March 2024
- Using referrals, scouting and other measures to recruit experienced people

### Stronger relationships with partner companies

- Outsourced projects were 9.3% more than one year earlier
- Using the core partner program (selected 56 companies)

\*Excludes TAKT Systems

(Employees)



# 1-12 Progress of Medium-term Management Plan – Workforce Growth

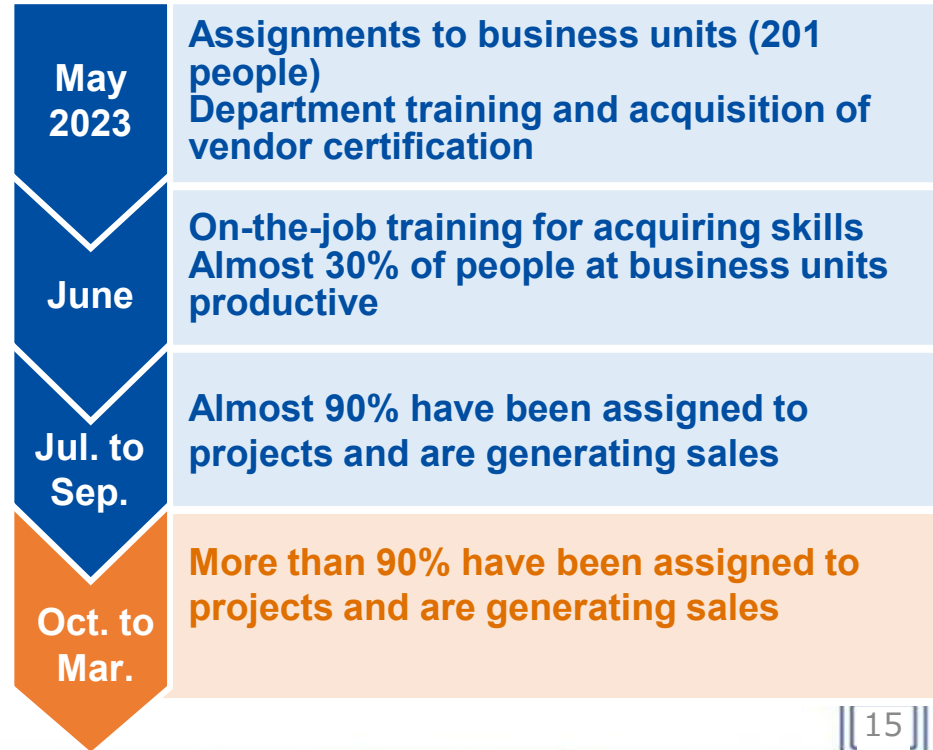
## Education and training programs for more added value

### Reskilling current employees

- 140 people shifted as of the end of March 2024

### Fast training of new graduate employees

- More than 90% of 201 new hires assigned to business units are productive
- Continuing the productive use of new graduates in FY3/25



# 2

## Medium-term Business Plan (April 1, 2024 to March 31, 2027)

COMTURE uses rolling medium-term plans. Reexamining the plan every year makes it possible to adapt to changes in the business climate with speed and flexibility.



# 2-1 Long-term Vision

The goal is sales of 100 billion yen in FY3/32

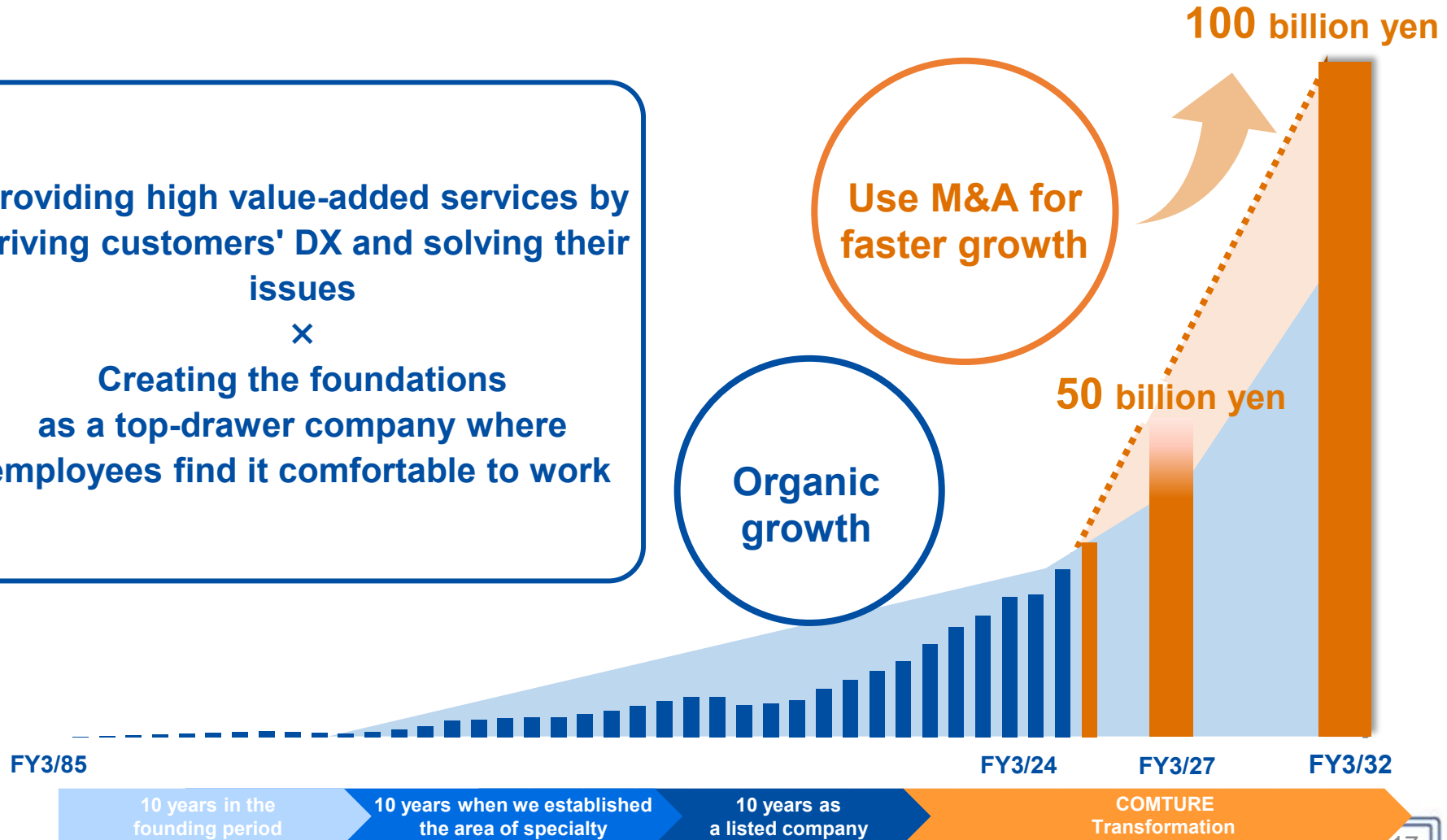
Providing high value-added services by driving customers' DX and solving their issues

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Creating the foundations as a top-drawer company where employees find it comfortable to work

Use M&A for faster growth

Organic growth



## Further expansion and sustained growth of the DX domain

### Business policies for high value-added management

#### Three business strategies

##### Collaborations with vendors

- Strengthening sales process
- Upgrade quality/technical skills

##### Improving proposal capabilities

- Multi-faceted solutions
- Improvement of project management skills

##### Expanding resources

- Developing high-skilled human resources
- Partner training and cooperation

#### Strengthening the management base that supports business

##### Digital transformation

##### Human resources

##### Sustainability

#### Investment strategies that accelerate business growth

##### M&A

##### Investment in human resources

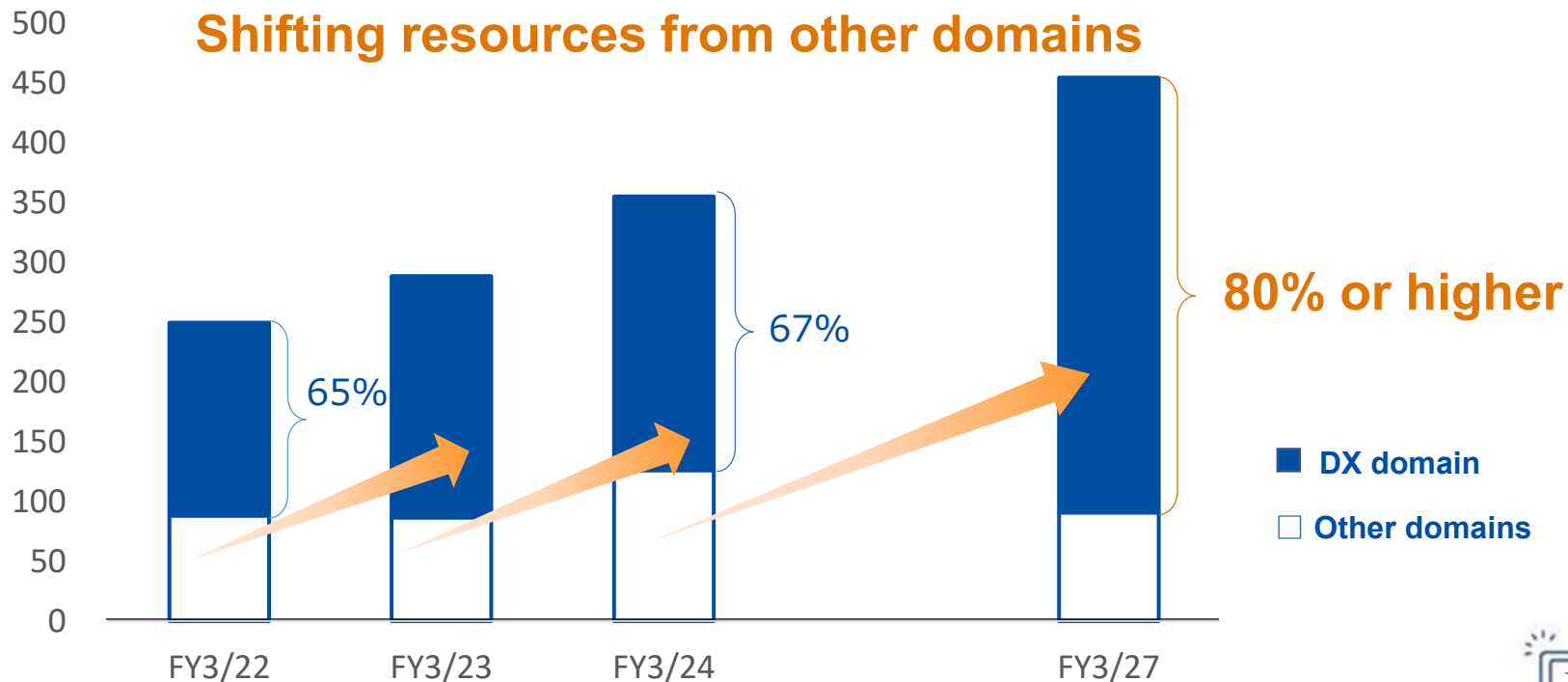
##### Business and management innovations

# 2-3 Medium-Term Management Plan: Expansion in the DX domain

## Accelerating the shift to DX domain, which is a growth engine

- Expanding business in the DX domain backed by the growing DX market
- Execute proactive resources shifts and achieve accelerated growth
- Increasing the ratio of businesses in the DX domain to net sales to 80% or higher (FY3/27)

Net sales (100 million yen)



# 2-4 Expanding Human Resources

## Reinforcing the structure by recruiting and developing excellent human resources

- Aptitude evaluation using SPI
- Recruiting excellent new graduates and mid-career employees

Recruiting 800 employees in three years

- Constantly reexamine new human resource systems
- Increasing salaries by 5% or higher every year
- Providing opportunities for active participation by shifting to growth domains



- DX human resource development model

Acquisition of professional qualifications by 1,000 employees every year

- Training content from Edifist Learning Inc.
- Operation of reskilling programs (30-40 people/six months)

- Supporting human resource development in growth domains
- Increasing the ratio of partners

Increasing 600 people in three years

# 2-5 Investment Strategy

## Continuing aggressive investments aimed for sustainable growth

\* All of the following amounts are amounts to be invested in the three years.

### M&A

- Investing in companies which contribute to expansion of DX business, by attaching importance to capital efficiency **5.0 billion yen to 10.0 billion yen**

### Investment in human resources

- Recruiting excellent human resources, upgrade/expand training programs
  - Health management/Engagement
  - Consistent improvements in salaries and benefits
- 5.0 billion yen or more**

### Business and management innovations

- Corporate branding activities
  - Higher efficiency by using the DX throughout the COMTURE Group
  - Business process reforms mainly by updating the core IT system
  - Improve equipment and other elements of the COMTURE Group's infrastructure
- 1.0 billion yen or more**

# 2-6 Post-M&A Management Integration Progress

## Quantity and quality synergies for faster growth of the COMTURE Group



**SoftwareCreation Co., Ltd.**

Consolidated in April 2022



**TAKT TAKT SYSTEMS, INC.**

Consolidated in April 2023

	Before	After consolidation	Growth rate		Last period (On a 12-month basis)	After consolidation	Growth rate
Net sales	¥1.76bn	¥1.97bn	+11.9%	Net sales	¥2.67bn	¥2.84bn	+6.5%
Operating profit	¥0.08bn	¥0.23bn	+184.4%	Operating profit	¥0.17bn	¥0.52bn	+200.4%
Operating profit margin	4.7%	12.0%	-	Operating profit margin	6.5%	18.2%	-

### Expansion of growth domains by using reskilling to shift resources

No. of employees  
**120**



Reskilled legacy domain engineers



**More added value**  
More efficient organization  
More motivation for people



Used as SAP HANA engineers

### More business opportunities by using group operations supported by outstanding knowledge

No. of employees  
**121**



Project Management Professional certification – 36 people  
Quality management know-how



**More added value**  
Even better quality  
Sharing of knowledge



Stronger frameworks for project management and quality management at the COMTURE Group

Quickly start using a system for managing performance (KPI management)



# 2-7 FY3/25 Medium-term Management Plan Performance Indicators

**Long-term goal is sales of 100 billion yen**

**Aiming for 17 consecutive years of sales growth and 16 consecutive years of earnings growth**

**Maintain strong organic growth of 10% or more**

(Unit: million yen)	FY3/24 Results	FY3/27 Forecast	Average annual growth rate (FY3/24~FY3/27)
<b>Net sales</b>	34,185	<b>50,000</b>	<b>+ 10.0% or more</b>
<b>Operating profit</b>	4,600	<b>6,500</b>	<b>+ 10.0% or more</b>
<b>Operating profit margin</b>	13.5%	<b>13.0%</b>	-
<b>ROE</b>	19.7%	<b>20.0% or more</b>	-
<b>Payout ratio</b>	46.8%	<b>45.0% or more</b>	-

**FY3/25**

**3**

# Earnings Forecast



# 3-1 FY3/25 Earnings Forecast

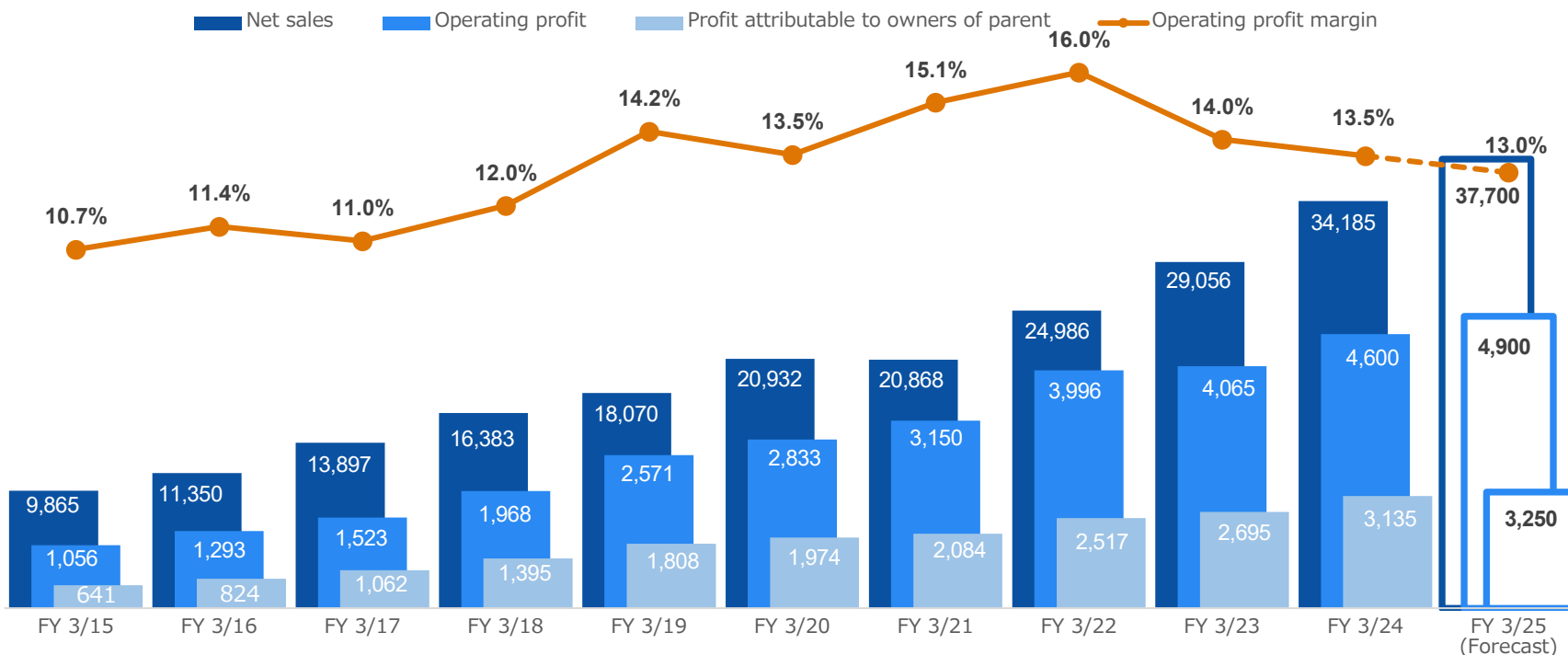
**Aiming for 15 consecutive years of sales growth and  
14 consecutive years of earnings growth,  
reaching new record highs**

(Unit: million yen)

	FY3/24 Results		FY3/25 Forecast		YoY change (%)
	Amount	% to net sales	Amount	% to net sales	
<b>Net sales</b>	34,185	-	<b>37,700</b>	-	<b>+10.3%</b>
<b>Operating profit</b>	4,600	13.5%	<b>4,900</b>	<b>13.0%</b>	<b>+6.5%</b>
<b>Ordinary profit</b>	4,597	13.4%	<b>4,900</b>	<b>13.0%</b>	<b>+6.6%</b>
<b>Profit attributable to owners of parent</b>	3,135	9.2%	<b>3,250</b>	<b>8.6%</b>	<b>+3.7%</b>
<b>Net income per share</b>	98.35 yen	-	<b>101.93 yen</b>	-	<b>+3.6%</b>
<b>Dividend per share</b>	46.00 yen	-	<b>48.00 yen</b>	-	-
<b>Payout ratio</b>	46.8%	-	<b>47.1%</b>	-	-
<b>ROE</b>	19.7%	-	<b>18.4%</b>	-	-

# 3-2 Performance Trends

## FY3/15 to FY3/25 (Net sales/Operating profit/Net income)



ROE	21.7%	27.7%	29.7%	31.9%	26.0%	19.5%	17.7%	19.2%	18.6%	19.7%	18.4%
Equity ratio	55.7%	58.4%	53.3%	56.6%	69.4%	75.8%	74.9%	73.0%	69.4%	71.6%	73.6%
Payout ratio	39.6%	38.9%	35.2%	33.9%	39.5%	46.6%	47.4%	46.9%	52.0%	46.8%	47.1%

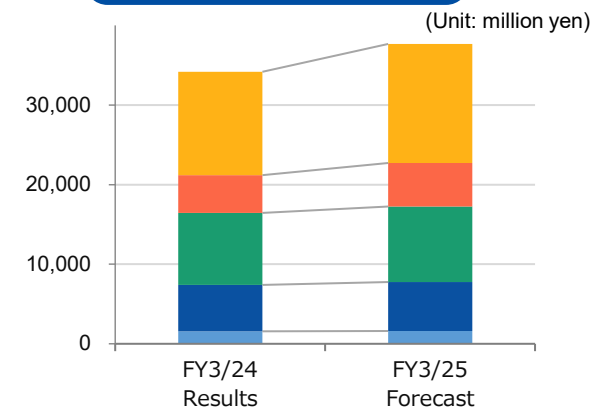
# 3-3 Business Segment Forecast

(Unit: million yen)

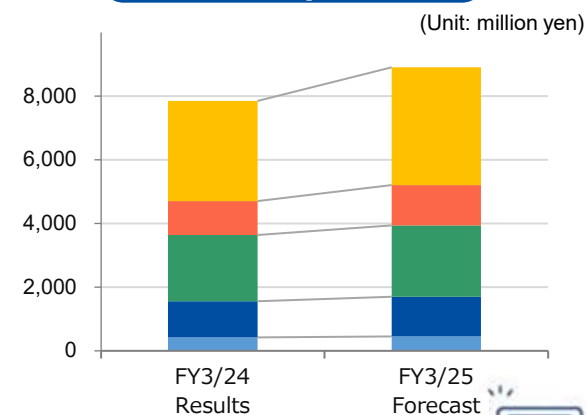
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Cloud Solutions	12,997	15,000	+15.4%
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Business Solutions	9,049	9,500	+5.0%
Platform, Operation Services	5,855	6,150	+5.0%
Digital Learning	1,545	1,600	+3.5%
<b>Gross profit</b>	7,852	8,900	+13.3%
Cloud Solutions	3,146	3,700	+17.6%
Digital Solutions	1,069	1,260	+17.8%
Business Solutions	2,076	2,240	+7.9%
Platform, Operation Services	1,138	1,250	+9.8%
Digital Learning	420	450	+7.0%

- Cloud Solutions Business
- Digital Solutions Business
- Business Solutions Business
- Platform, Operation Services
- Digital Learning

## Net sales



## Gross profit



# 3-4 Key Initiatives of FY3/25

## Major investments To accelerate growth

### Market conditions

- DX investments are expected to continue increasing as companies use more digital technologies; companies need to solve problems involving the associated transformation of business processes.
- As companies use teams and DX training for performing the DX internally, the outsourcing of support for system integrators is increasing.
- Rapid increase in the use of generative AI is raising the need for ideas for using this technology for new businesses; demand is increasing for developing applications incorporating generative AI too.

### Investments in people

Recruiting

New graduates: 200 (hired in April 2025)  
Experienced people: 70 (FY3/25)

Training

Reskilling: 30-40 per six months, larger and upgraded training system, New online learning platform, goal is 1,000 certifications

Salary /hours

Salary increase: 5.0%  
Working time: Down from 7hr 50min to 7hr 30min

### Innovations

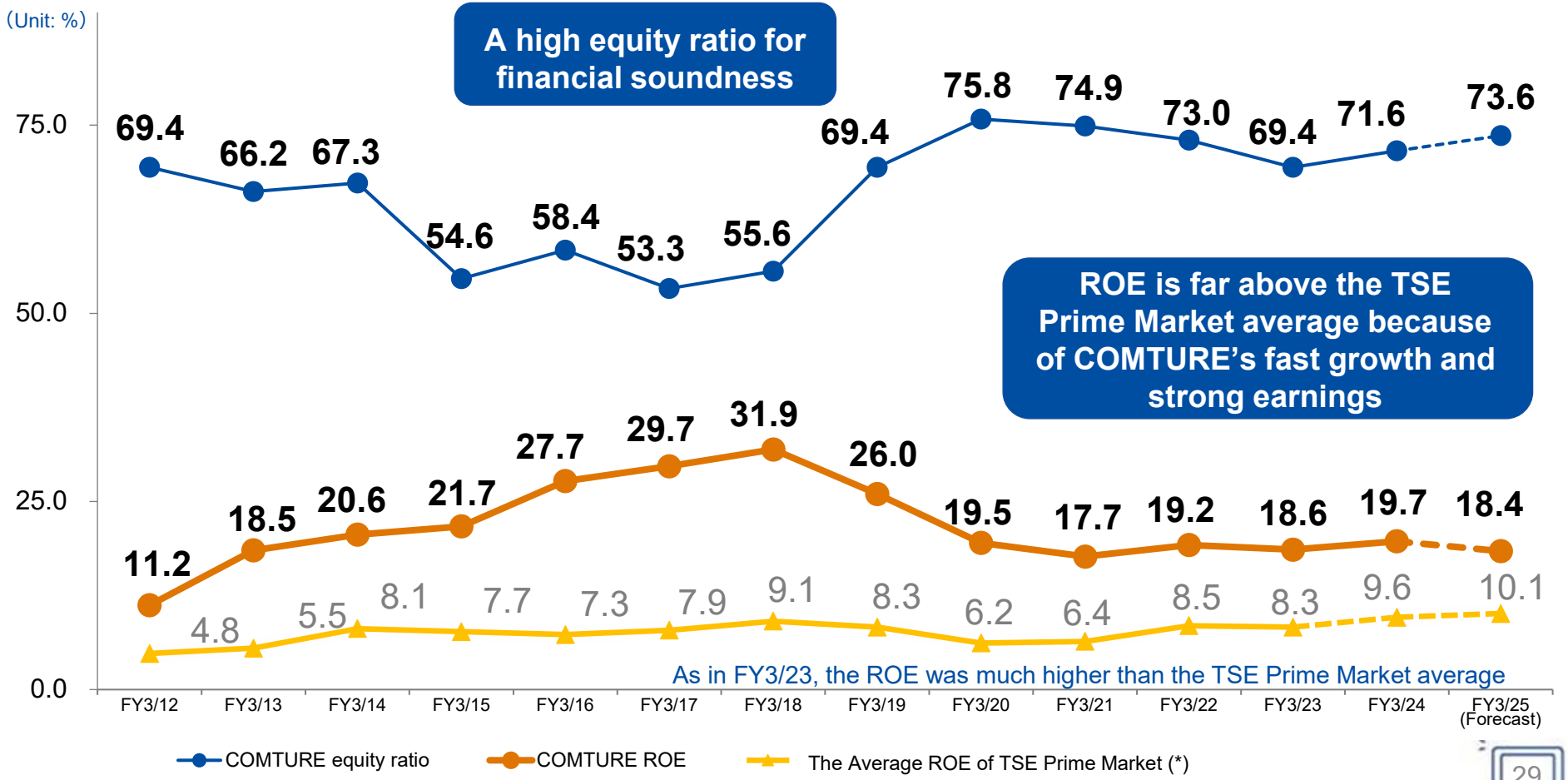
Use of the Microsoft Copilot generative AI tool for improvements and innovations of all business processes; new/revised core IT system and human resource system

### Others

Renewal the corporate website, a brand and other activities to increase brand awareness of COMTURE

# 3-5 Financial Soundness and High Profitability

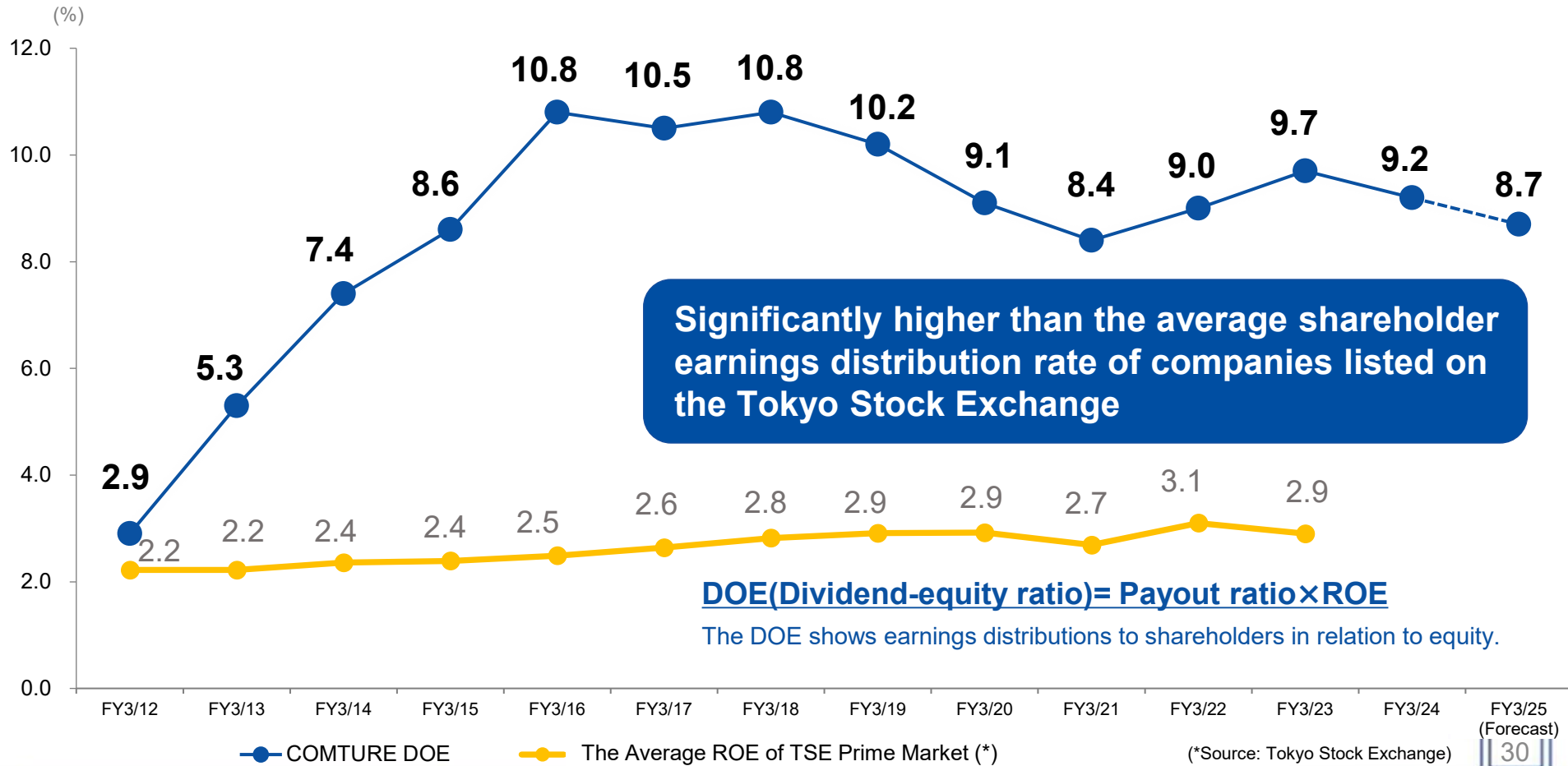
The goals are a shareholder's equity of **more than 70%** and a **high ROE**



(\*Source: Mizuho Securities)

# 3-6 Balancing Capital Efficiency and Shareholder Returns

Goal is consistently **high shareholder distributions and dividend stability**



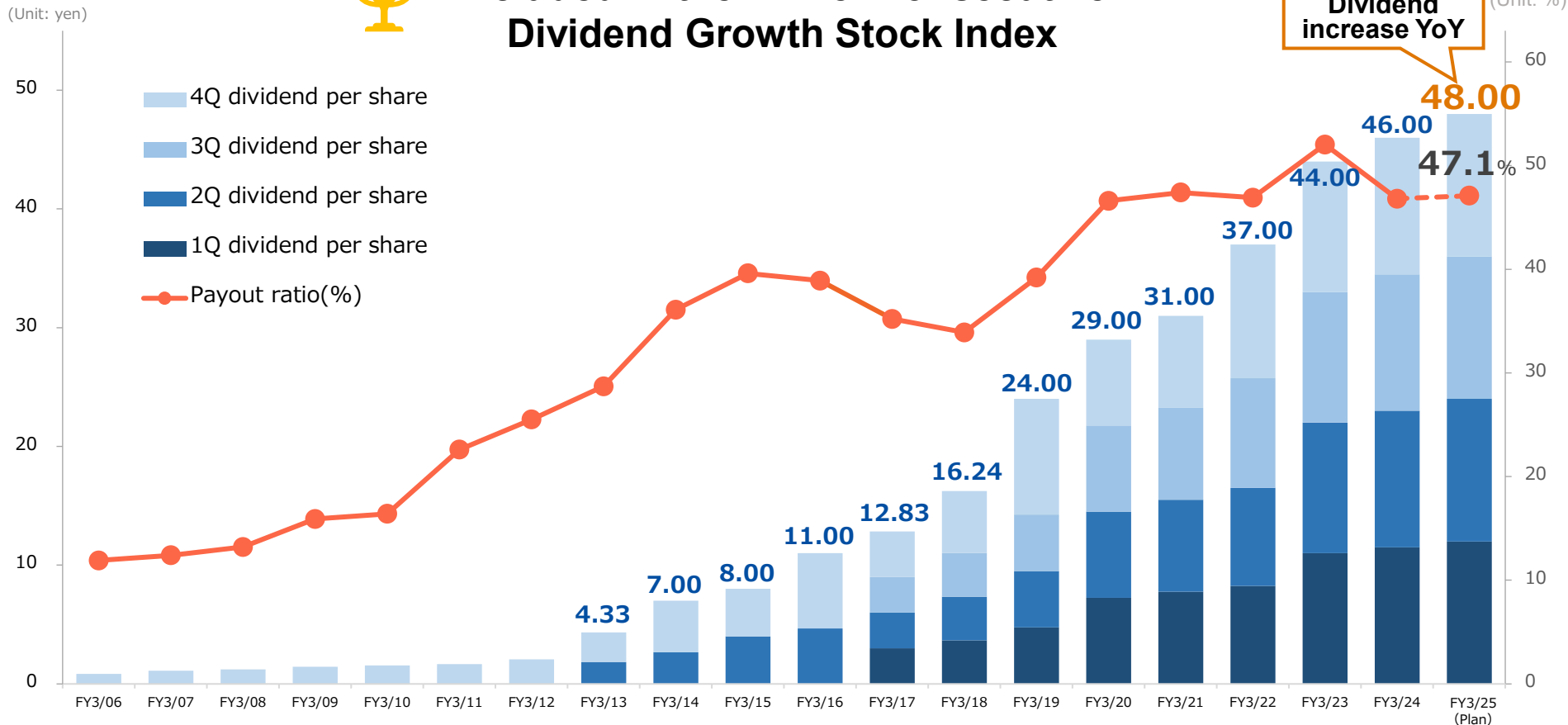
# 3-7 Dividend Policy and Dividend Growth

Planning on the 20th consecutive dividend increase; goal is payout ratio of at least 45%



Included in the Nikkei Consecutive Dividend Growth Stock Index

2.00yen  
Dividend increase YoY



COMTURE conducted a 3-for-1 common stock split effective on October 1, 2017 and a 2-for-1 common stock split effective on October 1, 2019. Dividend per share has been calculated as if these stock splits had taken place at the beginning of FY3/06.

# 3-8 Quarterly Dividends

## COMTURE pays dividends every quarter

COMTURE pays a quarterly dividend because the stability of operations results in the stability of quarterly performance as well.

### Dividend payment schedule

	Dividend per share	Dividend record date	Dividend payment date (Plan)
1Q	12.00 yen	Jun. 30, 2024	Aug. 30, 2024
2Q	12.00 yen	Sep. 30, 2024	Nov. 29, 2024
3Q	12.00 yen	Dec. 31, 2024	Feb. 28, 2025
4Q	12.00 yen	Mar. 31, 2025	Next business day after shareholders' meeting approval
<b>Total</b>	<b>48.00 yen</b>		



# 3-9 Shareholder Benefit Program

## Shareholders receive special benefits in addition to dividends

Shareholders of record at the end of September and March every year who own at least 300 shares receive prepaid QUO cards worth 1,000 yen (2,000 yen every fiscal year).

- Dividend of 14,400 yen + prepaid QUO cards worth 2,000 yen = 16,400 yen annually
- The payout ratio including QUO cards are expected to be 53.6% for the fiscal year ending March 31, 2025 (for shareholders holding 300 shares)



Be a source of  
**“*excitement*”**  
for customers and  
**“*dreams*”**  
for employees

- This presentation was prepared to provide information about COMTURE and is not a solicitation to invest in COMTURE.
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## Inquiries

Corporate Functional Department, IR·SR  
COMTURE CORPORATION

Tel: +81-(0)3-5745-9702

E-mail: [irsr@comture.com](mailto:irsr@comture.com)