

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending March 31, 2022**  
**(Six Months Ended September 30, 2021)**

[Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange, First Section  
 Stock code: 3844 URL: <https://www.comture.com/en/ir/index.html>  
 Representative: Koichi Mukai, Chairman  
 Contact: Osamu Noma, Member of the board, Executive Vice President  
 Tel: +(81)3-5745-9700

Scheduled date of filing of Quarterly Report: November 5, 2021  
 Scheduled date of payment of dividend: November 30, 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 Second Quarter Ended September 30, 2021**  
**(April 1, 2021 – September 30, 2021)**

(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	%
Six months ended Sep. 30, 2021	11,995	19.1	1,961	46.8	1,965	42.9	1,220	32.6
Six months ended Sep. 30, 2020	10,071	(0.1)	1,336	(0.7)	1,375	1.8	920	(2.1)

Note: Comprehensive income (million yen): Six months ended Sep. 30, 2021: 1,219 (up 31.2%)  
 Six months ended Sep. 30, 2020: 928 (down 1.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	38.29	-
Six months ended Sep. 30, 2020	28.88	-

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

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	17,196	13,079	76.1
As of Mar. 31, 2021	16,483	12,353	74.9

Reference: Shareholders' equity (million yen): As of Sep. 30, 2021: 13,079 As of Mar. 31, 2021: 12,353

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	7.75	7.75	7.75	7.75	31.00
Fiscal year ending Mar. 31, 2022	8.25	8.25			
Fiscal year ending Mar. 31, 2022 (forecast)			9.25	9.25	35.00

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

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)**

(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	24,100	15.5	3,800	20.6	3,800	19.0	2,400	15.2	75.30

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): 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: Yes

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 Sep. 30, 2021:	32,241,600 shares	As of Mar. 31, 2021:	32,241,600 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	364,760 shares	As of Mar. 31, 2021:	369,020 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	31,873,168 shares	Six months ended Sep. 30, 2020:	31,873,039 shares
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\* 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, (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 Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Companies and governments need to implement strategic innovations that utilize digital technologies, such as by creating new businesses and services and new ways for people to do their jobs. Demand associated with these IT investments is recovering, and the growth of IT investments is expected to gain momentum in the digital transformation (DX) sector.

The COMTURE Group regards these trends as an opportunity for long-term growth. We are dedicated to giving customers support for their DX activities as well as altering COMTURE itself, a process we call the COMTURE Transformation (CX). Our strategy for the next 10 years, called the COMTURE NEXT 10 Strategy, is to play a key role in the business model reforms of our customers. This includes DX assistance that incorporates our own templates and solutions for the provision of added value, an activity centered on building stronger ties with global vendors.

COMTURE was one of the first companies to build systems based on Lotus Notes, SAP and other platforms. We increased the number of platforms we handle to match changes in the business climate. Today, we build systems based on AWS, Microsoft, Salesforce, ServiceNow, Pega and other cloud platforms. Services also encompass data analytics using SAS and other tools, the use of robotic process automation (RPA) tools for the efficiency and automation of business processes, and more DX-related solutions. By adding to conventional stand-alone platforms the ability to supply multi-faceted platforms, we can meet the increasingly complex needs of our customers by assembling the best possible solutions. To provide these solutions, we are encouraging our people to acquire even more advanced vendor certifications and improve skills at creating proposals for customers. Another priority is providing services with even more added value involving consulting and other fields.

We are using formats that combine online and face-to-face interaction for efficient sales activities and the presentation of proposals to prospective customers. Daily business reports utilize a sales force automation (SFA) system to facilitate the timely sharing of information with many people, including management. The goal is to utilize the collective knowledge of our group even more in order to raise our proposals to a higher level and strengthen sales activities. Launching new businesses faster in growing market sectors is another priority. We have started a project that covers all COMTURE businesses for the purpose of creating ideas based on customers' needs and then using these ideas for new businesses that can contribute to our next stage of growth.

We are actively working to secure human resources as the environment for orders is improving. In the current fiscal year, we plan offer 10% salary increases to improve employee satisfaction. Furthermore, in new graduate hiring the focus will be on acquiring talented personnel. For mid-career hires, we will emphasize highly skilled personnel capable of handling upstream business processes.

Looking ahead to working styles for the new normal after the pandemic ends, we are creating new working styles by increasing the use of digital technologies for internal systems, offering employees the option of a hybrid format that combines telework and on-site work, shortening and staggering working times, and using internet communication tools for internal and external lines of communication.

Due to numerous measures that reflect changes in the business climate, we achieved the eleventh consecutive year of first half sales growth on an effective sales basis (see note) and a rapid recovery in gross profit. The result was record-high quarterly gross profit for the first time in two fiscal years.

Note: COMTURE started applying Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) in the fiscal year ended March 31, 2021, which is earlier than required. Sales comparisons use the assumption that this standard had been used in prior fiscal years too.

In the Cloud Solutions Business, sales and gross profit increased because of higher demand in several market sectors. There was growth in demand for building customer information systems for real estate companies, and for moving internal data systems to the cloud and the digitalization of business processes, mainly at internet data service firms, construction companies and other large companies.

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 power companies, anti-money laundering for financial institutions, and other activities. Growth of the data management business, such as building and maintaining infrastructures for collecting and storing large amount of data for retail companies, was another reason for the increases in sales and earnings.

In the Business Solutions Business, sales and gross profit increased along with the growth in demand for many services. There was growth of the SAP business, increasing demand for the development of IT systems for human resources, increasing demand for the use of COMTURE products for connections to the Japanese Banks' Payment Clearing Network, and other areas of growth.

In the Platform, Operation Services Business, sales and gross profit increased. Demand is increasing for the construction of Amazon Web Services (AWS) and other cloud environments and services for the shift of operations to the cloud. There is also growth of the business for operating cloud environments and increasing demand for the outsourcing of IT system operations.

In the Digital Learning Business, sales and gross profit increased because of growth of the DX education business for cloud service certifications of Microsoft, Salesforce, ServiceNow and other companies as well as the growth of sales at a subsidiary newly consolidated in this fiscal year.

(Millions of yen)

		1H of FY3/21	1H of FY3/22	Change	Change (%)
Cloud Solutions Business	Net sales	4,037	4,627	590	14.6%
	Gross profit	880	1,164	283	32.2%
Digital Solutions Business	Net sales	1,021	1,229	208	20.4%
	Gross profit	247	341	94	38.0%
Business Solutions Business	Net sales	2,703	2,903	199	7.4%
	Gross profit	553	664	111	20.1%
Platform, Operation Services Business	Net sales	2,186	2,366	179	8.2%
	Gross profit	529	581	52	9.9%
Digital Learning Business	Net sales	122	869	746	608.7%
	Gross profit	1	234	232	11,952.1%

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	Construction, operation, modernization and consulting concerning accounting, personnel, fintech and other core IT systems using collaborations with SAP and other ERP package vendors
Platform, Operation Services Business	System and network environment designs, construction and operation using collaborations with cloud platformers (Amazon Web Service, Google Cloud Platform, etc.) and hardware vendors (Hewlett Packard Enterprise, Dell, Cisco, etc.); remote surveillance of IT systems at the COMTURE Group's service center; help desk operations.
Digital Learning Business	Education services using e-learning and other platforms to upgrade the IT skills of a company's employees and enable employees to acquire platform vendor certifications.

In the first half, the COMTURE Group performed as follows.

	(Millions of yen)			
	1H of FY3/21	1H of FY3/22	Change	Change (%)
Net sales	10,071	11,995	1,924	19.1%
Gross profit	2,212	2,986	773	34.9%
Operating profit	1,336	1,961	625	46.8%
Ordinary profit	1,375	1,965	590	42.9%
Profit attributable to owners of parent	920	1,220	300	32.6%

Sales increased as more resources were shifted to DX-related businesses and sales activities backed by stronger relationships with vendors and for other reasons. The Digital Learning Business subsidiary also contributed to first half sales. As a result, sales increased 19.1% from one year earlier as COMTURE posted the eleventh consecutive first half of effective sales growth.

Gross profit increased 34.9%. One reason was a 7.2% increase in sales per employee. This was attributable to upgrading proposal skills, improvements in productivity and the quality of services, the expansion of consulting activities, the shift of resources to growing market sectors, and other reasons. Gross profit increased significantly even though there was a big increase in labor cost to improve employees' job satisfaction and an increase in outsourcing expenses due to the growth of business operations.

Operating profit increased 46.8% despite an increase in up-front investments for growth, such as for recruiting and training employees to earn certifications, and an increase in goodwill amortization. Earnings were higher mainly because of a decline in commuting, meeting and other expenses because of working style reforms, including the use of teleworking and internet conferences.

Profit attributable to owners of parent increased 32.6% to an all-time high.

The shareholders' equity ratio, which is an indicator of financial soundness, was 76.1%. These figures demonstrate our ability to maintain high levels of both financial soundness and profitability.

## (2) Explanation of Financial Position

Total assets were 17,196 million yen at the end of the second quarter, 712 million yen more than the end of the previous fiscal year. Notes and accounts receivable-trade decreased 466 million yen as payments for these receivables were collected, investment securities decreased 130 million yen because of valuation loss due to decline in actual value and other factors, and goodwill decreased 103 million yen because of amortization. Cash and deposits increased 1,412 million yen mainly due to an increase in profit before income taxes.

Liabilities decreased 12 million yen to 4,117 million yen. This was mainly attributable to decreases in short-term and long-term borrowings of 370 million yen because of repayments, accrued consumption taxes included in other current liabilities of 99 million yen because of the payment of taxes, and accounts payable-trade of 44 million yen caused by the timing of payments. Income taxes payable increased 419 million yen due to an increase in profit before income taxes, and provision for bonuses increased 73 million yen due to provision.

Net assets increased 725 million yen to 13,079 million yen mainly because of profit attributable to owners of parent of 1,220 million yen and dividend payments of 509 million yen.

**(3) Explanation of Cash Flows**

There was a net increase of 1,412 million yen in cash and cash equivalents from the end of the previous fiscal year to 9,663 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 increased 97.3% to 2,312 million yen. Major sources of cash were profit before income taxes of 1,853 million yen, a decrease of 466 million yen in trade receivables, loss on valuation of investment securities of 123 million yen, and amortization of goodwill of 103 million yen. Major use of cash was income taxes paid of 249 million yen.

**Cash flows from investing activities**

Net cash used in investing activities decreased 97.1% to 20 million yen. Major use of cash was purchase of golf club membership of 17 million yen.

**Cash flows from financing activities**

Net cash used in financing activities increased 60.2% to 879 million yen. There were payments of 508 million yen for dividends, a net decrease in short-term borrowings of 300 million yen, and repayments of long-term borrowings of 70 million yen.

**(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, 2022 that was announced in the “Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Japanese GAAP)” on July 30, 2021.

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**

(Millions of yen)

	FY3/21 (As of Mar. 31, 2021)	2Q of FY3/22 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	8,251	9,663
Notes and accounts receivable-trade	4,186	3,720
Work in process	88	126
Other	262	262
Total current assets	12,788	13,773
Non-current assets		
Property, plant and equipment		
Buildings, net	483	459
Vehicles, net	7	5
Tools, furniture and fixtures, net	263	234
Other, net	1	0
Total property, plant and equipment	755	700
Intangible assets		
Goodwill	935	831
Software	9	9
Other	2	2
Total intangible assets	947	844
Investments and other assets		
Investment securities	804	674
Guarantee deposits	642	641
Deferred tax assets	482	483
Other	62	77
Total investments and other assets	1,991	1,877
Total non-current assets	3,694	3,422
Total assets	16,483	17,196



	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	2Q of FY3/22 (As of Sep. 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,038	994
Short-term borrowings	500	200
Current portion of long-term borrowings	70	-
Accrued expenses	384	397
Income taxes payable	274	694
Provision for bonuses	676	749
Provision for bonuses for directors (and other officers)	20	10
Other	647	585
<b>Total current liabilities</b>	<b>3,613</b>	<b>3,631</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	132	114
Asset retirement obligations	244	244
Other	139	125
<b>Total non-current liabilities</b>	<b>516</b>	<b>485</b>
<b>Total liabilities</b>	<b>4,129</b>	<b>4,117</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,022	1,022
Capital surplus	3,617	3,631
Retained earnings	7,812	8,523
Treasury shares	(109)	(107)
<b>Total shareholders' equity</b>	<b>12,342</b>	<b>13,069</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11	9
<b>Total accumulated other comprehensive income</b>	<b>11</b>	<b>9</b>
<b>Total net assets</b>	<b>12,353</b>	<b>13,079</b>
<b>Total liabilities and net assets</b>	<b>16,483</b>	<b>17,196</b>

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

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Net sales	10,071	11,995
Cost of sales	7,858	9,009
Gross profit	2,212	2,986
Selling, general and administrative expenses	876	1,024
Operating profit	1,336	1,961
Non-operating income		
Interest income	1	3
Dividend income	0	0
Gain on cancellation of insurance policies	48	-
Other	0	11
Total non-operating income	51	14
Non-operating expenses		
Interest expenses	0	1
Loss on valuation of investment securities	7	5
Other	4	3
Total non-operating expenses	12	10
Ordinary profit	1,375	1,965
Extraordinary income		
Gain on sale of investment securities	-	5
Total extraordinary income	-	5
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Loss on valuation of investment securities	-	117
Total extraordinary losses	1	117
Profit before income taxes	1,373	1,853
Income taxes	453	633
Profit	920	1,220
Profit attributable to owners of parent	920	1,220

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

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Profit	920	1,220
Other comprehensive income		
Valuation difference on available-for-sale securities	8	(1)
Total other comprehensive income	8	(1)
Comprehensive income	928	1,219
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	928	1,219

**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	1,373	1,853
Depreciation	70	67
Amortization of goodwill	39	103
Increase (decrease) in provision for bonuses	124	73
Increase (decrease) in provision for bonuses for directors (and other officers)	(11)	(10)
Increase (decrease) in provision for loss on construction contracts	(15)	-
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(47)	-
Increase (decrease) in retirement benefit liability	-	(18)
Interest and dividend income	(1)	(3)
Interest expenses	0	1
Gain on cancellation of insurance policies	(48)	-
Loss (gain) on sale of investment securities	-	(5)
Loss (gain) on valuation of investment securities	7	123
Loss on retirement of non-current assets	1	0
Decrease (increase) in trade receivables	69	466
Decrease (increase) in inventories	6	(38)
Increase (decrease) in trade payables	(101)	(44)
Increase (decrease) in accrued expenses	133	12
Increase (decrease) in accrued consumption taxes	(49)	(99)
Other, net	123	(10)
Subtotal	1,675	2,470
Interest and dividends received	1	3
Interest paid	0	(1)
Income taxes paid	(509)	(249)
Income taxes refund	5	88
Net cash provided by (used in) operating activities	1,172	2,312
Cash flows from investing activities		
Purchase of property, plant and equipment	(220)	(5)
Payments for asset retirement obligations	(27)	-
Purchase of investment securities	(600)	-
Purchase of membership	-	(17)
Purchase of intangible assets	(1)	(2)
Payments of guarantee deposits	0	-
Proceeds from refund of guarantee deposits	57	0
Proceeds from cancellation of insurance funds	85	0
Other, net	13	4
Net cash provided by (used in) investing activities	(692)	(20)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(300)
Repayments of long-term borrowings	(69)	(70)
Dividends paid	(477)	(508)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(548)	(879)
Net increase (decrease) in cash and cash equivalents	(69)	1,412
Cash and cash equivalents at beginning of period	8,893	8,251
Cash and cash equivalents at end of period	8,824	9,663

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements****Calculation of tax expense**

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

**Changes in Accounting Policies**

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

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

I First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

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

II First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

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

**Additional Information**

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

*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.*