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Announcement of Medium-term Business Plan (April 2021 to March 2024)

COMTURE CORPORATION has established a medium-term business plan for the three-year period ending in March 2024.

1. Goal of the Medium-term Business Plan

Enormous changes linked to the use of digital technologies are taking place at many companies as well as in society in order to establish frameworks for the “new normal” for business activities and our lives. As these changes progress, the IT services market, in which the COMTURE Group operates, is expected to continue to grow despite the temporary negative effects of the COVID-19 pandemic.

Many companies are preparing for the full-scale implementation of investments involving the digital transformation (DX), which is primary theme of the business operations of the COMTURE Group. Companies are using the DX for business model innovations, creating new business models and for progress in other ways. The DX market is forecast to expand at an average annual rate of 20%. To succeed, companies need to compete on a global scale and adapt to changes in market conditions. This is why companies are moving faster to utilize digital technologies, especially cloud platforms, in order to alter business processes to match changes in IT systems. As a result, IT investments associated with the DX are likely to continue to grow.

As the DX business domain expands, the COMTURE Group has been targeting new digital technologies as opportunities for growth. Examples of these technologies include the cloud, big data, artificial intelligence, robotic process automation, low-code platform and other rapidly growing market sectors. The Group has grown consistently by being among the first to establish positions in these sectors.

When the COMTURE Group reached its 30th anniversary in 2015, a plan for the next 10 years called NEXT 10 was created. To accomplish the goals of this 10-year plan, group companies are targeting the DX as an excellent opportunity for more growth. There have been many activities since 2015 involving the DX. One goal is using the core Cloud Solutions and Digital Solutions businesses, the core operations of the COMTURE Group, to give companies support for their DX initiatives. In addition, a new theme called the COMTURE Transformation (CX) has been established in order to alter the COMTURE Group as well. Looking ahead to the next 10 years, we are focused on the goal of more growth that is centered on collaborations with global platform vendors and tool vendors.

We are also dedicated to the consistent creation of value for society while basing our activities on our management philosophy. Operations will also incorporate a firm commitment to the environment, society and governance (ESG). There are many forms of value creation. The use of IT solutions for dealing with social issues and issues at client companies is one example. Value creation also encompasses the use of the digital learning business to give people knowledge for becoming the next generation of IT engineers. In addition, we will place emphasis on maintaining pleasant and productive workplaces, a diverse workforce and further upgrading corporate governance, such as by establishing a Nominations and Remuneration Committee.

This new medium-term plan reflects all of these changes in the business climate. The plan has several main themes for accomplishing the goals of this plan in order to build a base for continuous growth. These themes include adding substantial value by reinforcing upstream processes like consulting and the design of IT systems; improving benefits for employees; giving employees training to become the next generation of key people at our group; investing in R&D to acquire new technologies; boosting productivity by using a variety of working styles for the age of the “better normal”; and other activities.

2. Summary of the Medium-term Management Plan

Plan Period

Three years from April 2021 to March 2024

Management Philosophy

Be a source of excitement for customers and dreams for employees

Management Vision

Position the digital transformation era as an opportunity for changes and create business value for society and customers and make our business operations even more powerful

Management Strategies

Growth strategy

The COMTURE Group makes the digital transformation an engine for growth that is centered on operations that generate substantial added value. One goal is raising sales per employee of 5% or higher by strengthening consulting and other upstream activities. Another is increasing the number of orders received by three times by performing highly efficient and effective sales activities. Achieving sustained double-digit growth is the overall objective.

Customer strategy

The COMTURE Group is focusing on high-quality customers that are making large IT investments in growing market sectors. The goal is the receipt of projects where substantial value can be added. We will use proposal activities for transforming customers’ needs into solutions, identifying customers’ requirements and reinforcing the ability to create proposals for those requirements in order to create innovative ideas with customers.

Human resources strategy

The COMTURE Group will utilize artificial intelligence for recruiting activities in order to identify and hire people capable of learning and using new technologies. In addition, we will give people trainings to encourage them to acquire vendor certifications and upgrade capabilities involving proposals and technologies, in order to build a workforce that can maintain a high rate of growth.

Innovation strategy

To create new forms of value, the COMTURE Group is using collaboration with vendors and the development of new businesses for quickly starting businesses in growing market sectors such as the cloud, big data, artificial intelligence, robotic process automation, blockchain and low-code platforms.

Quality strategy

The COMTURE Group will refine project management and advance visualization of quality, process and costs to improve the quality of projects and services as well as customer satisfaction

Financial strategy

The COMTURE Group aims to maintain high levels of profitability and financial soundness backed by a high ROE and equity ratio based on rapid growth and strong profitability. Also use the visualization of the oversight of performance based on the group’s key performance indicators, such as the consistent improvement of the operating margin, in order to be a company able to maintain growth that is sound and steady.

Alliance strategy

To grow faster, the COMTURE Group uses business alliances and M&A that can produce synergies as well as create a stronger foundation for business operations centered on growing sectors of digital transformation such as the cloud, big data and artificial intelligence.

By using these seven strategies, the COMTURE Group aims for consistent double-digit annual sales growth along with earnings that increase at least at the same pace as sales.

Financial Target

	Fiscal year ended March 2021 (Results)	Fiscal year ending March 2022 (Plan)	Fiscal year ending March 2024 (Plan)	Average annual growth rate (April 2020 to March 2024)
Net sales (millions of yen)	20,868	23,000	28,000	10.3%
Operating profit (millions of yen)	3,150	3,500	4,300	10.9%
Operating margin (%)	15.1	15.2	15.4	-

Distribution of Earnings to Shareholders

The COMTURE Group remains committed to the consistent growth of corporate value by conducting business operations aggressively and making strategic investments.

Based on this stance, the basic policy for earnings distributions is to increase these distributions in a manner that reflects earnings growth while maintaining the level of retained earnings needed for growth in the future and adapting to changes in market conditions. For the dividend, the goal is to make consistent payments while maintaining a payout ratio of at least 45%.

Note: Statements regarding future performance are based on information available to the management of COMTURE at the time this document was prepared. Actual results may differ from these forecasts due to changes in market conditions or many other reasons.