FLECT

(3rd Quarter, Fiscal Year Ending March 2022) Financial Results Presentation Materials

FLECT Co., Ltd. (Securities Code: 4414)

February 10, 2022

Company Profile

Company Name	FLECT Co., Ltd.
Established	August 2005
Capital Stock	594 million yen (as of December 2021)
Number of Employees	159 (as of December 2021)
Address	4F, NTT Hibiya Bldg., 1-1-6 Uchisaiwai-cho, Chiyoda-ku, Tokyo
Business Description	・Cloud Integration Services ・Cariot Services

Vision

Realizing an Ideal Future with the Cloud

We are a Multi-Cloud Integrator supporting corporate DX with our cutting-edge cloud technology and designs.

In a society where all people and things are digitally connected, we realize a new digitally optimized customer experiences and support customer-centered business innovation.

**Representative Director CEO
Koji Kurokawa**

Service Overview

Cloud Integration

Professional services supporting corporate DX

We support "Proactive DX" that can reailize a new customer experiences through our cutting-edge cloud technology.
This is a one-stop service for digital transformation in existing and new business initiatives, ranging from service planning, designing, multi-cloud development, to actual implementation.

Cariot

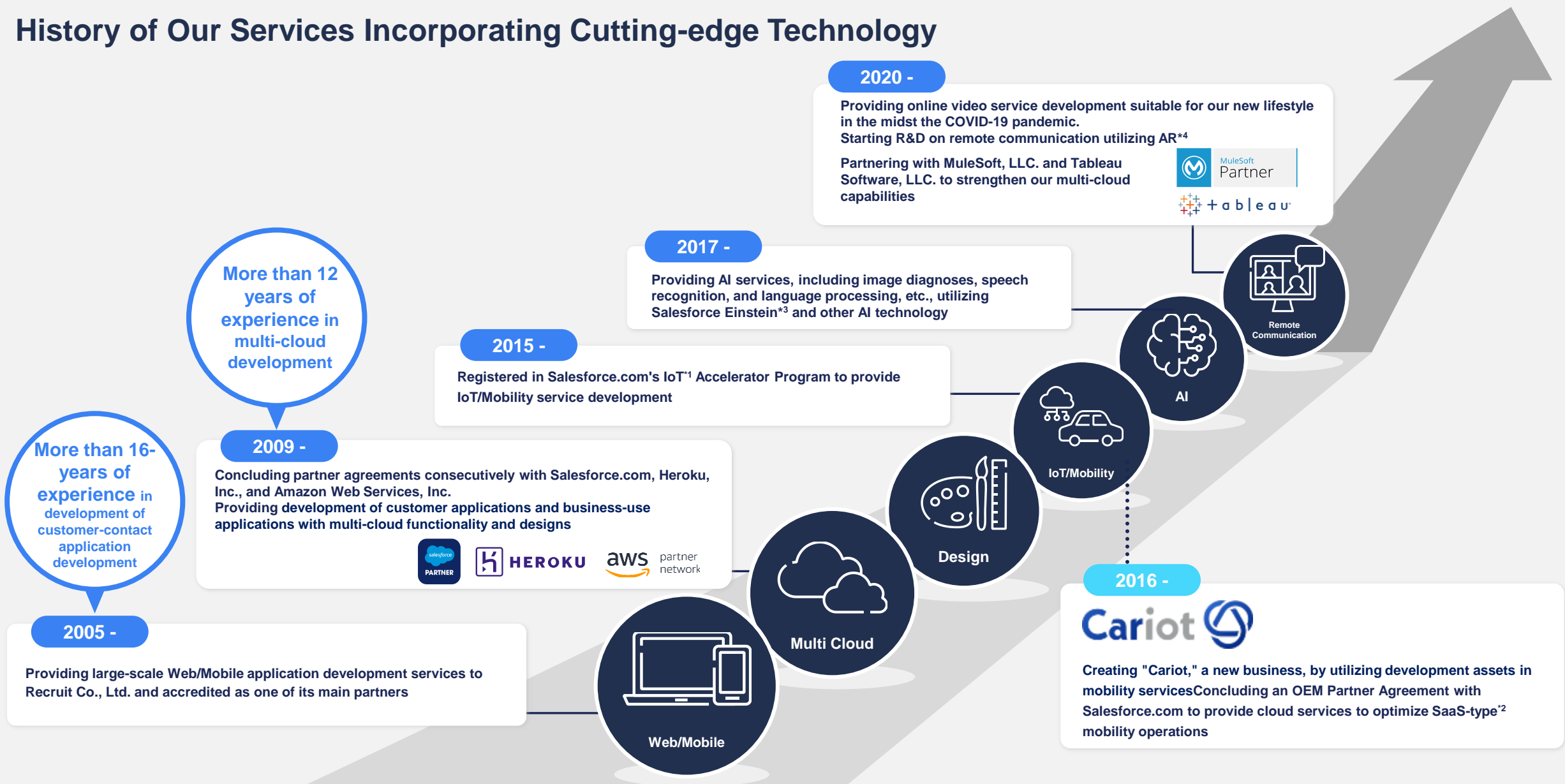### Cloud services for SaaS-type mobility business optimization

This is one of our proprietary product services to support customers' productivity enhancement by making visible the location and status of vehicles used for "physical distribution," "field services," and "sales," etc., reducing inquiry-response work, and enhancing efficiency in their vehicle management.

Sales ratio 9:1

History of Our Services Incorporating Cutting-edge Technology

2020 -

Providing online video service development suitable for our new lifestyle in the midst the COVID-19 pandemic.
Starting R&D on remote communication utilizing AR*4

Partnering with MuleSoft, LLC. and Tableau Software, LLC. to strengthen our multi-cloud capabilities

2017 -

Providing AI services, including image diagnoses, speech recognition, and language processing, etc., utilizing Salesforce Einstein*3 and other AI technology

More than 12 years of experience in multi-cloud development

2015 -

Registered in Salesforce.com's IoT*1 Accelerator Program to provide IoT/Mobility service development

2009 -

Concluding partner agreements consecutively with Salesforce.com, Heroku, Inc., and Amazon Web Services, Inc.
Providing development of customer applications and business-use applications with multi-cloud functionality and designs

More than 16-years of experience in development of customer-contact application development

2005 -

Providing large-scale Web/Mobile application development services to Recruit Co., Ltd. and accredited as one of its main partners

2016 -

Creating "Cariot," a new business, by utilizing development assets in mobility servicesConcluding an OEM Partner Agreement with Salesforce.com to provide cloud services to optimize SaaS-type*2 mobility operations

Remote Communication

AI

IoT/Mobility

Design

Multi Cloud

Web/Mobile

*1: IoT (Internet of Things): Physical things that can be operated via the Internet
*2: SaaS (Software as a Service): Service to provide applications that used to be provided as packages over the Internet
*3: Salesforce Einstein: Name of the AI (artificial intelligence) service provided by Salesforce.com, Inc.
*4: AR (Augmented Reality): Virtually augmenting the world in front of a viewer by superimposing virtual visual information onto real landscapes

Our Globally Acclaimed Advanced DX Achievements

Our DX achievements in domestic AI services are critically acclaimed, and received the Salesforce Global Innovation Award in 2019, the first of its kind in Japan.

May 2015 — **"Special Award," Salesforce Partner Award**
Awarded for the achievements in our highly acclaimed IoT projects

December 2017 — **SORACOM SPS Partner Award 2017**
"Partner of the Year"
Awarded for our annual business achievements as a SORACOM partner

May 2018 — **Salesforce "Innovation Partner of the year"**
Awarded for our achievements in the Einstein (AI) Project

October 2018 — **Introduced as an IoT integrator with high technological capabilities in the CEATEC Keynote Speech by the President and Representative Director of Komatsu Ltd.**
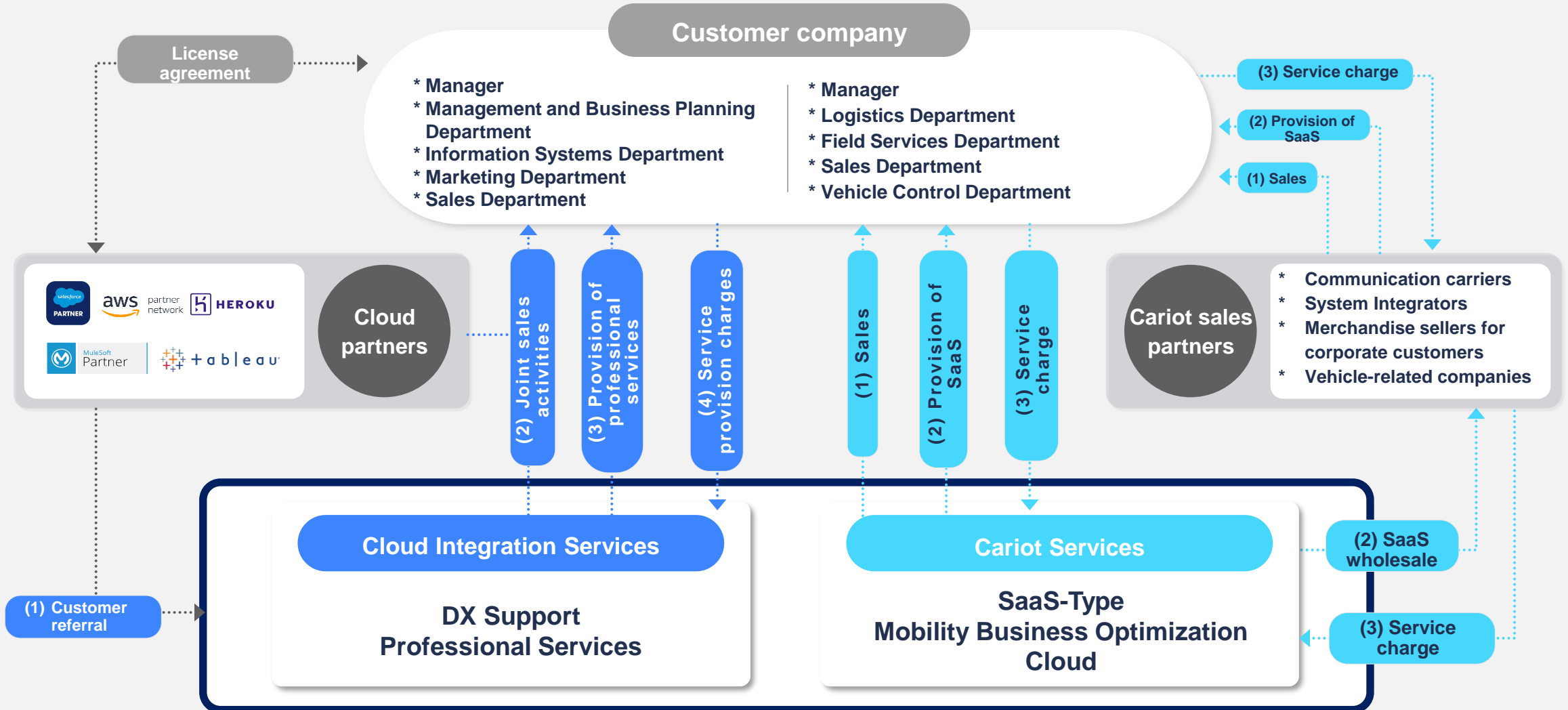As a Smart Construction Service TRUCK VISION creation partner

November 2019 — **Salesforce Partner Innovation Award**
First Japanese company awarded for achievements in our Einstein (AI) Project in Japan

May 2020 — **Salesforce "Innovation Partner of the year"**
Awarded for our achievements in a multi-cloud development project
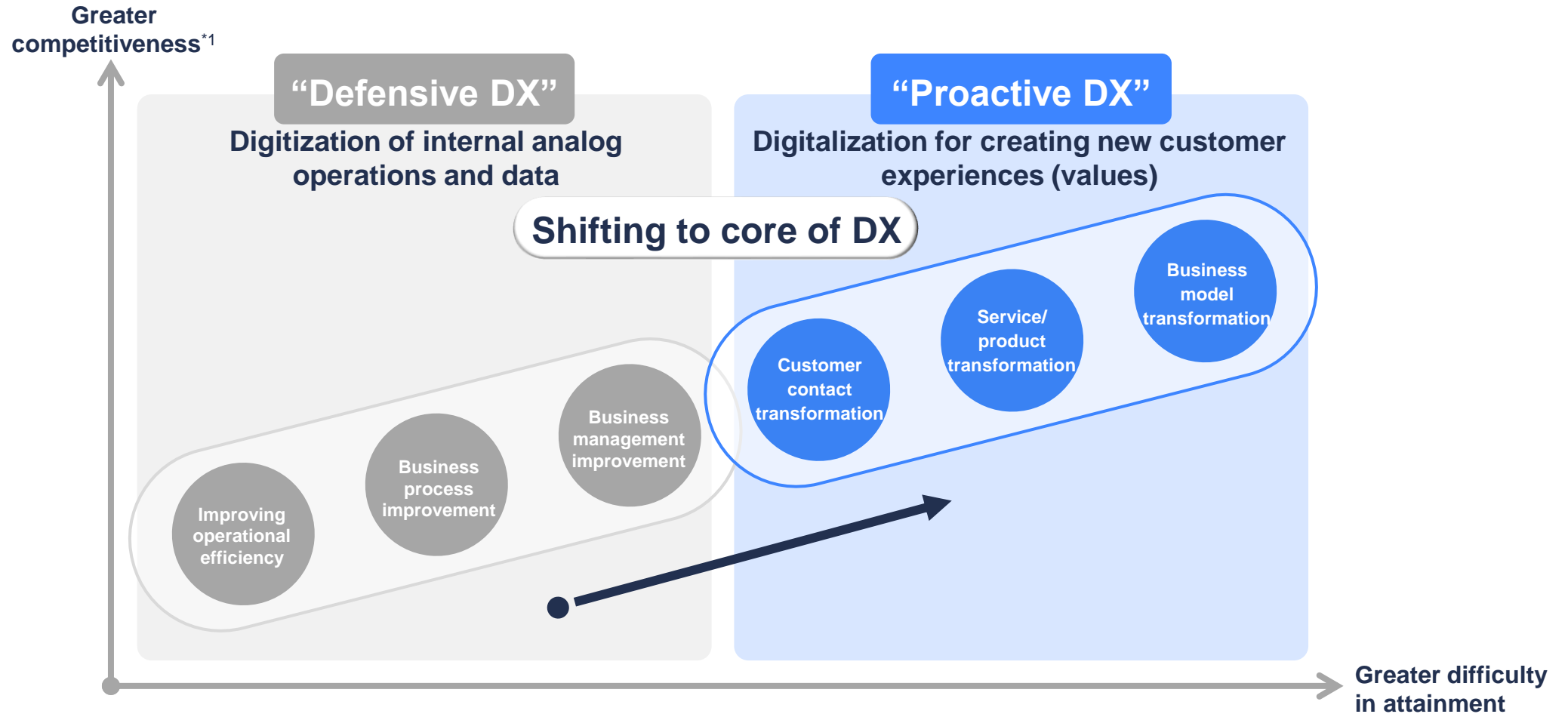

PARTNER INNOVATION AWARDS 2019 WINNER
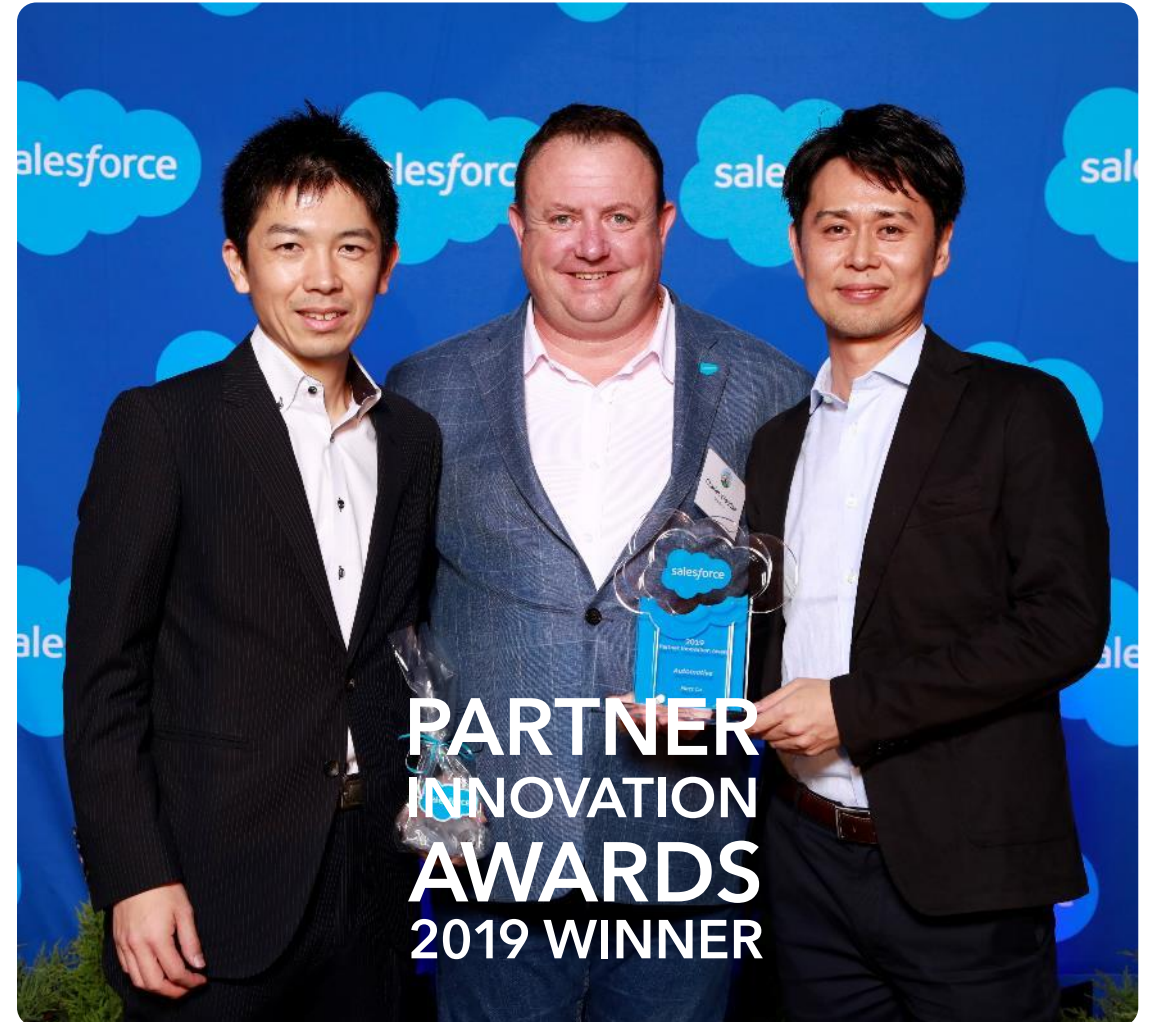
Service Flow

In Cloud Integration Services, professional services are provided directly to customer companies through joint sales activities with cloud partners. Cariot Services is a subscription-type business model to provide SaaS licenses primarily in direct sales to customer companies.

Customer company

Left column:
* Manager
* Management and Business Planning Department
* Information Systems Department
* Marketing Department
* Sales Department

Right column:
* Manager
* Logistics Department
* Field Services Department
* Sales Department
* Vehicle Control Department

Right side labels:
- (3) Service charge
- (2) Provision of SaaS
- (1) Sales

Cloud partners (salesforce PARTNER, aws partner network, HEROKU, MuleSoft Partner, tableau)

- License agreement
- (2) Joint sales activities
- (3) Provision of professional services
- (4) Service provision charges
- (1) Sales
- (2) Provision of SaaS
- (3) Service charge

Cariot sales partners
* Communication carriers
* System Integrators
* Merchandise sellers for corporate customers
* Vehicle-related companies

Cloud Integration Services
DX Support
Professional Services

Cariot Services
SaaS-Type
Mobility Business Optimization Cloud

- (1) Customer referral
- (2) SaaS wholesale
- (3) Service charge

Core of DX Lies in "Proactive DX" that can Enhance Corporate Competitiveness
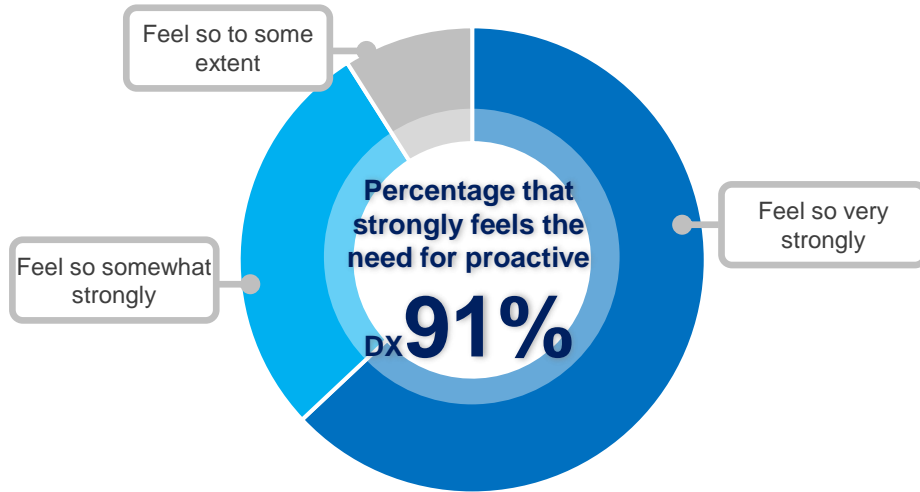
Companies can enhance their competitiveness by shifting from "Defensive DX," digitizing internal analog operations and data through replacement of paper documents with data in order to cut costs, to "Proactive DX," creating new customer experiences designed to enhance revenue and customer engagement.
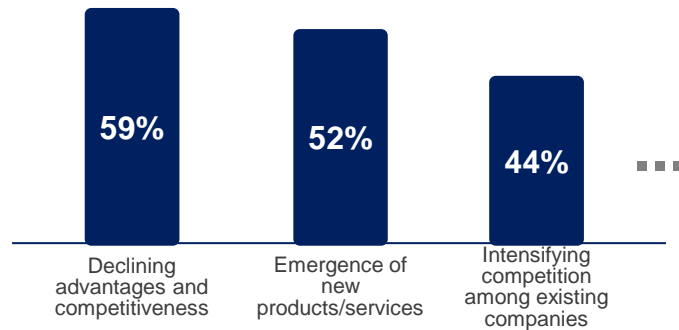
Greater competitiveness[1]

"Defensive DX"
Digitization of internal analog operations and data

"Proactive DX"
Digitalization for creating new customer experiences (values)

Shifting to core of DX

- Improving operational efficiency
- Business process improvement
- Business management improvement

- Customer contact transformation
- Service/ product transformation
- Business model transformation

Greater difficulty in attainment

Current DX Status in Japan

About 90% of the companies have strong needs for "Proactive DX."

This is due to their concerns about the potential decline of their own advantage and competitiveness.[1]

Feel so to some extent

Feel so very strongly

Feel so somewhat strongly

Percentage that strongly feels the need for proactive DX **91%**

Challenges associated with concerns about the proliferation of digital technology

59% Declining advantages and competitiveness

52% Emergence of new products/services

44% Intensifying competition among existing companies

...

On the other hand, only 6.6% of all companies have succeeded in DX.[2] **Challenges associated with the promotion of DX are manpower/organizational problems frequently cited as "insufficient digital human resources and relevant skills."**[3]

Percentage that has succeeded in DX **6.6%**
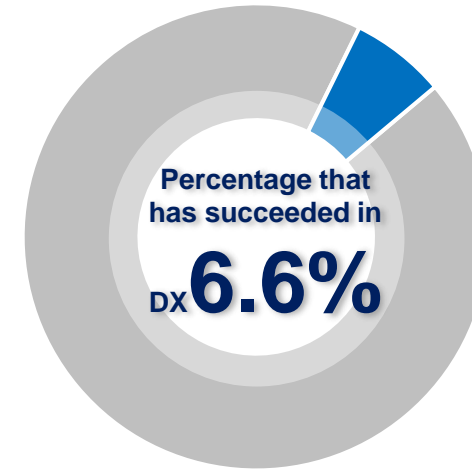
Challenges in promoting DX
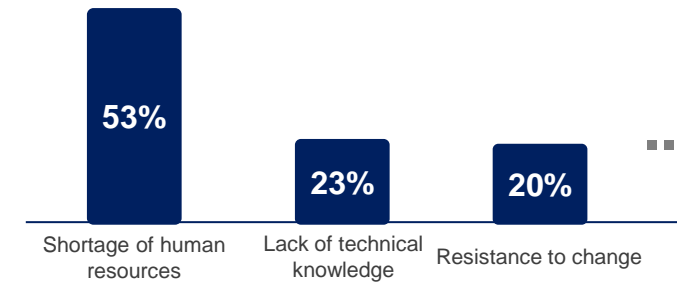
53% Shortage of human resources

23% Lack of technical knowledge

20% Resistance to change

...

Both DX and Cloud Markets in Japan Are Steadily Expanding Despite the COVID-19 Pandemic

The domestic DX market is expanding at a CAGR of 13.0% from 2019 to 2030.[*1]

(Billions of yen)

CAGR[*3] **13.0%**

3,500					
2,800					
2,100					
1,400					
700					
0					

2019 · 2020 (Forecast) · 2021 (Forecast) · 2022 (Forecast) · 2023 (Forecast) · 2030 (Forecast)
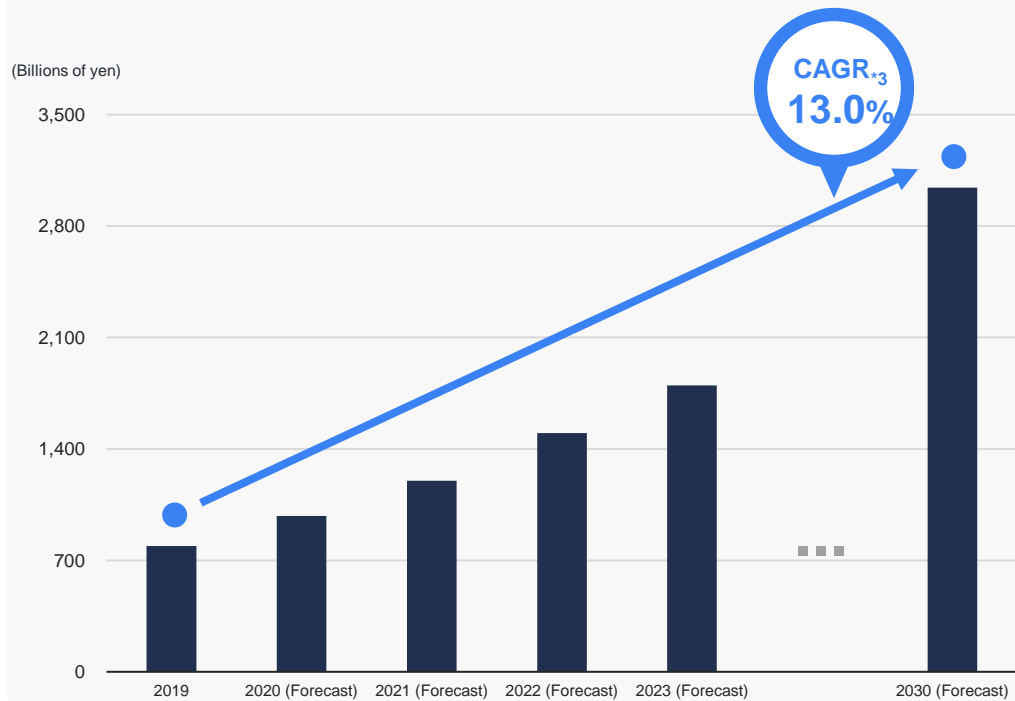
The domestic public cloud market is expanding at a CAGR of 19.4% from 2020 to 2025.[*2]

(Billions of yen)

CAGR **19.4%**

3,000					
2,500					
2,000					
1,500					
1,000					
500					
0					

2020 · 2021 (Forecast) · 2022 (Forecast) · 2023 (Forecast) · 2024 (Forecast) · 2025 (Forecast)
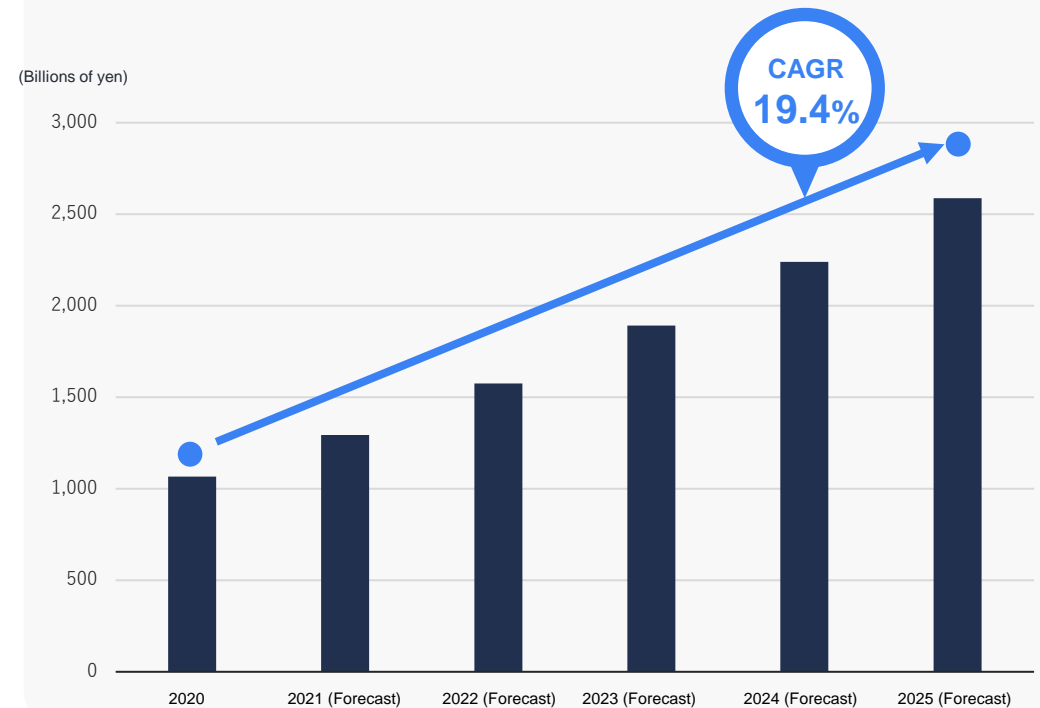
*1: Quoted from "2020 Future Prospects of the Digital Transformation Market," Fuji Chimera Research Institute, Inc.
*2: Quoted from "Sales Prospects in the Domestic Public Cloud Service Market," International Data Corporation Japan (IDC)
*3: CAGR (Compound Annual Growth Rate) is an annual geometric mean calculated from multiple-year growth rates.

Supporting "Proactive DX" that can Realize a New Customer Experiences Through Our Cutting-edge Cloud Technology

We support digital transformation of existing and new businesses, including IoT/Mobility, AI, e-Commerce, online video, community, sharing, and matching services, etc.

DX provision services

- AI
- Online video
- EC
- Community
- Matching/ Sharing
- IoT/ Mobility

Customer (CRM)

DX examples

KOMATSU

SMART CONSTRUCTION

Development of the "Tracking Management System" service

Within SMART CONSTRUCTION(*1), we have developed a dynamic-state management application for dump trucks, which provides unified views of dump truck location information, and supports efficient and safe operations with proximity notification and alert functions. This application can provide dump trucks, as well as construction machines and workers, with useful information that can improve the efficiency of construction site operations, and help support the elimination of rock and dirt transportation bottlenecks affecting dump trucks.

O-net

おうち婚活

Development of an on-line video communication service for "Marriage Hunting at Home"

We have developed on-line video communication functions based on Amazon Chime SDK (*2) within My Page of each O-net member to "encourage any candidate members to use the services more easily" even in the midst of the COVID-19 pandemic, and "offer as many opportunities as possible" to active members. These functions are available on smartphone browsers (iOS/Android) with highly user-friendly UI/UX (*3) for customers.
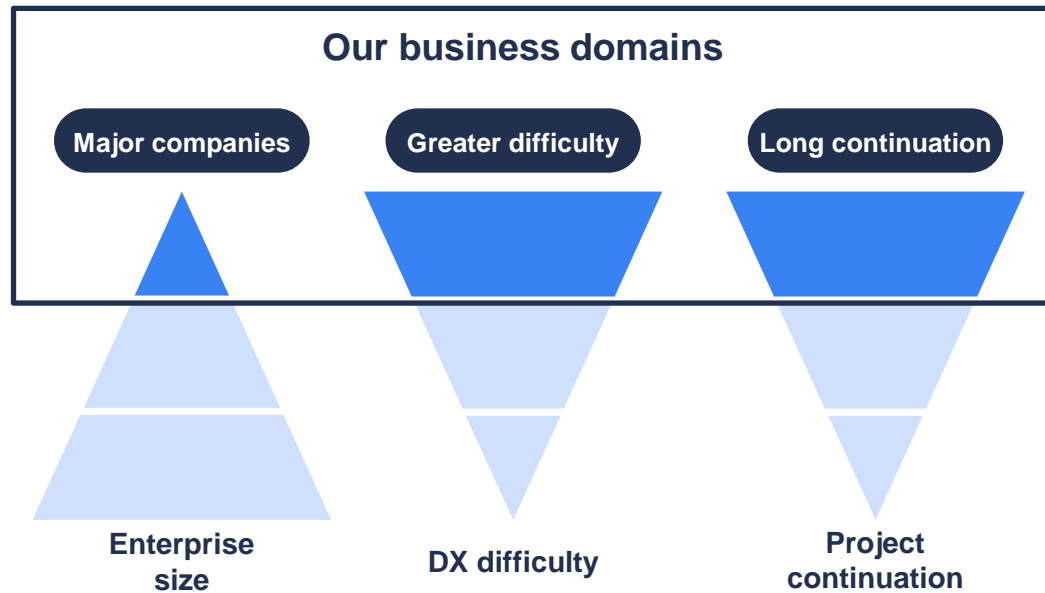
*1: A solution provided by Komatsu Ltd. to create "future construction sites," which can improve productivity significantly through an organic connection of the entire construction site with ICT
*2: A basic component required to equip online video communication functions provided by Amazon Web Services, Inc.
*3: User Interface/User Experience: User's contact point, and interaction, with products and services

Our Customer Base Centering on Major Companies[*1] Intending to Actively Promote DX[*2]

We can secure the continued patronage of major companies by providing quality services satisfying extremely difficult requirements.
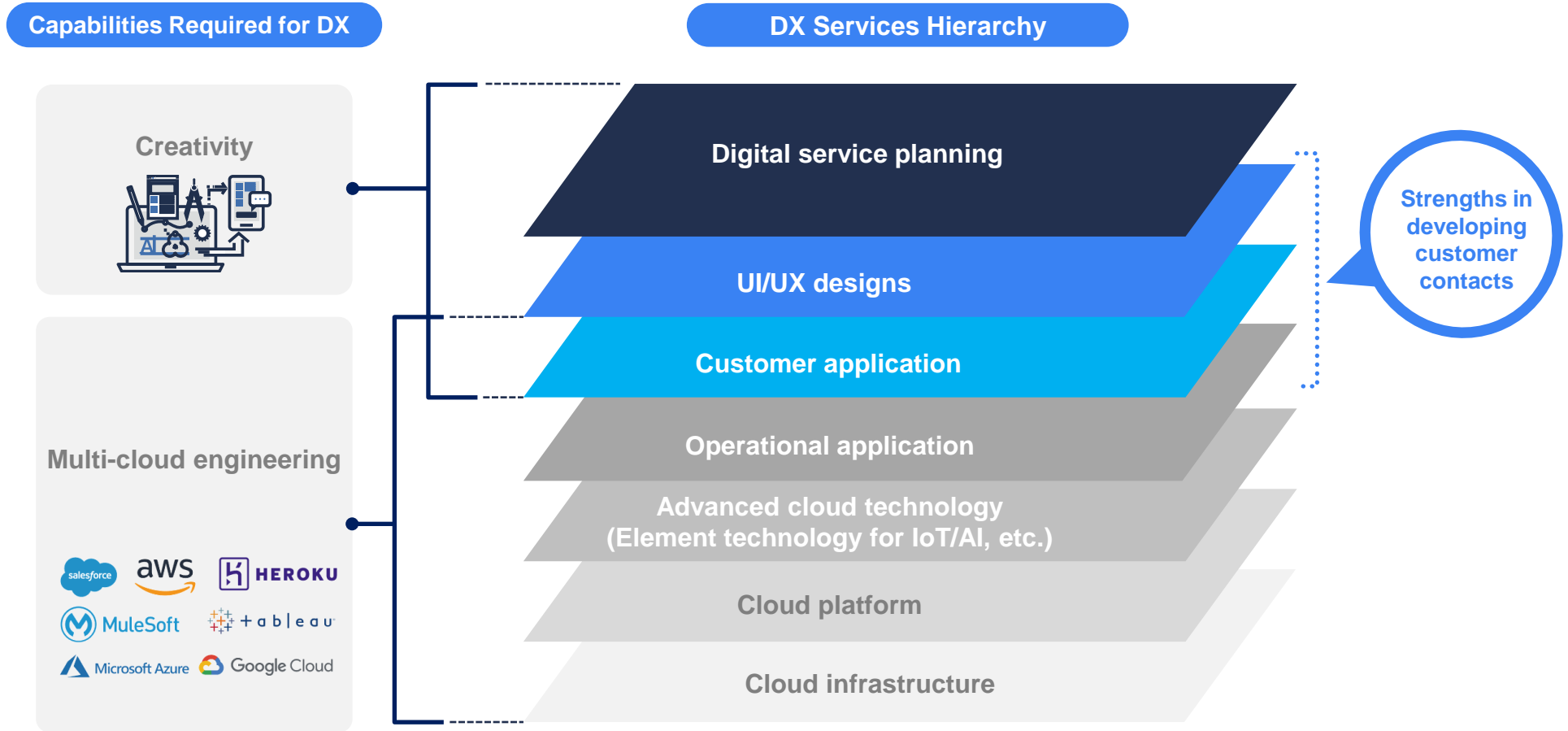
Our business domains

| Major companies | Greater difficulty | Long continuation |

Enterprise size

DX difficulty

Project continuation

KOMATSU

RECRUIT

NTT docomo

信頼される安心を、社会へ。 SECOM

ANA

ブリヂストンリテールジャパン株式会社

ヤマト運輸

HONDA

JGC 日揮グローバル株式会社

O-net

JPX JAPAN EXCHANGE GROUP

Duplo

GROOVE X

SOME THING

ADVANTEST

*1: Major companies: Those listed in Nikkei 225, Nikkei 400, or Nikkei 500; or their group companies or those whose sales are equivalent (100 billion yen or more)
*2: Major companies accounted for 82% of the total sales in the year ending at the end of March 2021
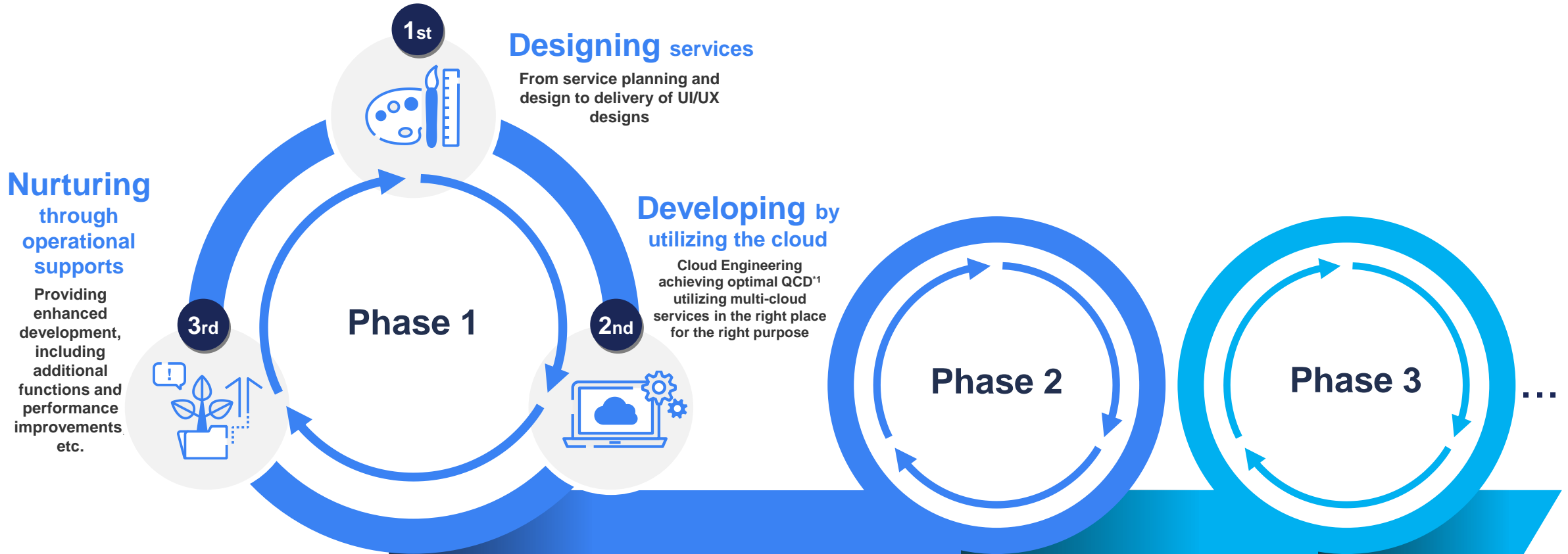
One-stop Service that Create Digital Services

We take advantage of the "creativity" that can achieve proactive DX and the "multi-cloud engineering" capabilities (organizational prowess), and of the strengths in developing value-creating customer contacts (front end).

Capabilities Required for DX

DX Services Hierarchy

Creativity

Multi-cloud engineering

salesforce · aws · HEROKU · MuleSoft · +ableau · Microsoft Azure · Google Cloud

Digital service planning

UI/UX designs

Customer application

Operational application

Advanced cloud technology
(Element technology for IoT/AI, etc.)

Cloud platform

Cloud infrastructure

Strengths in developing customer contacts

High Agility in Adapting to Changes (Ability to Think and Move Quickly)

An average period of a single project cycle is about three months. A project does not end with the initial construction but supports DX service growth by repeating the delivery cycles.

1st

Designing services

From service planning and design to delivery of UI/UX designs

Nurturing
through operational supports

Providing enhanced development, including additional functions and performance improvements etc.

3rd

Phase 1

2nd

Developing by **utilizing the cloud**

Cloud Engineering achieving optimal QCD[1] utilizing multi-cloud services in the right place for the right purpose

Phase 2

Phase 3

...

*1: QCD: Quality, Costs, Delivery

High Technological Capabilities of Multi-cloud Functions Enabling Business Transformation based on DX

Instead of simply building a single digital service, we develop multiple digital services and bundle them together to help business models to be transformed.
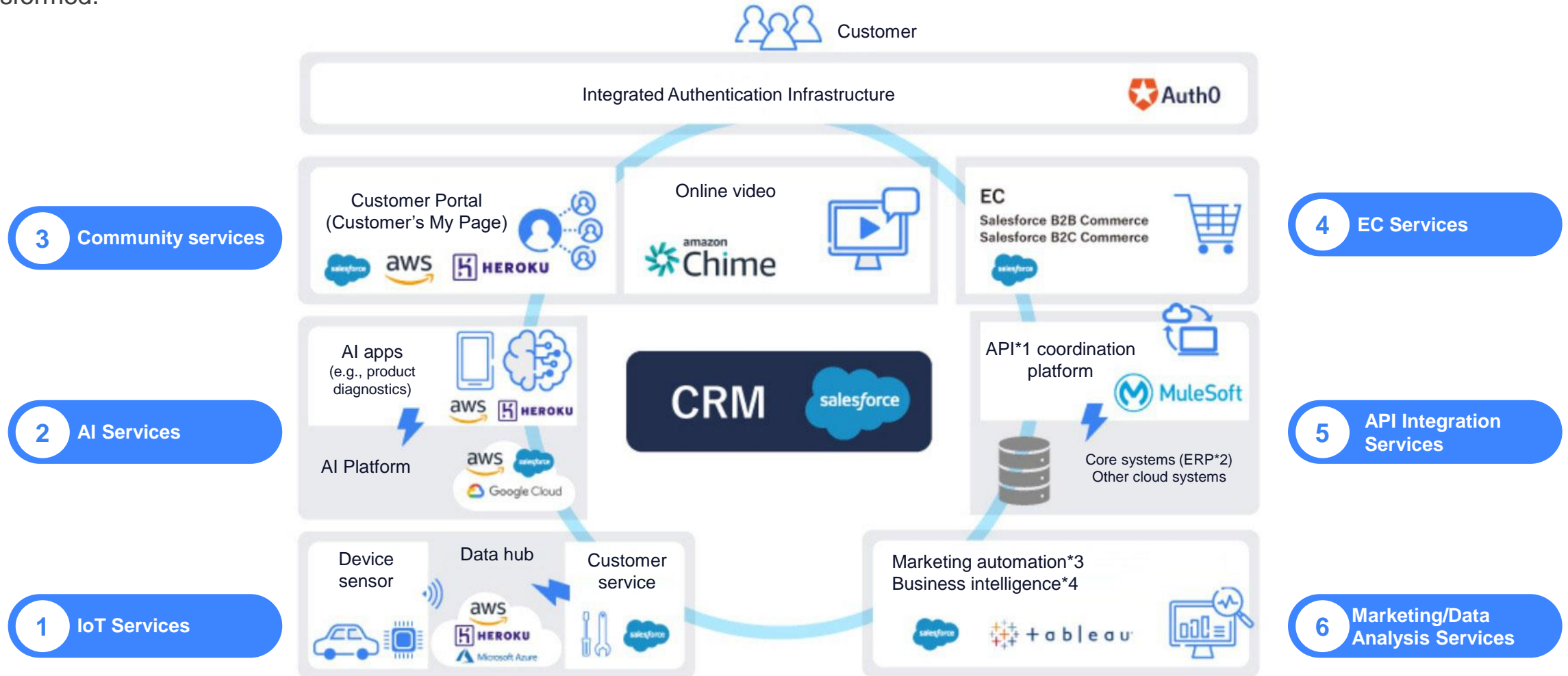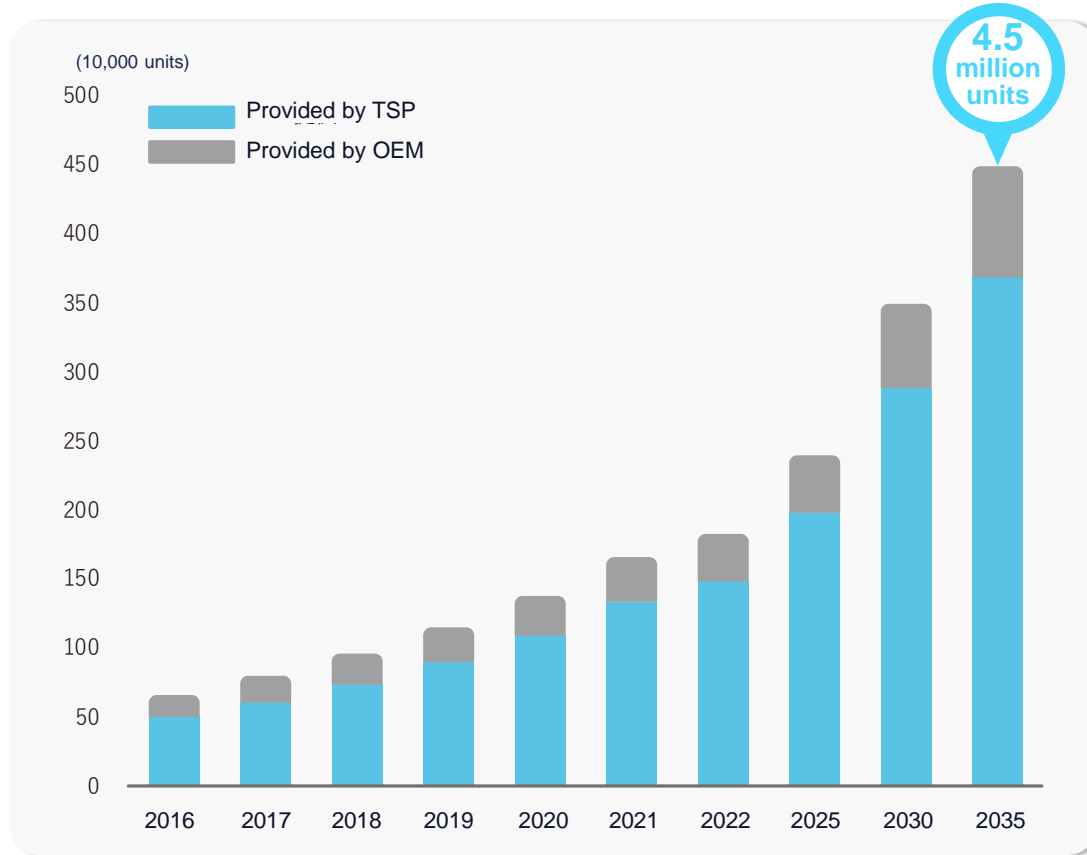

*1: Application Programming Interface: Interface specification used for multiple software products to exchange information with each other
*2: Enterprise Resource Planning: An integrated core operational system
*3 Marketing Automation: A tool to automate marketing activities
*4 Business Intelligence: A tool to collect, accumulate, analyze, and process large amounts of data to support management strategy decisions

Potential of the Commercial Vehicle Telematics Market in Japan

The number of vehicles participating in the telematics market is expected to rise to 4.5 million by 2035 in Japan.

Cumulative numbers of vehicles participating in the commercial vehicle telematics market in Japan[1]

(10,000 units)

- Provided by TSP
- Provided by OEM

4.5 million units

500
450
400
350
300
250
200
150
100
50
0

2016 2017 2018 2019 2020 2021 2022 2025 2030 2035

2021

Number of domestic commercial vehicles (TAM [2])

16 million units/576 billion yen

2035

Domestic commercial vehicle telematics
4.5 million units/162 billion yen

2021

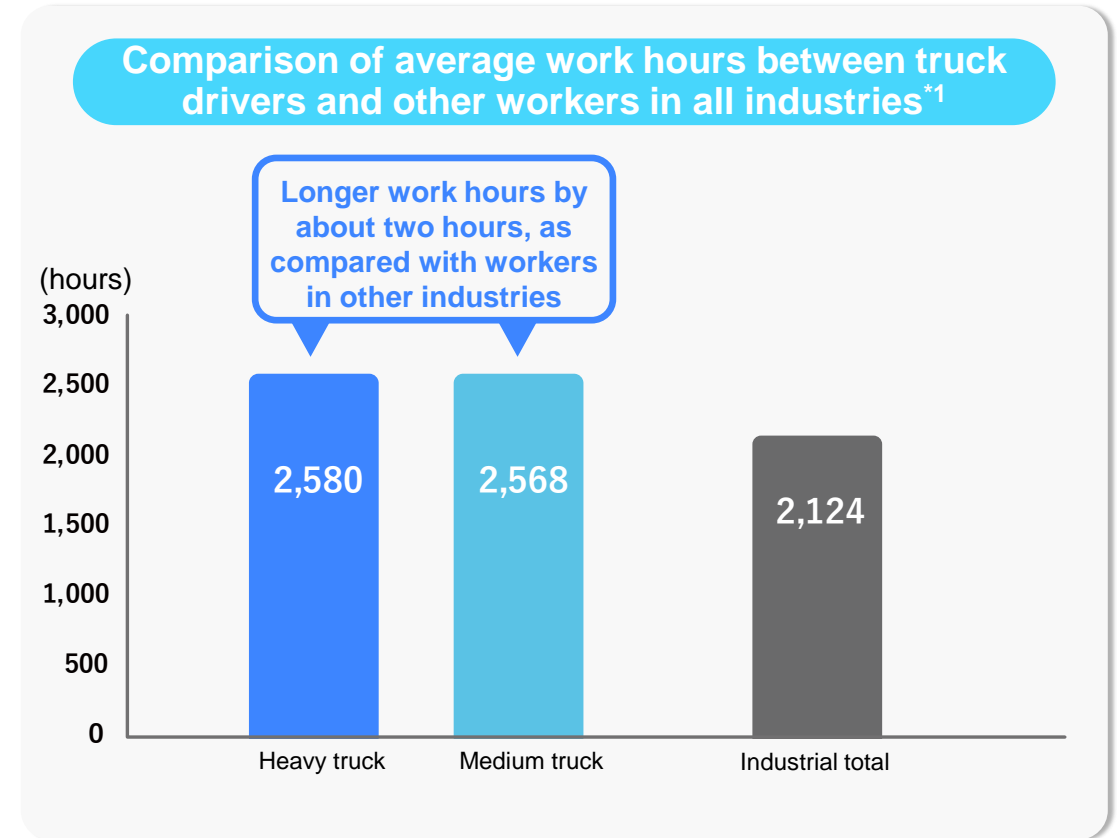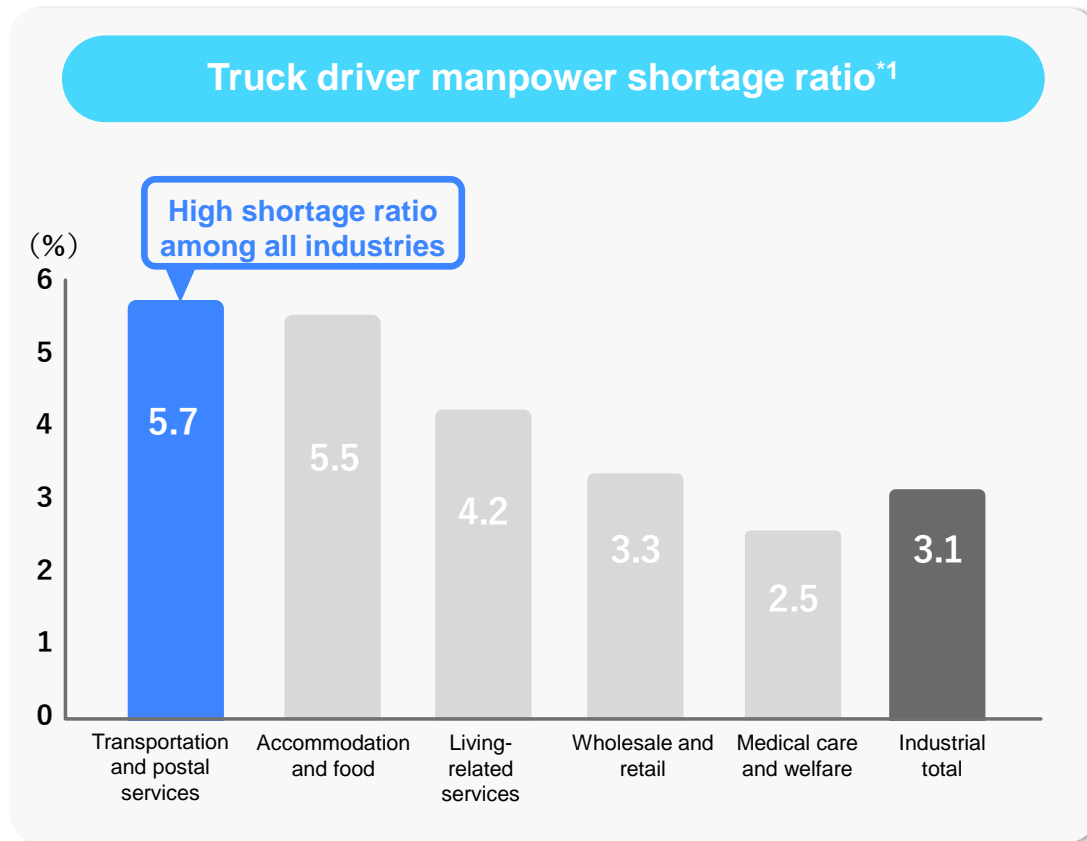Domestic commercial vehicle telematics
1.66 million units/59.8 billion yen

Problems in the Mobility Industry

The critical situation in physical distribution has emerged due to a shortage of truck drivers, etc. In addition, the "restriction of annual overtime work hours to 960 hours" will be imposed on automobile driving operations in 2024, according to the "Work-style Reform."

Truck driver manpower shortage ratio[1]

High shortage ratio among all industries

（%）

- Transportation and postal services: 5.7
- Accommodation and food: 5.5
- Living-related services: 4.2
- Wholesale and retail: 3.3
- Medical care and welfare: 2.5
- Industrial total: 3.1

Comparison of average work hours between truck drivers and other workers in all industries[1]

Longer work hours by about two hours, as compared with workers in other industries

(hours)

- Heavy truck: 2,580
- Medium truck: 2,568
- Industrial total: 2,124

Cloud-based Mobility Business Optimization SaaS

Vehicle data are obtained and visualized real-time by means of mounted devices and smartphone applications, and used to support improvement of efficiency in vehicle-related operations.

Cariot-compatible in-vehicle devices

Cariot smartphone apps

Cariot control apps

Cariot cloud

External cloud services linked with Cariot

| CRM/SFA[1] | Berth management | AI optimal route analysis | Car navigation apps |

Features of Cariot

Where a car is, when it will arrive, and how safe it is can be easily found (reducing human inquiries/responses)

Eliciting waste in vehicle management operations and unnecessary travel maneuvers to support improvement and increase efficiency

Robust security (Effective utilization of Salesforce.com/AWS cloud bases)

API-linked mobility eco-system

*1: Customer Relationship Management: A customer management system. Sales Force Automation: A sales support system.

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Financial results for the 3rd quarter of fiscal year ending March 2022 and revisions in full-year forecast

(3rd quarter, fiscal year ending March 2022) Financial results summary

1 **We achieved record-high sales and net income due to increased sales and profits**

Sales **2,532** million yen

> **+42.9%** (YoY)

Net income **186** million yen

> **+316** million yen (YoY)

2 **DX support for major companies grew**

Number of monthly contract customers of major companies **34** companies

> **+4** companies (QoQ)

Monthly average revenue per account (ARPA) of major companies **12.3** million yen
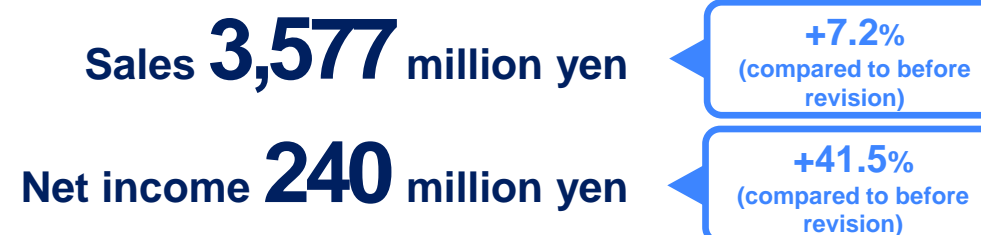
> **+1.2** million yen (QoQ)

3 **The number of engineers and other employees decreased slightly**

A combination of the delay in mid-career recruitment and employee resignations were factors in this decrease, which was covered by partnering, and the impact on recent results was minor

Number of engineers and other employees* **112** people

> **+16** people (YoY)

> **-2** people (QoQ)

4 **We have revised the results forecast for fiscal year ending March 2022 upwards**

Upward revision because business results have improved even though we are increasing 4th quarter growth investment

Sales **3,577** million yen

> **+7.2%** (compared to before revision)

Net income **240** million yen

> **+41.5%** (compared to before revision)

(3rd quarter, fiscal year ending March 2022) Topics

Support for the introduction of MuleSoft, which promotes DX by linking all of a company's systems, drove the growth of Cloud Integration Services.

Example of support for the introduction of MuleSoft

We are supporting the building of an API platform for ALL NIPPON AIRWAYS CO., LTD. that uses MuleSoft to maximize the value of customer experience.

We will establish a system to make maximum use of various data, including customer data, and the system resources of ALL NIPPON AIRWAYS CO., LTD., and promote cross-selling.
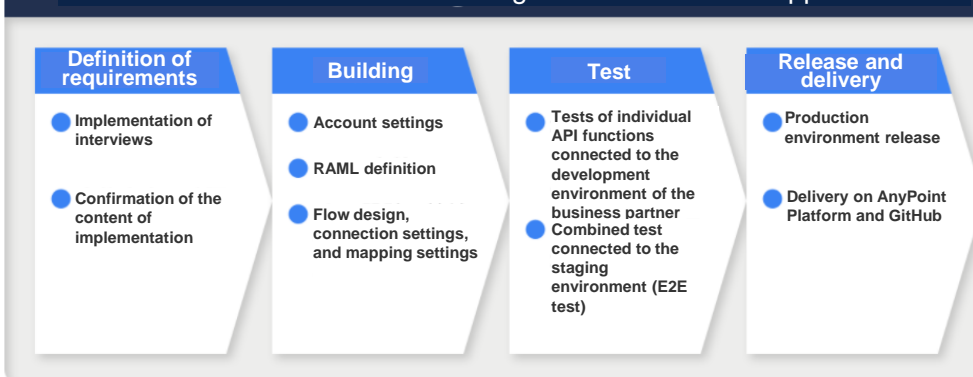
ANA ✕ *FLECT*

MuleSoft introduction support program

We started provision of the Quick Start Program and PoC Program as support for the introduction of MuleSoft. We will promote the early delivery of DX with system integration.

Quick Start Program
We support small-scale initial development projects to start the introduction of MuleSoft smoothly. Following the definition of requirements, we build, test and release in the short period of six weeks instead of the usual three months.

Flow of the Quick Start Program and details of support

Definition of requirements
- Implementation of interviews
- Confirmation of the content of implementation

Building
- Account settings
- RAML definition
- Flow design, connection settings, and mapping settings

Test
- Tests of individual API functions connected to the development environment of the business partner
- Combined test connected to the staging environment (E2E test)

Release and delivery
- Production environment release
- Delivery on AnyPoint Platform and GitHub

(3rd quarter, fiscal year ending March 2022) Results highlights

Against the backdrop of vigorous DX support, sales increased by 2,532 million yen (+42.9% compared to the same period last year), operating income increased by 234 million yen, and net income increased by 186 million yen, all of which were record highs.

(Million yen)

	FY2020 3Q (2020/4-2020/12)	FY2021 3Q (2021/4-2021/12)	Compared to same period last year		FY2021 Full-year (2021/4-2022/3) (forecast)	Forecast-actual rate of progress
			Change in amount	Rate of change		
Sales	1,771	2,532	+761	+42.9%	3,337	75.9%
Gross profit	786	1,100	+314	+39.9%	1,471	74.8%
(%)	44.4%	43.5%	-0.9pt		44.1%	
Operating income	-126	234	+360	-	186	125.7%
(%)	-	9.2%			5.6%	
Net income	-130	186	+316	-	170	109.8%
(%)	-	7.4%			5.1%	

(Full term, fiscal year ending March 2022) Upwards revision of results forecast

As the rate of progress of operating income and net income against the full-term results forecast exceeds 100% and results are improving even when the increase of 4th quarter growth investment is considered, we revised the full-term results forecast upwards.

(Million yen)

|	FY2021 Full-year (2021/4-2022/3) (forecast) (Before revision)	FY2021 Full-year (2021/4-2022/3) (forecast) (After revision)	Compared to before revision		Forecast-actual rate of progress after revision
			Change in amount	Rate of change	
Sales	**3,337**	**3,577**	**+240**	**+7.2%**	**70.8%**
Gross profit	**1,471**	**1,577**	**+106**	**+7.2%**	**69.8%**
(%)	44.1%	44.1%	0.0pt		
Operating income	**186**	**255**	**+69**	**+37.3%**	**91.6%**
(%)	5.6%	7.1%	+1.5pt		
Net income	**170**	**240**	**+70**	**+41.5%**	**77.6%**
(%)	5.1%	6.7%	+1.6pt		

(3rd quarter, fiscal year ending March 2022) Results trends

Sales and income for the term ending March 2021 decreased compared to the previous year due to the impact of COVID-19, but the expansion of results has continued and CAGR for the full-term ending in March 2022 is planned to grow at 30.5%[*1].
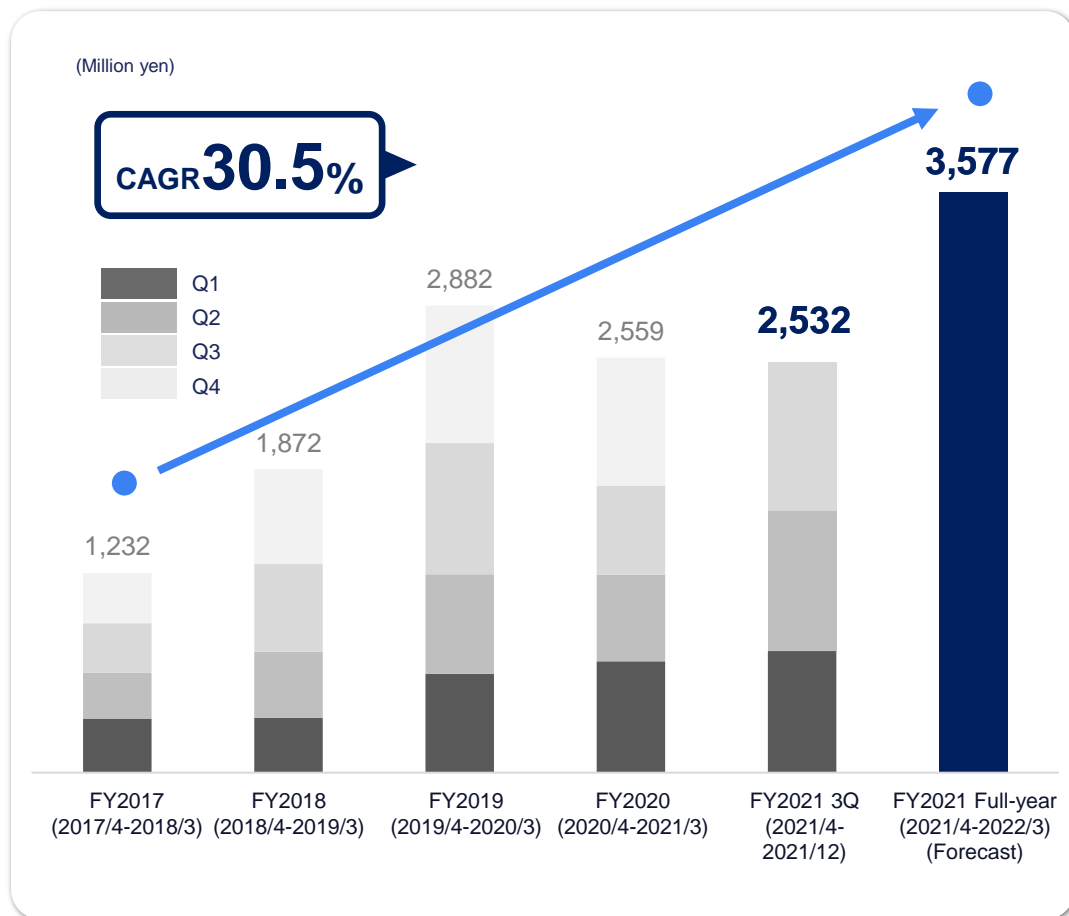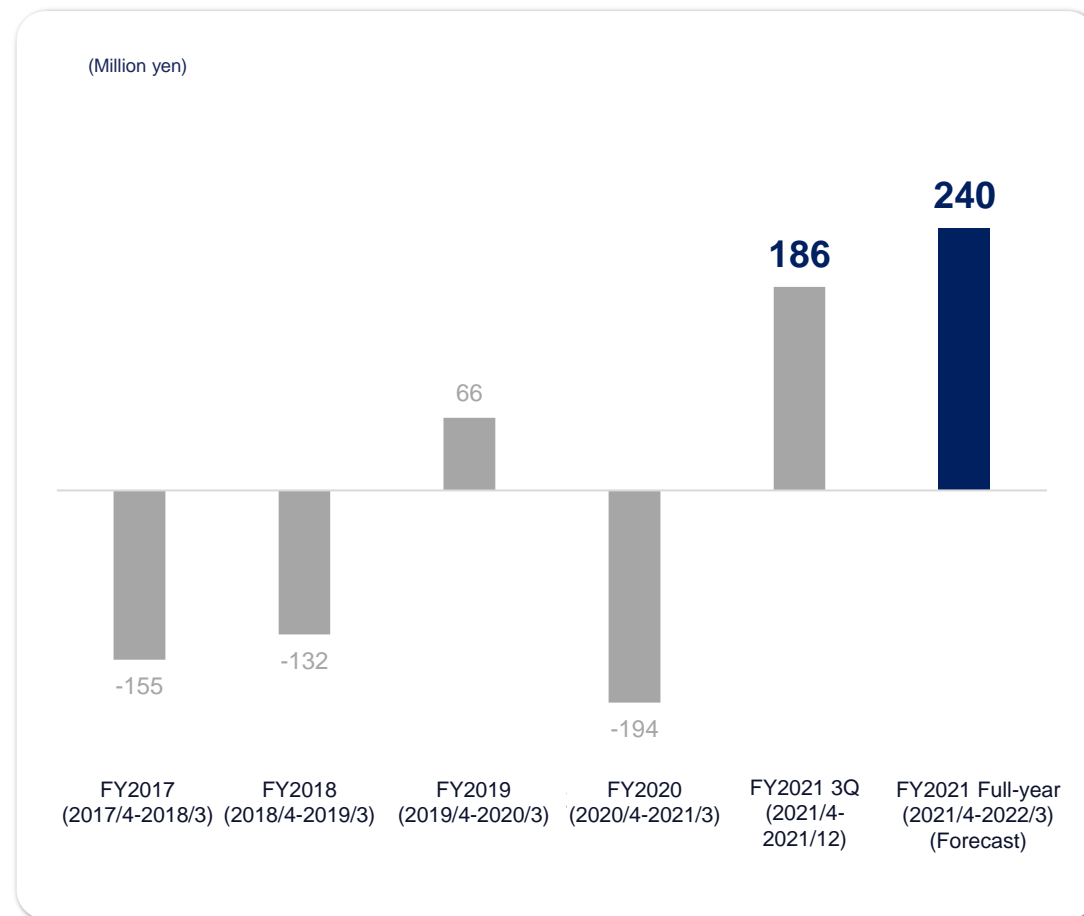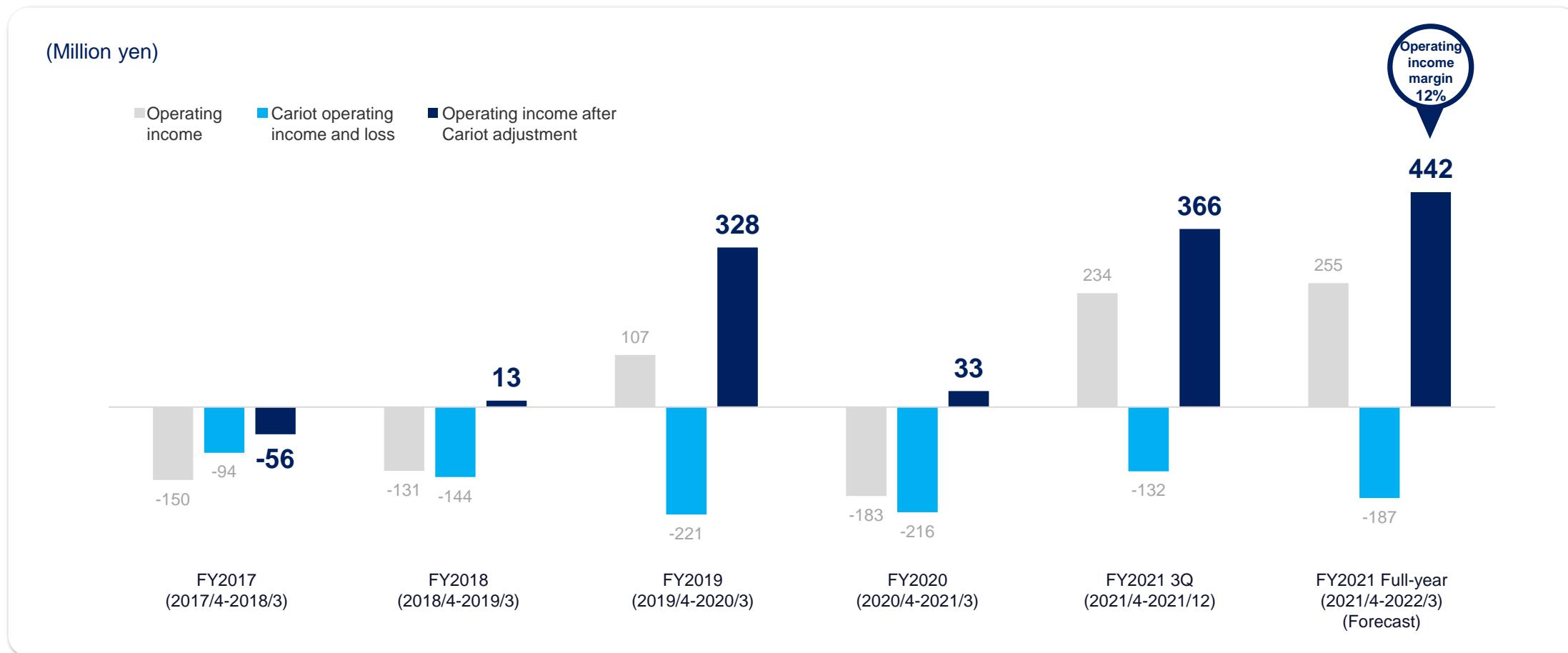
(3rd quarter, fiscal year ending March 2022) Operating income after Cariot adjustment

Operating income after Cariot adjustment*1, excluding advance investment in the new Cariot service business, has trended profitably since the term ending March 2019.
Operating income during the term ending March 2022 is planned to grow at the high level of 442 million yen (operating income margin of 12%).

Operating income after Cariot adjustment*1

(Million yen)

- Operating income
- Cariot operating income and loss
- Operating income after Cariot adjustment

Operating income margin 12%

442

366

328

255

234

107

33

13

-56

-94
-150

-131
-144

-221

-183
-216

-132

-187

FY2017
(2017/4-2018/3)

FY2018
(2018/4-2019/3)

FY2019
(2019/4-2020/3)

FY2020
(2020/4-2021/3)

FY2021 3Q
(2021/4-2021/12)

FY2021 Full-year
(2021/4-2022/3)
(Forecast)

*1 Figure with operating income or loss on Cariot services subtracted from operating profit on a company-wide basis

(3rd quarter, fiscal year ending March 2022) Balance sheet

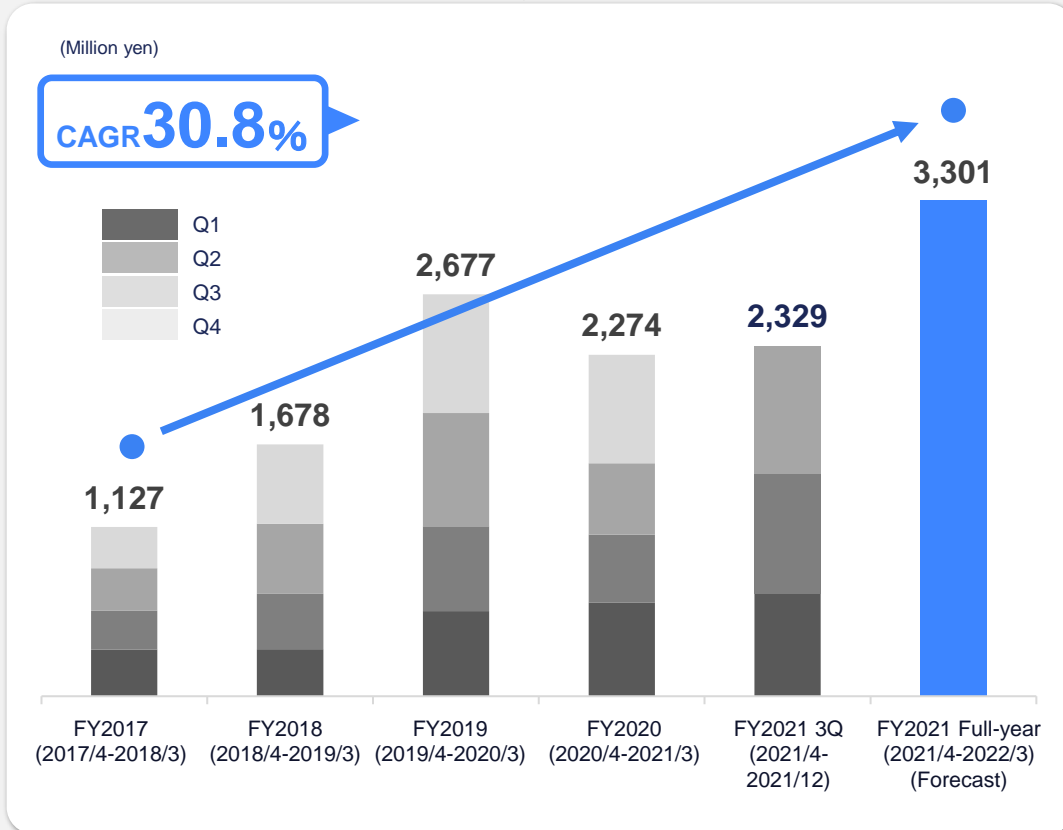We are in a sound financial position due to financing from the IPO.

(Million yen)

	FY2020 (2020/4-2021/3) (As of term-end)	FY2021 3Q (2021/4-2021/12) (As of end 3rd quarter)	Change in amount
Total assets	**1,499**	**2,314**	**+815**
Current assets	1,366	2,161	+794
Fixed assets	132	153	+20
Total liabilities	**1,255**	**1,281**	**+25**
Current liabilities	563	640	+77
Fixed liabilities	692	641	-51
Net assets	**243**	**1,032**	**+789**
Total assets	**1,499**	**2,314**	**+815**
Cash and deposits	896	1,520	+624
Interest-bearing liabilities	763	713	-50

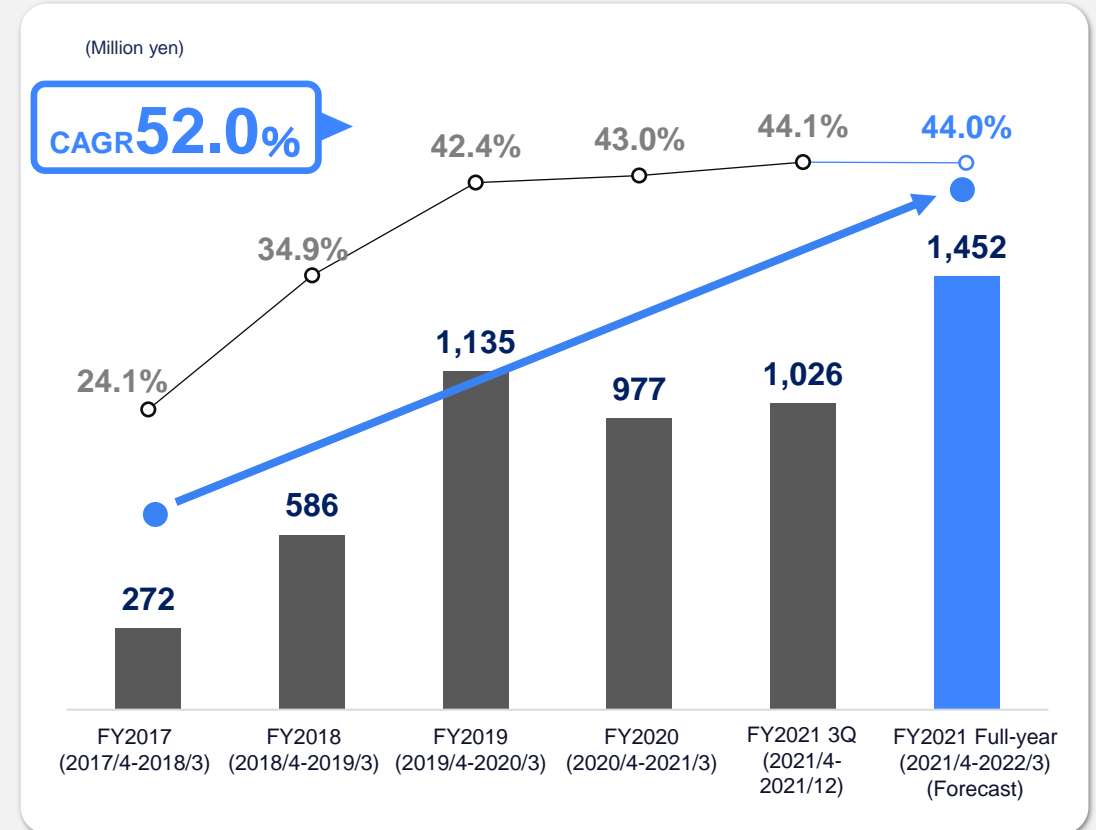# (3rd quarter, fiscal year ending March 2022) Results trends

Sales

Results for the term ending March 2021 decreased compared to the previous year due to the impact of COVID-19, but results for the 3rd quarter of the term ending March 2022 will be at record highs, with CAGR for the full-term planned to grow at 30.8%[1].

(Million yen)

CAGR **30.8%**

Q1
Q2
Q3
Q4

1,127
1,678
2,677
2,274
2,329
3,301

FY2017 (2017/4-2018/3)
FY2018 (2018/4-2019/3)
FY2019 (2019/4-2020/3)
FY2020 (2020/4-2021/3)
FY2021 3Q (2021/4-2021/12)
FY2021 Full-year (2021/4-2022/3) (Forecast)

Gross profit (Gross margin)

Even with COVID-19, the company will maintain its high gross profit margin in excess of 40%, reaching about 44.1% in the 3rd quarter of the term ending March 2022, and CAGR is planned to grow at 52.0%[1] for the full-term.
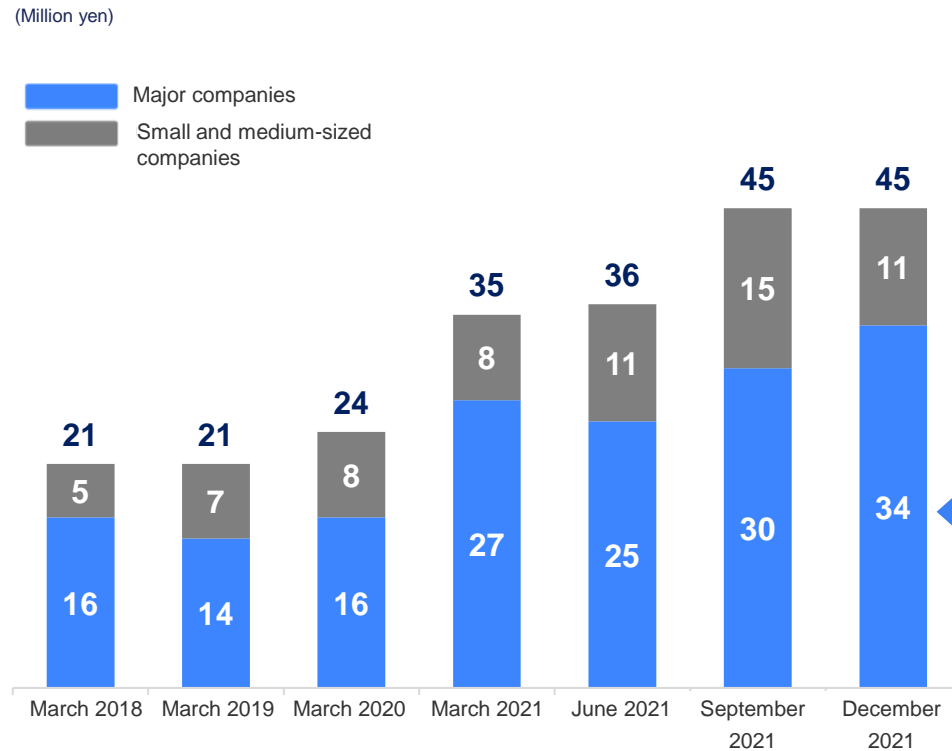
(Million yen)

CAGR **52.0%**

24.1%
34.9%
42.4%
43.0%
44.1%
44.0%

272
586
1,135
977
1,026
1,452

FY2017 (2017/4-2018/3)
FY2018 (2018/4-2019/3)
FY2019 (2019/4-2020/3)
FY2020 (2020/4-2021/3)
FY2021 3Q (2021/4-2021/12)
FY2021 Full-year (2021/4-2022/3) (Forecast)

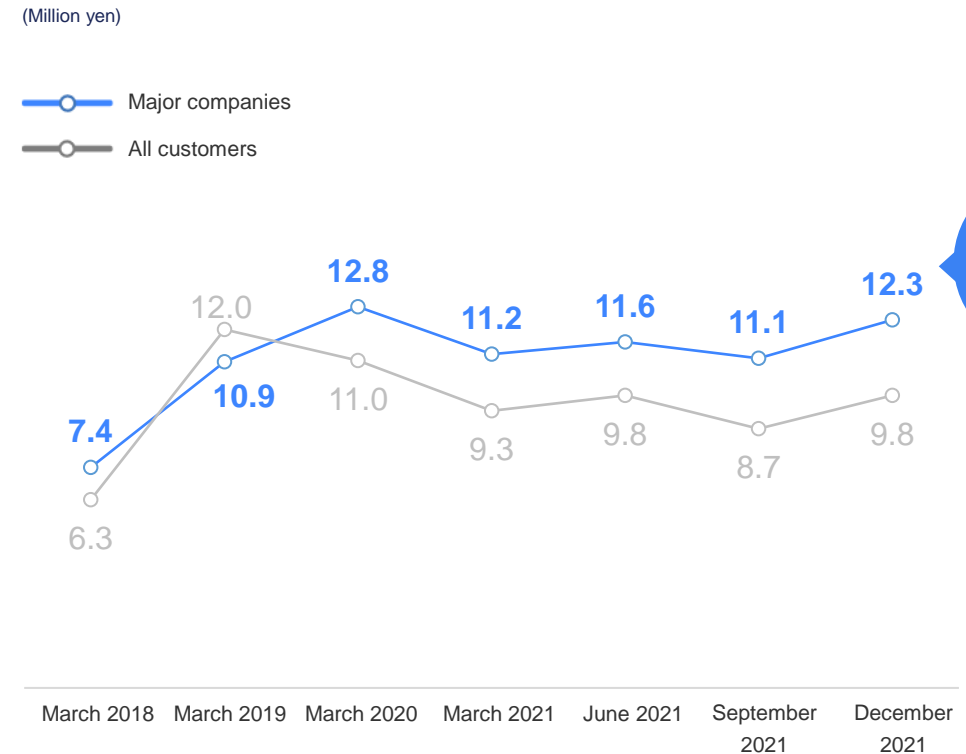# (3rd quarter, fiscal year ending March 2022) KPI trends

Number of monthly contract customers[1]

As of December 2021, the number of monthly major company customers had increased by four compared to September 2021, and the proportion of major companies increased.

(Million yen)

■ Major companies
■ Small and medium-sized companies

	March 2018	March 2019	March 2020	March 2021	June 2021	September 2021	December 2021
Total	21	21	24	35	36	45	45
Small and medium-sized	5	7	8	8	11	15	11
Major	16	14	16	27	25	30	34

+4 companies compared to September 2021

Monthly Average Revenue per Account (ARPA[2])

As of December 2021, the ARPA of major companies had risen to 12.3 million yen. In particular, the continuing development of support for the introduction of MuleSoft and cross-selling progressed and contributed to the growth of results.

(Million yen)

—○— Major companies
—○— All customers

	March 2018	March 2019	March 2020	March 2021	June 2021	September 2021	December 2021
Major companies	7.4	10.9	12.8	11.2	11.6	11.1	12.3
All customers	6.3	12.0	11.0	9.3	9.8	8.7	9.8

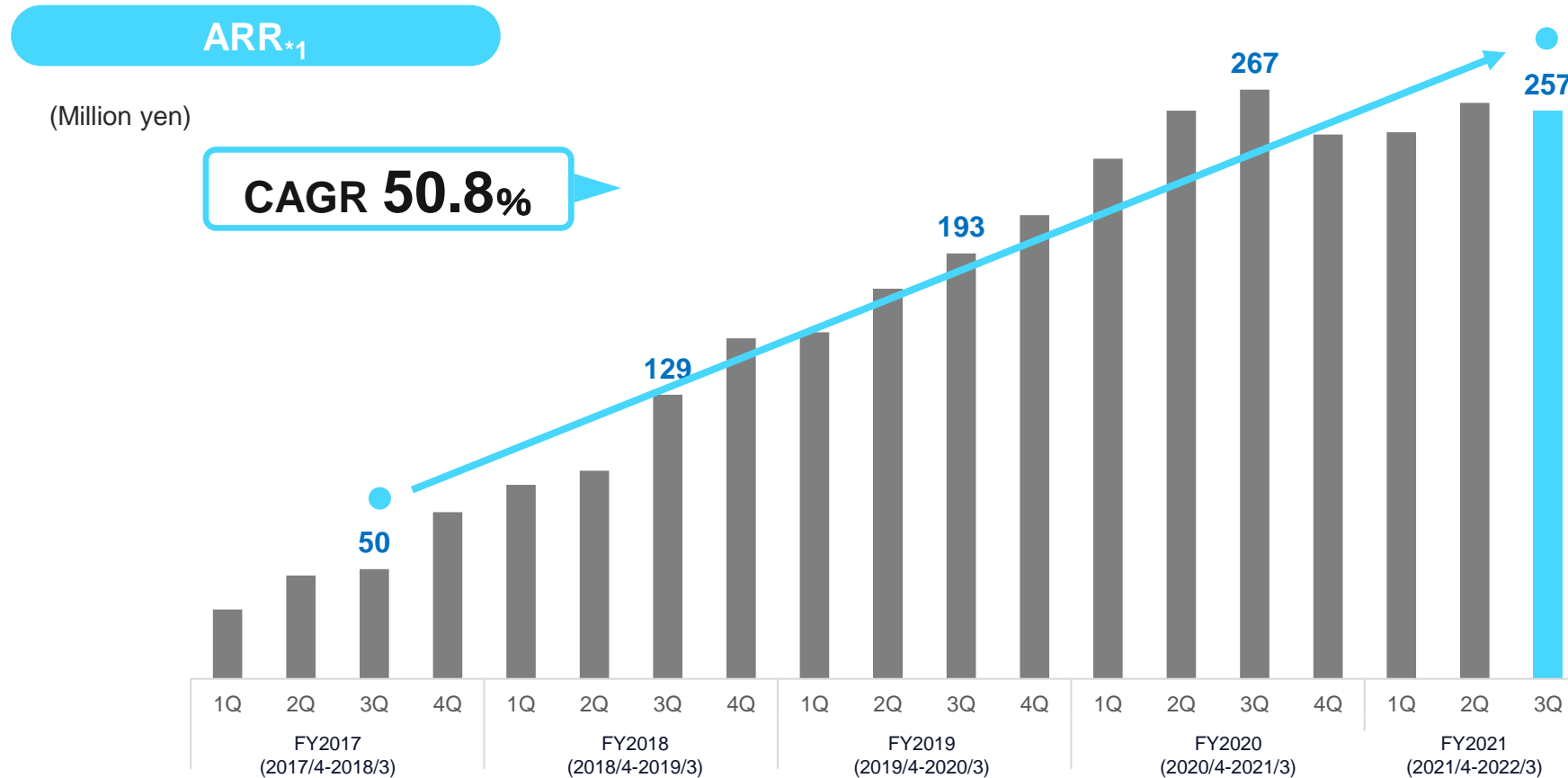**+1.2 million yen** compared to September 2021

*1 Number of contract customers at the end of the month shown, excluding resale matters
*2 Abbreviation of average revenue per account. Average monthly sales per customer (excluding resale matters) at the end of the month shown

(3rd quarter, fiscal year ending March 2022) KPI trends

After decreasing from the 4th quarter of fiscal year ending March 2021 under the impact of COVID-19, results recovered temporarily in the 2nd quarter of fiscal year ending March 2022.
In the 3rd quarter, although we achieved a certain level of results with new customers and additional orders from existing customers, ARR decreased by 4 million yen under the impact of large cancellations associated with changes in the vehicle management policies of existing customers.

ARR[1]

(Million yen)

CAGR 50.8%

267

257

193

129

50

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
FY2017 (2017/4-2018/3)				FY2018 (2018/4-2019/3)				FY2019 (2019/4-2020/3)				FY2020 (2020/4-2021/3)				FY2021 (2021/4-2022/3)		

Growth Strategy

Enhancing and Developing Multi-cloud Services

Centering on major companies, our client base has constantly and steadily grown with an increasing number of client contracts and Monthly Average Revenue per Account (ARPA) .

Increasing number of contracted customers
(New customer acquisition phase)

✕

Increasing ARPA
(Existing customer cross-selling phase)

Against the background of the COVID-19 pandemic, demand is steadily increasing for customized online video services to promote company products and services to be embedded in video contents.

We are the only Japanese company to be certified as one of "Amazon Chime SDK and Chime Voice Connector Partners."

We cover Salesforce's cloud services achieving a 360-degree connection centering on a customer; and also achieve an integration of cloud and on-premise operations with Mulesoft, as well as API management, and promoting cross-selling by connecting all systems.

+

IoT/Mobility	AI Services	Matching and other new services

+
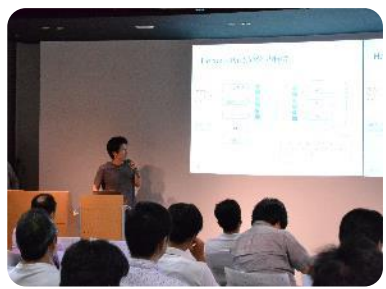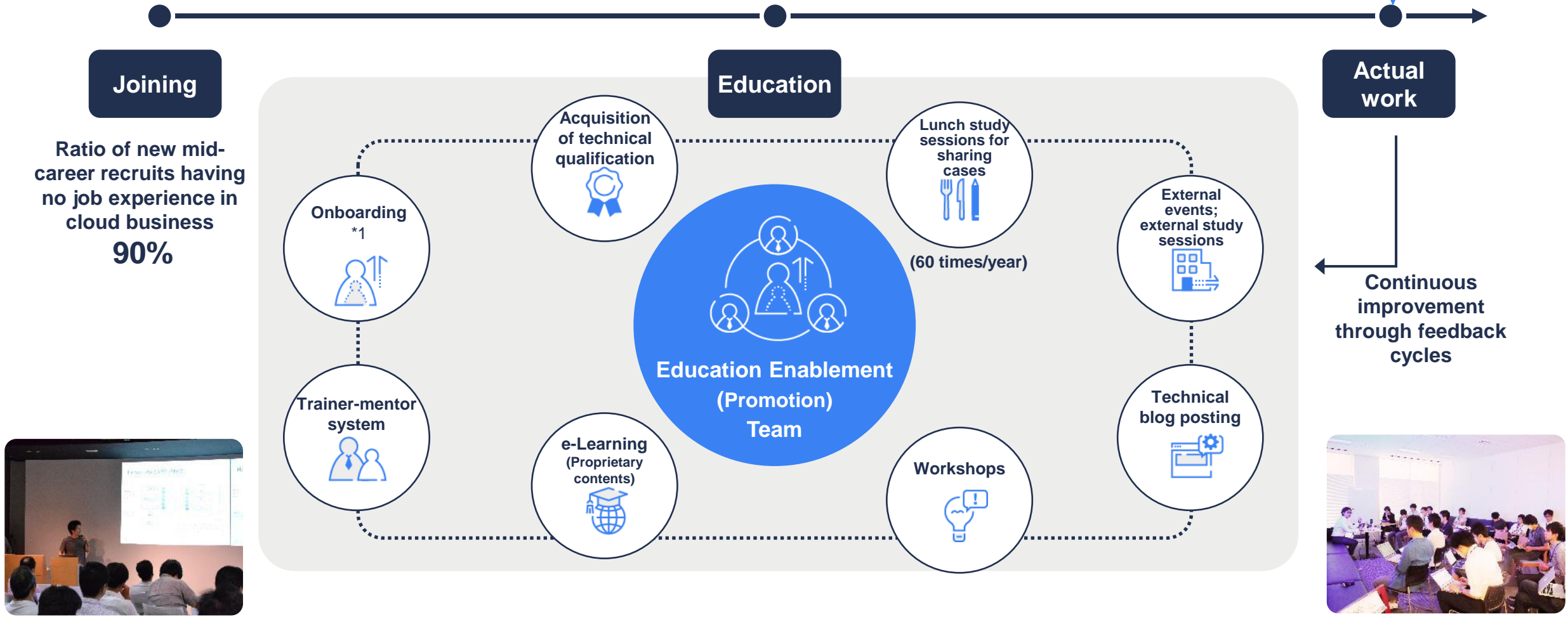
Community services	EC Services	MA/BI Services

Promotion of Systems Fostering Multi-disciplinary Expertise and Human Resource Development

With a team dedicated to education enablement (promotion) as a focal point, we constantly promote employee education and systemic improvement activities.

One month from joining the company to project assignment

Joining

Education

Actual work

Ratio of new mid-career recruits having no job experience in cloud business
90%

Onboarding *1

Acquisition of technical qualification

Lunch study sessions for sharing cases
(60 times/year)

External events; external study sessions

Trainer-mentor system

Education Enablement (Promotion) Team

Technical blog posting

e-Learning (Proprietary contents)

Workshops

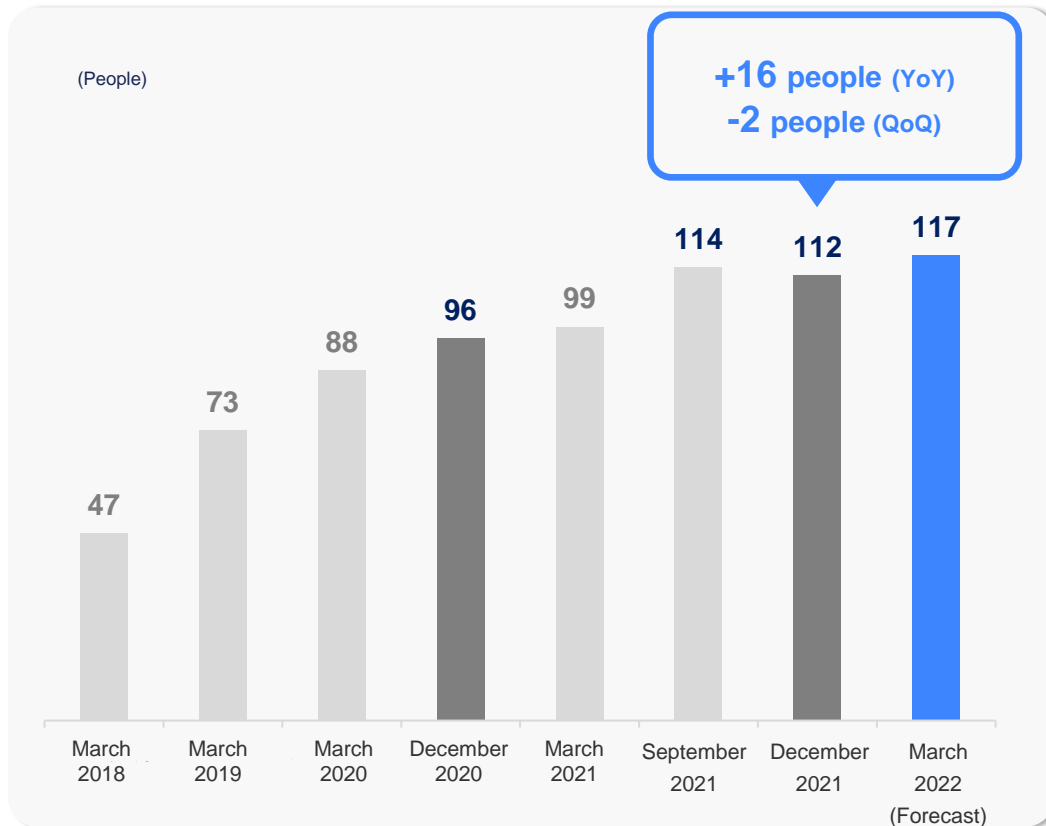**Continuous improvement through feedback cycles**

*1: A series of workforce development steps to fully induct mid-career recruits into an organization until they can be recognized as valuable assets
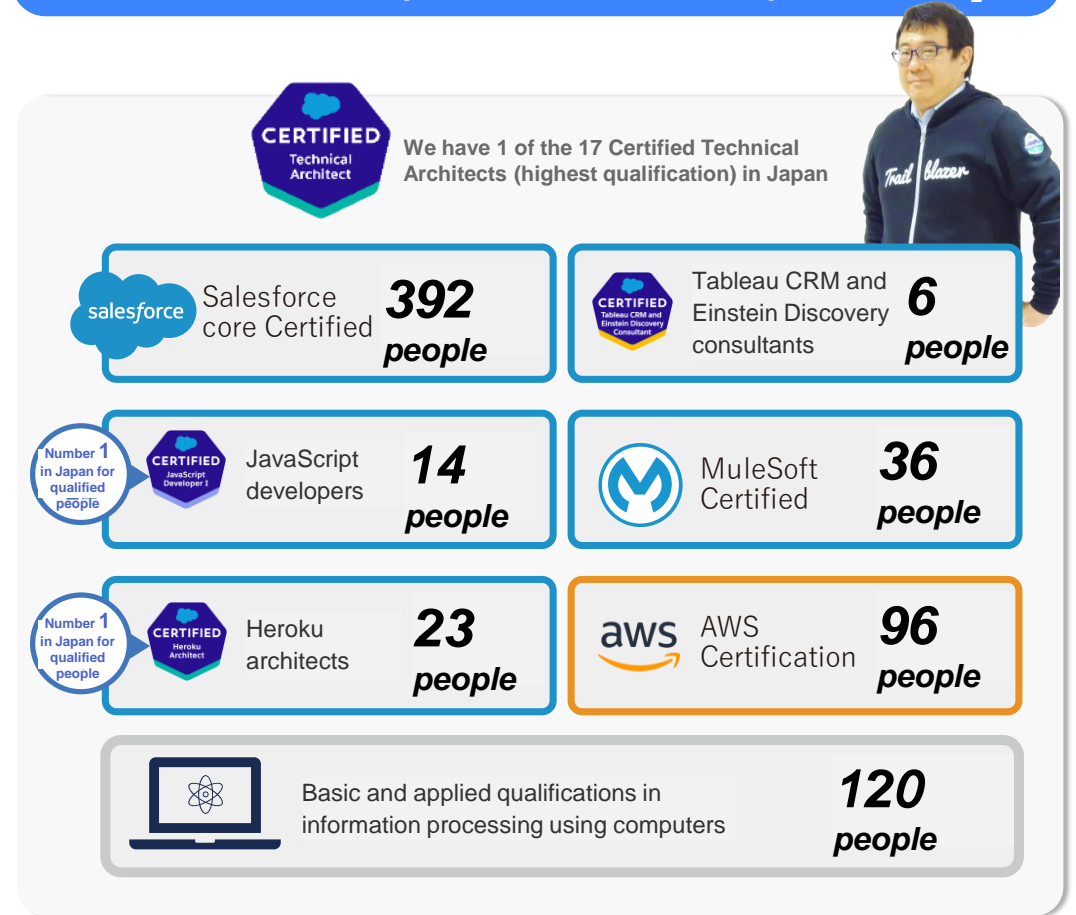
© FLECT CO., LTD.   32

Organizational expansion centered on cloud engineers and other professional employees

The number of employees such as cloud engineers increased by 16 people compared to the same period last year to 112 as of the end of December 2021, but decreased by two people compared to the end of September 2021. This was caused by a combination of delay in mid-career recruitment and employee resignations, but covered by partnering, and the impact on short-term results was minor. We have revised the forecast for the end of March 2022 from 127 people to 117 people.

Trend in the number of engineers and other employees[*1]

(People)

+16 people (YoY)
-2 people (QoQ)

March 2018	March 2019	March 2020	December 2020	March 2021	September 2021	December 2021	March 2022 (Forecast)
47	73	88	96	99	114	112	117

Promotion of the acquisition of multi-cloud qualifications[*2]

We have 1 of the 17 Certified Technical Architects (highest qualification) in Japan

CERTIFIED Technical Architect

Salesforce core Certified — **392 people**

Tableau CRM and Einstein Discovery consultants — **6 people**

Number 1 in Japan for qualified people — JavaScript developers — **14 people**

MuleSoft Certified — **36 people**

Number 1 in Japan for qualified people — Heroku architects — **23 people**

AWS Certification — **96 people**

Basic and applied qualifications in information processing using computers — **120 people**

*1 Professional human resources such as engineers and managers in Cloud Integration Services Division, excluding administrative personnel
*2 Total number of qualified people as of the end of December 2021
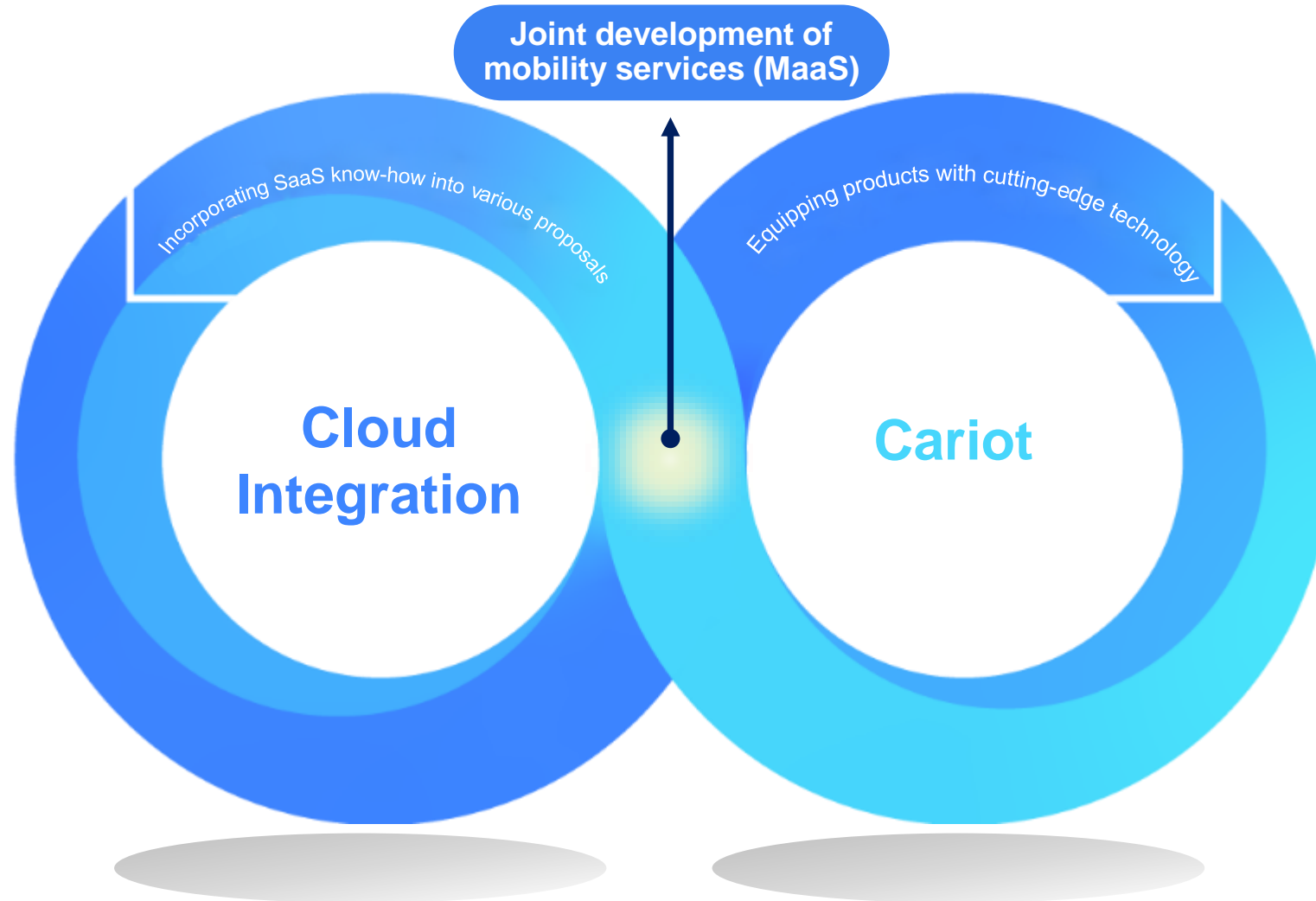
R&D Investments to Create High Added Value with Cutting-edge Technology

We apply our cutting-edge cloud technology obtained through R&D expeditiously to a wide variety of issues taking place in companies and society. Through accumulating this know-how, we can create packages of the most advanced cloud technology, which can then be rolled out to similar issues and constitute our unique competitiveness ahead of our competitors in specialized fields totally unfamiliar to them.

SaaS Business Investment in Cariot

In conjunction with the growing Cariot Services, we create synergy by aligning and integrating both services.

Joint development of mobility services (MaaS)

Incorporating SaaS know-how into various proposals

Equipping products with cutting-edge technology

Cloud Integration

Cariot

Appendix

Management Team

Founder/
Representative Director and CEO
Koji Kurokawa

Starting a company as a student and accumulating entrepreneurial experience in IT for 20 years

Based on his experience of founding a predecessor IT company, Mr. Kurokawa established FLECT Co., Ltd. in 2005. As Representative Director and CEO, he launched its cloud services and established the business bases, and has steadfastly directed its course at the helm. With the mission of "Pursuit of Everyone's Fulfilment of Life through the Internet," he firmly intends to maximize the happiness all stakeholders of the Company can enjoy and values it can present.

Director and COO, General Manager in charge of the Business Management Headquarters
Masaoki Ohashi

Selected one of the 99 people capable of changing the IoT in Japan

Mr. Ohashi joined Sony Ericsson Mobile Communications in 2004, and was first engaged in the development of smartphone middleware. He joined FLECT Co., Ltd. in 2007, and was appointed director in 2009. He then took charge of its cloud business, and successfully led it onto a path of growth. Subsequently he took up the Company's IoT initiatives, and started up Cariot, the Company's connected car business, and has led it to growth. Since 2017, Mr. Ohashi has supervised overall company operations.

External Director, Audit and Supervisory Committee Member
Yosuke Tetsukawa

Representative Partner, Improve Tax Co. Certified Public Accountant

External Director, Audit and Supervisory Committee Member
Akihito Fujiwara

Standing Audit and Supervisory Board Member, Recruit Holdings Co., Ltd.

External Director, Audit and Supervisory Committee Member
Shuya Ogawa

Attorney at Law, Partner, TMI Associates

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