



**(3rd Quarter, Fiscal Year Ending March 2023)  
Financial Results Presentation Materials**

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

February 9, 2022

# Company Profile

## Company Name

FLECT Co., Ltd.

## Established

August 2005

## Capital Stock

690 million yen (as of December 2022)

## Number of Employees

226 (as of December 2022)

## Address

11F, Hamamatsucho Bldg., 1-1-1 Shibaura, Minato-ku, Tokyo

## Business Description

- Cloud Integration Services
- Cariot Services





Representative Director CEO  
Koji Kurokawa

## 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.**

# Service Overview

## Cloud Integration

### Professional services supporting corporate DX

We support “Proactive DX” that can realize 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.



partner network



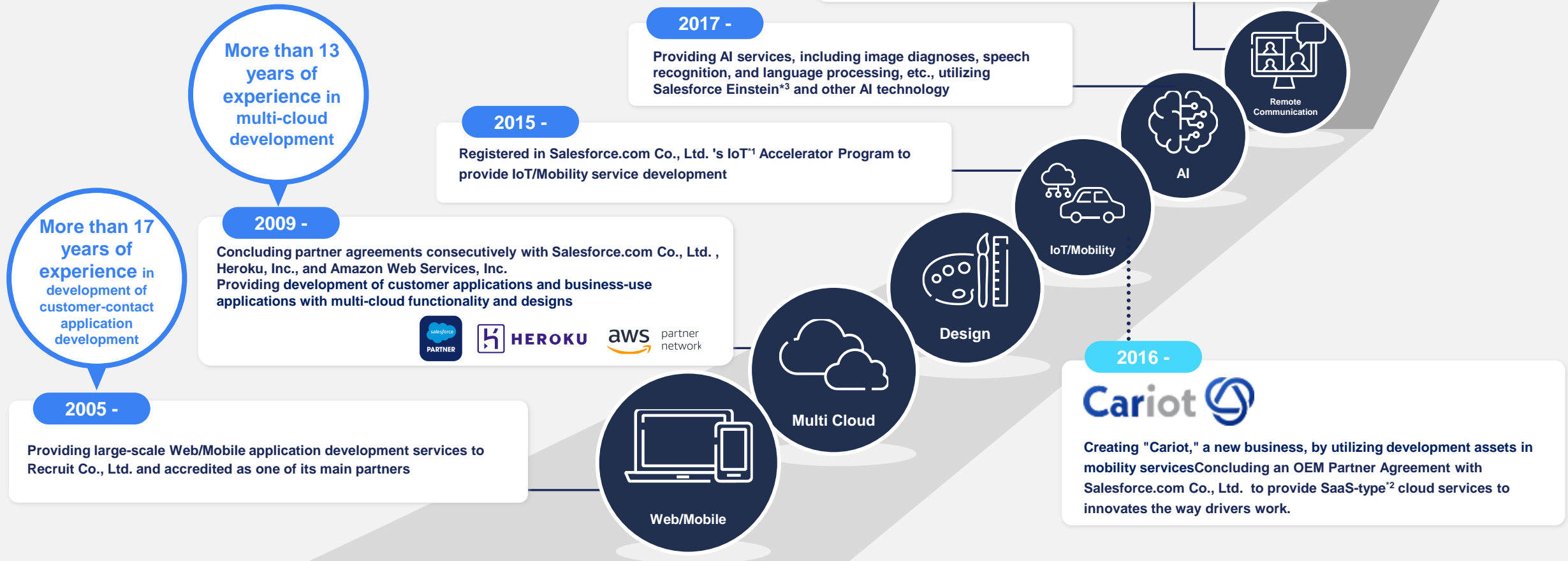
## Cariot

### Cloud service that innovates the way drivers work and connects vehicles and companies

Cariot is a cloud service that provides work efficiency, peace of mind and safety in the field by using real-time information on commercial vehicles used for logistics, door-to-door services, sales, etc., and management operation DX. We support the work style innovation of all people involved with vehicles, centered on drivers and also including managers, staff and customers.



# History of Our Services Incorporating Cutting-edge Technology



\*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

\*5: Salesforce.com Co., Ltd. changes company name to Salesforce Japan Co., Ltd. as of February 2022



## 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

March 2022

### MuleSoft Japan

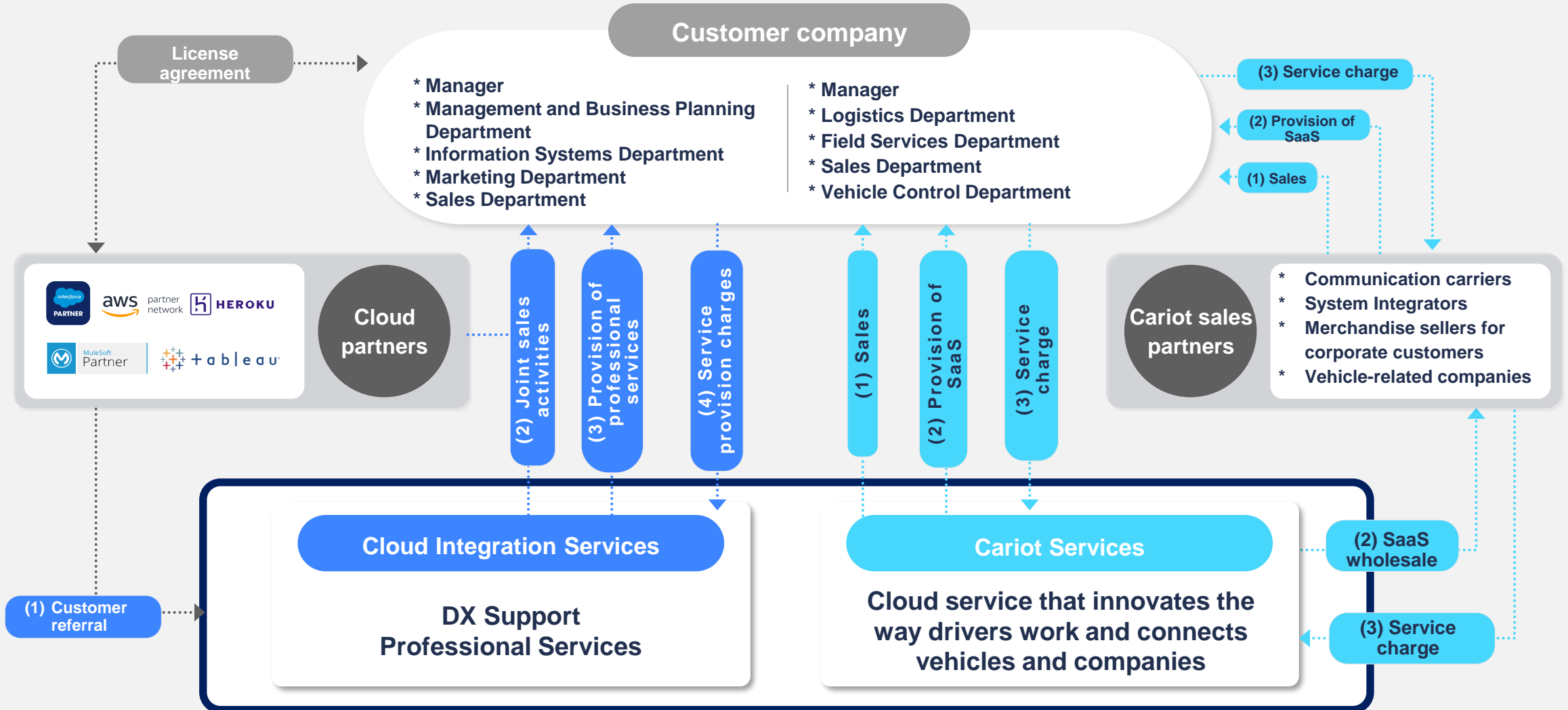
“MuleSoft Japan Partner Enablement Award 2022”

Awarded for our achievements in MuleSoft business



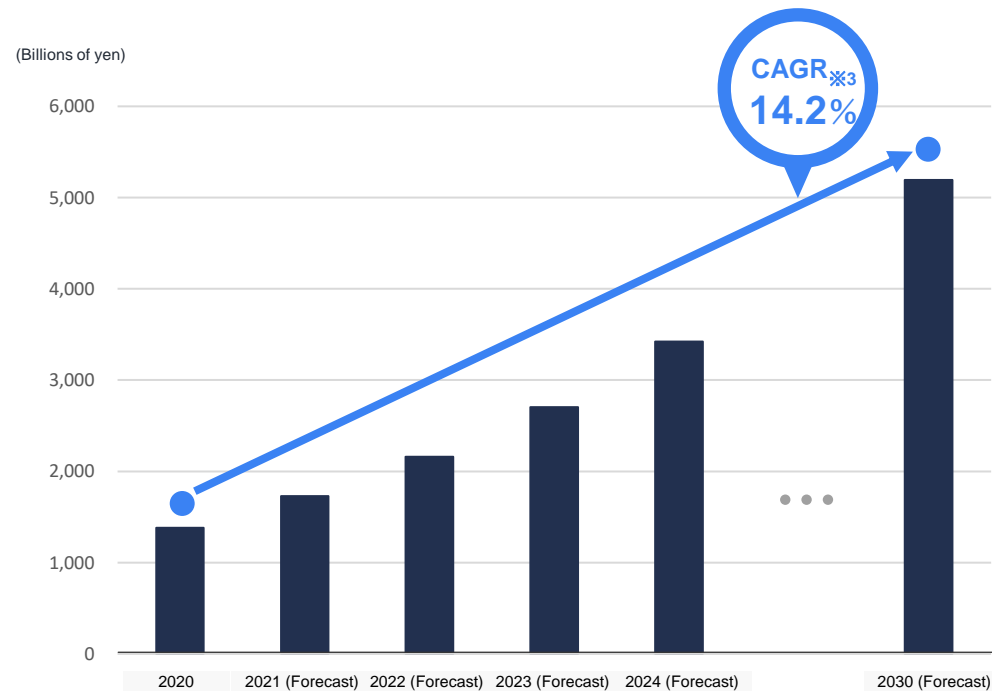
# Service Flow

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.

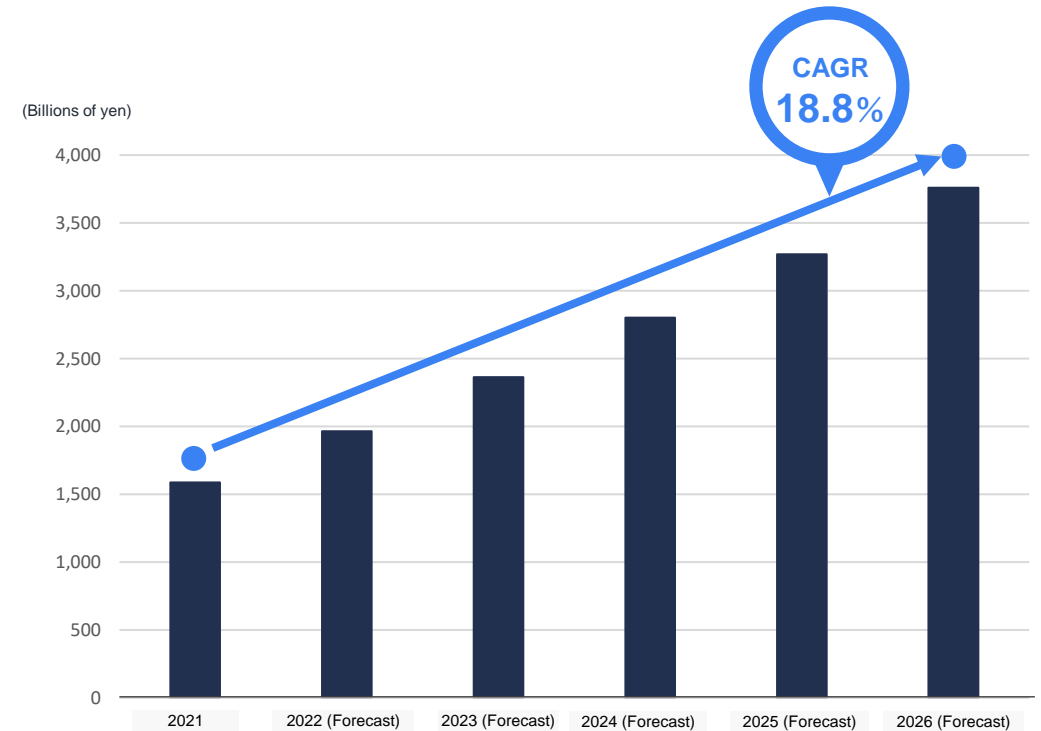


# Both DX and Cloud Markets in Japan Are Steadily Expanding Despite the COVID-19 Pandemic

The domestic DX market is expanding at a CAGR of 14.2% from 2020 to 2030.\*<sub>1</sub>



The domestic public cloud market is expanding at a CAGR of 18.8% from 2021 to 2026.\*<sub>2</sub>



\*1: Quoted from "2022 Future Prospects of the Digital Transformation Market," Fuji Chimera Research Institute, Inc.

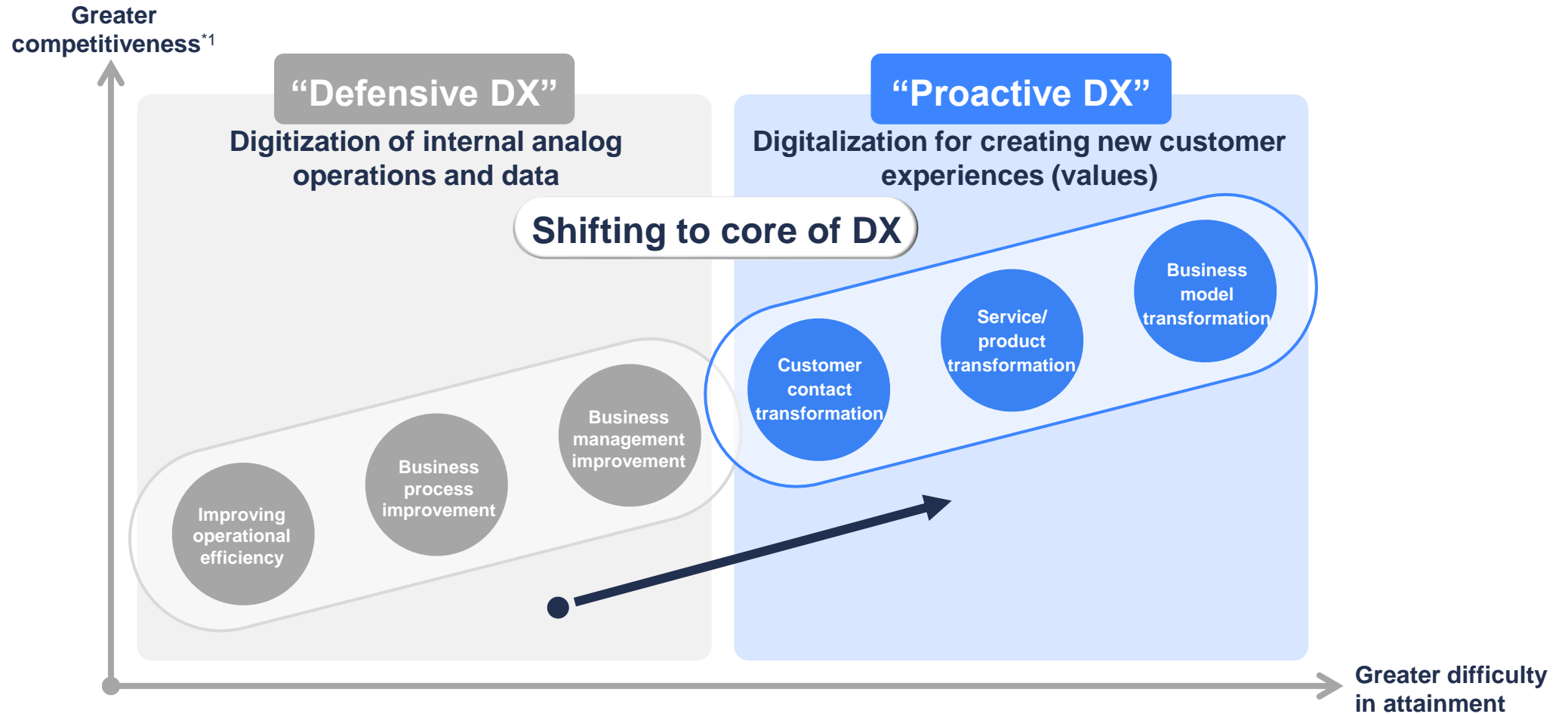
\*2: Quoted from "Sales Prospects in the Domestic Public Cloud Service Market," International Data Corporation Japan (IDC)

\*3: CAGR (Compound Annual Growth Rate) is an annual geometric mean calculated from multiple-year growth rates.



# Core of DX Lies in “Proactive DX” that can Enhance Corporate Competitiveness

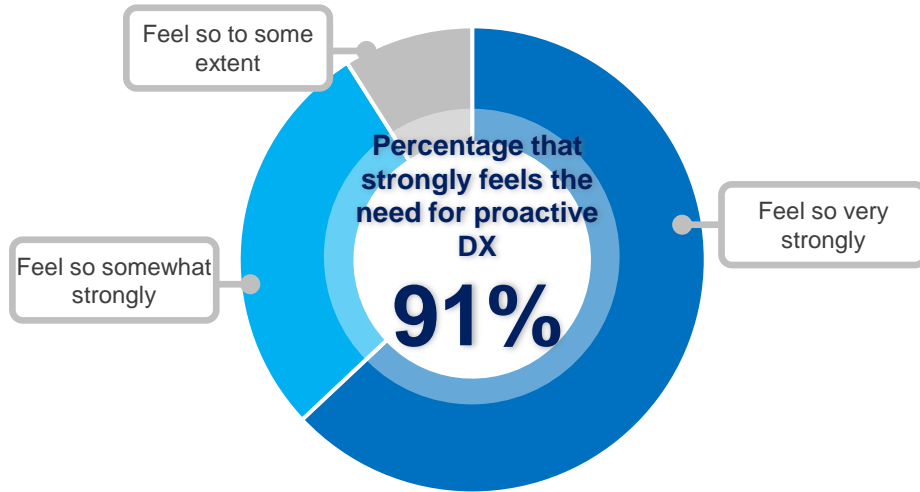
Companies can enhance their competitiveness by shifting from “Defensive DX,” digitizing internal analog operations and data through replacement of paper documents with data in order to cut costs, to “Proactive DX,” creating new customer experiences designed to enhance revenue and customer engagement.



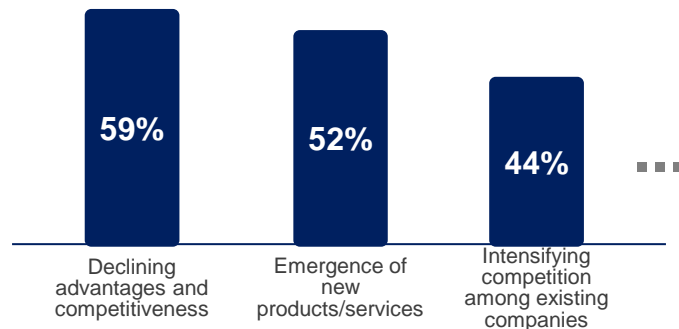
\*1: Compiled proprietarily based on “Survey on Digitization Initiatives in Japanese Companies,” NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.

# Current DX Status in Japan

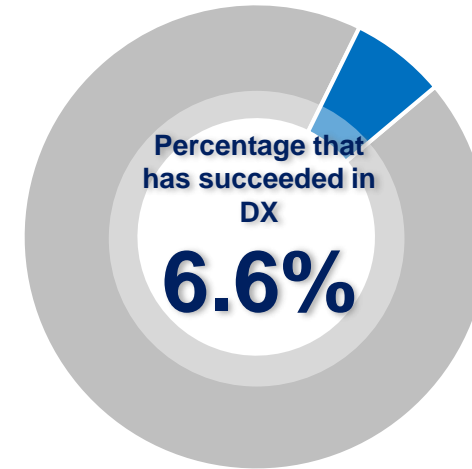
About 90% of the companies have strong needs for “Proactive DX.” This is due to their concerns about the potential decline of their own advantage and competitiveness.\*1



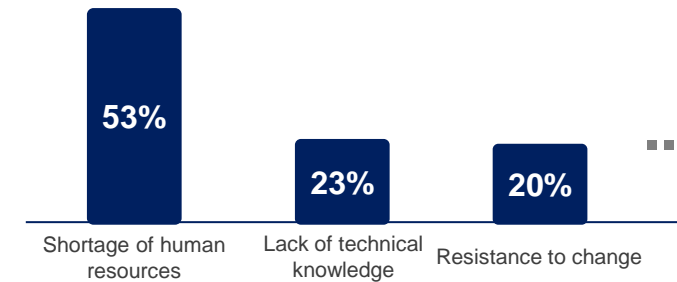
**Challenges associated with concerns about the proliferation of digital technology**



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



**Challenges in promoting DX**



\*1: Compiled proprietarily, based on “A Study on Functions and Roles of Human Resources Promoting Digital Transformation,” (May 17, 2019) Information-technology Promotion Agency, Japan (IPA) (<https://www.ipa.go.jp/files/000073700.pdf>)

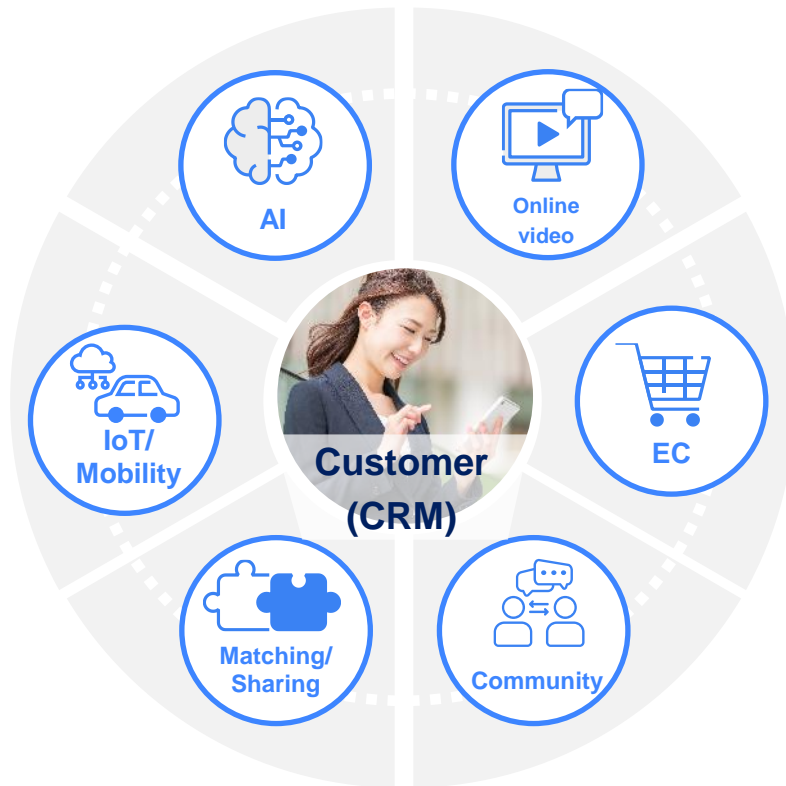
\*2: Compiled proprietarily, based on “The Essential Nature of DX for Japanese Companies (FY2020),” ABeam Consulting Ltd.

\*3: Compiled proprietarily, based on “Information and Communications in Japan: White Paper 2021 (July 30, 2021),” Ministry of Internal Affairs and Communications, Japan

# 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. Our customer base is centering on major companies\*<sub>1</sub> intending to actively promote DX\*<sub>2</sub>.

## DX provision services



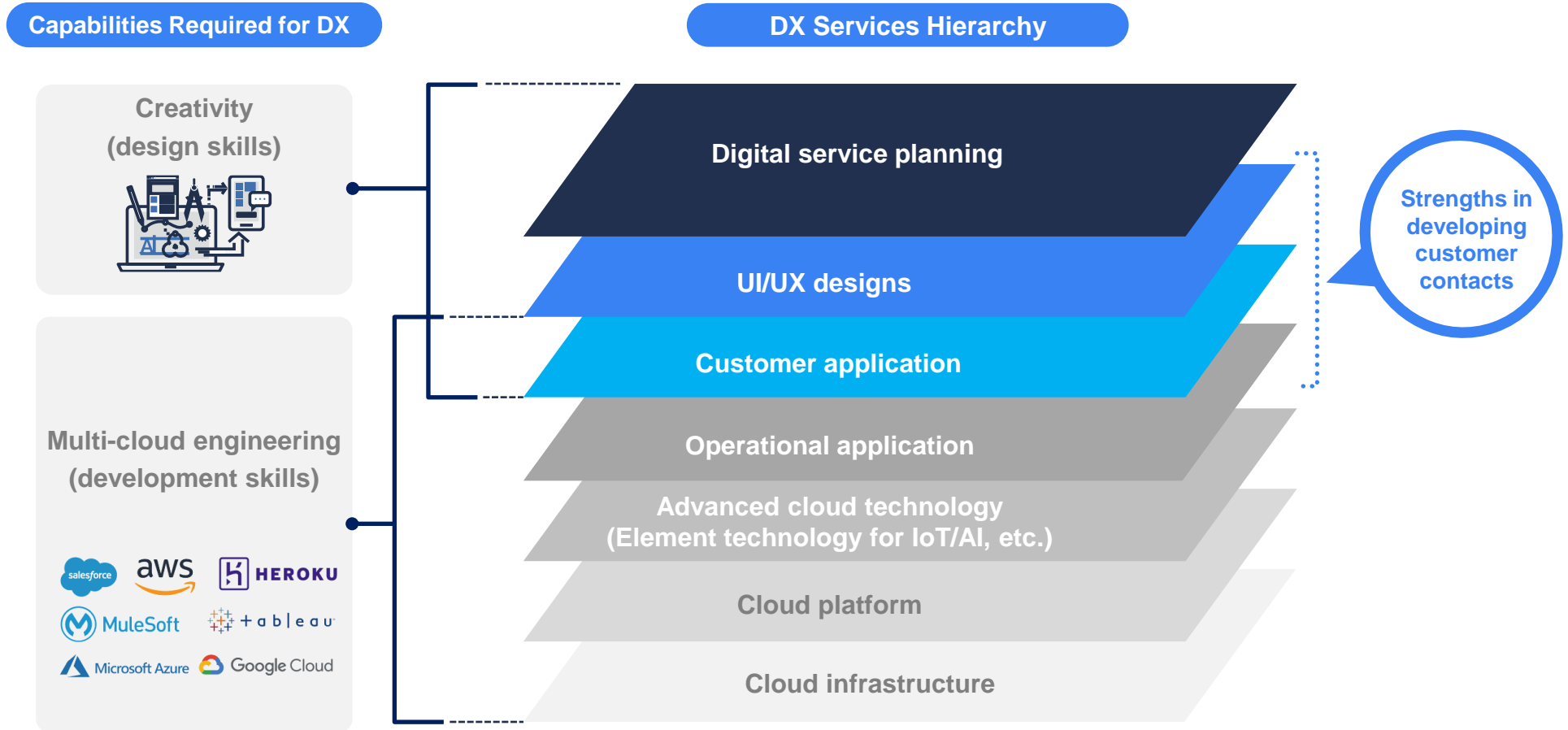
※ Logos are listed in alphabetical order by company size

\*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 95% of the total sales in 3Q fiscal year ending March 2023

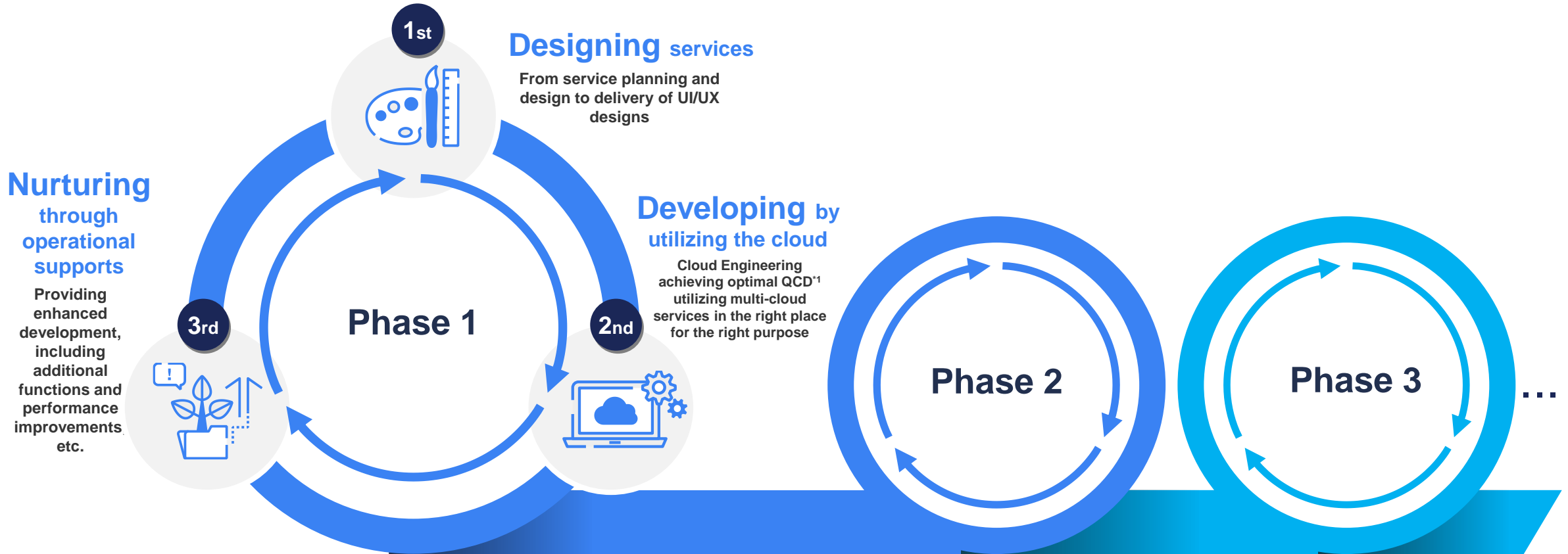
## One-stop Service that Create Digital Services

We take advantage of the “Creativity (design skills)” that can achieve proactive DX and the “multi-cloud engineering” capabilities (development skills), and of the strengths in developing value-creating customer contacts (front end).



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

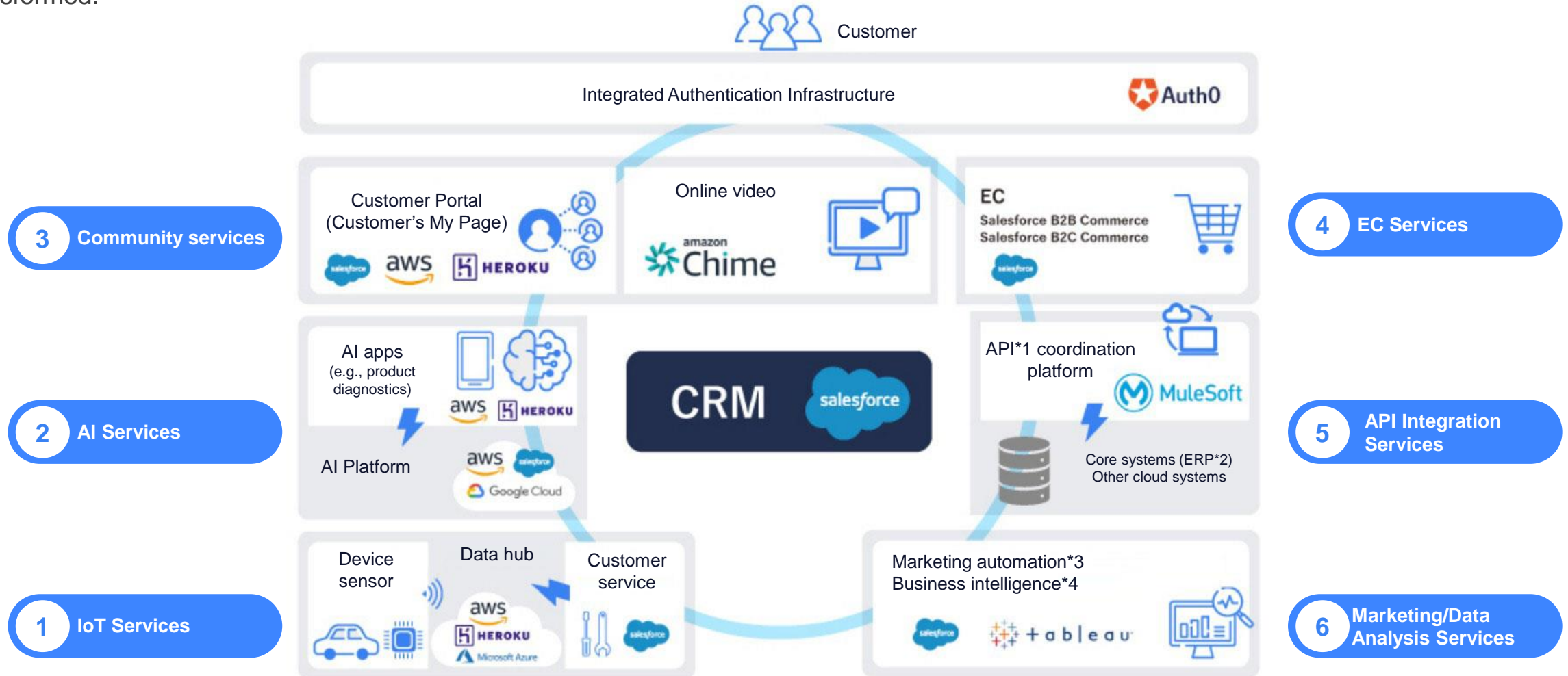
An average period of a single project cycle is about three months. A project does not end with the initial construction but supports DX service growth by repeating the delivery cycles.



\*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.



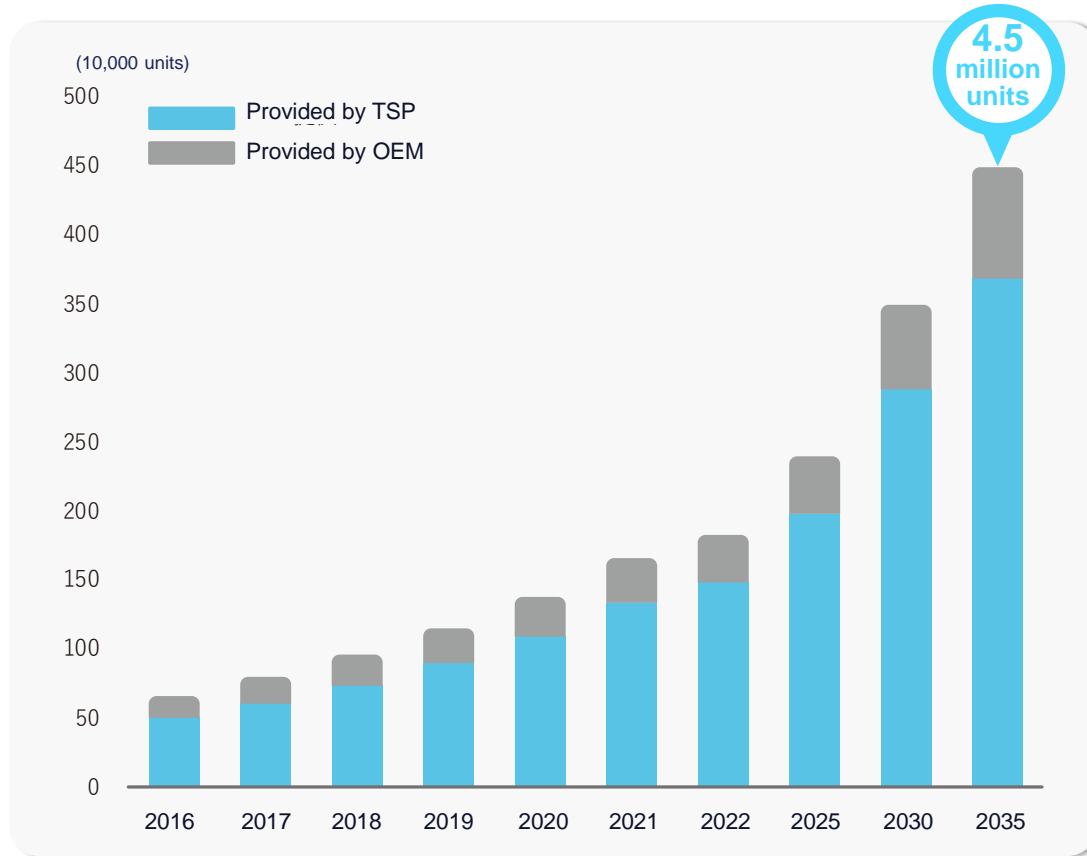
\*1: Application Programming Interface: Interface specification used for multiple software products to exchange information with each other  
 \*2: Enterprise Resource Planning: An integrated core operational system  
 \*3 Marketing Automation: A tool to automate marketing activities  
 \*4 Business 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



**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**

\*1: Propriarily compiled, based on "Current State of Connected Car-related Markets and Telematics Strategies in 2019," Fuji Keizai Co., Ltd. TSP (Telematics Service Provider) represents third parties; OEM (Original Equipment Manufacturer) represents auto manufacturers.

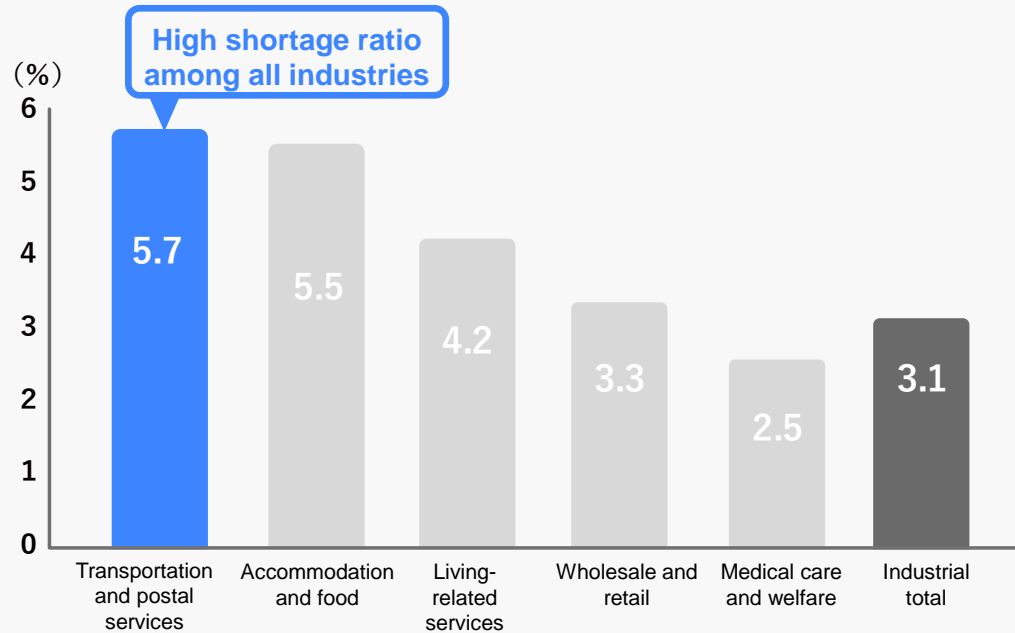
\*2: TAM: Total Addressable Market indicates the largest market opportunity that can be obtained. The monetary values are propiarily calculated provisionally by our monthly average service unit price x 12 months x number of vehicles.

The numbers of vehicles are calculated by subtracting the number of privately leased vehicles from the number of freight vehicles (as at the end of October 2019) in the "Number of Vehicles Owned" issued by the Automobile Inspection & Registration Information Association of Japan and the number of passenger vehicles in the "Annual Changes in the Number of Vehicles Leased by Model in Japan and Year-on-Year Changes" issued by the Japan Automotive Leasing Association.

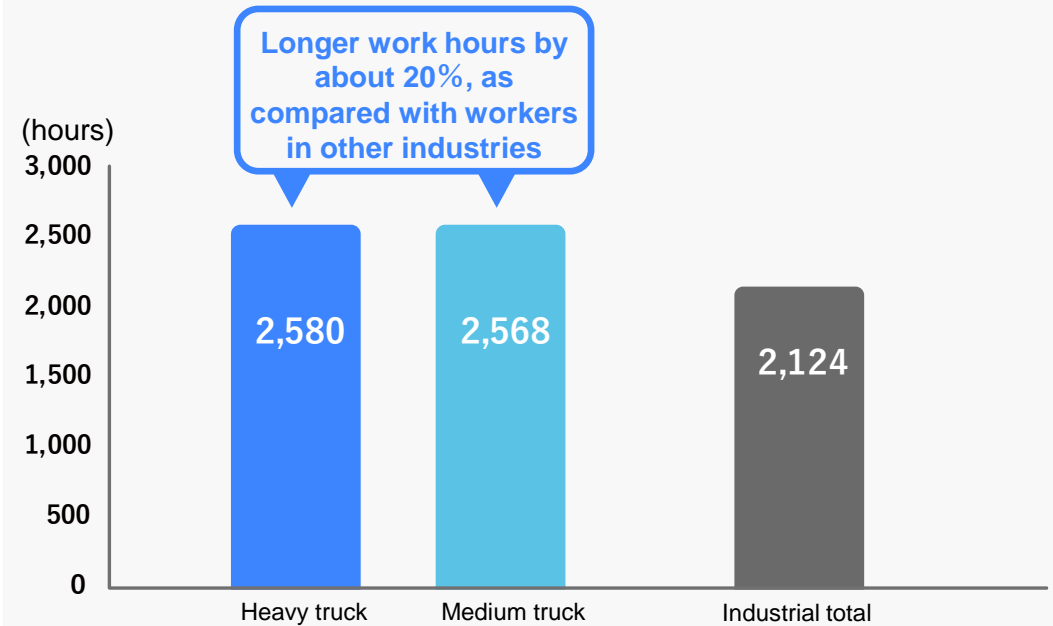
## Problems in the Mobility Industry

The critical situation in logistics 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



Comparison of average work hours between truck drivers and other workers in all industries\*1



\*1: Compiled proprietarily, based on the “Portal Site for Improvement of Long Working Hours for Truck Drivers” of the Ministry of Health, Labour and Welfare.

## Cloud service that innovates the way drivers work and connects vehicles and companies

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.



### 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

**Financial results for the 3rd quarter  
of the fiscal year ending March 2023**

# (3rd quarter, fiscal year ending March 2023) Financial results summary

## 1 Recorded our highest ever quarterly and 1Q-3Q sales

Net income decreased year-on-year due to the recording of the loss on the new project

Cumulative 3Q

Sales **3,778** million yen +49.2% (YoY)

Net income **101** million yen -45.9% (YoY)

## 2 ARPA increased due to focusing on transactions with existing major customers

Major companies Number of quarterly contract customers **34** companies -3 companies (QoQ)

Major companies Quarterly average revenue per account (ARPA) **35.5** million yen +5.3 million yen (QoQ)

## 3 The number of engineers and other employees achieved the initial target

In the sellers' market for human resources, we have successfully hired employees that exceeded the plan. We expect to have 190 employees as of the end of March 2023

As of the end of December 2022

Number of engineers and other employees\*<sub>1</sub> **174** people +62 people (YoY)

+14 people (Compared to September 2022)

## 4 We have revised the results forecast based on the current performance trends

Although we revised sales upward, we have revised net income downward due to the impact of the project loss

FY2022 forecast

Sales **5,218** million yen +43.3% (YoY)

Net income **161** million yen -39.2% (YoY)

\* FY2022 : fiscal year ending March 2023

## (3rd quarter, fiscal year ending March 2023) Topics

We announced the development examples and sustainability initiatives at JGC Corporation.

### Announcement of development examples at JGC Corporation

We used the Salesforce platform to support the development of “Corret,” an integrated communications platform of JGC Corporation. This will enable the efficient management of communications with a large number of stakeholders over a long period of time in plant construction and ensure smooth project implementation.

We will continue to support the development for continued growth of Corret.

**JGC** 日揮グローバル株式会社



\*See here for an interview of JGC Corporation <https://www.flect.co.jp/showcase/jgc/>

### Announcement of sustainability initiatives

We have opened a new page entitled “Sustainability” on our company website to promote initiatives for SDGs.

We will develop our businesses to achieve both a sustainable society and medium- to long-term enhancement of corporate value. We will also strengthen our sustainability initiatives by disclosing information and expanding our systems.

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

\*See here for the Sustainability page <https://www.flect.co.jp/company/sustainability/>



## (3rd quarter, fiscal year ending March 2023) Results Highlights

Against the backdrop of vigorous demand for DX support, sales reached a record quarterly high of 1,348 million yen (up 47.3% year-on-year). On the other hand, while the temporary cost increases that occurred in 1Q were resolved, new projects that require additional development resources have started. Due to the recording of the project loss of 91 million yen, the gross margin for the 3Q accounting period was 38.4% (down 4.5 points year-on-year) and operating income was 96 million yen (up 1.2% year-on-year). Of the project loss of 91 million yen, a loss expected in the future of 28 million yen has been recorded as a reserve for loss on orders, and the profit margin is expected to improve from the fourth quarter.

(Million yen)

|                         | FY2021<br>3Q<br>(Oct.-Dec.) | FY2022<br>3Q<br>(Oct.-Dec.) | YoY              |                |
|-------------------------|-----------------------------|-----------------------------|------------------|----------------|
|                         |                             |                             | Change in amount | Rate of change |
| <b>Sales</b>            | <b>915</b>                  | <b>1,348</b>                | <b>+433</b>      | <b>+47.3%</b>  |
| <b>Gross profit</b>     | <b>393</b>                  | <b>518</b>                  | <b>+125</b>      | <b>+31.8%</b>  |
| (%)                     | 43.0%                       | 38.4%                       | -4.5pt           |                |
| <b>Operating income</b> | <b>94</b>                   | <b>96</b>                   | <b>+1</b>        | <b>+1.2%</b>   |
| (%)                     | 10.4%                       | 7.1%                        | -3.2pt           |                |
| <b>Net income</b>       | <b>72</b>                   | <b>68</b>                   | <b>-3</b>        | <b>-5.2%</b>   |
| (%)                     | 7.9%                        | 5.1%                        | -2.8pt           |                |

Project loss  
-91 million  
yen

## (Cumulative 3rd quarter, fiscal year ending March 2023) Results Highlights

Sales for cumulative 3Q were a record high of 3,778 million yen (up 49.2% year-on-year).

On the other hand, due to the impact of the project loss recorded in the 3Q accounting period, the gross margin for the first nine months was 38.1% (down 5.3 points year-on-year), and the operating income was 142 million yen (down 39.0% year-on-year), both of which were lower than the plan. Accordingly, we revised the full-year forecast. (The details of the revision are described below)

(Million yen)

|                         | FY2021<br>1Q-3Q<br>(Apr.-Dec.) | FY2022<br>1Q-3Q<br>(Apr.-Dec.) | YoY                 |                | FY2022<br>(fiscal year<br>ending March<br>2023)<br>forecast<br>(Previous<br>forecast) | Forecast-actual<br>progress rate |
|-------------------------|--------------------------------|--------------------------------|---------------------|----------------|---|----------------------------------|
|                         |                                |                                | Change in<br>amount | Rate of change |   |                                  |
| <b>Sales</b>            | <b>2,532</b>                   | <b>3,778</b>                   | <b>+1,246</b>       | <b>+49.2%</b>  | <b>4,772</b>  | <b>79.2%</b>                     |
| <b>Gross profit</b>     | <b>1,100</b>                   | <b>1,440</b>                   | <b>+339</b>         | <b>+30.9%</b>  | <b>2,148</b>  | <b>67.0%</b>                     |
| (%)                     | 43.5%                          | 38.1%                          | -5.3pt              |                | 45.0%   |                                  |
| <b>Operating income</b> | <b>234</b>                     | <b>142</b>                     | <b>-91</b>          | <b>-39.0%</b>  | <b>386</b>  | <b>37.0%</b>                     |
| (%)                     | 9.2%                           | 3.8%                           | -5.5pt              |                | 8.1%  |                                  |
| <b>Net income</b>       | <b>186</b>                     | <b>101</b>                     | <b>-85</b>          | <b>-45.9%</b>  | <b>275</b>  | <b>36.8%</b>                     |
| (%)                     | 7.4%                           | 2.7%                           | -4.7pt              |                | 5.8%  |                                  |

## (Full year, fiscal year ending March 2023) Revision of the Earnings Forecasts

Sales are expected to exceed the previous forecast and have been revised upward to 5,218 million yen (up 9.3% from the previous forecast). Profit at each level is expected to fall below the previous forecast due to the cost increases associated with the input of additional resources. So we have revised downward the gross margin to 38.1% (down 6.9 points from the previous forecast) and operating income to 201 million yen (down 48.0% from the previous forecast).

(Million yen)

|                         | FY2022<br>(fiscal year<br>ending March<br>2023) forecast<br><br>(Previous<br>forecast) | FY2022<br>(fiscal year<br>ending March<br>2023) forecast<br><br>(Revised<br>forecast) | Compared with previous forecast |                | (YoY)             | Forecast-actual<br>rate of progress<br>revised forecast |
|-------------------------|--|---|---------------------------------|----------------|-------------------|---|
|                         |  |   | Change in<br>amount             | Rate of change | Rate of<br>change |   |
| <b>Sales</b>            | <b>4,772</b>   | <b>5,218</b>  | <b>445</b>                      | <b>+9.3%</b>   | <b>+43.3%</b>     | <b>72.4%</b>  |
| <b>Gross profit</b>     | <b>2,148</b>   | <b>1,988</b>  | <b>-160</b>                     | <b>-7.4%</b>   | <b>+23.6%</b>     | <b>72.4%</b>  |
| (%)                     | 45.0%  | 38.1%   | -6.9pt                          |                |                   |   |
| <b>Operating income</b> | <b>386</b>   | <b>201</b>  | <b>-185</b>                     | <b>-48.0%</b>  | <b>-21.5%</b>     | <b>71.1%</b>  |
| (%)                     | 8.1%   | 3.9%  | -4.2pt                          |                |                   |   |
| <b>Net income</b>       | <b>275</b>   | <b>161</b>  | <b>-113</b>                     | <b>-41.1%</b>  | <b>-39.2%</b>     | <b>62.5%</b>  |
| (%)                     | 5.8%   | 3.1%  | -2.7pt                          |                |                   |   |

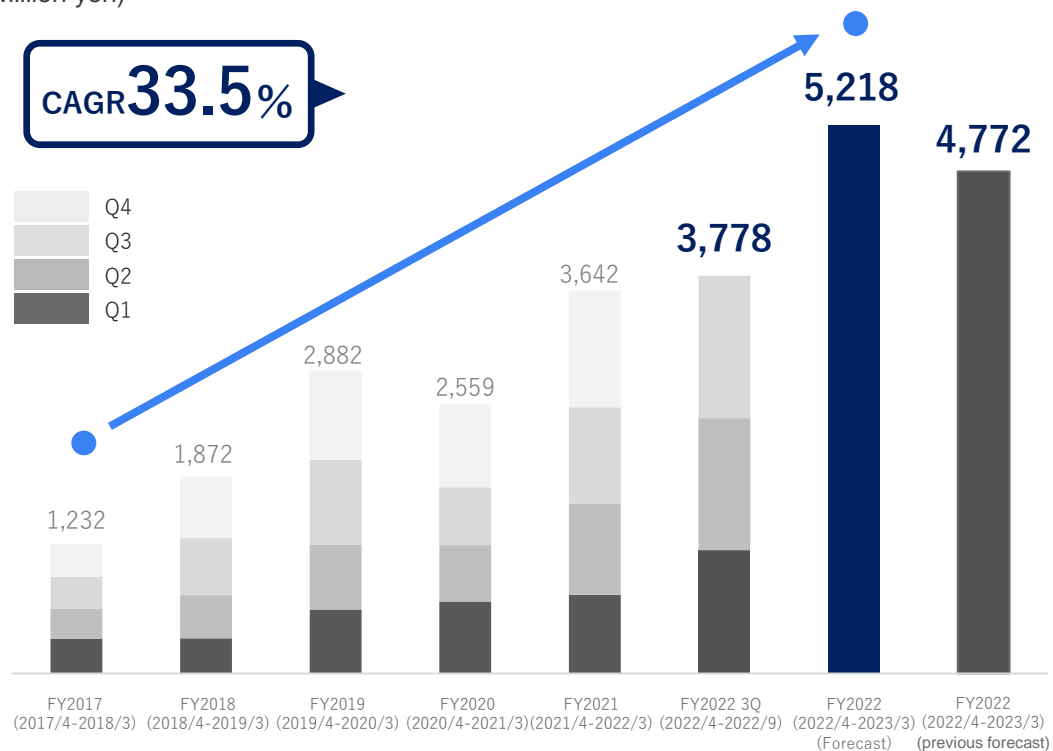
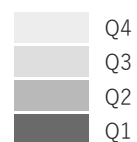
## Trend in Results

Due to the impact of COVID-19, results declined temporarily in FY2020, but results recovered in FY2021 and we expect the further expansion of sales in FY2022. As a result, we are planning on a CAGR for sales of 33.5%\*<sub>1</sub>.

### Sales

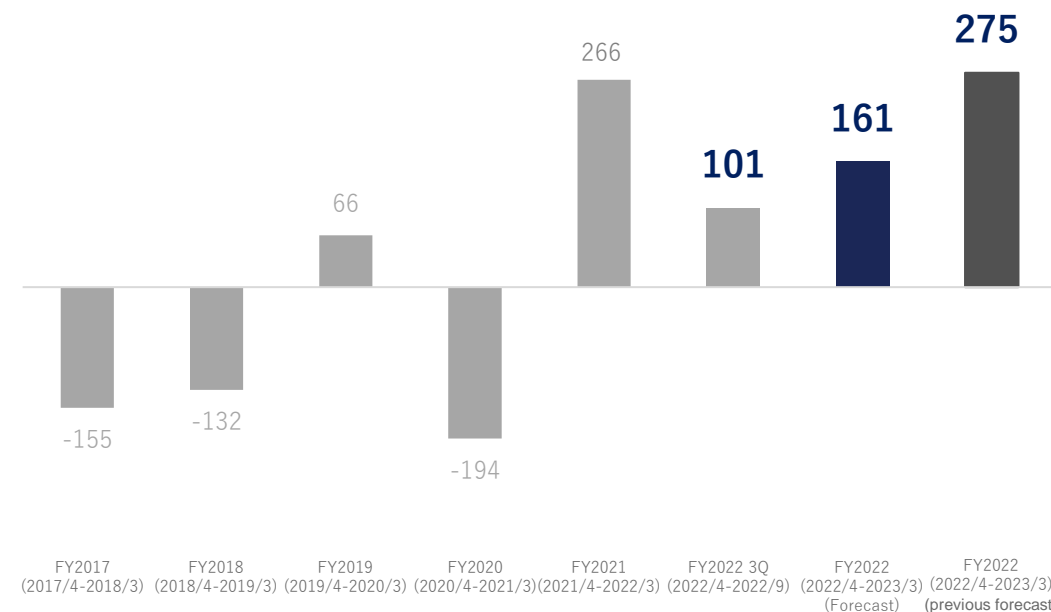
(Million yen)

CAGR **33.5%**



### Net income

(Million yen)



\*1 CAGR is the average annual growth rate from FY2017 to FY2022 (Forecast)

## (3rd quarter, fiscal year ending March 2023) Balance Sheet

The main changes were current liabilities decreasing by 67 million yen and Fixed liabilities decreasing by 35 million yen. Equity ratio of 52.0% is a sound financial foundation.

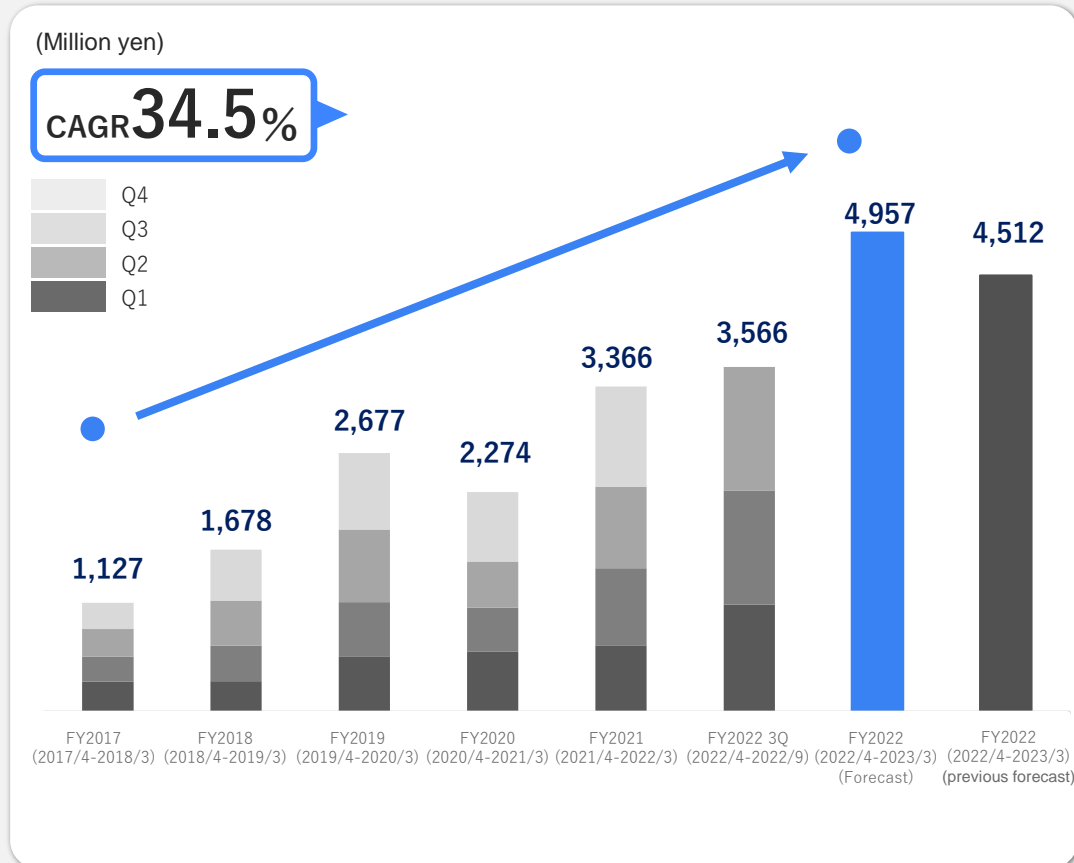
(Million yen)

|                              | FY2021<br>(March 31, 2022) | FY2022<br>(December 31, 2022) | Change in amount |
|------------------------------|----------------------------|-------------------------------|------------------|
| <b>Total assets</b>          | <b>2,692</b>               | <b>2,703</b>                  | <b>+11</b>       |
| Current assets               | 2,425                      | 2,412                         | △12              |
| Fixed assets                 | 267                        | 290                           | +23              |
| <b>Total liabilities</b>     | <b>1,400</b>               | <b>1,298</b>                  | <b>△102</b>      |
| Current liabilities          | 766                        | 699                           | △67              |
| Fixed liabilities            | 633                        | 598                           | △35              |
| <b>Net assets</b>            | <b>1,291</b>               | <b>1,405</b>                  | <b>+113</b>      |
| <b>Total assets</b>          | <b>2,692</b>               | <b>2,703</b>                  | <b>+11</b>       |
| Cash and deposits            | 1,639                      | 1,265                         | △373             |
| Interest-bearing liabilities | 691                        | 640                           | △50              |
| Equity ratio                 | 48.0%                      | 52.0%                         | +4.0pt           |

## Trend in Results

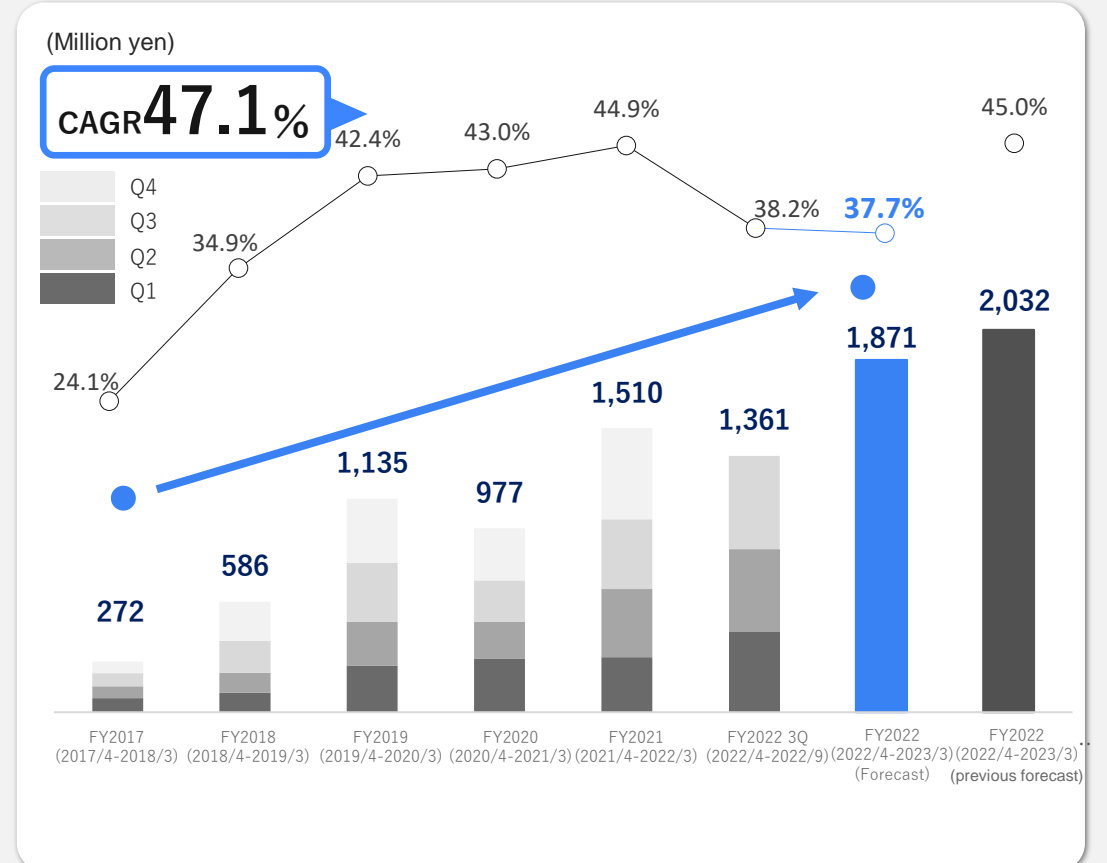
### Sales

Continuing from 2Q, we also achieved record quarterly sales in 3Q of the term ending March 2023. We expect record sales for the full term with a CAGR of 34.5%\*1.



### Gross profit (Gross margin)

Although the temporary cost increases that occurred in 1Q of the term ending March 2023 were resolved, the profit margin declined due to the recording of project loss in 3Q. We plan to improve the profit margin in 4Q and thereafter with a CAGR of 47.1%\*1.



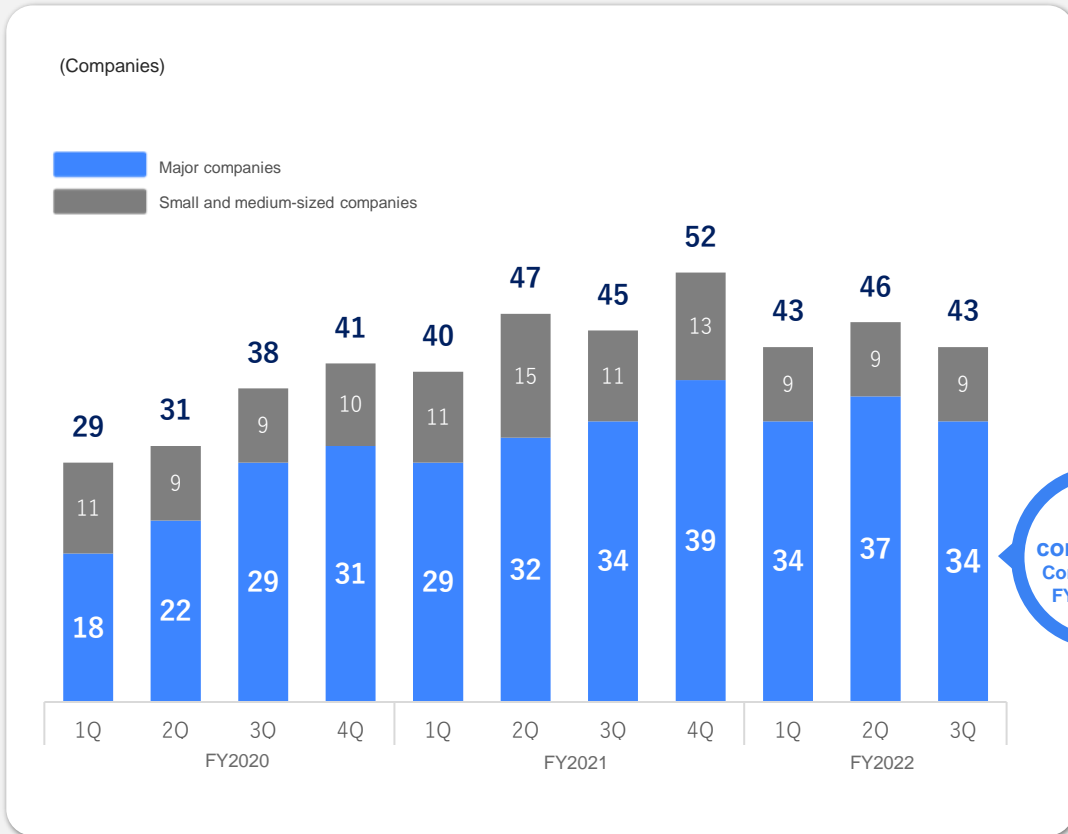
\*1 CAGR is the average annual growth rate from FY2017 to FY2022 (Forecast)



## KPI Trends (Quarterly Basis)

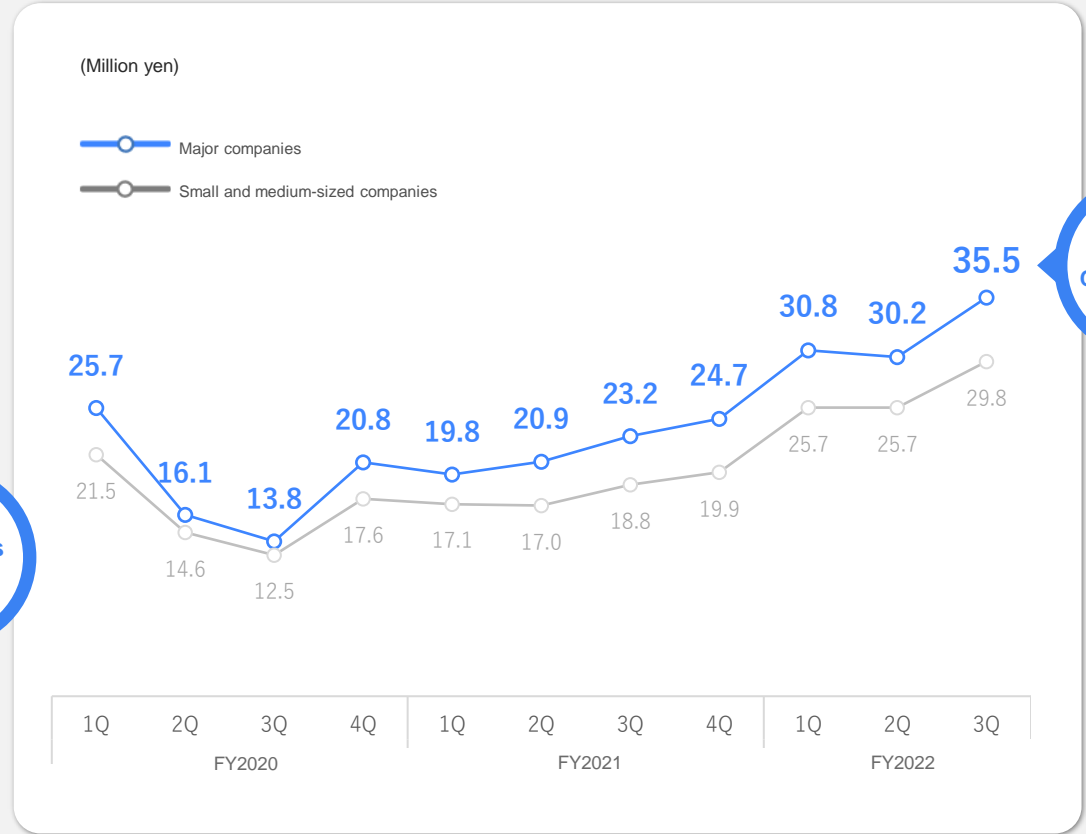
### Number of quarterly contract customers\*1

As a result of focusing resources on customers with whom transactions are expected to expand, the number of major company quarterly contract customers decreased by 3 in 3Q of the term ending March 2023 to 34 companies compared with 2Q of the term ending March 2023.



### Quarterly average revenue per account (ARPA)\*2

As a result of expanding transactions with existing major customers, ARPA for major companies in 3Q trended at 35.5 million yen, a significant increase of 5.3 million yen compared with 2Q of the term ending March 2023.



\*1 Number of contract customers during the quarterly accounting period excluding resale matters. A resale matter is a resale of a license purchased by the company to a customer, and those customers are excluded because the amount is small at the company.

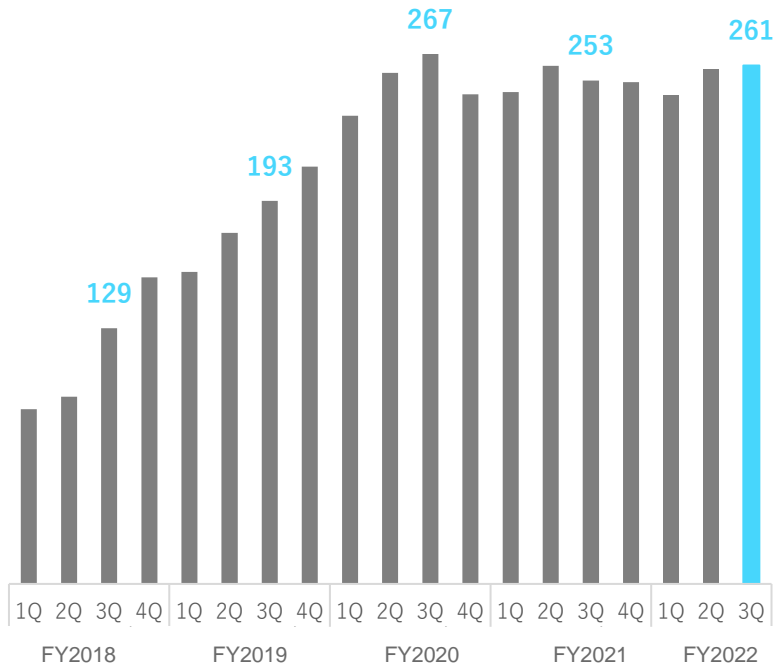
\*2 This is an acronym of average revenue per account (average sales per customer) and is average quarterly sales per customer excluding resale matters. Calculated by quarterly sales excluding resale matters / number of quarterly contract customers

## KPI Trends

As a result of focusing on targeted areas where we can take advantage of our competitive superiority, we obtained a large number of new customers, with the number of contracts increasing to a record high of 250 in 3Q of the term ending March 2023. ARR in 3Q of the term ending March 2023 increased 2 million yen compared to the previous quarter to 261 million yen.

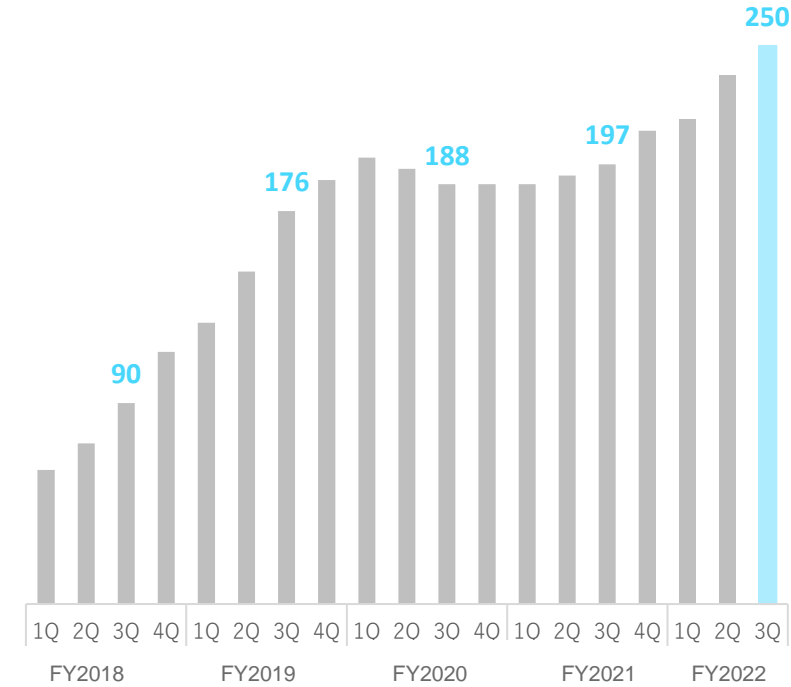
ARR\*1

(Companies)



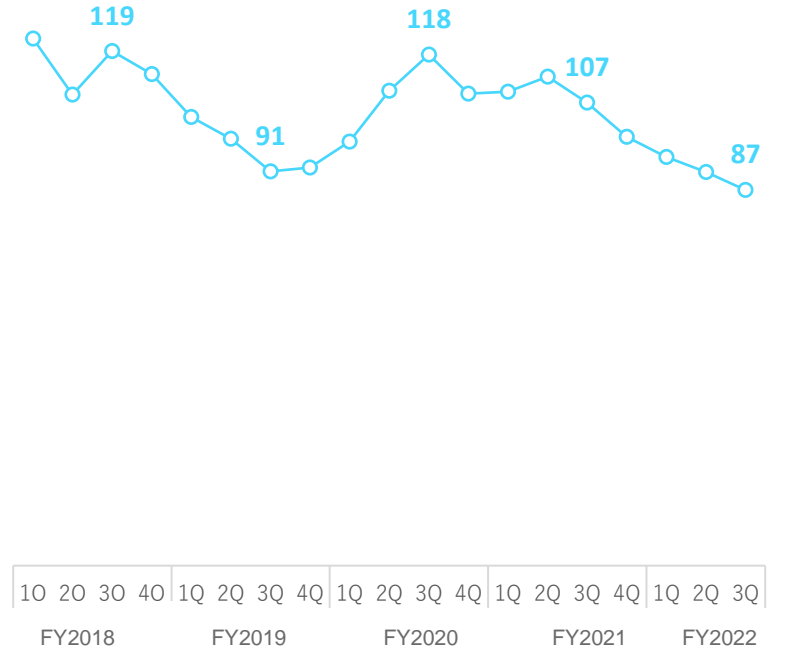
Number of contracts\*2

(Contracts)



ARPA\*3

(Thousand yen)



\*1 Abbreviation of annual recurring revenue. Annual recurring revenue calculated by multiplying MRR (abbreviation of monthly recurring revenue) at the end of the month by 12

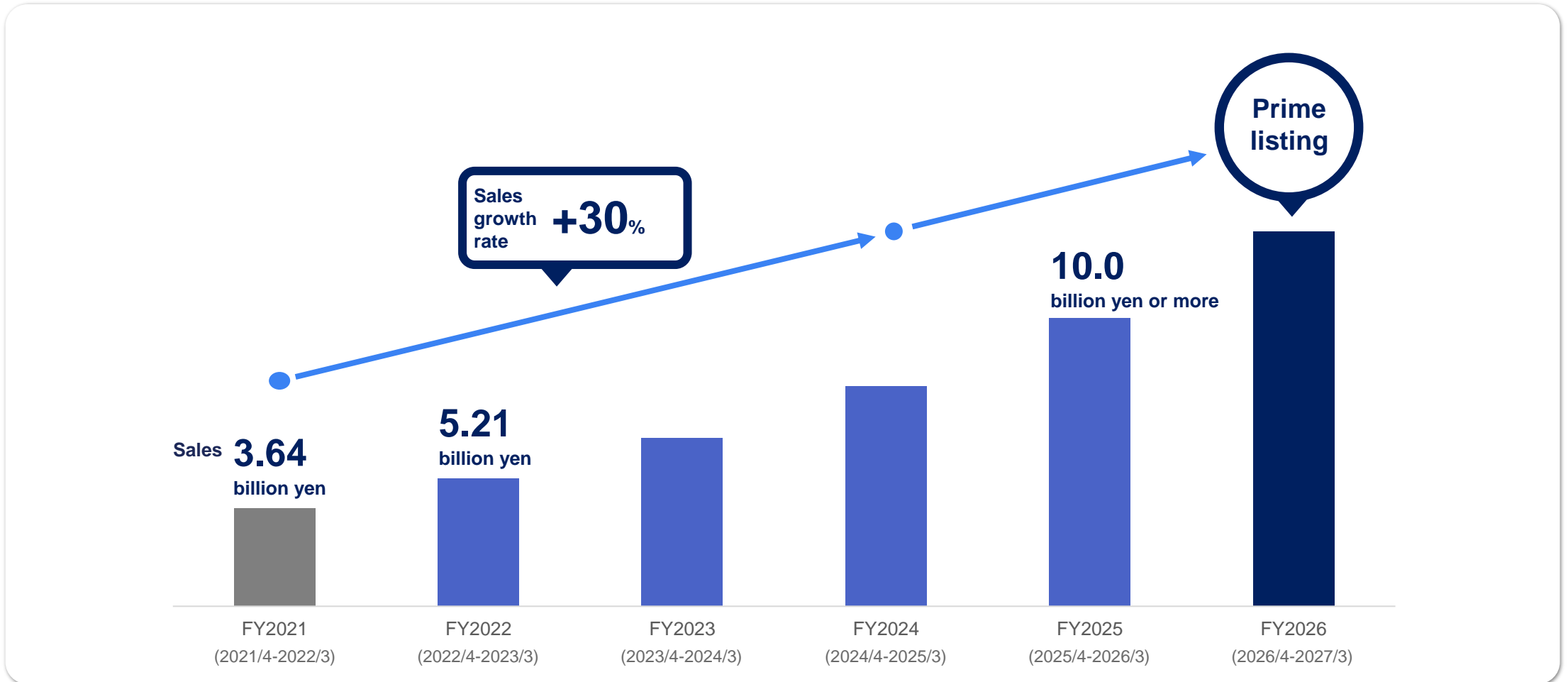
\*2 Number of contracts per month at end of quarter

\*3 Abbreviation of average revenue per account. Average MRR per contract

# Growth Strategy

## Medium to long-term growth plan aimed at Prime market listing

By promoting the growth strategies of “multi-cloud strengthening and development,” “investment in human resources (education and recruitment),” “investment in R&D” and “investment in Cariot,” we will continue 30% year-on-year growth in net sales over the next three years, centered on Cloud Integration Services, and will aim to achieve net sales of at least 10 billion yen in FY2025 and a listing on the Tokyo Stock Exchange Prime market in FY2026.



## 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)



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.”



IoT/Mobility



AI Services



Matching and other new services



### Increasing ARPA (Existing customer cross-selling phase)

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.



Community services



EC Services

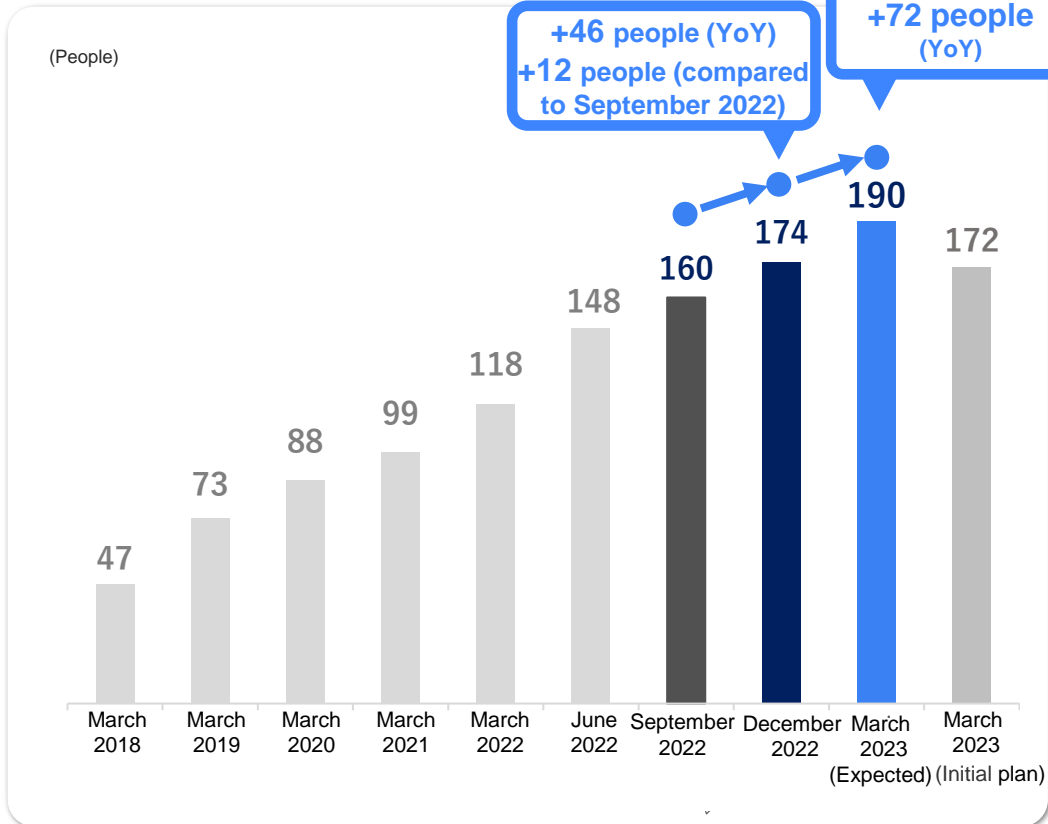


MA/BI Services

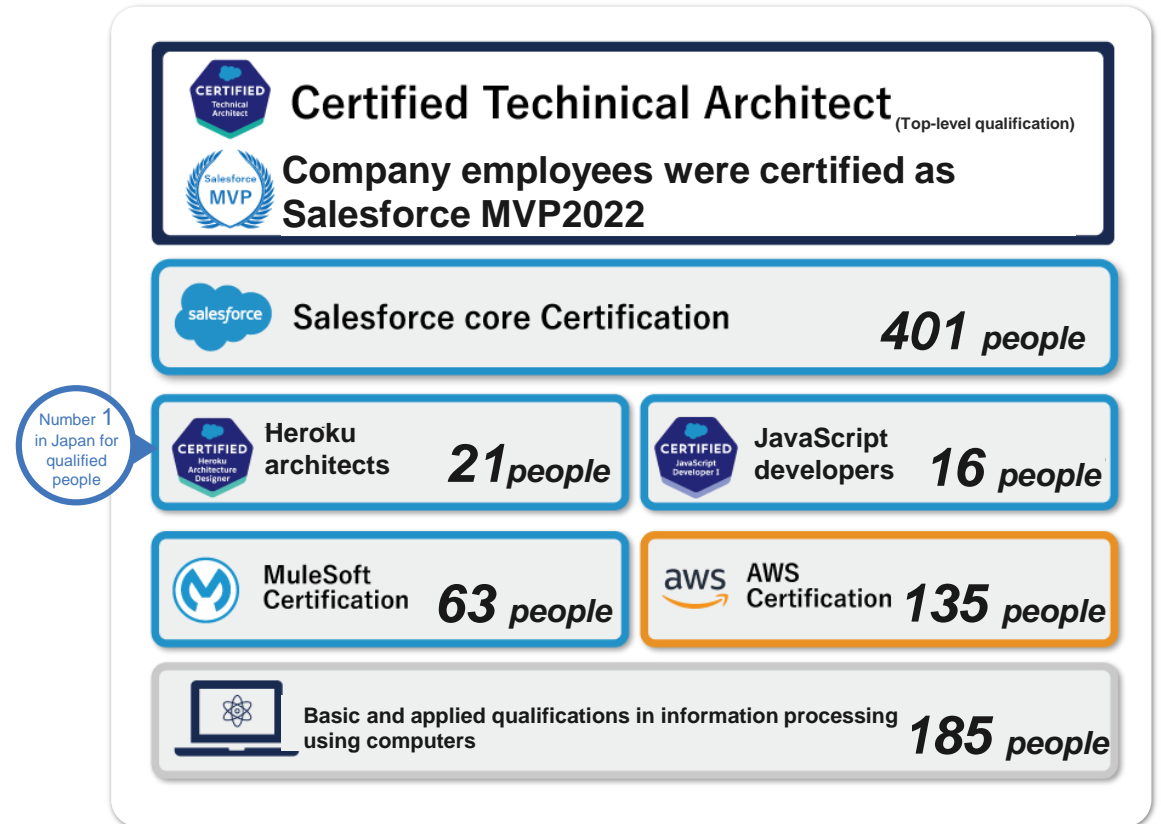
## Organizational expansion centered on cloud engineers and other professional employees

The number of cloud engineers and other employees increased by 62 year-on-year, and by 14 compared with the end of September 2022 to 174 people as of the end of December 2022, having achieved the initial plan of 172. The number of employees is expected to reach 190 for the term ending March 2023, and we will continue to focus on recruitment activities towards the augmentation of the initial plan.

### Trend in the number of engineers and other employees\*1



### Promotion of the acquisition of multi-cloud qualifications\*2



\*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 September 2022



# 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.

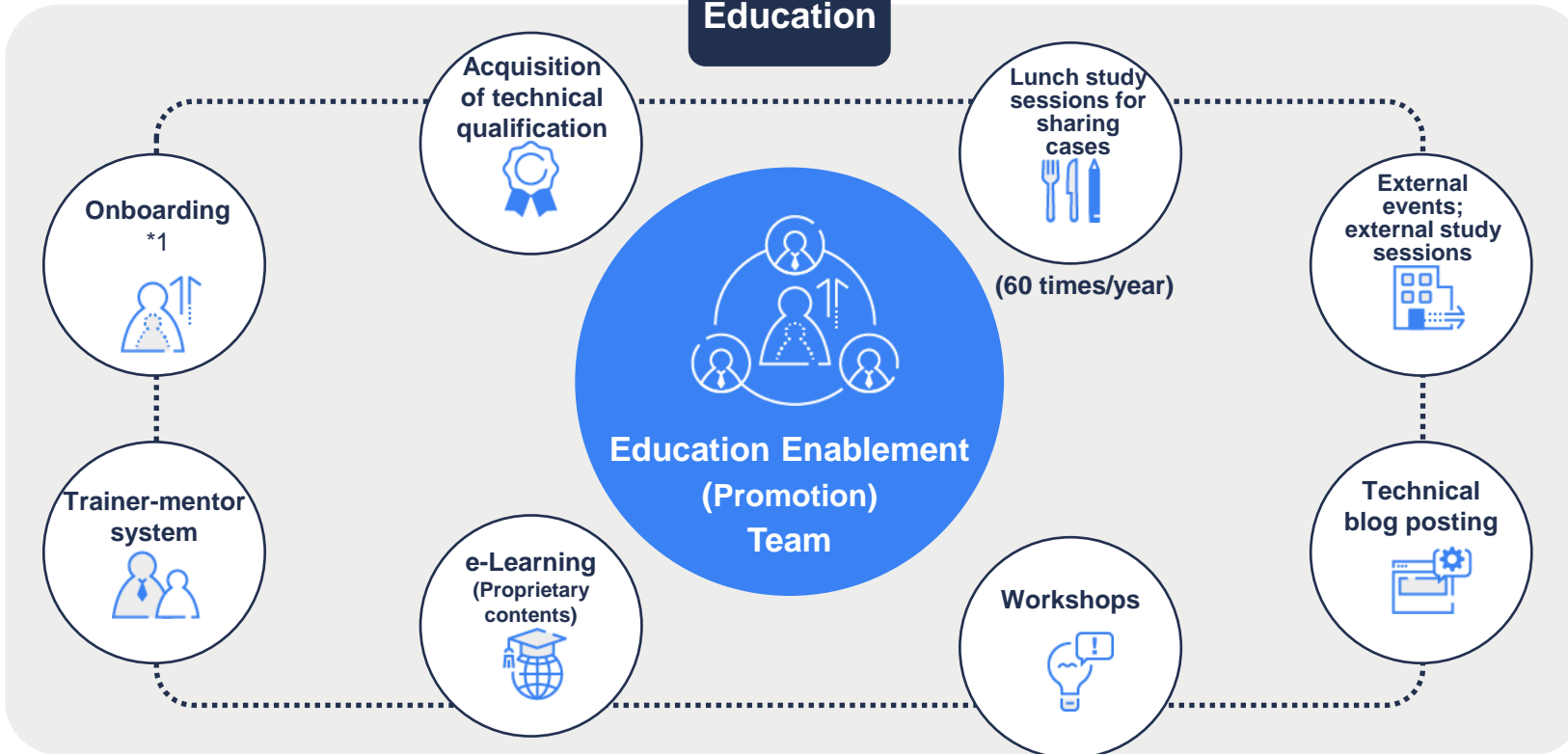
One month from joining the company to project assignment

## Joining

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



## Education



## Actual work

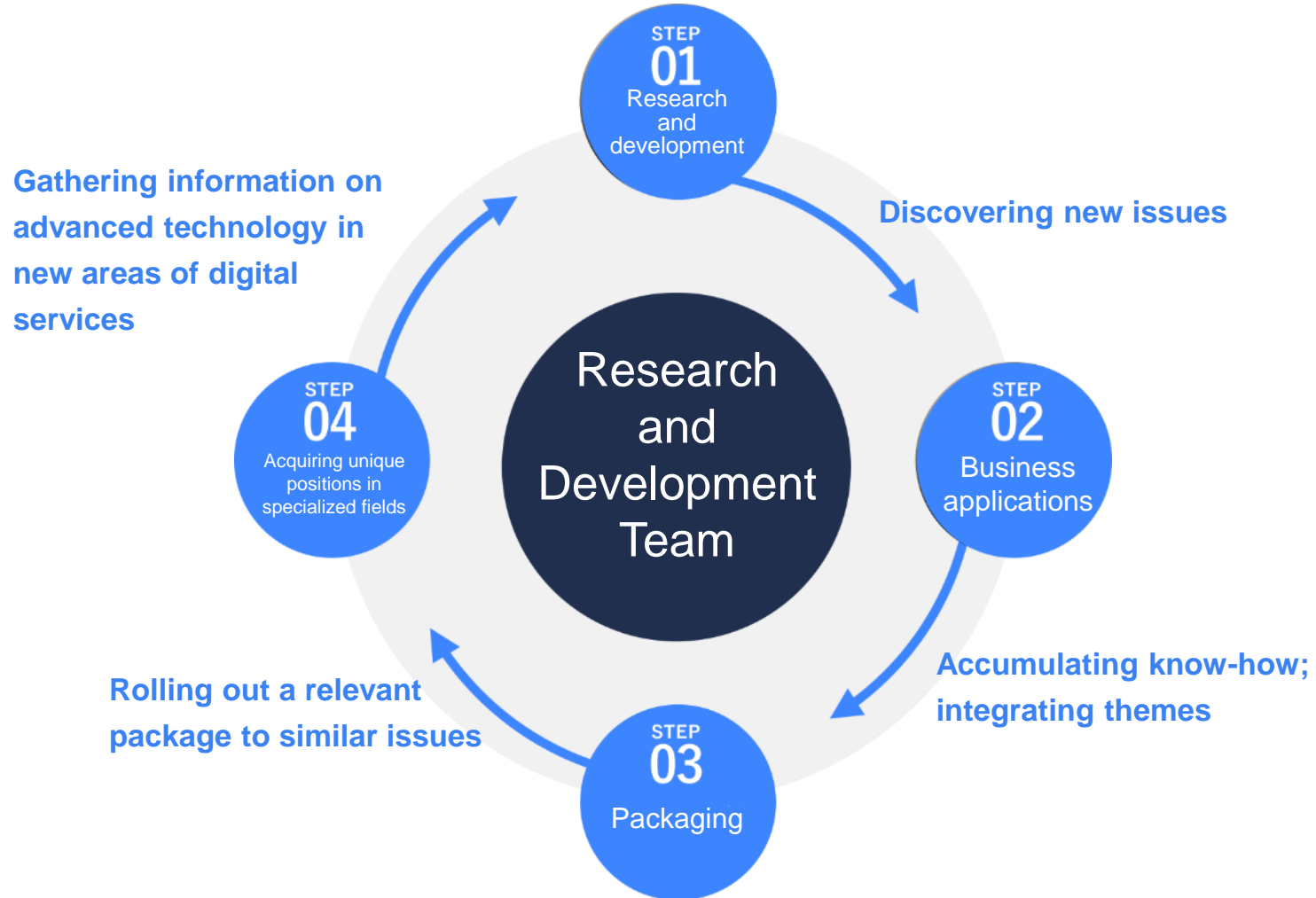
Continuous improvement through feedback cycles



\*1: A series of workforce development steps to fully induct mid-career recruits into an organization until they can be recognized as valuable assets

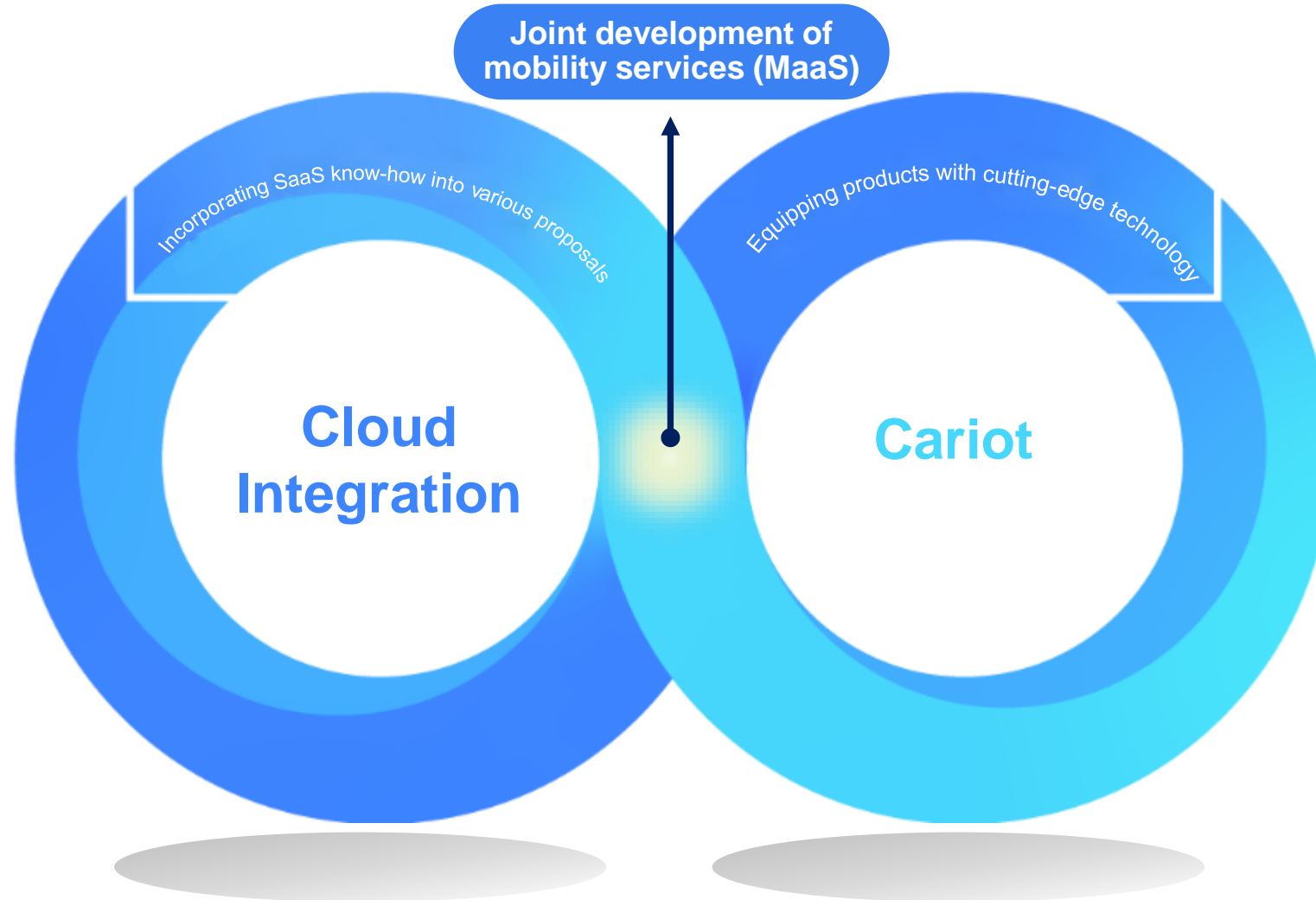
## R&D Investments to Create High Added Value with Cutting-edge Technology

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.



# Appendix

# Sustainability Initiatives

In 2020, we joined the SDGs Public-Private Partnership Platform for Local Revitalization operated by the Cabinet Office, and have contributed to the SDGs through various initiatives

## Society

### Job satisfaction and job opportunities

- Provision of opportunities to improve skills and advance career with the theme of maximizing value of resume
- Provision of care for job satisfaction by monitoring the Employee Engagement Scores
- Recruitment of diverse human resources, such as local residents (full remote work), those with no cloud experience, foreign nationals, and elderly staff
- Short-time work and leave for childcare
- Reform of the way drivers work with Cariot service



### Promotion of education

- Promotion of education by the specialized education team
- Provision of a variety of educational opportunities, including the holding of internal and external technical study sessions, support for acquisition of qualifications, and in-house original e-learning



### Technology innovation

- Research and development of advanced cloud technologies, social implementation of technological innovation through DX support for companies



### Economic growth and productivity

- Improvement of productivity and creation of new customer experience value through DX support for companies
- Provision of diverse ways of working to maximize performance, including full remote work



## Governance

### Corporate governance

- Checks by a majority of outside directors
- Fair decision-making with a composition of directors with diverse knowledge

### Compliance

- Establishment of a solid management foundation through compliance



## Environment

### CO<sub>2</sub> emissions

- Support for mobility service development, contribution to CO<sub>2</sub> emissions reduction through Cariot service
- Contribution to reducing CO<sub>2</sub> emissions by eliminating physical servers

### Conservation of natural resources

- Promotion of paperless operations with DX support



# 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**

## 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

**Former 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**

## About handling of this document

- This material has been prepared exclusively for providing information about the Company, and has not been offered as solicitation to buy or sell its securities. Forward-looking statements about future prospects are formulated based on information as at the date of issuance of this material, and thus contain various risks and uncertain factors, and do not guarantee any future results and achievements. Furthermore, information concerning parties other than the Company has not undergone verification about its accuracy or fitness, etc., which cannot be guaranteed.