



**(3rd Quarter, Fiscal Year Ending March 2024)
Financial Results Presentation Materials**

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

February 6, 2024

Company Profile

Company Name

FLECT Co., Ltd.

Established

August 2005

Capital Stock

694 million yen (as of December 2023)

Number of Employees

308 (as of December 2023)

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.



Cariot

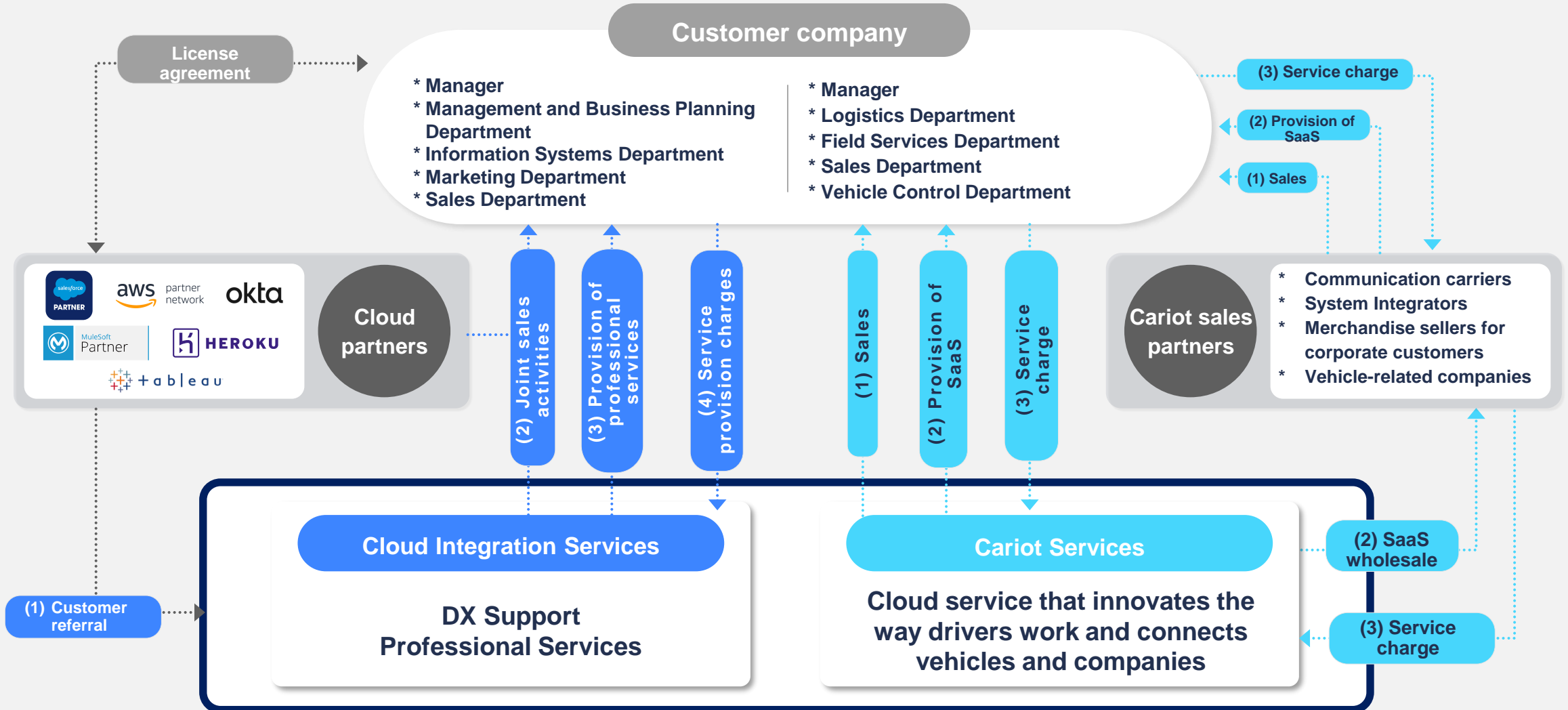
Cloud service that innovates the way drivers work and connects vehicles and companies

Cariot is the company’s cloud service that provides work efficiency, peace of mind and safety in the field by using real-time information on commercial vehicles and vehicle management work DX. We support the work style innovation of all people involved with vehicles, centered on drivers and also including managers, staff and customers.



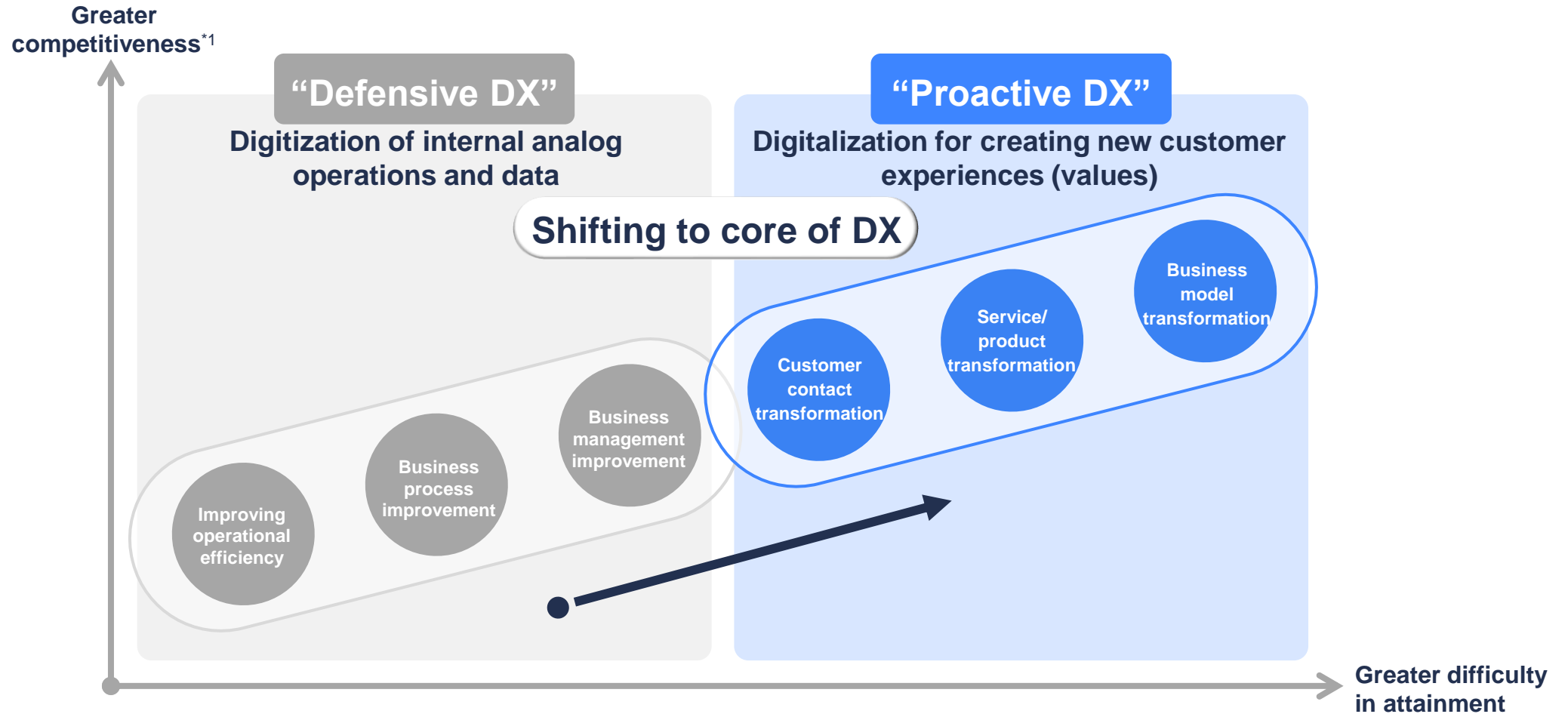
Service Flow

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.



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.

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

We support the digital transformation of companies’ new and existing business, including IoT / mobility, AI services, community and EC services that connect with customers, and the building of API coordination and ID authentication infrastructure.

Our customer base is centering on major companies*₁ intending to actively promote DX, Major companies accounted for 92% of the total sales*₂.

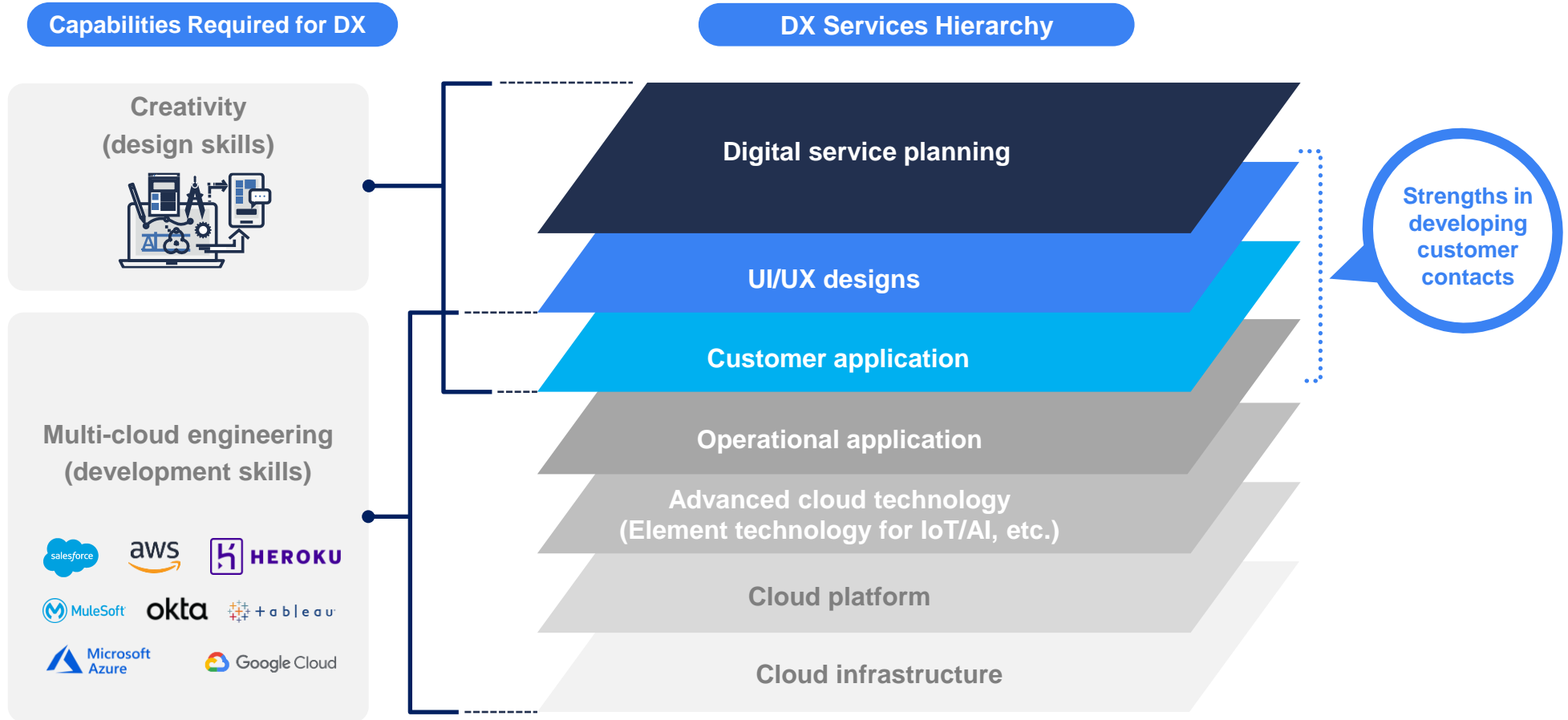


*1: Major companies: Those listed in Nikkei 225, Nikkei 400, or Nikkei 500; or their group companies or those whose sales are equivalent (100 billion yen or more)

*2: Figures for the total sales in 3Q fiscal year ending March 2024

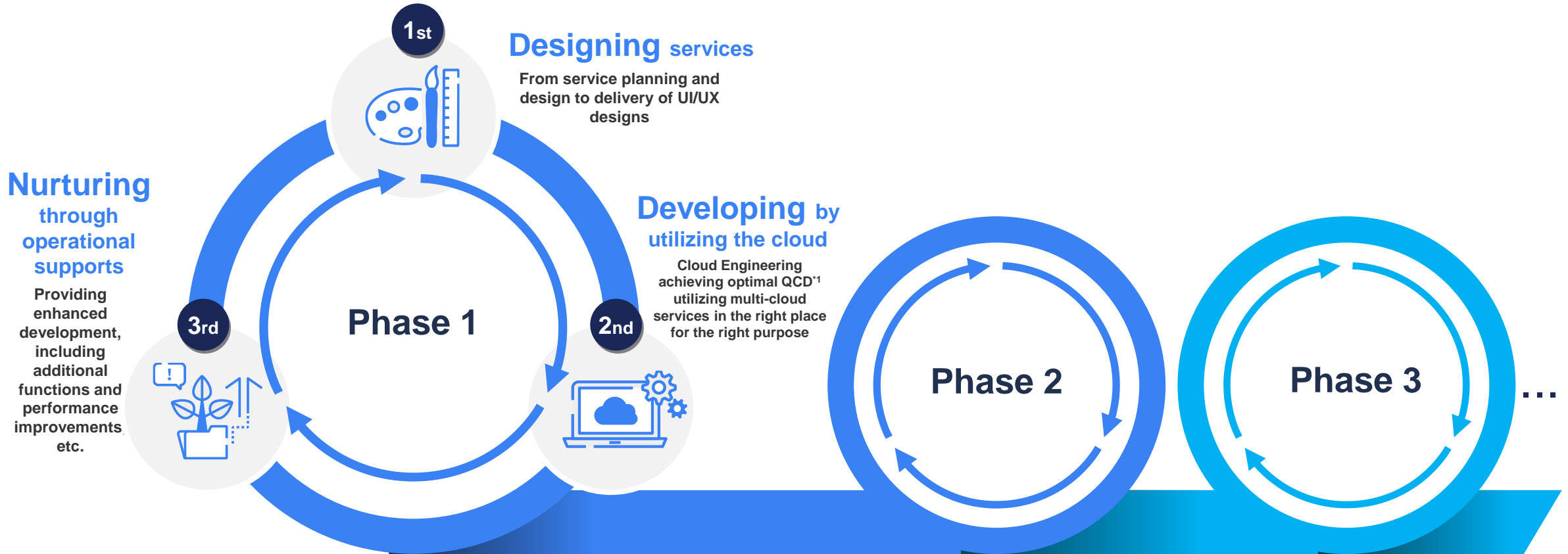
One-stop Service that Create Digital Services

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)

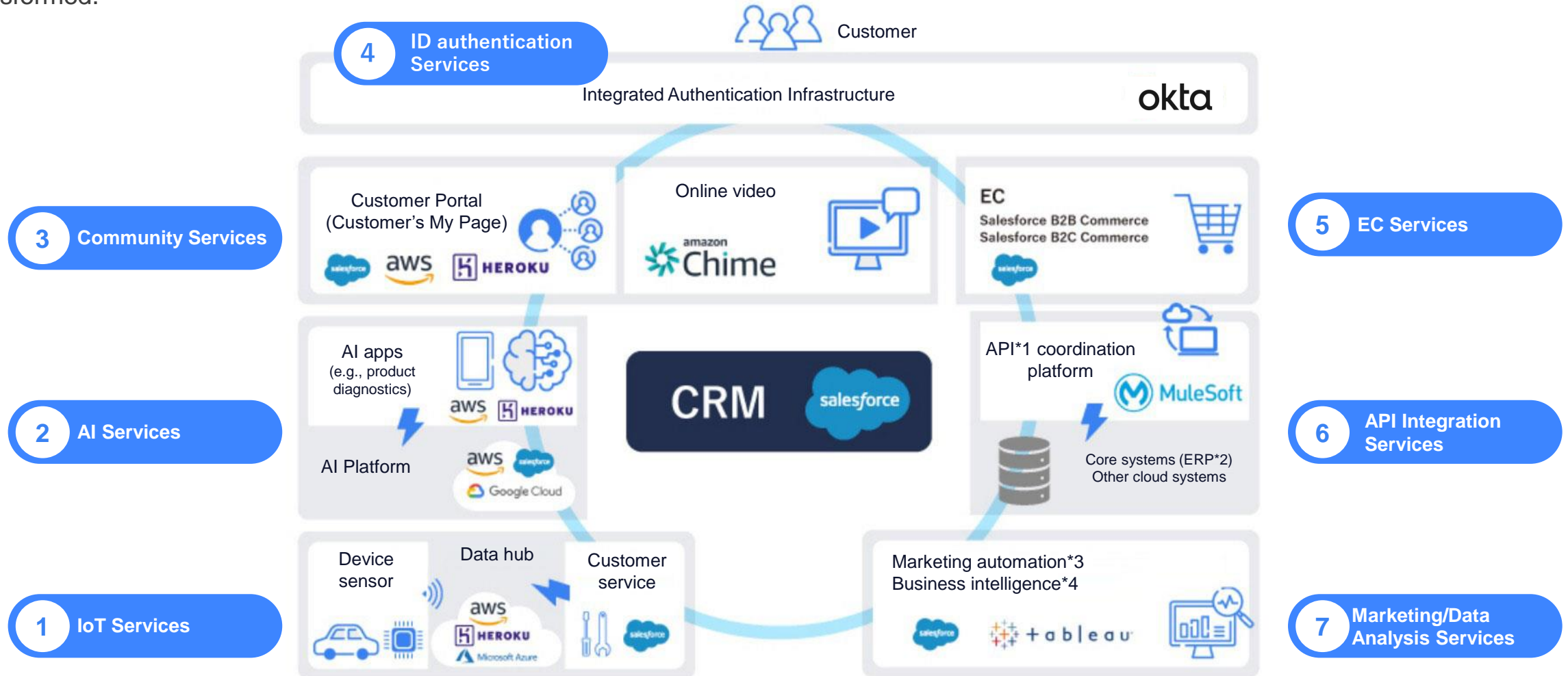
An average period of a single project cycle is about three months. A project does not end with the initial construction but supports DX service growth by repeating the delivery cycles.



*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.

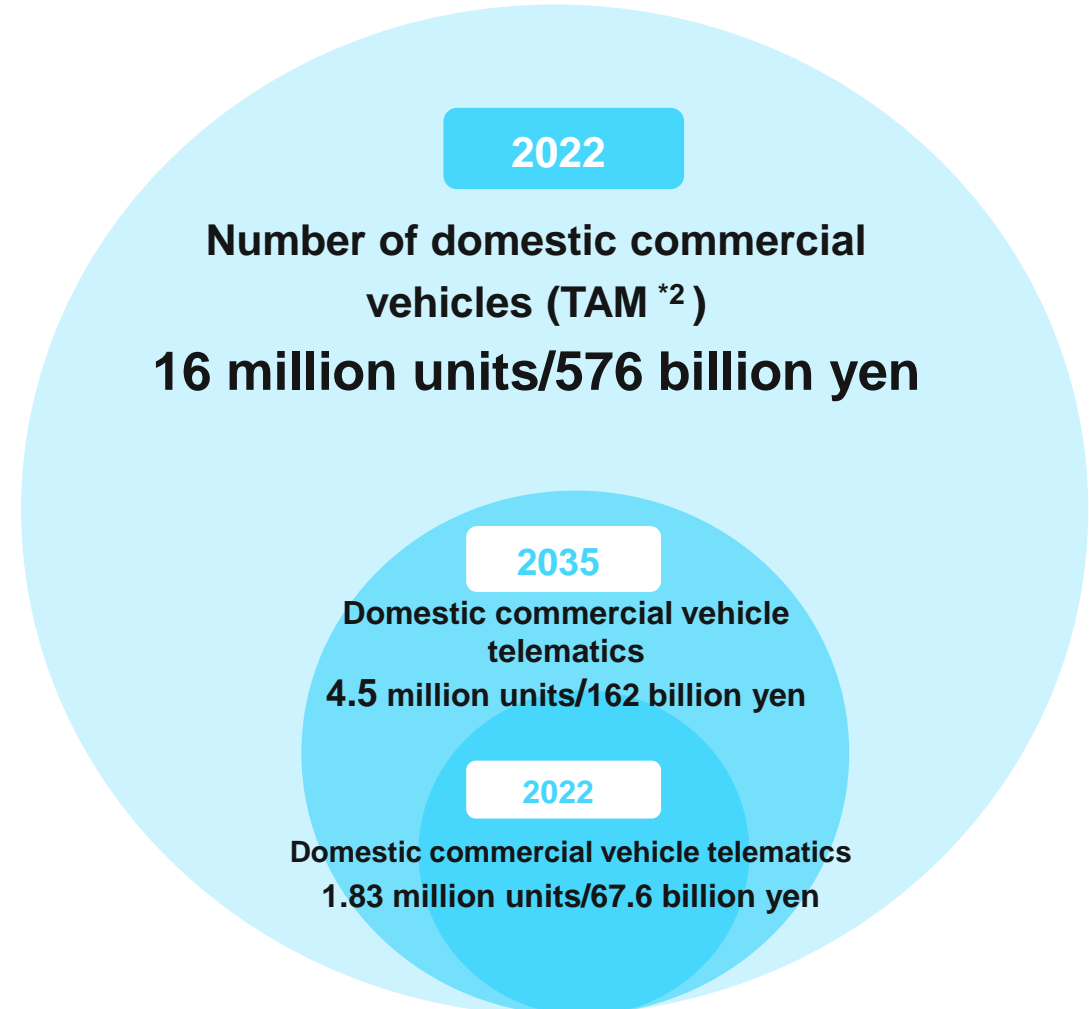
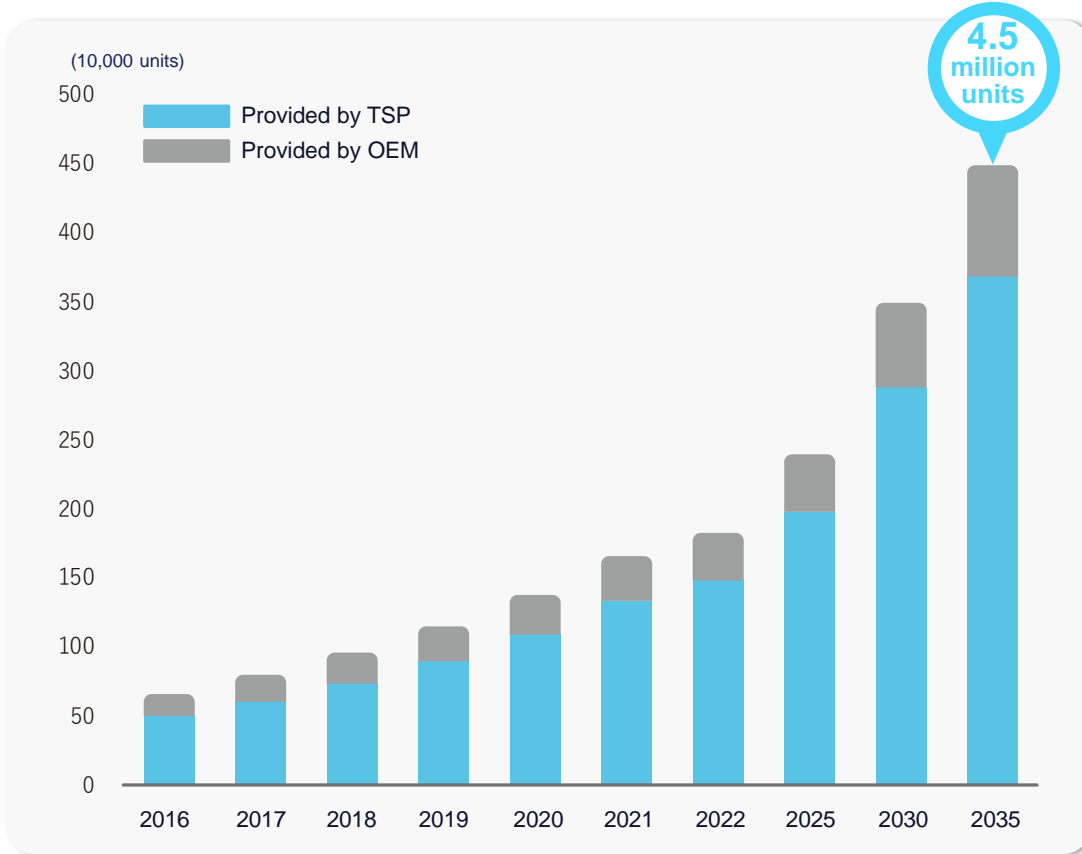


*1: Application Programming Interface: Interface specification used for multiple software products to exchange information with each other
 *2: Enterprise Resource Planning: An integrated core operational system
 *3 Marketing Automation: A tool to automate marketing activities
 *4 Business Intelligence: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



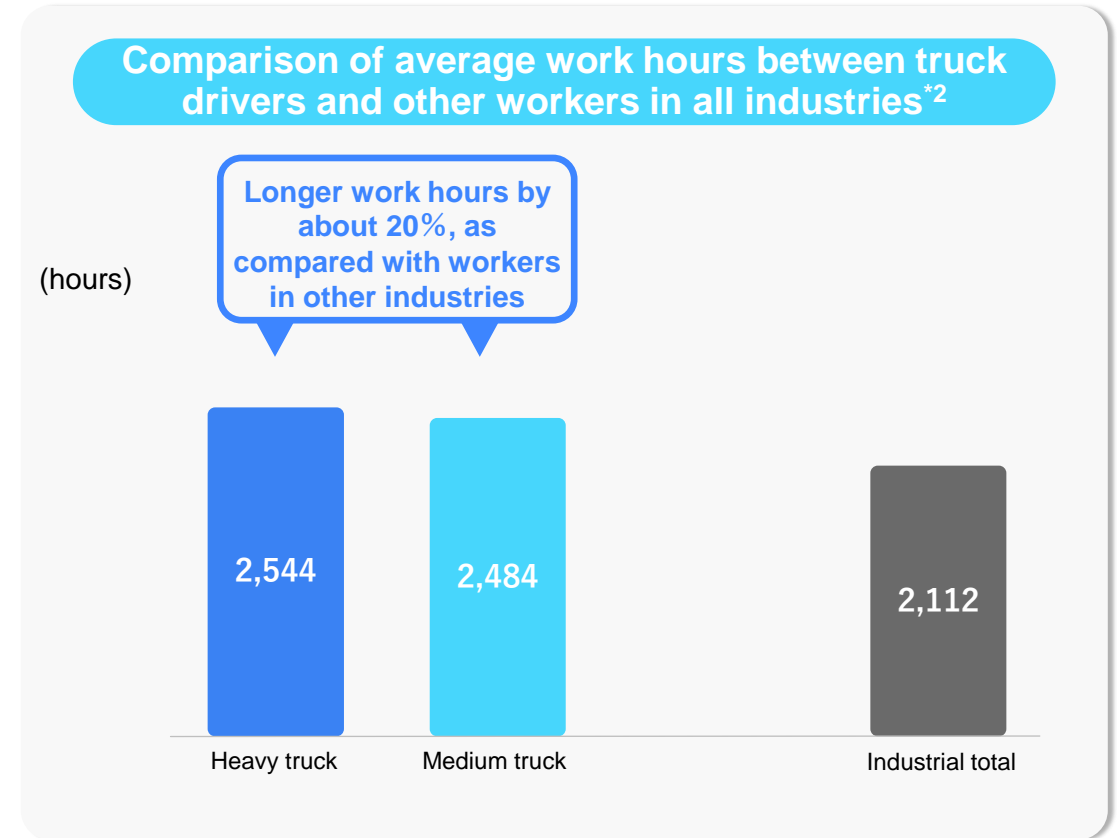
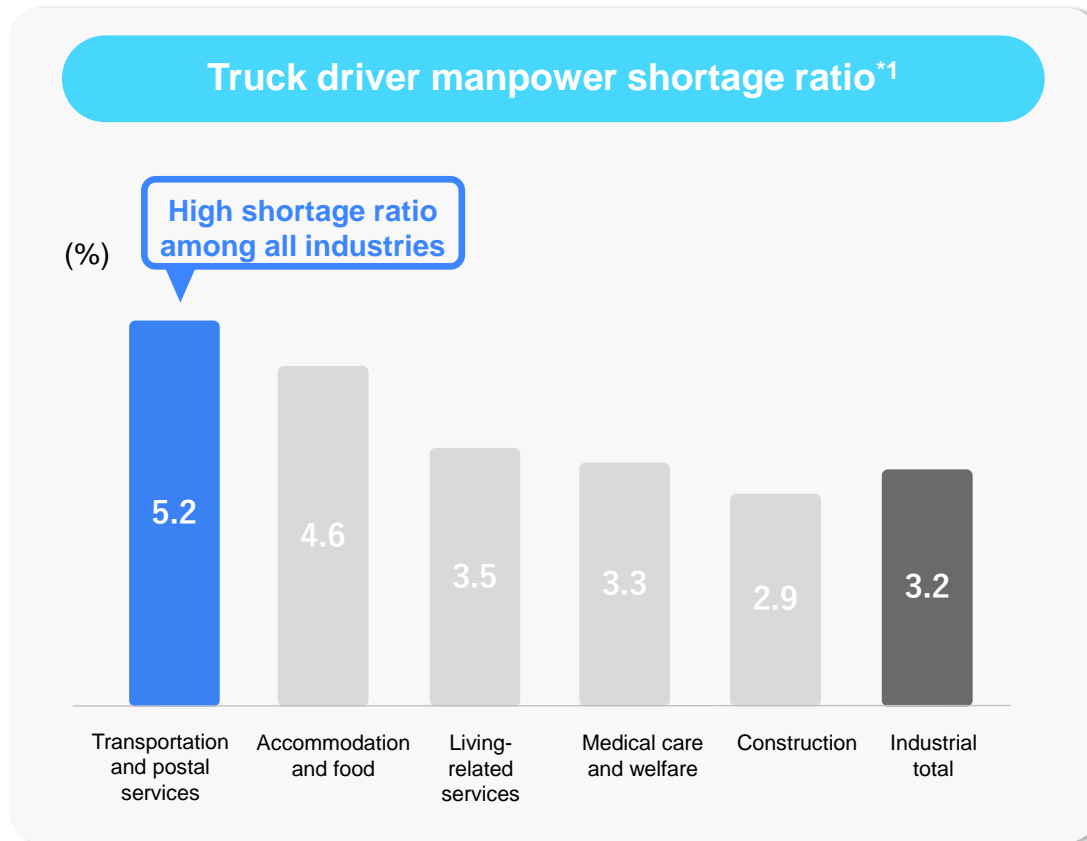
*1: Proprietary compiled, based on "Current State of Connected Car-related Markets and Telematics Strategies in 2019," Fuji Keizai Co., Ltd. TSP (Telematics Service Provider) represents third parties; OEM (Original Equipment Manufacturer) represents auto manufacturers.

*2: TAM: Total Addressable Market indicates the largest market opportunity that can be obtained. The monetary values are proprietary 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 January 2023) 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.”

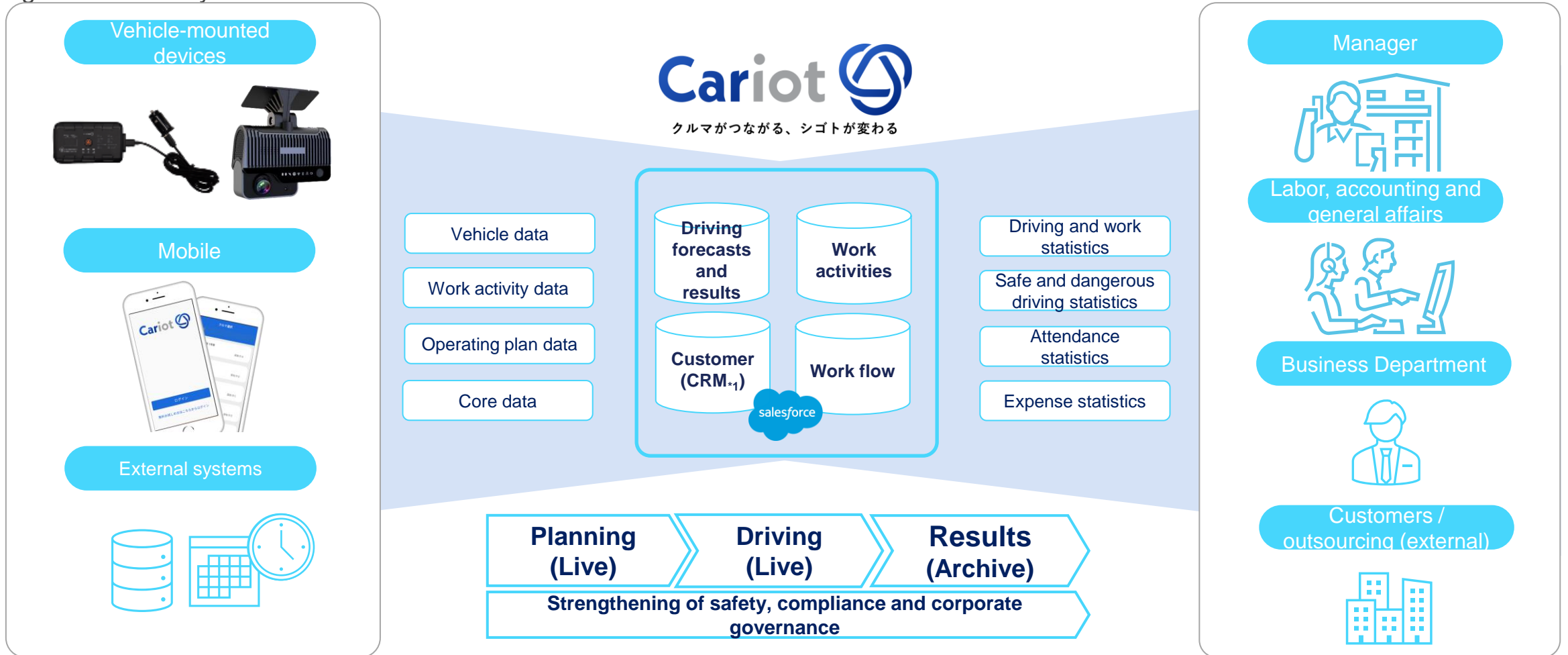


*1: Labor Economy Trend Survey February 2023 (Ministry of Health, Labour and Welfare)

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

“Cariot,” a cloud that innovates the way drivers work and connects vehicles and companies

This is a cloud service with which vehicle data can be obtained, visualized and used simply and in real-time by means of vehicle-mounted devices and smartphone applications. It provides a consistent, digital work experience, from driving forecast management to statistical analysis, to support the greater efficiency of vehicle-related work.



*1 Abbreviation of Customer Relationship Management, a customer management system.

**Financial results for the 3rd Quarter
of the fiscal year ending March 2024**

(3rd Quarter, Fiscal Year Ending March 2024) Financial Results Summary

1 Highest ever 1Q-3Q sales and profits at each level

Projects are in a healthy position and we realized both sales and profit increases while receiving strong inquiries. We posted record highs for both sales and profit in 1Q-3Q, and results remained strong.

Cumulative 3Q

Sales	4,925 million yen	+ 30.3 % (YoY)
Operating income	542 million yen	+ 279.5% (YoY)
Net income	367 million yen	+ 263.4% (YoY)

2 Transactions with customers acquired this fiscal year and existing customers of previous fiscal years expanded.

Although the number of small transaction customers decreased, ARPA increased significantly, with orders from customers who expanded transactions contributing.

Major companies Number of quarterly contract customers	41 companies	-2 companies (QoQ)
Major companies Quarterly average revenue per account (ARPA)	39.2 million yen	+7.4 million yen (QoQ)

3 The number of engineers and other employees achieved the initial target in 3Q.

Even in a seller's market for human resources, we achieved the initial plan of 253 employees ahead of schedule.

We will increase the plan to 273 people and continue to focus.

As of the end of December 2023

Number of engineers and other employees* ₁	258 people	+84 people (YoY)
		+14 people (Compared to September 2023)

4 We revised our results forecast upwards on the back of strong progress in results.

The rate of progress of 3Q cumulative operating profit was 98%. Even taking into account performance bonuses in 4Q and the expansion of investment for medium to long-term growth from next fiscal year, we expect to exceed the initial results forecast.

Forecast of results for full term, FY2023

Sales	6,839 million yen	+6.9% (Initial vs. Revised)
Operating income	668 million yen	+20.7% (Initial vs. Revised)
Net income	449 million yen	+16.6% (Initial vs. Revised)

*1 Professional human resources such as engineers and managers in the Cloud Integration Services Division, excluding administrative personnel (as of the end of December 2023)

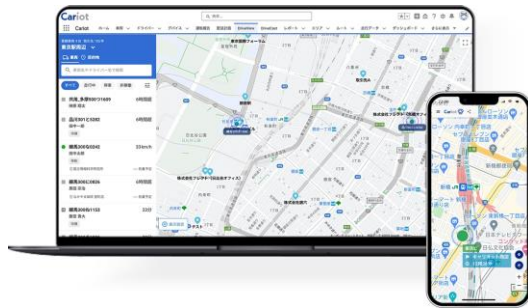
(3rd Quarter, Fiscal Year Ending March 2024) Topics

Maeda Road Construction Co., Ltd., introduced Cariot in a large-scale trial. In addition, we published some R&D results in the field of remote communication.

Maeda Road Construction Co., Ltd., introduced Cariot at 18 factories nationwide in a large-scale trial

Cariot is being used to grasp the “location information” and “estimated site arrival time” of material delivery trucks moving from factories to construction sites. By sharing information in real time with customers at construction sites, they are able to consider work details and waiting times flexibly, thereby realizing greater work efficiency.

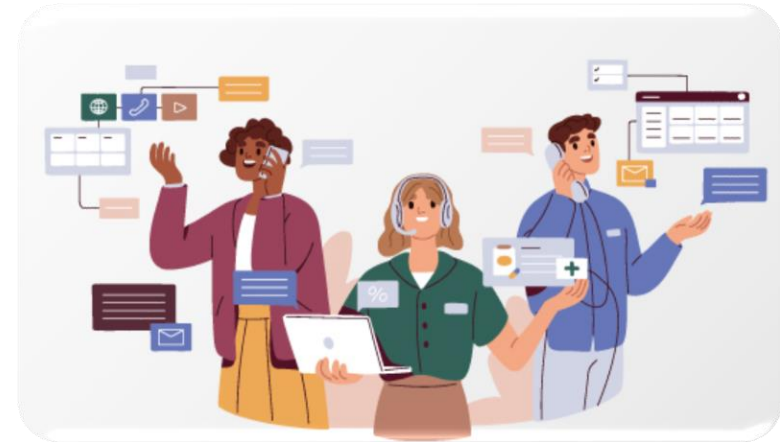
In addition, they are able to shorten the time required to consider the dispatch to the next site as they can grasp when trucks will return to their factory. Inquiry calls from customers can also be reduced.



Publication of research results for Realtime AI Voice Changer

We published part of the Realtime AI Voice Changer “VC Client,” which was developed in the company’s R&D laboratory, as part of the OSS (open source software) on GitHub^{*1}. This “VC Client” recently achieved over 10,000 stars, a testament to its top-class evaluation in Japan. signage avatars, etc., and aim for social implementation in fields where the protection of voice privacy and crime prevention measures are required. From now on, we will continue to use the system for the handling of phone calls in call centers, answering on interphones, digital

^{*1} GitHub: A platform for engineers where they can publish and share source code online



(3rd Quarter, Fiscal Year Ending March 2024) Results Trends

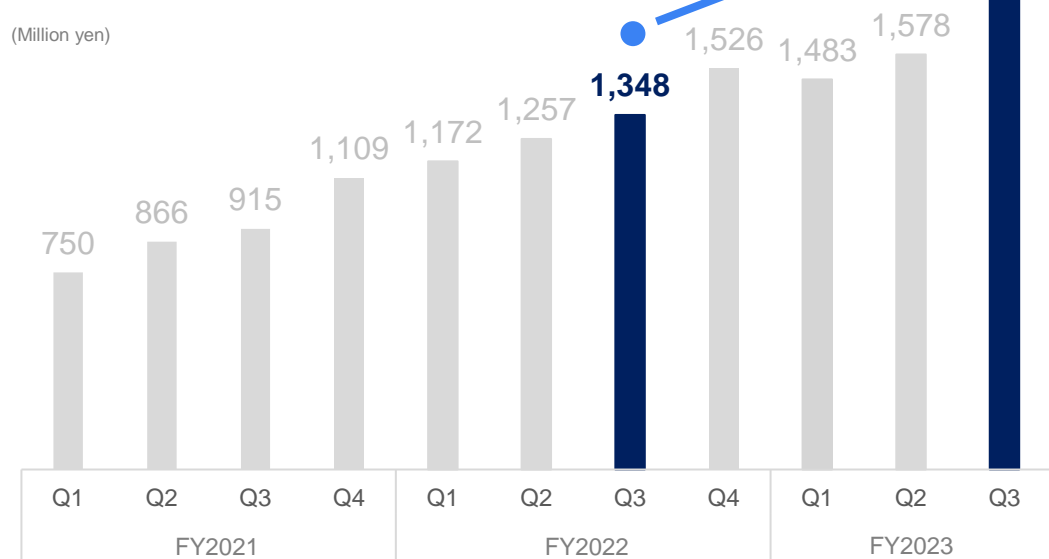
We received vigorous inquiries for DX support, and sales reached a record high of 1,863 million yen (up 38.1% year-on-year). Projects are making healthy progress, and we maintained the profit rate level with a gross profit margin of 44.1% (up 5.6 pts year-on-year). Gross profit was a record high 821 million yen (up 58.4% year-on-year).

Sales (quarterly accounting period)

YoY
+38.1%

1,863

(Million yen)



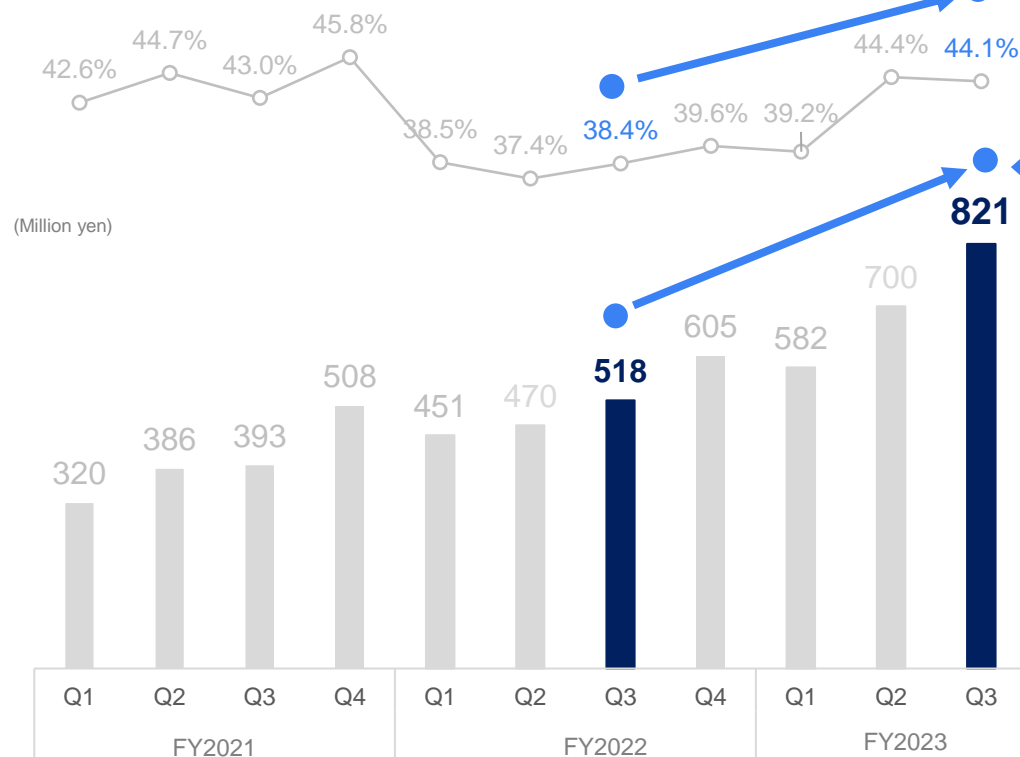
Gross profit (quarterly accounting period)

YoY
+5.6pt

YoY
+58.4%

821

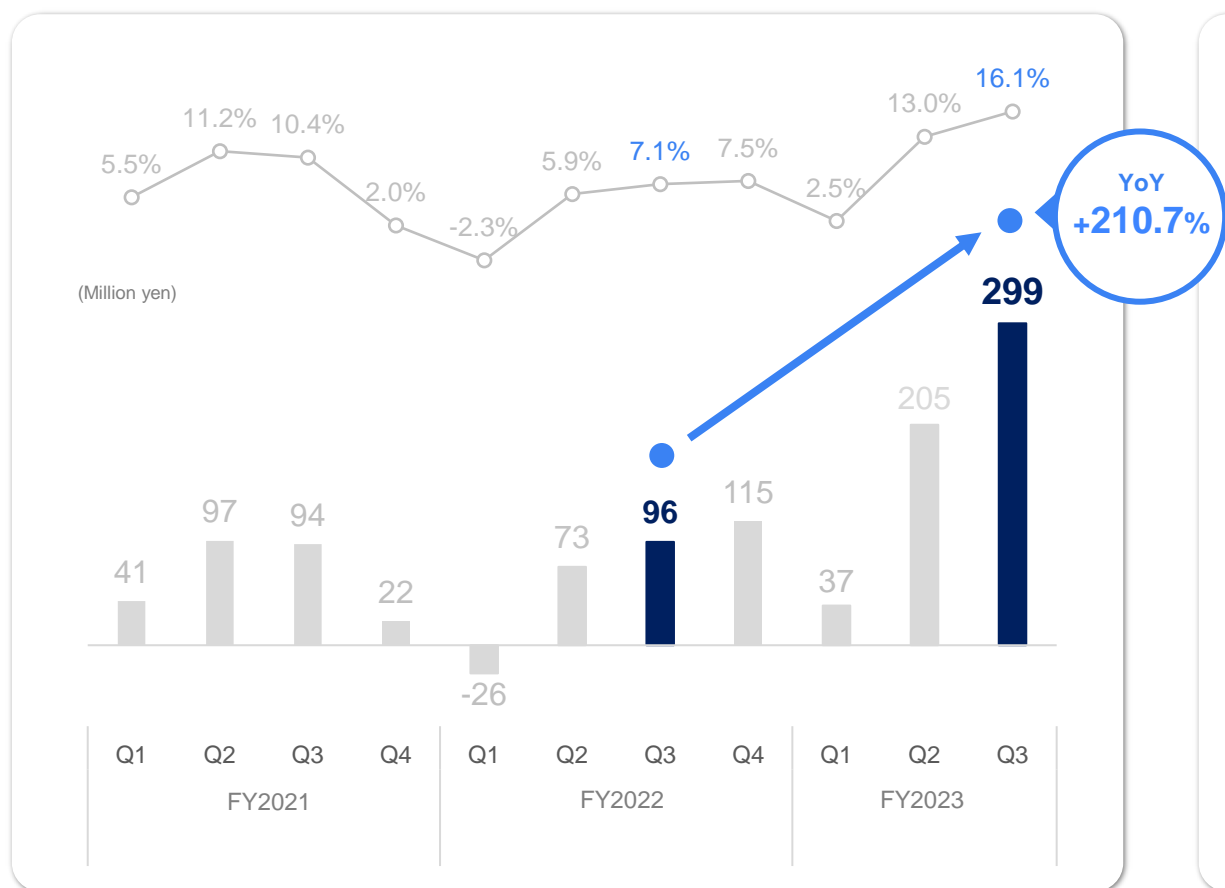
(Million yen)



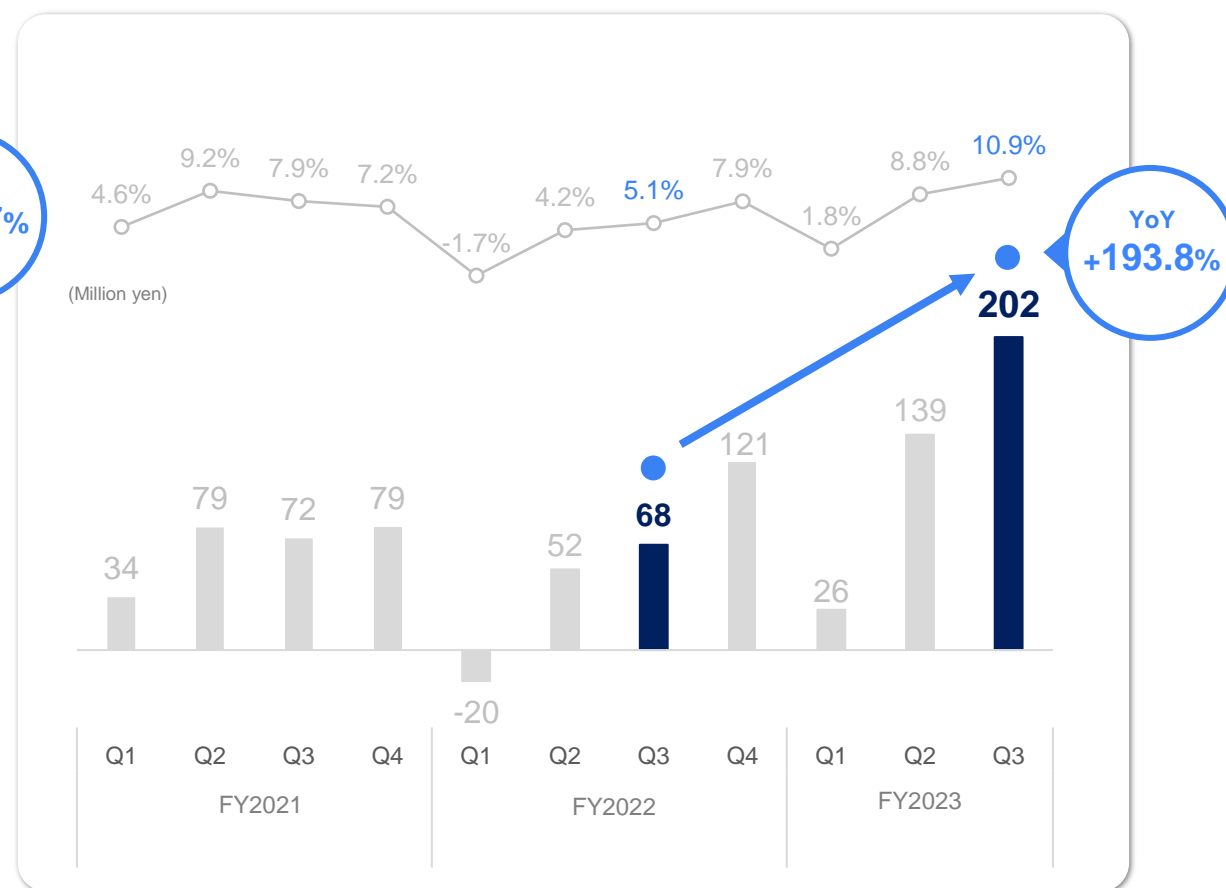
(3rd Quarter, Fiscal Year Ending March 2024) Results Trends

Operating profit increased significantly to a record high of 299 million yen (up 210.7% year-on-year) thanks to a decrease in the SG&A ratio due to increased revenue, in addition to the realization of record-high gross profit. Net income was a record high 202 million yen (up 193.8% year-on-year).

Operating income (quarterly accounting period)



Net income (quarterly accounting period)



(Cumulative 3rd quarter, Fiscal Year Ending March 2024) Financial Results Summary

1Q-3Q sales were a record high 4,925 million yen (up 30.3% year-on-year).

At each level of profit, progress exceeded the plan, and the rate of progress of operating profit was 98%. Even taking into account performance bonuses in 4Q and the expansion of investment for medium to long-term growth from next fiscal year, we expect to exceed the initial results forecast and have revised our full-year results forecast upwards. (The details of the amendment are as follows)

(Million yen)

	FY2022 1Q-3Q (Apr.-Dec.)	FY2023 1Q-3Q (Apr.-Dec.)	YoY		FY2023 (fiscal year ending March 2024) forecast (Initial forecast)	Forecast-actual progress rate
			Change in amount	Rate of change		
Sales	3,778	4,925	+1,146	+30.3%	6,395	77.0%
Gross profit	1,440	2,103	+663	+46.1%	2,740	76.8%
(%)	38.1%	42.7%	+4.6pt		42.9%	
SG&A	1,297	1,561	+263	+ 20.3%	2,187	71.4%
(%)	34.3%	31.7%	-2.6pt		34.2%	
Operating income	142	542	+399	+279.5%	553	98.0%
(%)	3.8%	11.0%	+7.2pt		8.7%	
Net income	101	367	+266	+263.4%	385	95.4%
(%)	2.7%	7.5%	+4.8pt		6.0%	

(Full year, fiscal year ending March 2024) Revision of the Earnings Forecasts

We revised sales upwards to 6,839 million yen (up 6.9% from the initial forecast), gross profit upwards to 2,930 million (up 6.9% from the initial forecast), operating income upwards to 668 million (up 20.7% from the initial forecast), and net income upwards to 449 million (up 16.6% from the initial forecast).

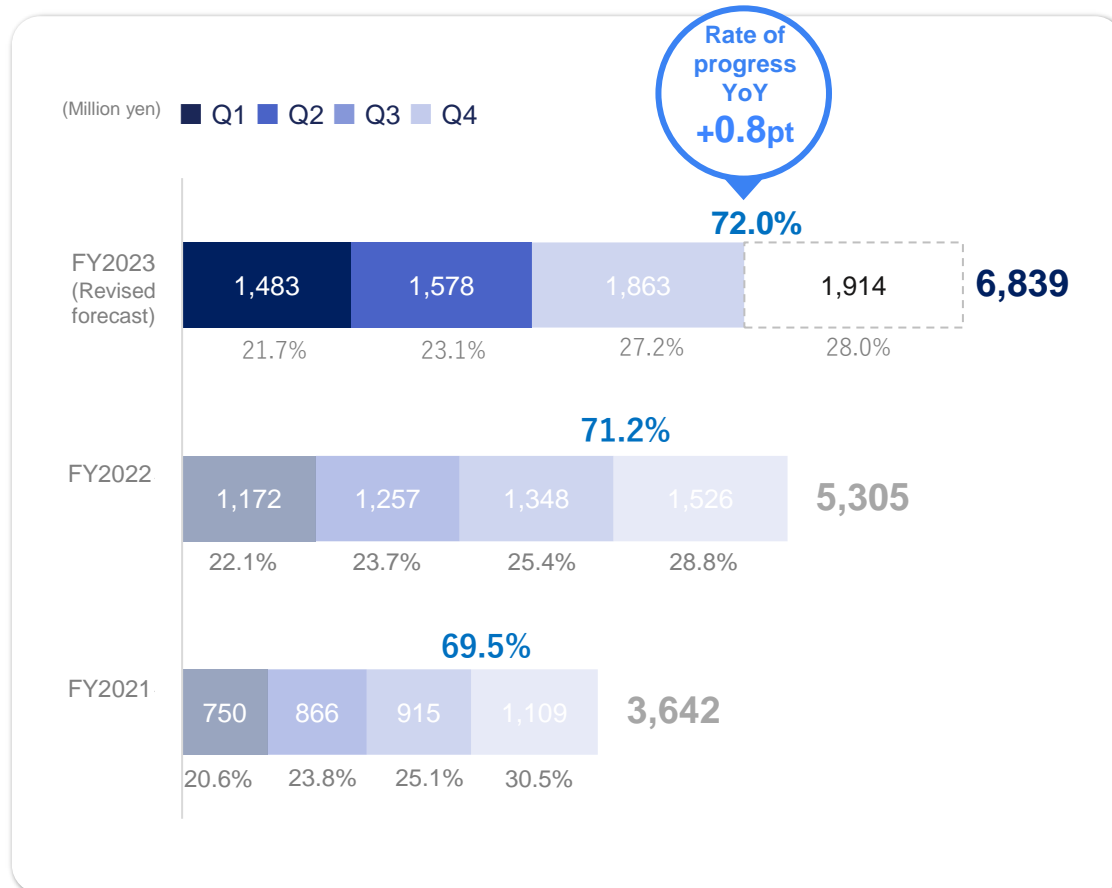
(Million yen)

	FY2023 (Fiscal year ending March 2024) forecast (Initial forecast)	FY2023 (Fiscal year ending March 2024) forecast (Revised forecast)	Compared with initial forecast	
			Change in amount	Rate of change
Sales	6,395	6,839	+443	+6.9%
Gross profit	2,740	2,930	+189	+6.9%
(%)	42.9%	42.8%	-0.0pt	
SG&A	2,187	2,262	+74	+ 3.4%
(%)	34.2%	33.1%	-1.1pt	
Operating income	553	668	+114	+20.7%
(%)	8.7%	9.8%	+1.1pt	
Net income	385	449	+63	+16.6%
(%)	6.0%	6.6%	+0.5pt	

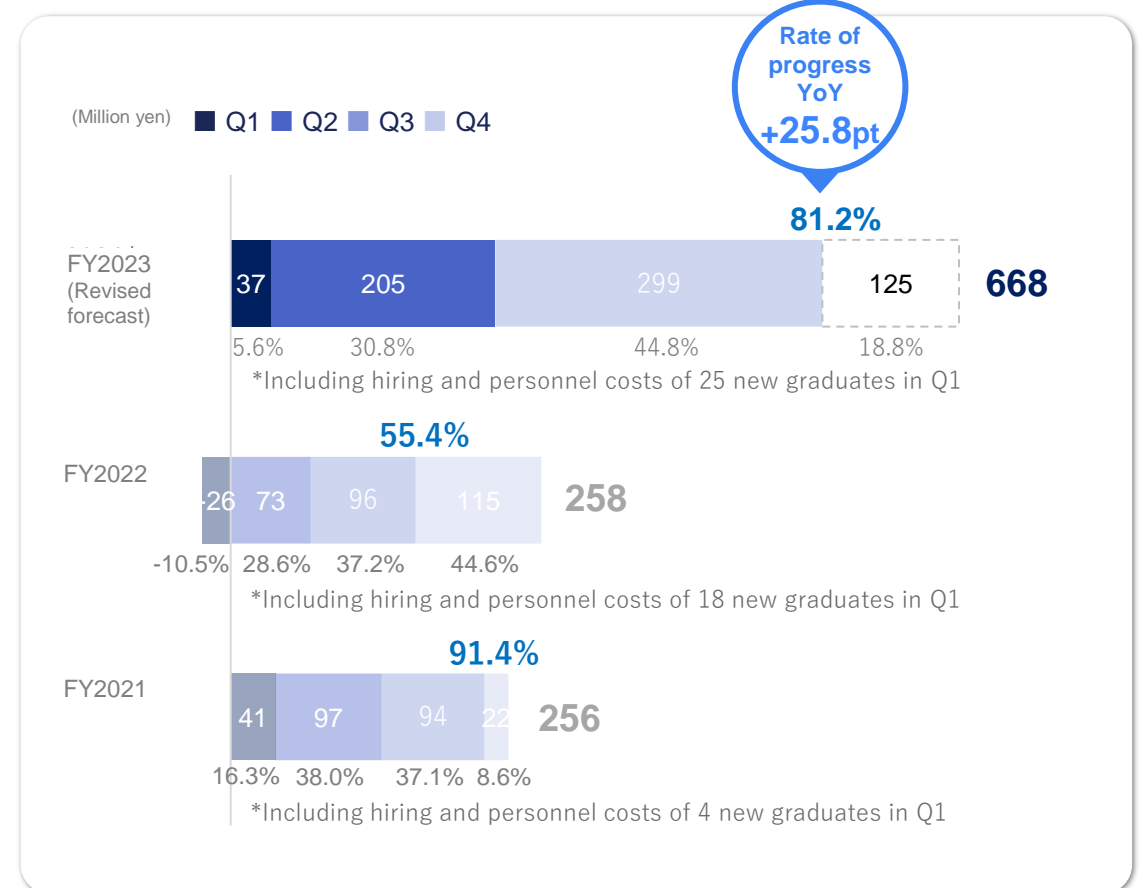
(Cumulative 3rd quarter, Fiscal Year Ending March 2024) Results Progress

Sales against the revised forecast are at rate of progress of 72.0%, and we expect 28.0% progress in 4Q, comparable to previous years. Operating profit against the revised forecast is at rate of progress of 81.2%, and we expect 18.8% progress in 4Q. The backdrop to the small contribution to profit in 4Q includes performance bonuses and increased investment for medium to long-term growth next fiscal year.

Sales - rate of progress



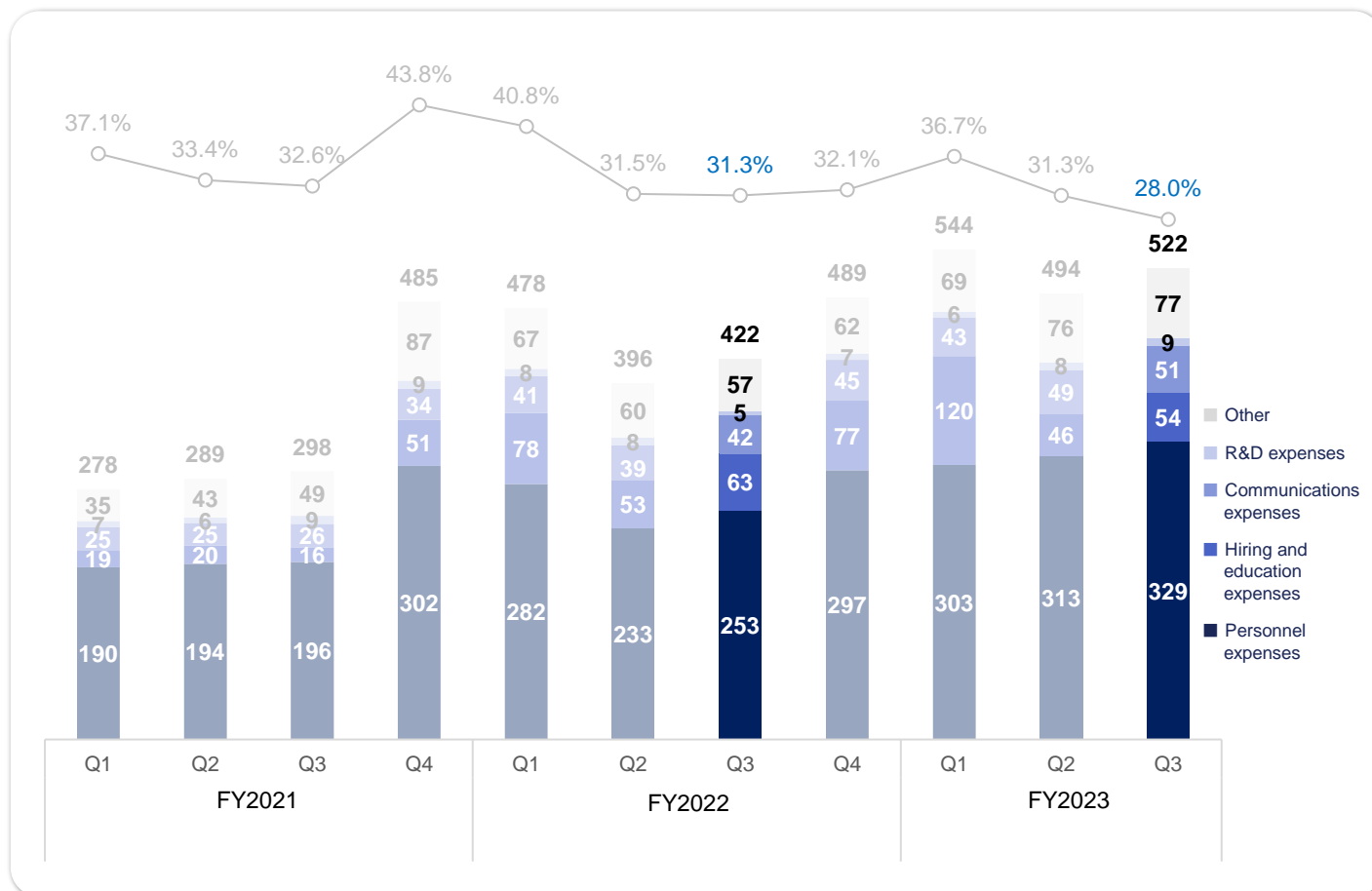
Operating income - rate of progress



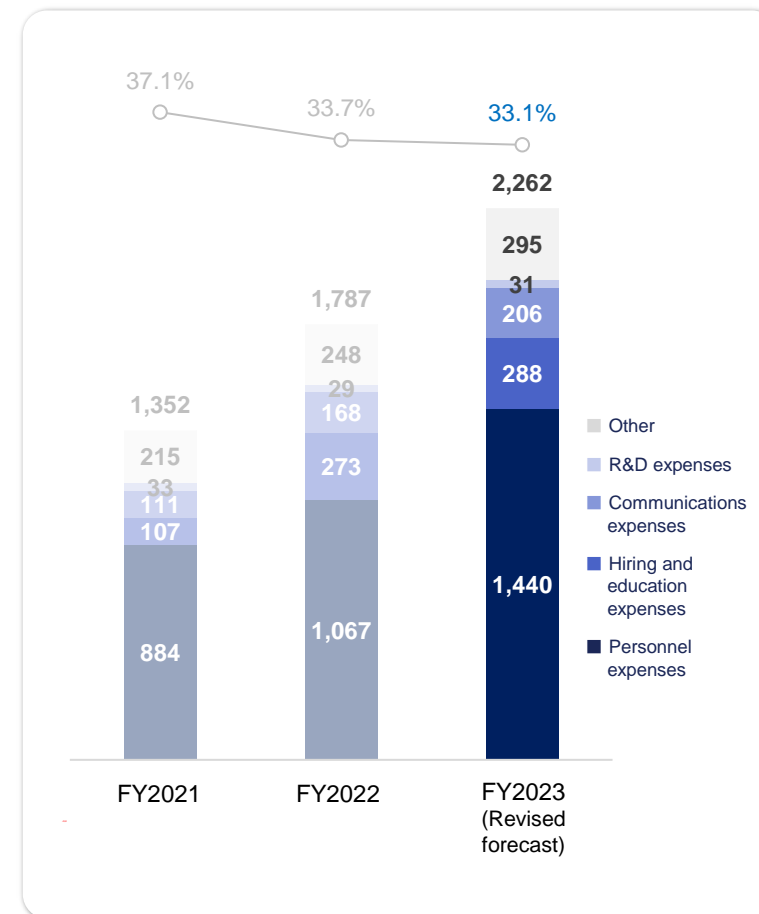
(3rd Quarter, Fiscal Year Ending March 2024) Selling, General and Administrative Expenses

SG&A expenses increased year-on-year to 522 million yen (up 23.6% year-on-year) in 3Q of the term ending March 2024, but the SG&A ratio remained at a level lower than the previous 3Q at 28.0% (down 3.3 pts year-on-year) due to the effect of increased revenue.

Quarterly accounting periods



Full term



(3rd Quarter, Fiscal Year Ending March 2024) Balance Sheet

The main changes are current assets increasing by 647 million yen and current liabilities increasing by 351 million yen. The equity ratio of 53.6% is a sound financial foundation.

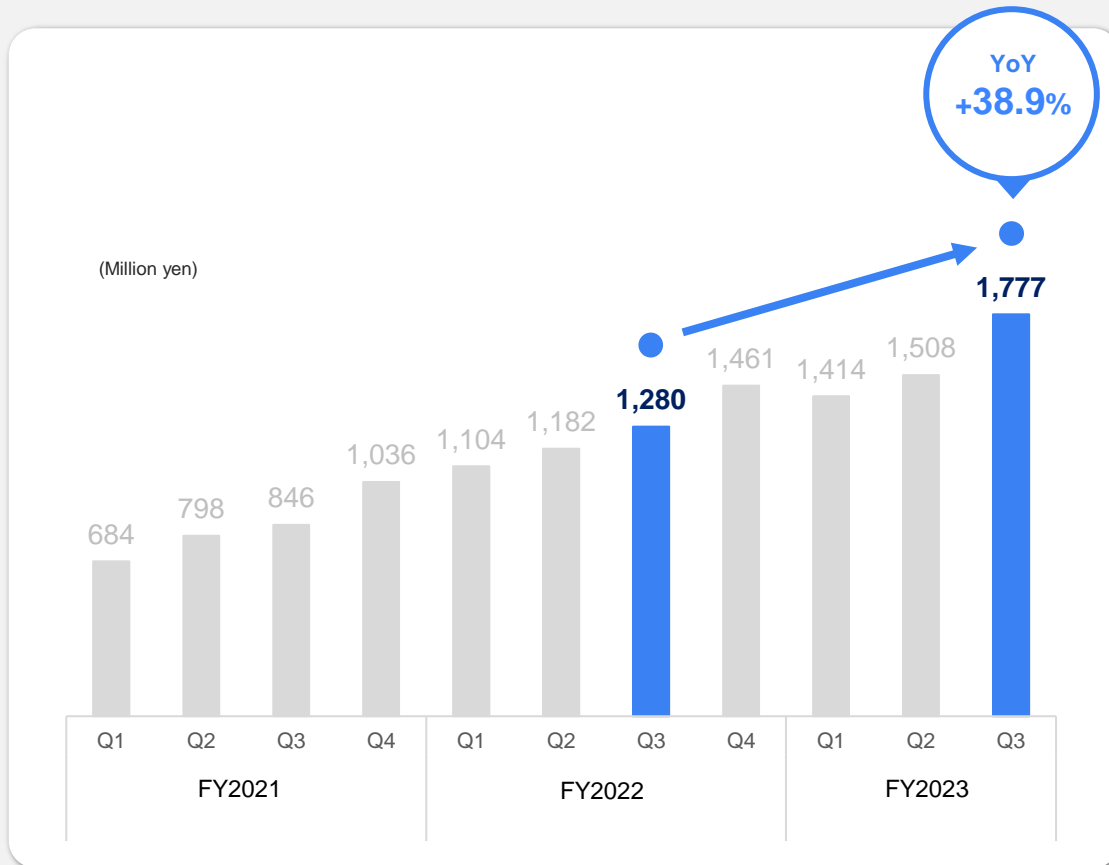
(Million yen)

	FY2022 (As of term-end)	FY2023 (December 31, 2023)	Change in amount
Total assets	2,881	3,564	+683
Current assets	2,577	3,224	+647
Fixed assets	304	340	+36
Total liabilities	1,351	1,654	+303
Current liabilities	768	1,120	+351
Fixed liabilities	582	534	-48
Net assets	1,530	1,910	+380
Total assets	2,881	3,564	+683
Cash and deposits	1,155	1,441	+285
Interest-bearing liabilities	633	598	-34
Equity ratio	53.1%	53.6%	+0.5pt

Trend in Results

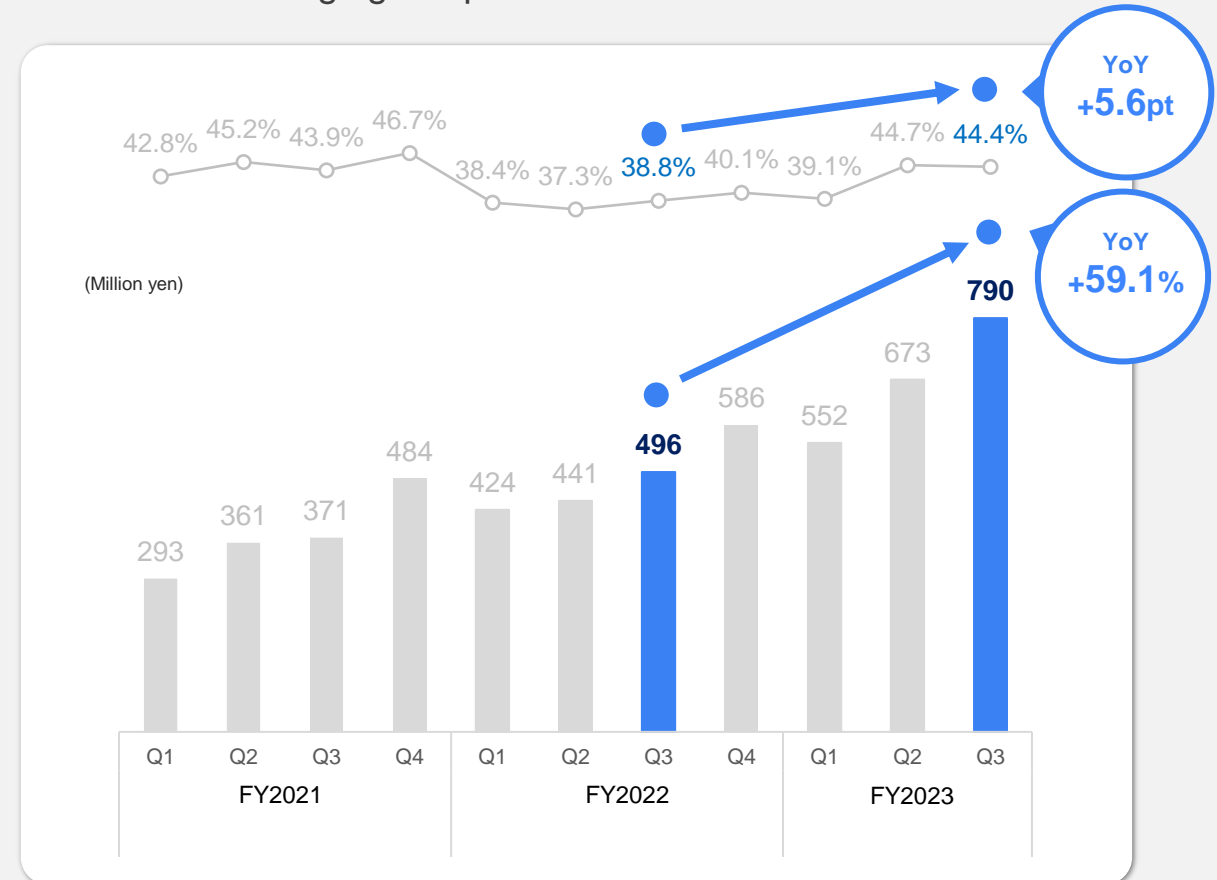
Sales (quarterly accounting period)

Against the backdrop of vigorous demand for DX support, sales reached a record high of 1,777 million yen (up 38.9% year-on-year).



Gross profit (quarterly accounting period)

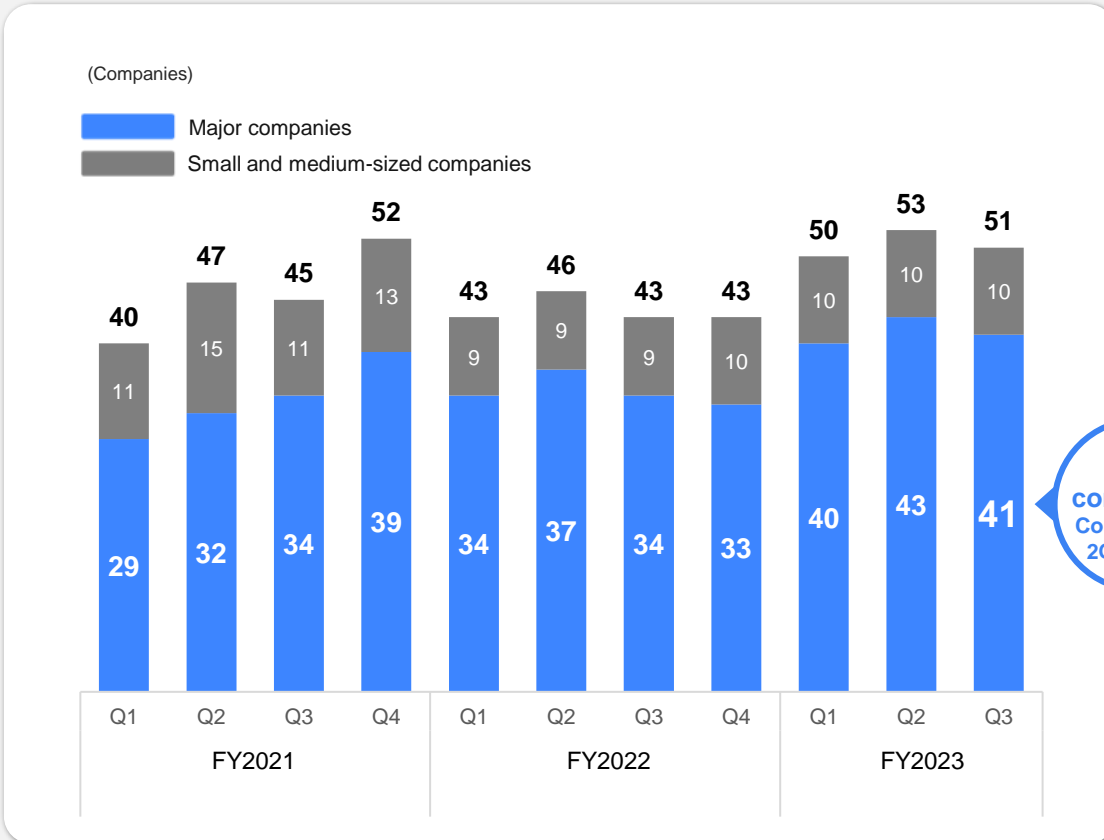
Projects are making healthy progress so we maintained the profit level with a gross profit margin of 44.4% (up 5.6 pts year-on-year) and achieved record high gross profit.



KPI Trends (Quarterly Basis)

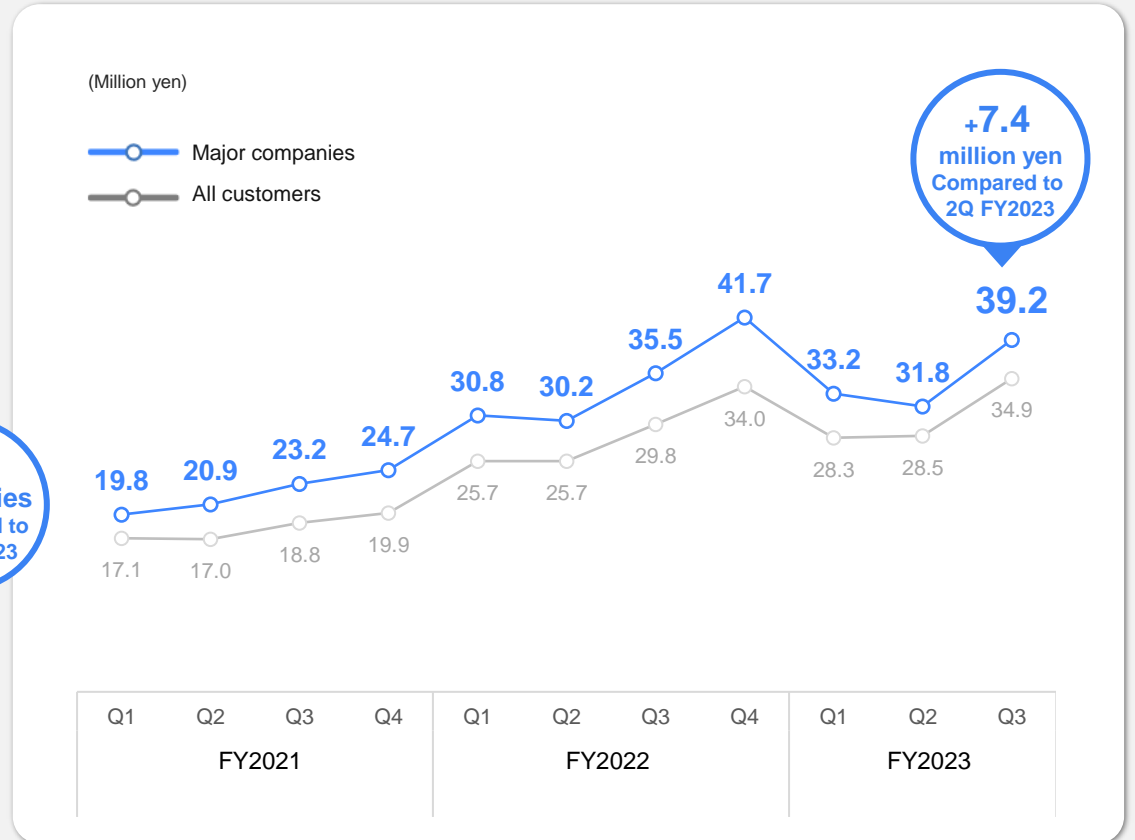
Number of quarterly contract customers*1

As a result of focusing on customers who expanded transactions, the number of major company quarterly contract customers decreased by 2 in 3Q of the term ending March 2024 to 41 companies compared with 2Q of the term ending March 2024.



Quarterly average revenue per account (ARPA)*2

Although customers with small transactions decreased, the ARPA of large companies in 3Q of the fiscal year ending March 2024 increased significantly, with orders from customers who expanded transactions, including customers acquired this fiscal year, contributing.



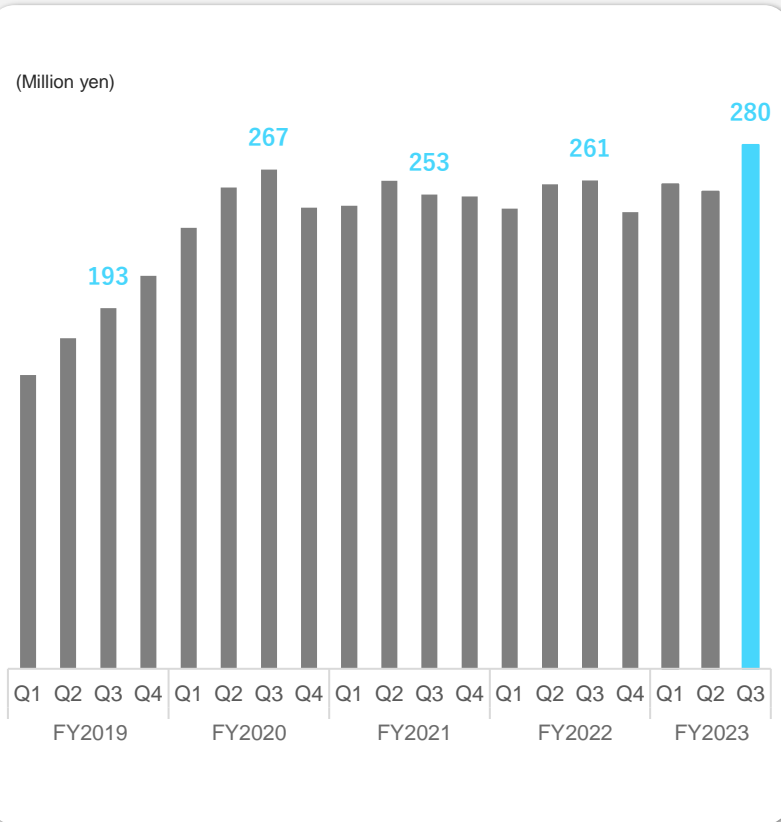
*1 Number of contract customers in the quarterly accounting period excluding resales. Resales are where the company resells purchased licenses to customers and are excluded because the amount at the company is small.

*2 Abbreviation of average revenue per account (average sales per customer), or quarterly average sales per customer excluding resales. Calculated by dividing quarterly sales excluding resales by the number of quarterly contract customers

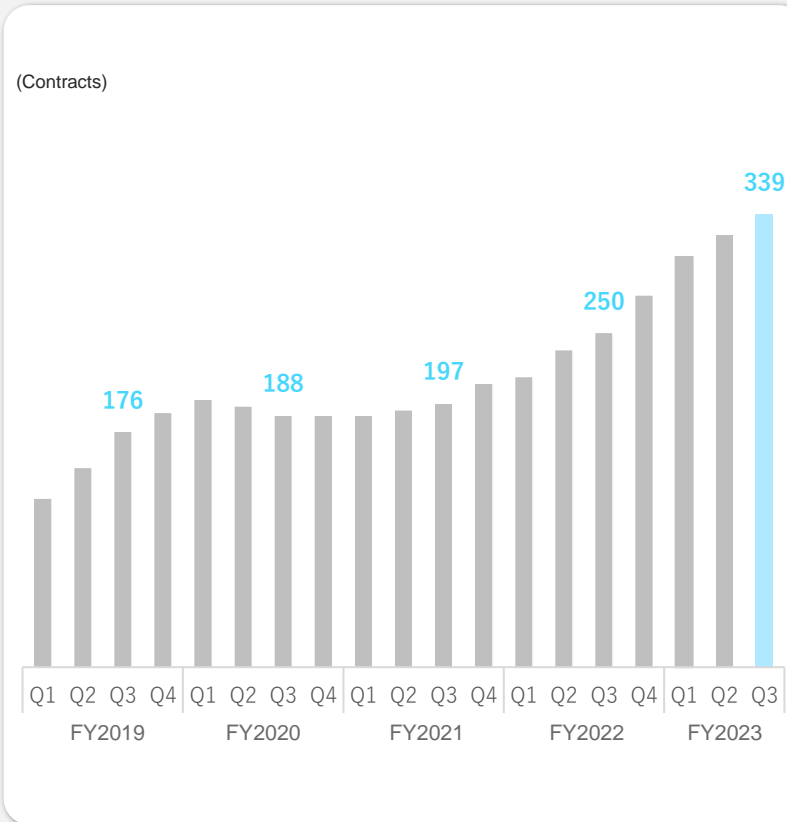
KPI Trends

As a result of focusing on targeted areas where we can take advantage of our competitive superiority, such as small to medium companies' delivery trucks, garbage trucks, and sales and door-to-door service vehicles, we obtained a large number of new customers, with the number of contracts increasing to a record high of 339 in 3Q of the term ending March 2024. In addition, as a result of expanding scope to major companies, we received orders for large business deals, and ARPA increased. ARR in 3Q of the term ending March 2024 increased 25 million yen compared to the previous quarter to 280 million yen.

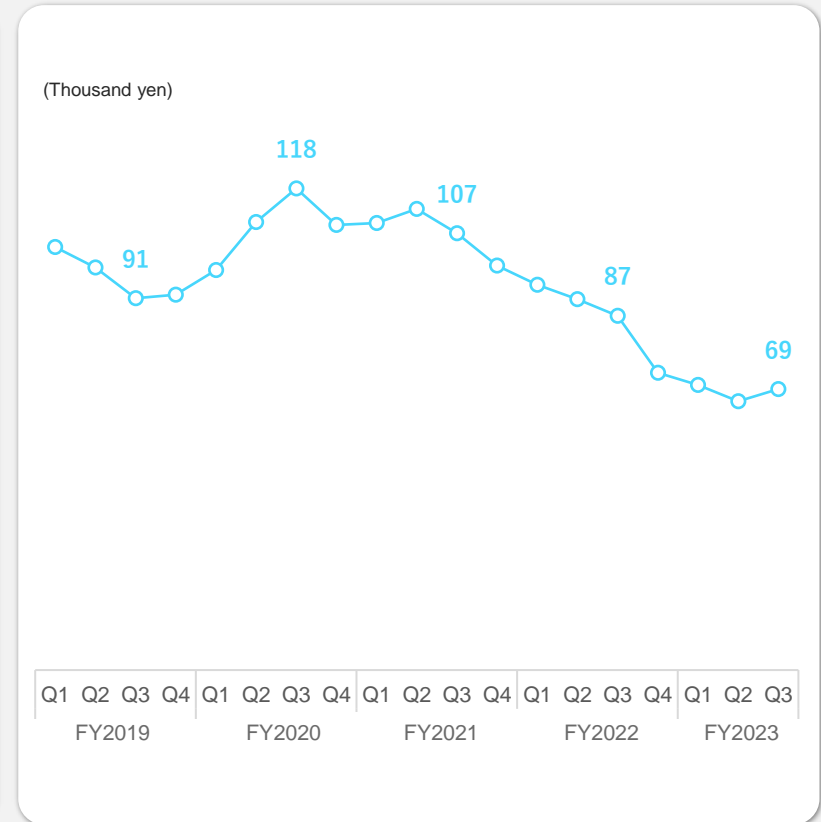
ARR*₁



Number of contracts*₂



ARPA*₃



*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

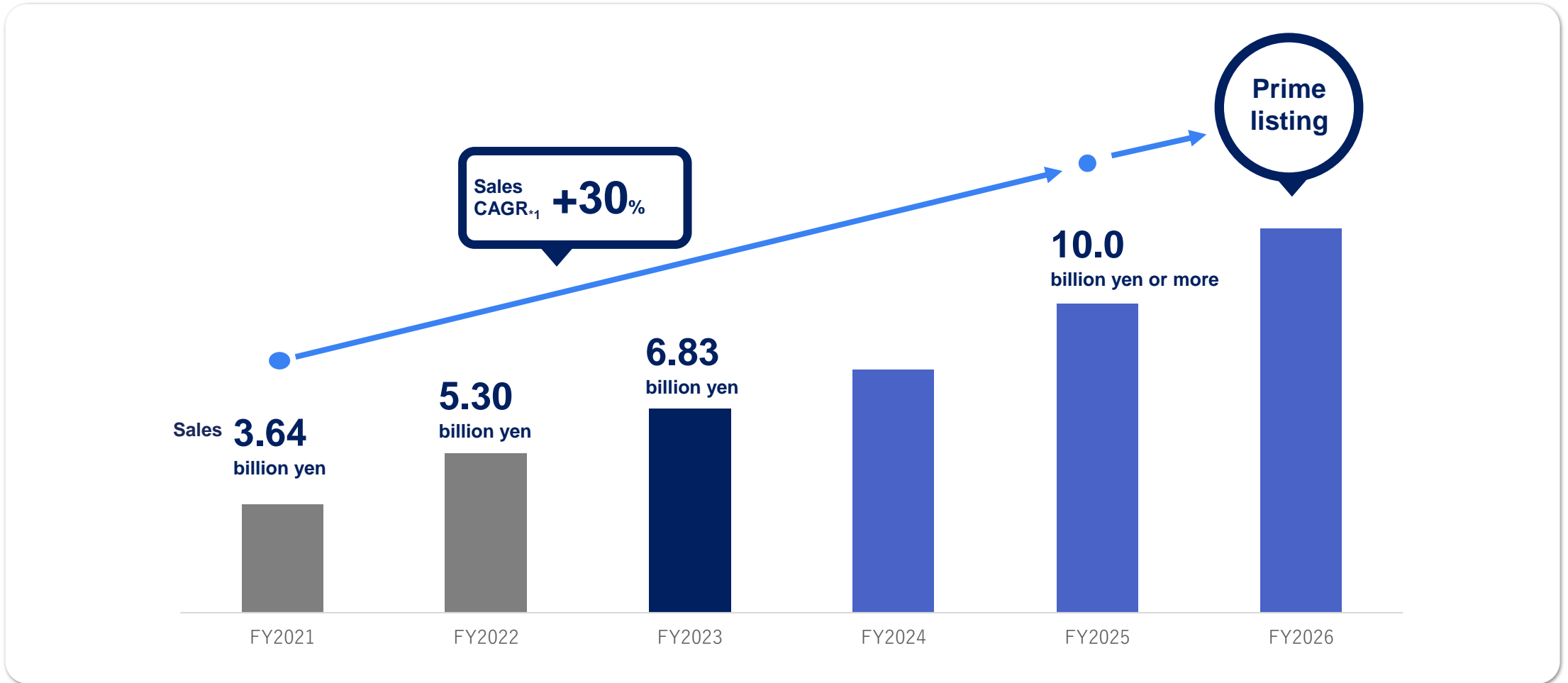
*2 Number of contracts per month at end of quarter

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

Growth Strategy

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

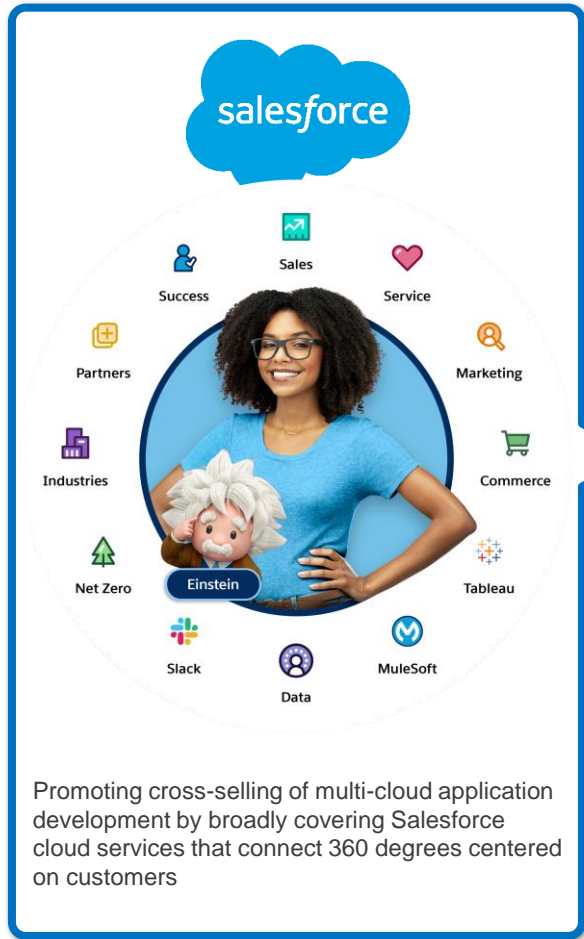
By promoting the growth strategies of “multi-cloud strengthening and development,” “investment in human resources (education and recruitment),” “investment in R&D” and “investment in Cariot,” we will continue growth centered on Cloud Integration Services. We will aim to achieve net sales of at least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



*1 Compound Annual Growth Rate from FY2021 to 2025 (forecast).

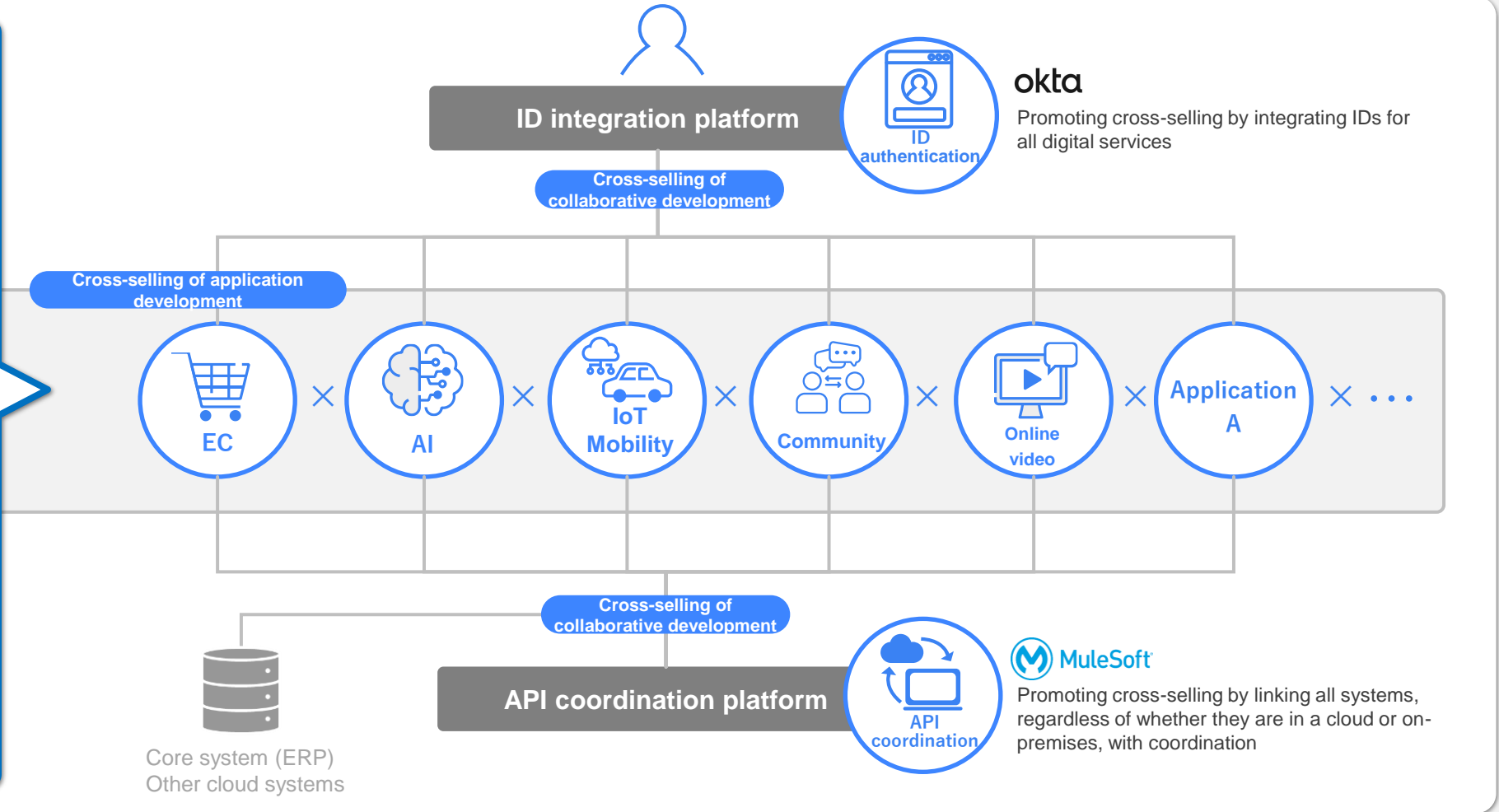
Enhancing and Developing Multi-cloud Services

In addition to multi-cloud application development, we will promote cross-selling through platform collaborative development to increase ARPA among existing customers. Further, we will also expand business channels by developing cloud partners towards increasing the number of contracted customers.



A central image of a woman holding a baby is surrounded by various Salesforce ecosystem icons: Success, Sales, Service, Partners, Marketing, Industries, Commerce, Net Zero, Einstein, Slack, Data, and MuleSoft.

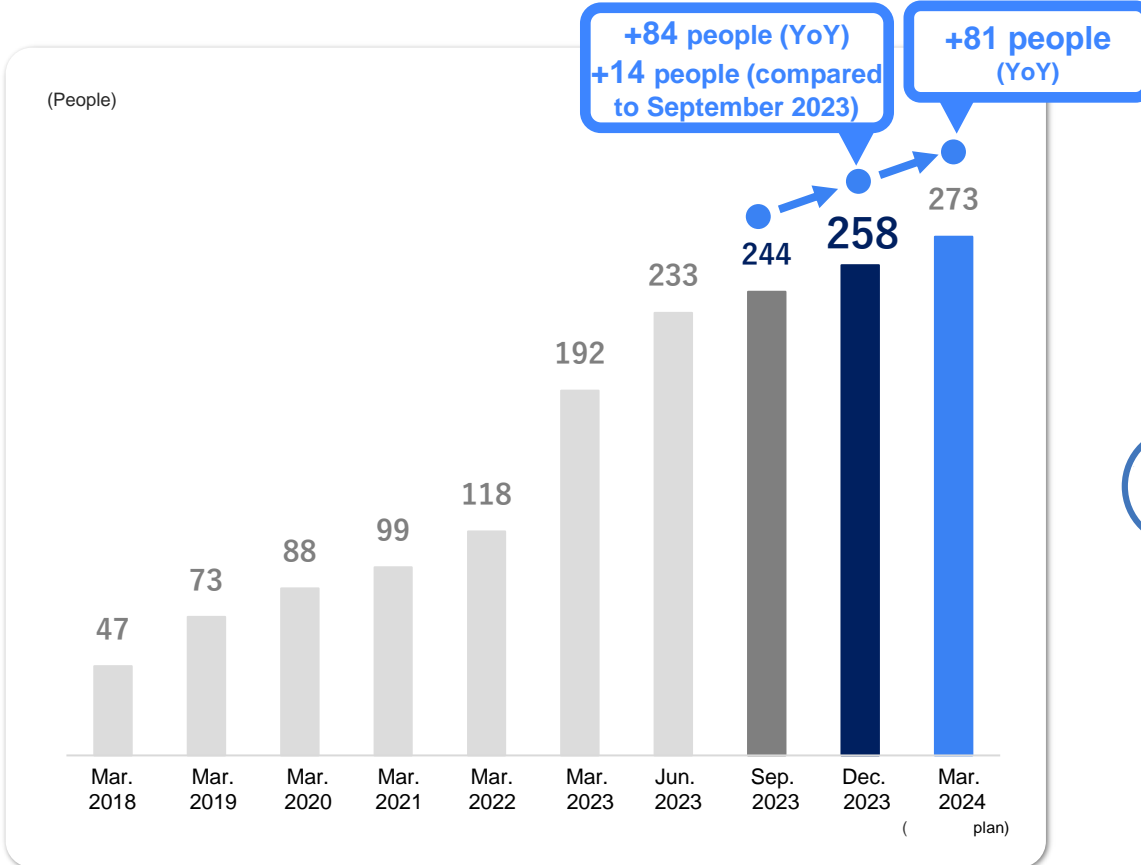
Promoting cross-selling of multi-cloud application development by broadly covering Salesforce cloud services that connect 360 degrees centered on customers



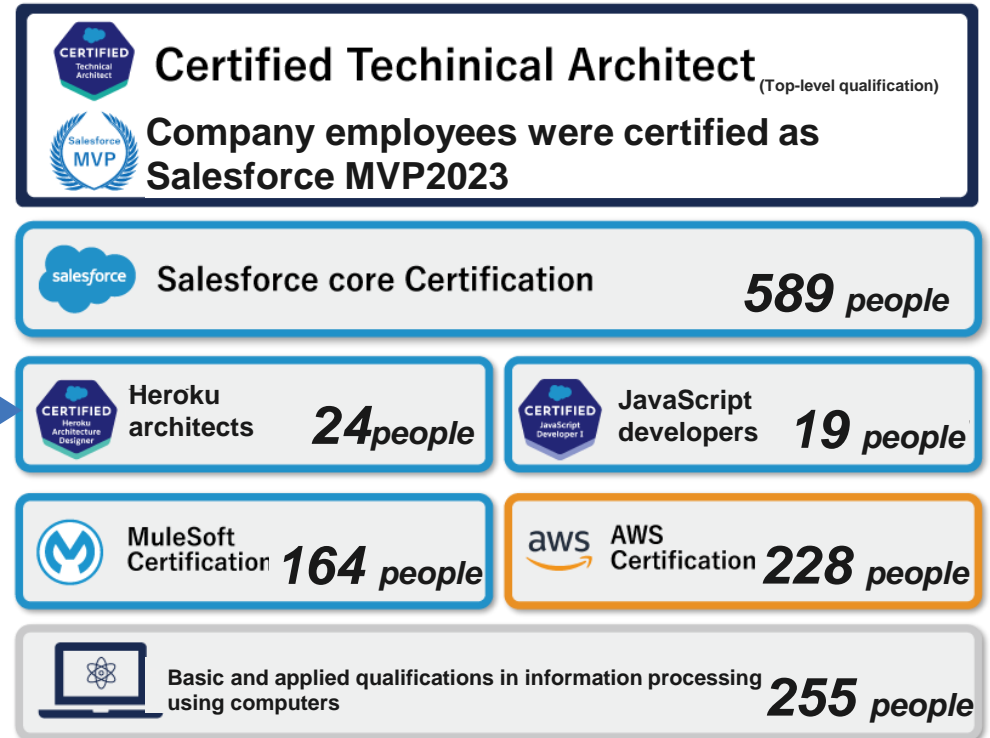
Organizational expansion centered on cloud engineers and other employees

The number of cloud engineers and other employees increased by 84 year-on-year, and by 14 compared with the end of September 2023 to 258 people as of the end of December 2023, so we achieved and exceeded the initial plan of 253 people. We will continue to focus on further increasing the number of people hired and expect to have 273 employees as of the end of March 2024.

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 December 2023

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.

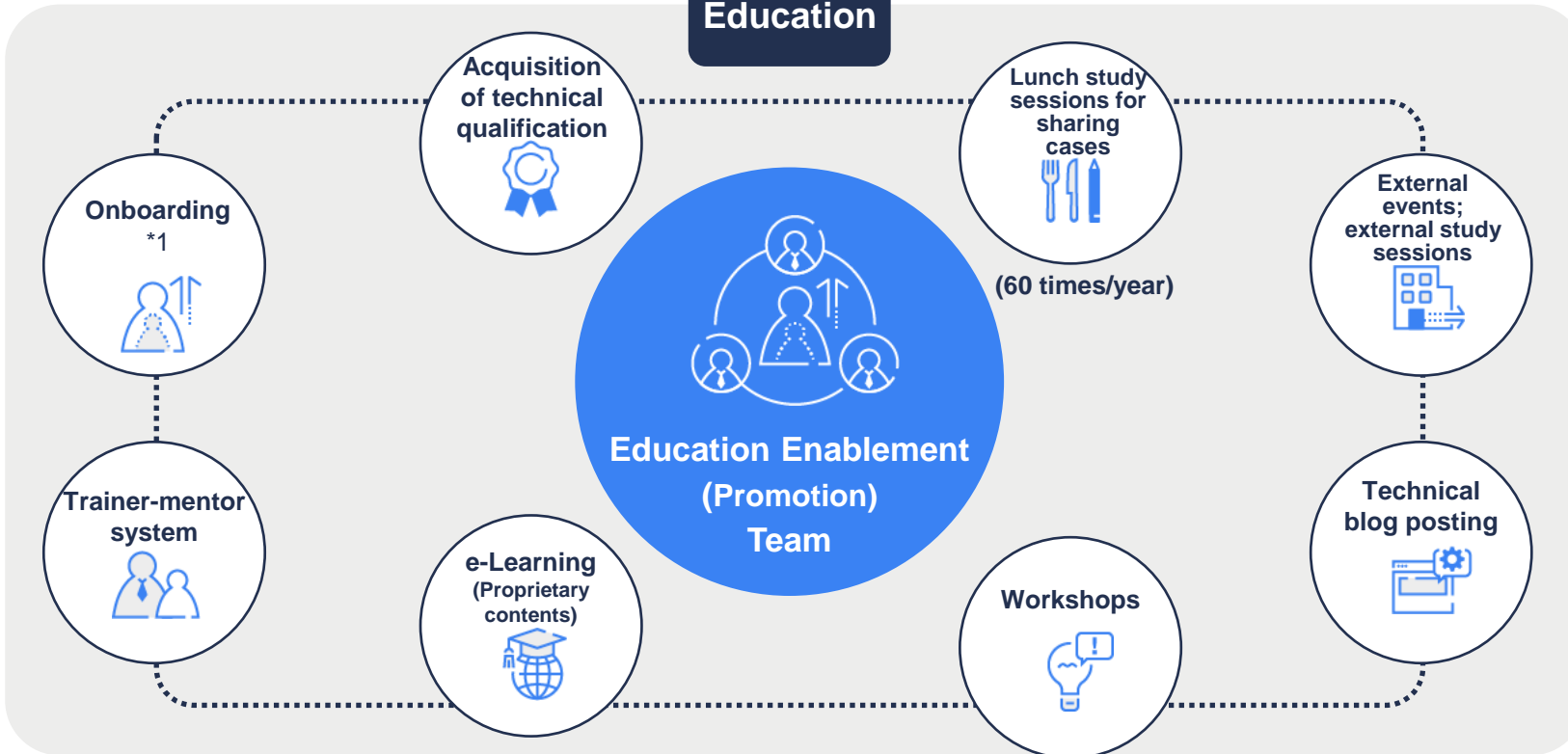
One month from joining the company to project assignment

Joining

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



Education



Actual work

Continuous improvement through feedback cycles

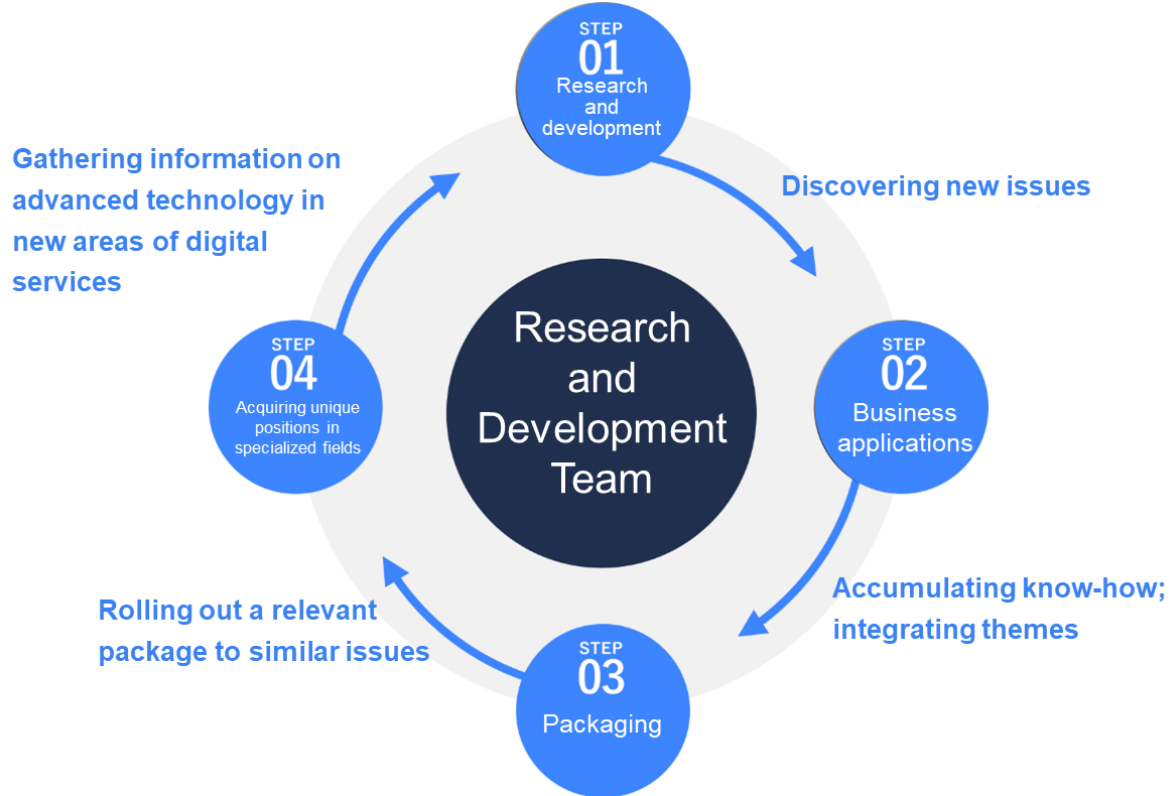


*1: A series of workforce development steps to fully induct mid-career recruits into an organization until they can be recognized as valuable assets

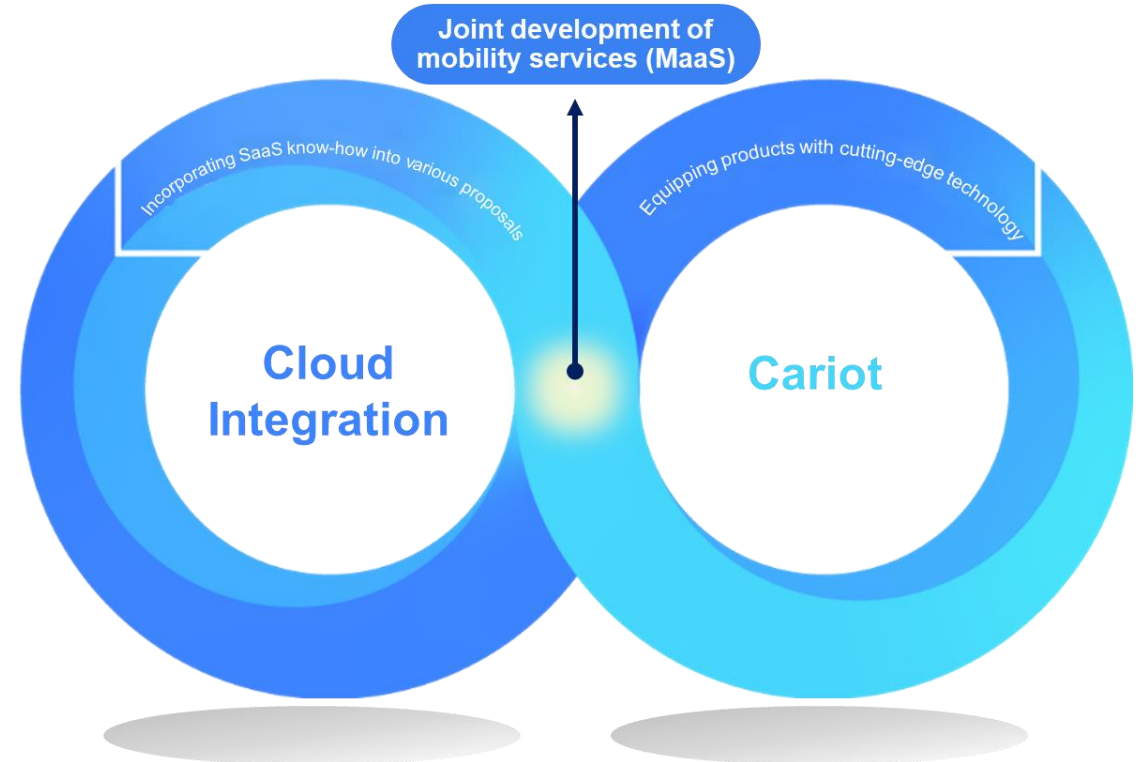
New business investment for future growth

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. Investment in SaaS Business Cariot which is created from R&D, we create synergy by aligning and integrating both services.

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



SaaS Business Investment in Cariot

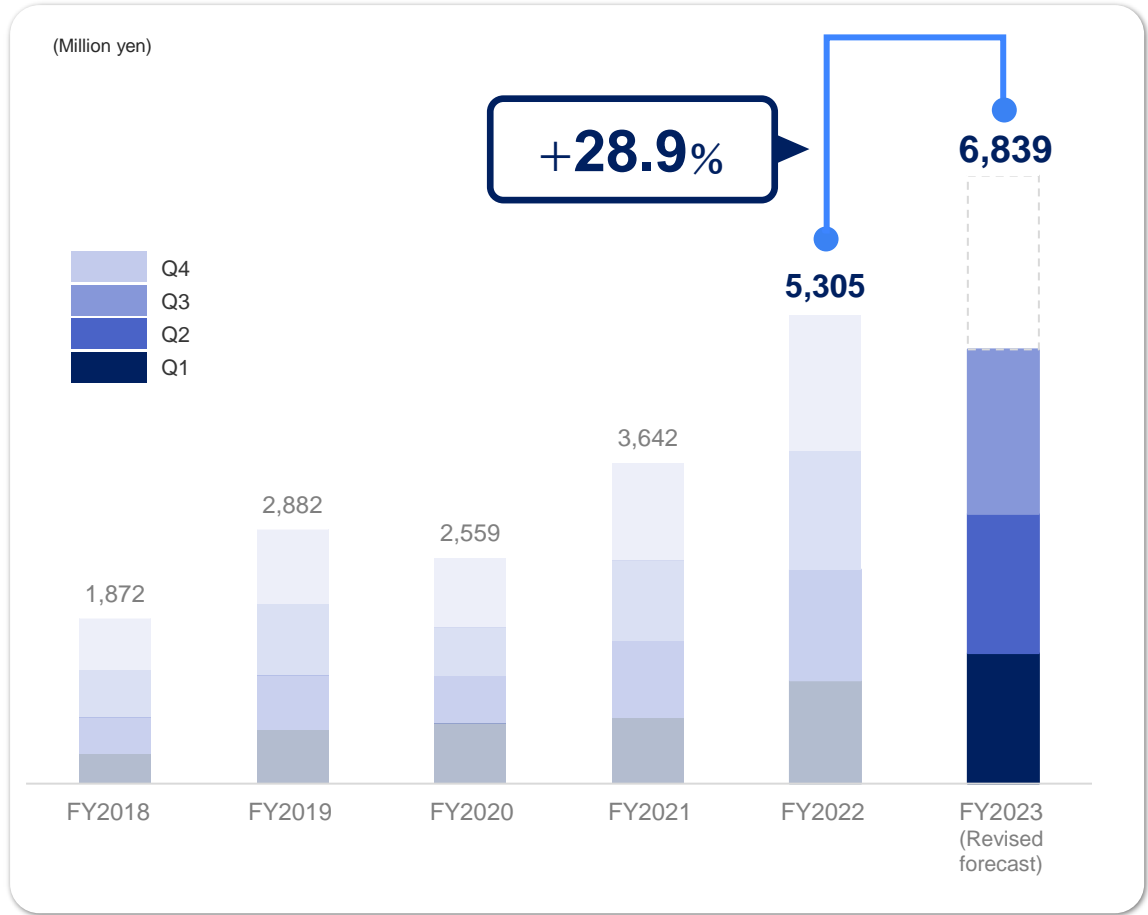


Appendix

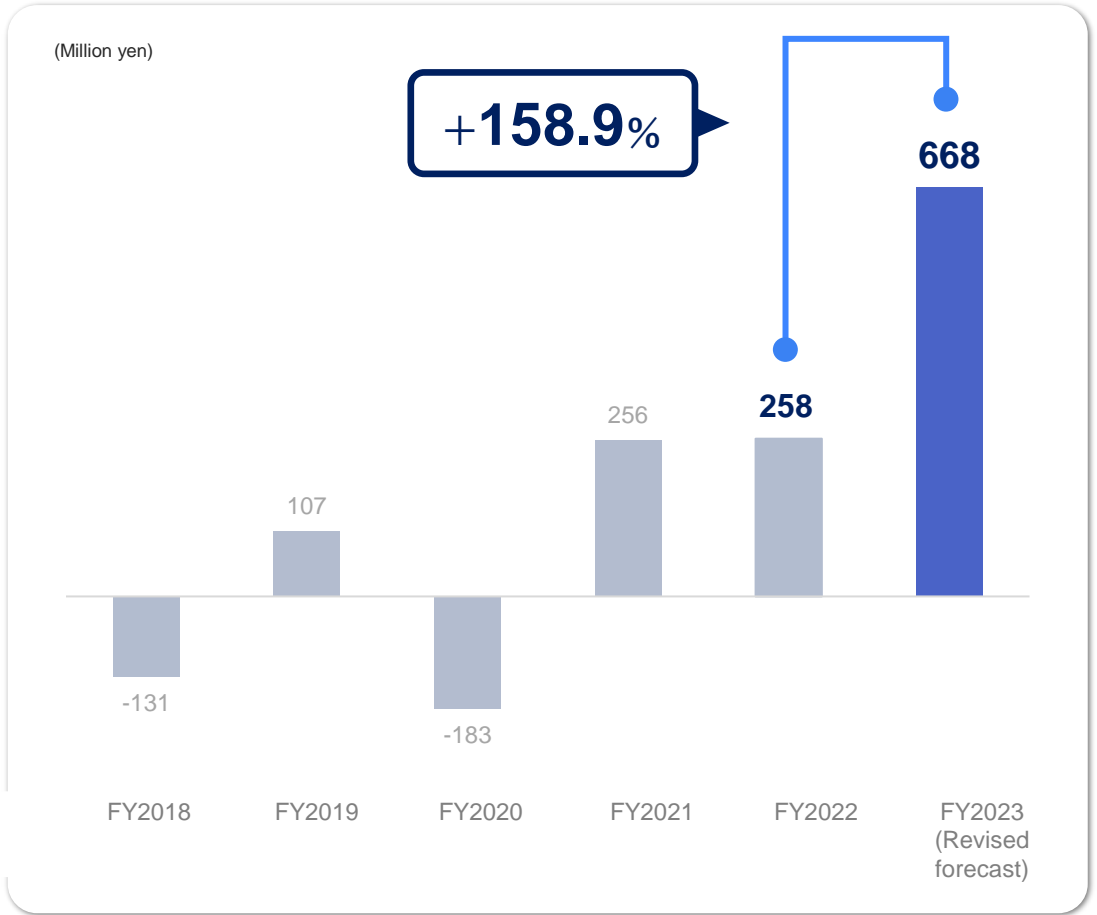
Results Trends

Against the backdrop of vigorous demand for DX support among major companies, sales for the term ended March 2023 were 5,305 million yen (up 45.7% year-on-year) and operating income was 258 million yen (up 0.7% year-on-year), record highs. We are planning record high results in the term ending March 2024 too, with sales of 6,839 million yen (up 28.9% year-on-year) and operating income of 668 million yen (up 158.9% year-on-year).

Sales

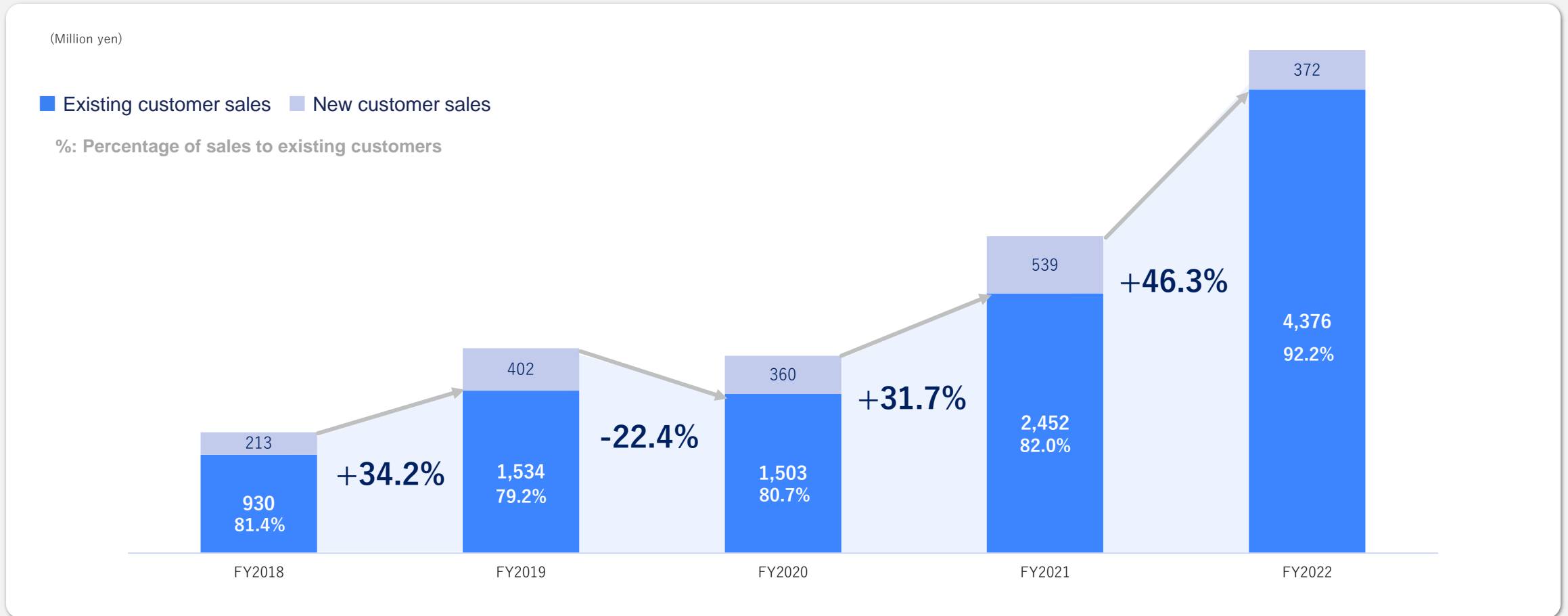


Operating income



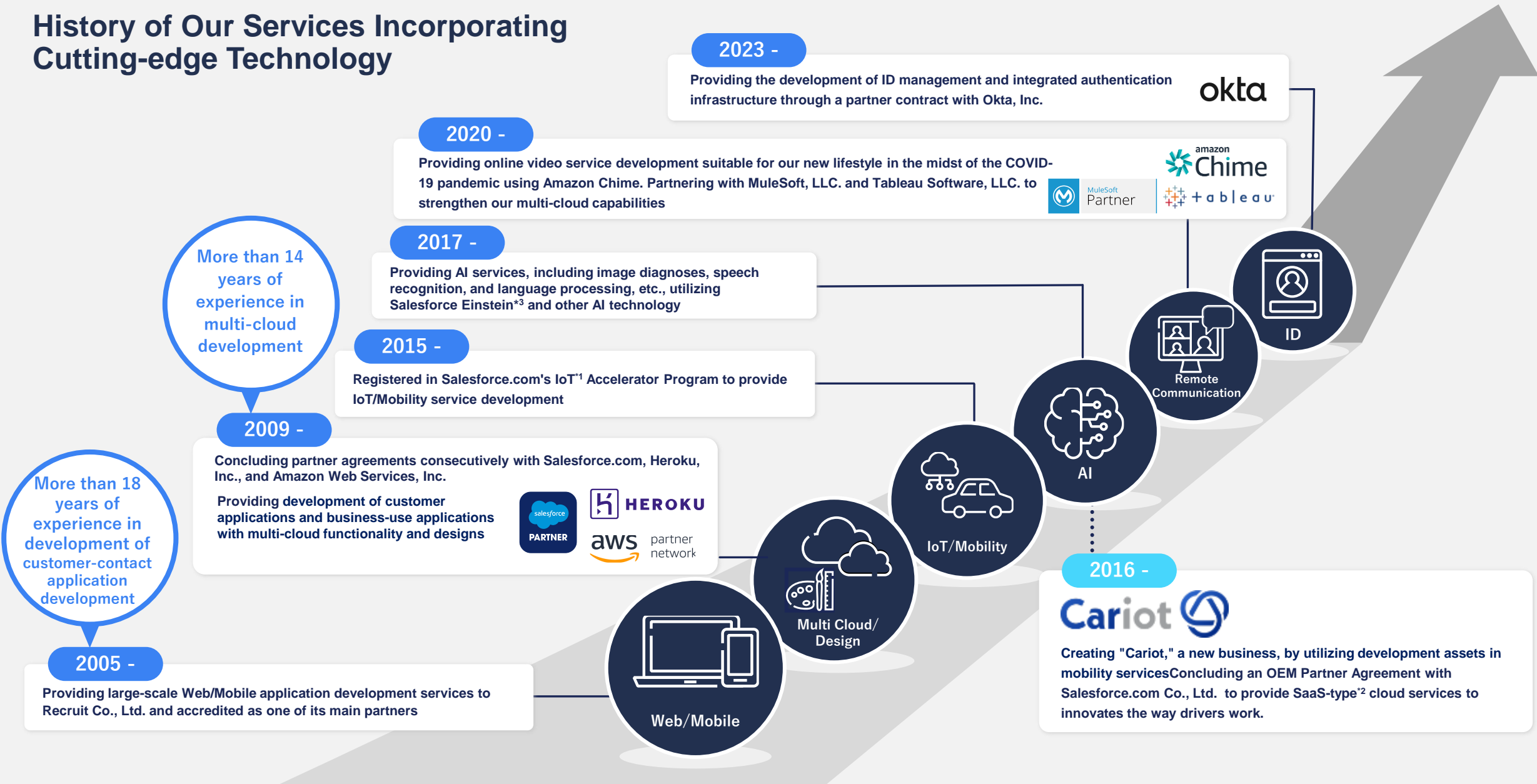
Year-on-year sales growth rate for existing major company customers*1

Because DX starts from small scale development and continues with the development of functional improvements, we will continue and expand business with existing customers. In the fiscal year ended March 2021, orders by some large customers were suspended due to the impact of COVID-19, but average year-on-year sales growth for existing customers from the fiscal year ended March 2019 through the fiscal year ended March 2023 was +22.4%.



*1 Year-on-year sales growth rate for existing major company customers: Growth rate of total sales for major company customers with contracts prior to the previous fiscal year

History of Our Services Incorporating Cutting-edge Technology



More than 14 years of experience in multi-cloud development

More than 18 years of experience in development of customer-contact application development

2023 -
 Providing the development of ID management and integrated authentication infrastructure through a partner contract with Okta, Inc.

2020 -
 Providing online video service development suitable for our new lifestyle in the midst of the COVID-19 pandemic using Amazon Chime. 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

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

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 services. Concluding an OEM Partner Agreement with Salesforce.com Co., Ltd. to provide SaaS-type*2 cloud services to innovates the way drivers work.

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

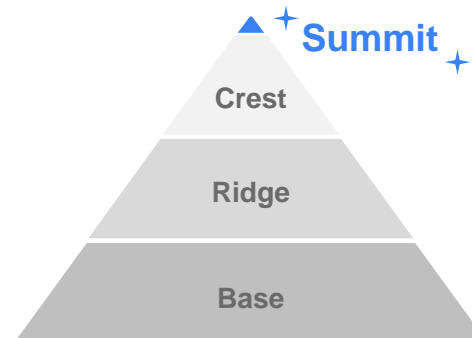
Our Domestically and Globally Acclaimed Advanced DX Achievements

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. In addition, we are also certified as top domestic partners for Salesforce and MuleSoft.

- May 2015** **“Special Award,” Salesforce Partner Award**
Awarded for the achievements in our highly acclaimed IoT projects
- 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
- May 2023** **MuleSoft Japan**
“MuleSoft Japan Partner Enablement Award 2023”
Awarded for our achievements in MuleSoft business

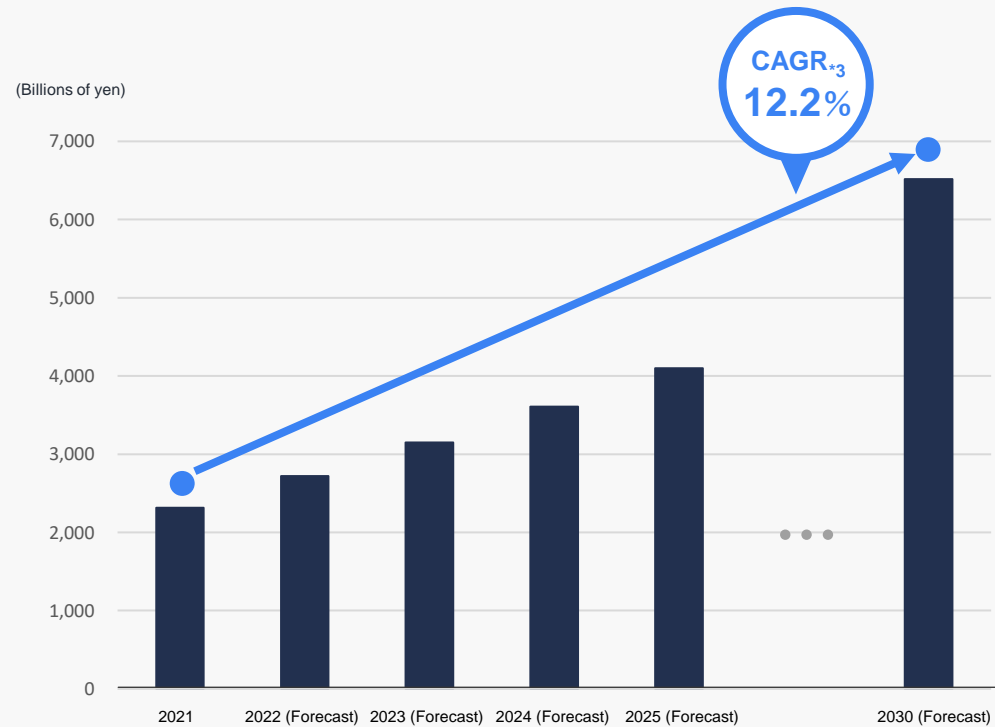


PARTNER INNOVATION AWARDS 2019 WINNER

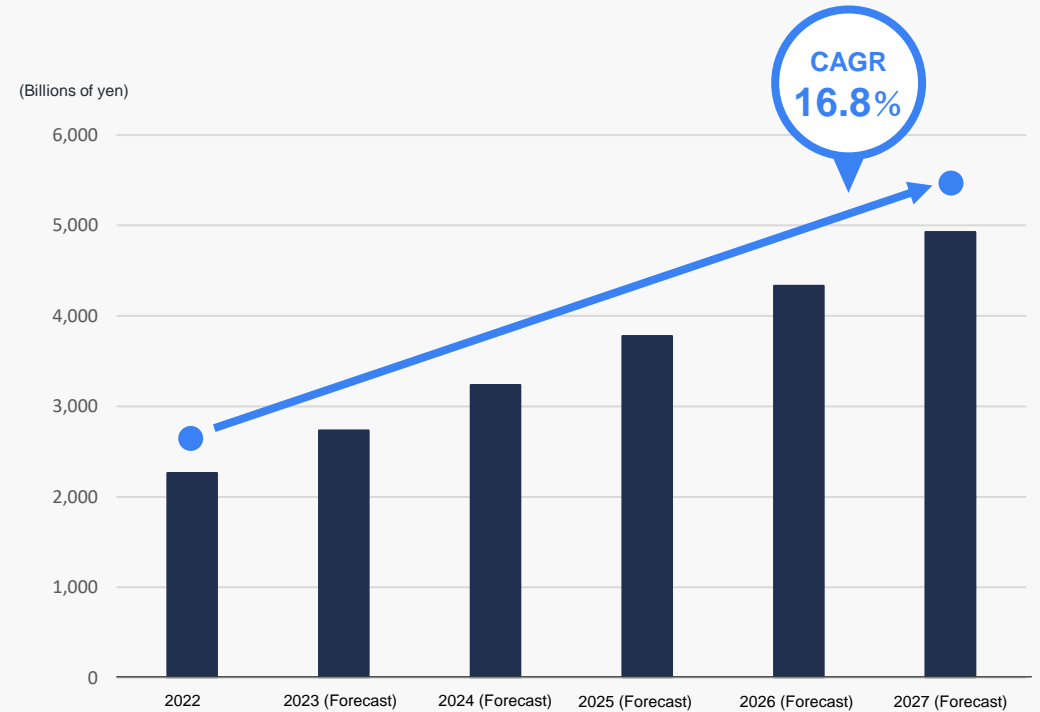


Both DX and Cloud Markets in Japan Are Steadily Expanding

The domestic DX market is expanding at a CAGR of 12.2% from 2021 to 2030.*₁



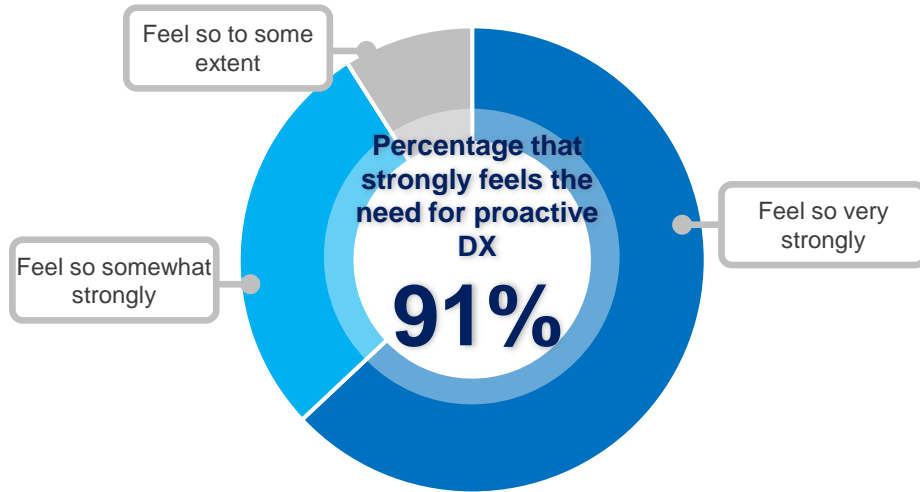
The domestic public cloud market is expanding at a CAGR of 16.8% from 2022 to 2027.*₂



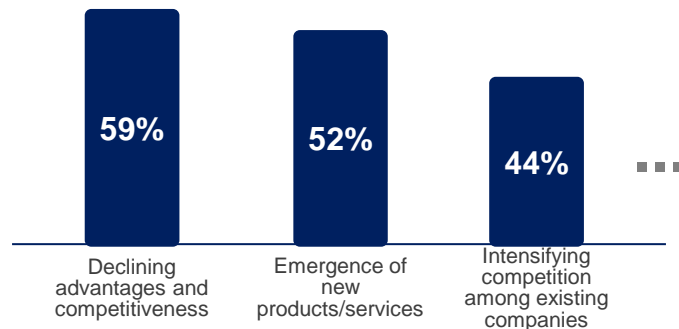
*1: Quoted from "2023 Future Prospects of the Digital Transformation Market," Fuji Chimera Research Institute, Inc.
 *2: Quoted from "Sales Prospects in the Domestic Public Cloud Service Market," International Data Corporation Japan (IDC)
 *3: CAGR (Compound Annual Growth Rate) is an annual geometric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

Current DX Status in Japan

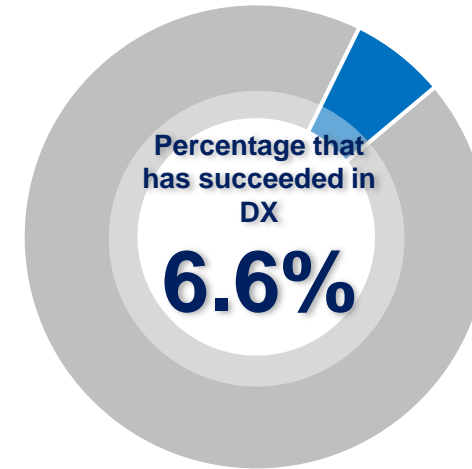
About 90% of the companies have strong needs for “Proactive DX.” This is due to their concerns about the potential decline of their own advantage and competitiveness.*1



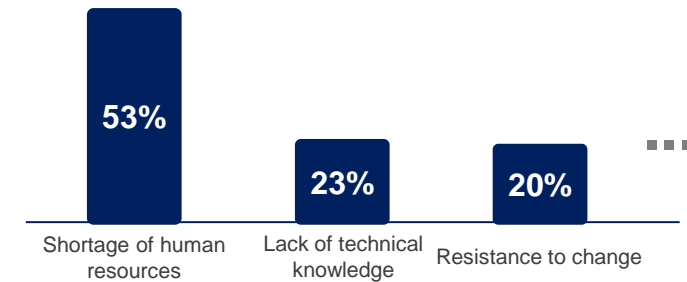
Challenges associated with concerns about the proliferation of digital technology



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



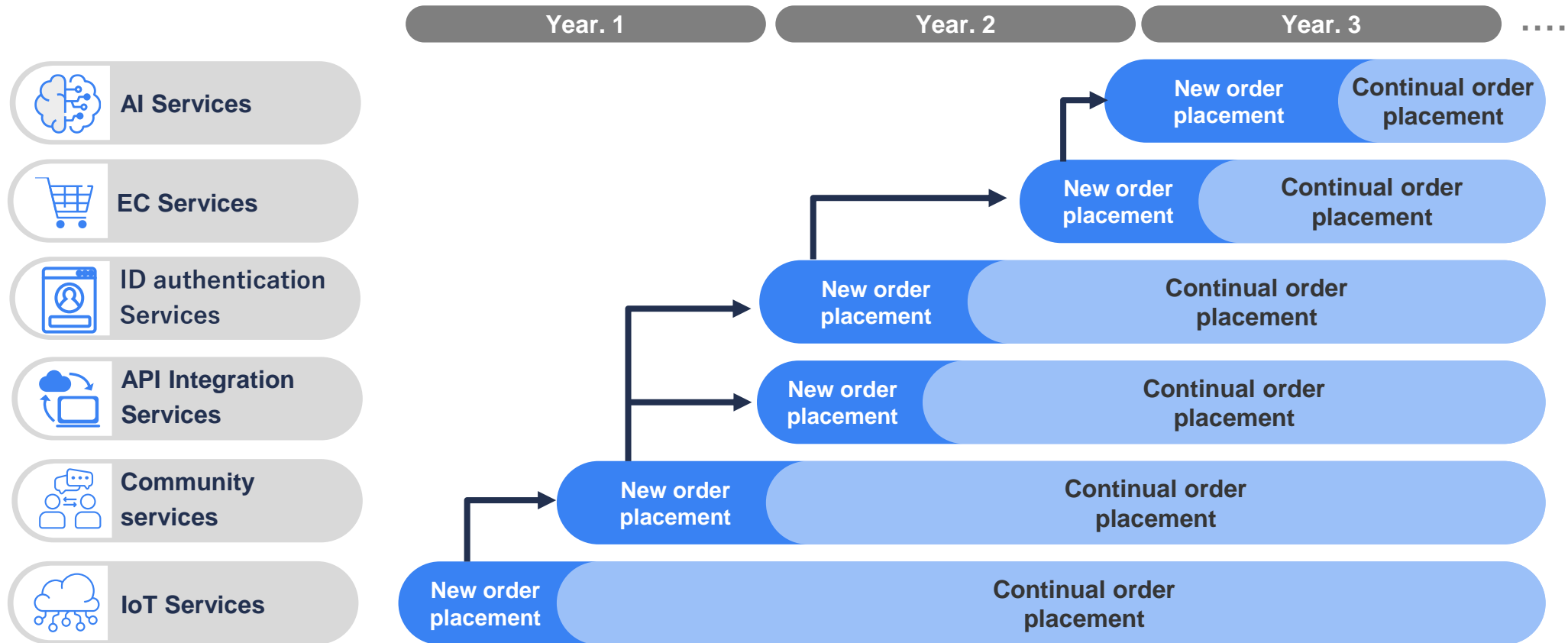
*1: Compiled proprietarily, based on “A Study on Functions and Roles of Human Resources Promoting Digital Transformation,” (May 17, 2019) Information-technology Promotion Agency, Japan (IPA) (<https://www.ipa.go.jp/files/000073700.pdf>)

*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

Continuous Orders for DX Projects and Expansion with Cross-selling

We will continue to develop digital services while simultaneously promoting the development of multiple digital services.



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

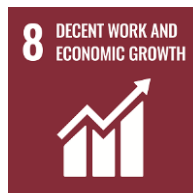
Job satisfaction and job opportunities

- 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 education enablement 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

CO₂ emissions

- Support for mobility service development, contribution to CO₂ emissions reduction through Cariot service
- Contribution to reducing CO₂ 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.