

COMTURE CORPORATION
Financial Results Briefing Session for
2Q of the Fiscal Year Ending March 31, 2025 (Held on November 11, 2024)
Key Questions and Answers

Some sections of these questions and answers have been revised to make this information easier to understand.

Q: What is your sales growth for individual vendors?

A: First half sales for major vendors compared with the first half of the previous fiscal year are as follows.

Cloud Solutions

- Microsoft: +25.9%
- Salesforce: +5.5%
- Cybozu: +9.9%
- Pega: +18.9%
- ServiceNow: -5.7%

Digital Solutions

- Data science: +6.5%
- AWS: +20.4%

Business Solutions

- SAP: -1.8%

There was a big increase in business with Microsoft.

Sales involving SAP decreased because we are having difficulty recruiting engineers. However, growth is very rapid in the SAP-related development domain.

Q: You extended training for new graduates that you hire from two to three months. Has this produced benefits?

A: Based on our experience with new employees, we decided on a strategic extension of the training period to three months because this will make them immediately productive with a higher level of skills. Furthermore, we believe that new graduates who complete three months of training can earn higher fees. We plan to further evaluate the quantitative benefits of this extension near the end of this fiscal year. At this time, we can say that the one month extension has enabled new graduates that we hire to begin serving customers with greater ease and to perform a broader range of jobs. Therefore, the extension is going very well. We will continue to evaluate the benefits of the extension.

Q: Are there any changes in demand in individual industries? Also, how much potential for growth do you think exists for business in the public sector?

A: Some of our business is directly with end users and other business is with consulting firms and major system integrators. The volume of business is divided about evenly between these two categories. In the direct business category, most of our activities involve manufacturers, financial institutions, and logistics and distribution companies. There has been no notable change in the share of our business of these industries. Successful companies are continuing to make large IT investments. From our perspective as well, there are no significant changes. However, direct business with the national and local governments has been increasing rapidly. We have many activities involving measures by governments for the use of digital technologies and the cloud. We believe that our ability to use our skills to assist with the digitalization of government agencies gives us an enormous advantage. We will continue to work with public-sector clients for the growth of our business operations.

Q: Second quarter sales and earnings were down in the Cloud Solutions Business. Orders decreased too. What are the reasons for these declines and what is your outlook for this business?

A: Business involving SaaS accounts for most of the Cloud Solutions Business. We develop and install systems that use the products of Microsoft, Salesforce, ServiceNow, Cybozu and other companies. Each product has its own characteristics and its own effect on our sales and earnings. Business involving Microsoft and Cybozu has been going very well and we expect more growth in the second half of this fiscal year. We are strengthening our vendor relationships with Microsoft Japan and Cybozu and have sound ties with these companies concerning sales activities too. As a result, our performance is improving and the number of engineers is climbing. For these reasons, we are making progress with differentiating our services from those of competitors and expect growth to continue. Regarding Salesforce, we believe that the installation of the products by this company at large companies has been largely completed. As a result, we have started sales activities to receive orders in the new category of the Data Cloud for the utilization of data after a customer has started using Sales Cloud. In addition to the continuation of orders for the installation of Sales Cloud and Service Cloud, we are seeing the return of customer calls about services for core IT system linkage and peripheral development. Therefore, we think our Salesforce performance will start recovering in the second half. Regarding ServiceNow, we need to rebuild our relationship with this vendor due to changes in the changes in the structure of ServiceNow's Japanese subsidiary. As a result, we will be reexamining our strategy concerning ServiceNow, including the possibility of shifting our resources.