

An Introduction to COMTURE for Institutional Investors

COMTURE CORPORATION

*Transforming needs
into solutions*



January 31, 2024

Chihiro Sawada

Representative Director,
President

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About COMPTURE



1-1 Company Overview

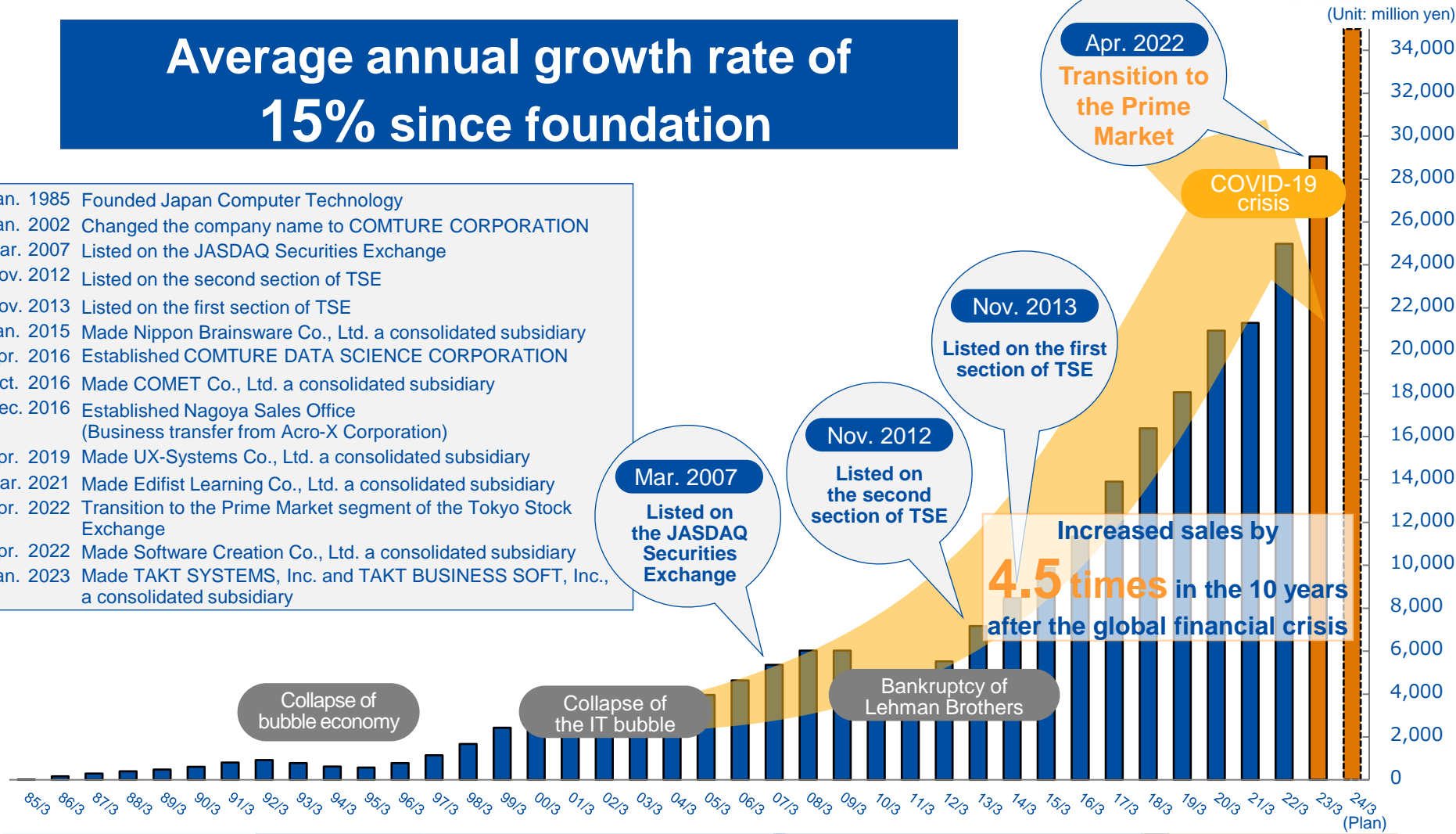


Name	COMTURE CORPORATION
Representative	Chihiro Sawada, Representative Director, President Osamu Noma, Representative Director, Senior Executive Vice President
Address	9F/15F East Tower, Gate City Osaki, 1-11-2, Osaki, Shinagawa-ku, Tokyo Japan
Established	January 18, 1985
Businesses	Consulting, plans, installation and operation of systems, primarily using the cloud, for companies
Capital	1,022 million yen (as of the end of March 2023)
Group companies	COMTURE NETWORK, EDIFIST LEARNING INC., SOFTWARE CREATION CORPORATION, TAKT SYSTEMS, INC., COMTURE MARKETING, COMTURE DATA SCIENCE
Net sales	29,056 million yen (FY3/23) 35,000 million yen (Forecast for FY3/24)
Ordinary profit	4,067 million yen (FY3/23) 4,750 million yen (Forecast for FY3/24)
Employees	1,818 (as of April 1, 2023)

1-2 COMTURE's History

Average annual growth rate of 15% since foundation

- Jan. 1985 Founded Japan Computer Technology
- Jan. 2002 Changed the company name to COMTURE CORPORATION
- Mar. 2007 Listed on the JASDAQ Securities Exchange
- Nov. 2012 Listed on the second section of TSE
- Nov. 2013 Listed on the first section of TSE
- Jan. 2015 Made Nippon Brainsware Co., Ltd. a consolidated subsidiary
- Apr. 2016 Established COMTURE DATA SCIENCE CORPORATION
- Oct. 2016 Made COMET Co., Ltd. a consolidated subsidiary
- Dec. 2016 Established Nagoya Sales Office (Business transfer from Acro-X Corporation)
- Apr. 2019 Made UX-Systems Co., Ltd. a consolidated subsidiary
- Mar. 2021 Made Edifist Learning Co., Ltd. a consolidated subsidiary
- Apr. 2022 Transition to the Prime Market segment of the Tokyo Stock Exchange
- Apr. 2022 Made Software Creation Co., Ltd. a consolidated subsidiary
- Jan. 2023 Made TAKT SYSTEMS, Inc. and TAKT BUSINESS SOFT, Inc., a consolidated subsidiary



Collapse of bubble economy

Collapse of the IT bubble

Bankruptcy of Lehman Brothers

Increased sales by **4.5 times** in the 10 years after the global financial crisis

The first decade – foundation years The second decade – building core competency The third decade – becoming a publicly listed company **COMTURE Transformation**

Mainframe era Client-server era Web computing era Cloud computing era & **Digital transformation era**

1-3 COMTURE's Evolution - How we continued to grow -

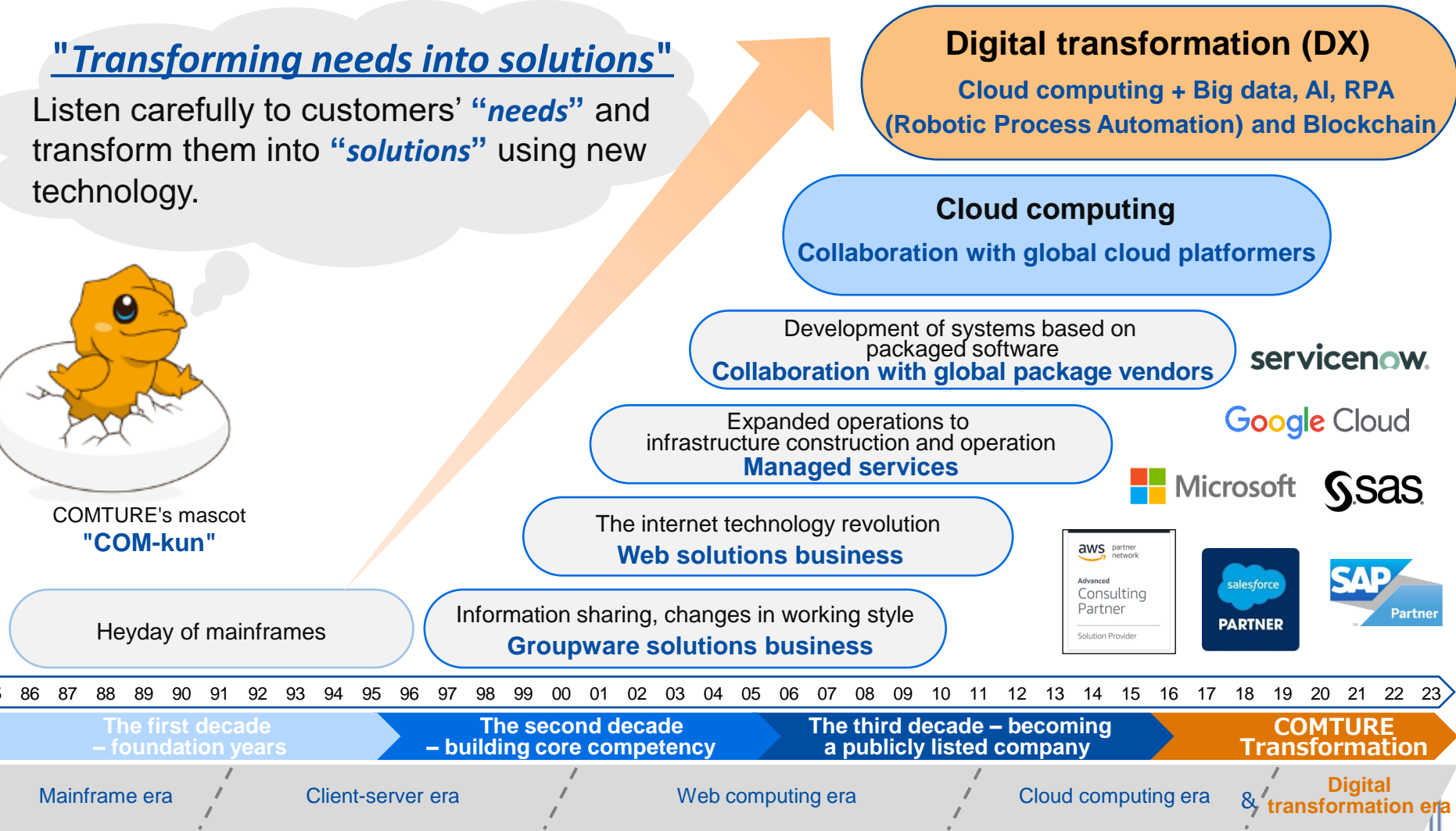
As a result of ceaseless innovation

"Transforming needs into solutions"

Listen carefully to customers' **"needs"** and transform them into **"solutions"** using new technology.

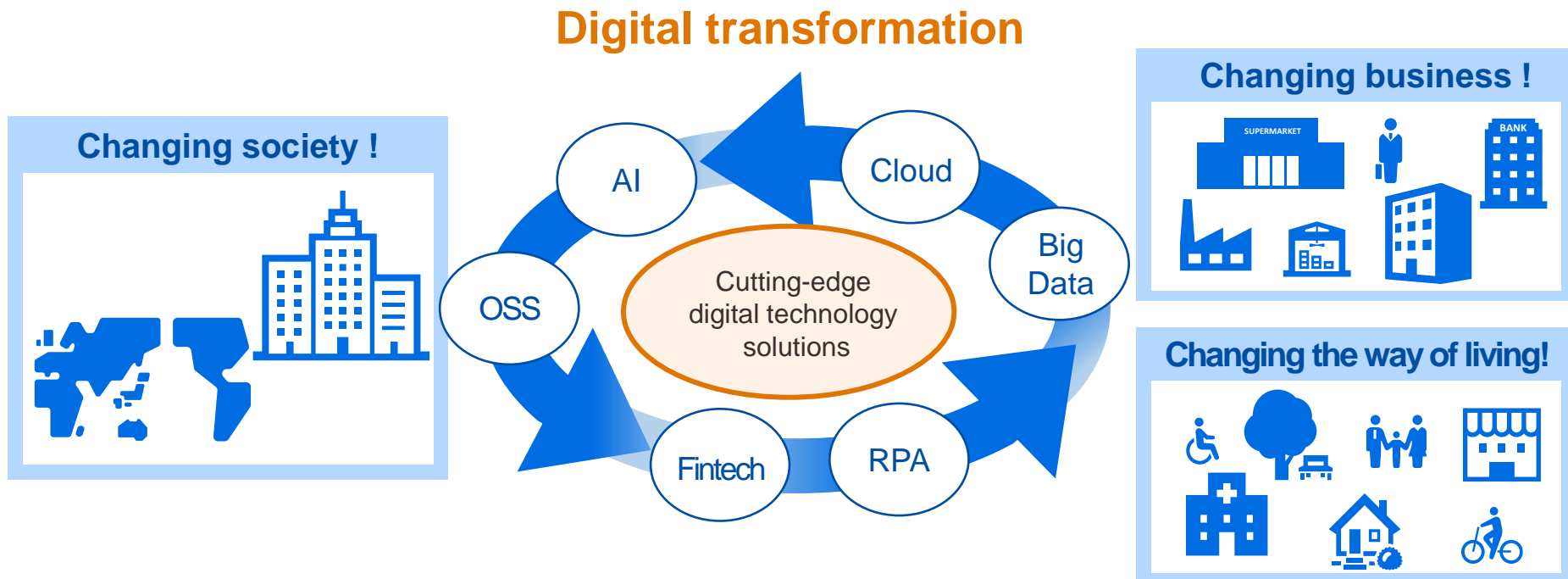


COMTURE's mascot
"COM-kun"



1-4 Digital Transformation Activities

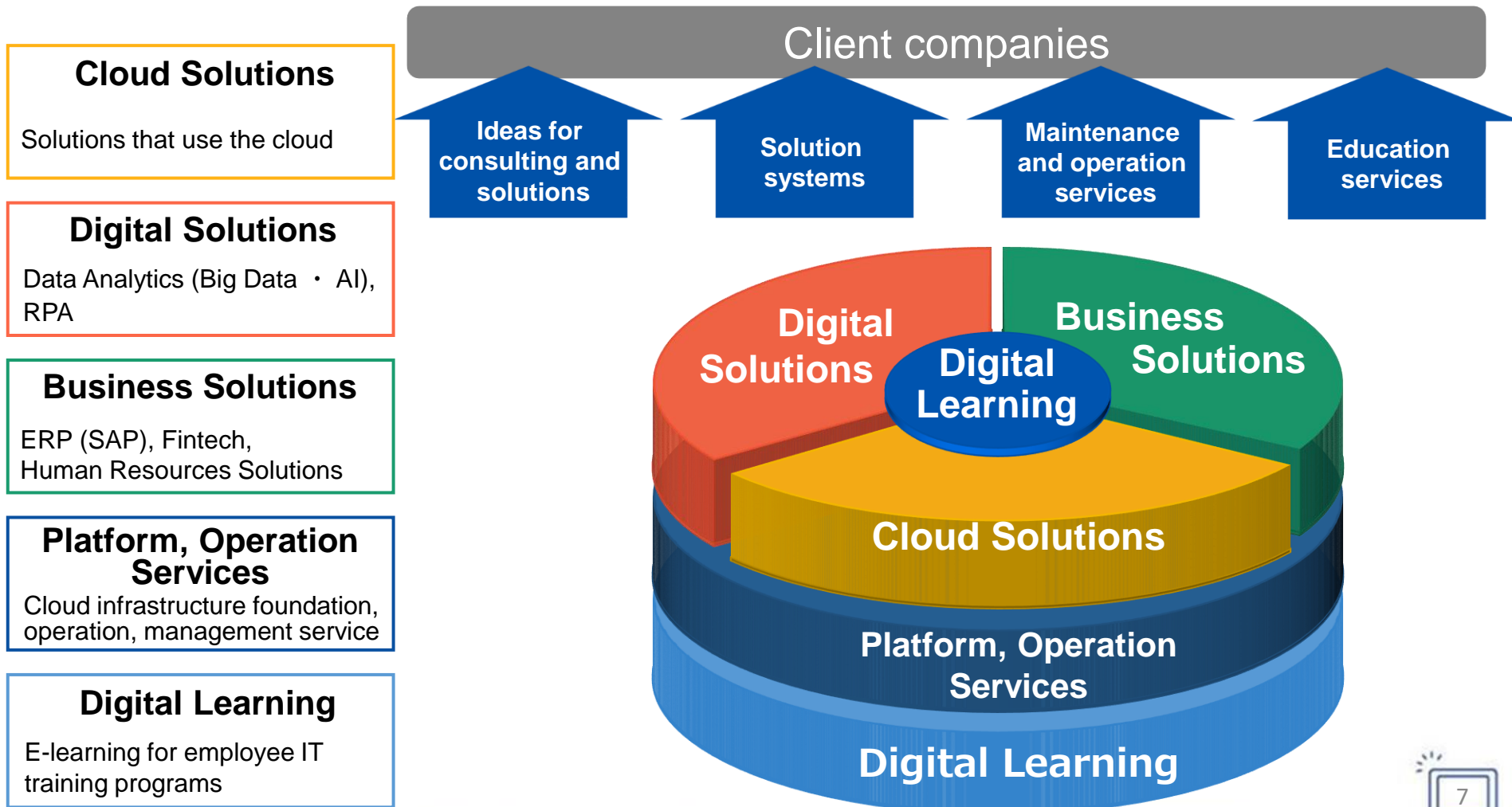
Digital transformation (DX) enables companies to dramatically alter their business strategies and domains through the use of the latest advances in digital technologies. Companies use DX to improve business processes, increase sales and earnings, use innovative business models and change how people do their jobs. DX is also a source of new forms of value for companies and society.



An intent focus on solving customers' problems and innovation

1-5 Five Interlinked Business Domains

Proposals and support for IT at large companies centered on
Cloud Solutions and Digital Solutions



1-6 Strategy for Collaboration with Vendors

Collaborations with global platformers and tool vendors

Cloud Solutions

- Collaboration using alliances with global SaaS vendors, consulting and integration services for the installation and use of CRM and other cloud services, and other activities

Digital Solutions

- Construction of data infrastructures by working with global AI vendors, provision of data analysis solutions by working with global data analysis vendors, and other activities

Business Solutions

- Construction, operation and modernization concerning accounting, personnel, fintech and other core IT systems using collaborations with SAP, SuccessFactors and other global ERP package vendors

Platform, Operation Services

- Hybrid cloud environments using virtualization software, design, construction and operation of virtual networks, IT system remote surveillance at COMTURE Group's service centers using global tools, help desk operations, and other activities

Digital Learning

- Education services with cooperation of global vendors for acquiring vendor certifications and IT education services to give people skills needed to perform DX jobs.



Business Partner



kubernetes



1-7 Major Customers

We serve **1,046** large companies covering
a broad spectrum of industries

SMBC Trust Bank, NTT DOCOMO Group, OBAYASHI CORPORATION, ORIX, Olympus, Canon Group, KYOCERA Group, Cleanup, Credit Saison, Keio Corporation, Kobe Steel, KONICA MINOLTA, Sankei Shimbun, GMO Aozora Net Bank, SUZUKI Group, Sony Group, SoftBank Group, Solaseed Air, The Dai-ichi Life Group, Taisho Pharmaceutical, Daicel Corporation, Daiwa Securities Group, THK, The Tokyo Star Bank, TOSHIBA Group, TOYOTA GROUP, Nikkei, NIHON TECHNO CO. LTD., JAPAN POST HOLDINGS, Nomura Research Institute, Pasona Group, Honda Motor, Marubeni, Mitsui Chemicals, Sumitomo Mitsui Bank, Sumitomo Mitsui Trust Bank, Mitsubishi Heavy Industries, Mitsubishi Corporation, MITSUBISHI ESTATE, Mitsubishi Electric, MetLife Insurance, Morinaga Milk Industry, MORI Building, YAMAHA, MEGMILK SNOW BRAND, Rakuten Card, LIXIL, Recruit Group, Ricoh Japan

(Order of the Japanese syllabary. As of the end of December 2023)

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Our Business

2-1 Major Examples

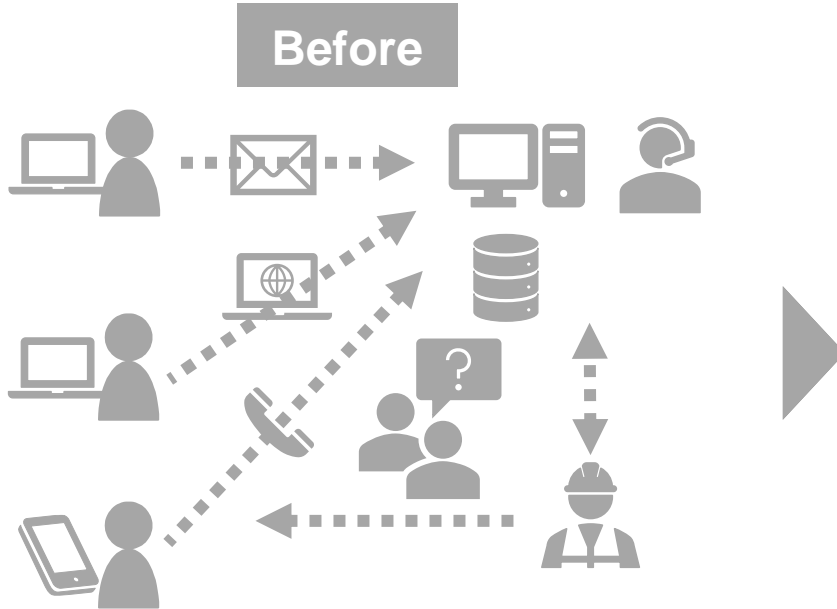
—Konica Minolta Japan, Inc.—

Example of cloud use – 1

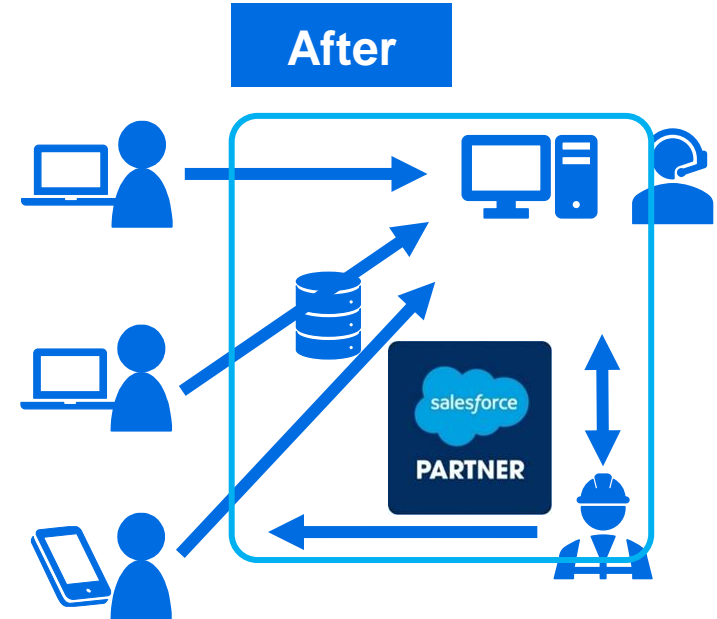
Better customer satisfaction by centralizing inquiry/response records

Stores on the cloud previously dispersed data, from requests to repair work

Centralized management and visualization of the entire repair process improves efficiency and customer satisfaction.



Separate management of responses for each product and department



Centralized management of the entire work process on the cloud for easy visualization

2-2 Major Examples

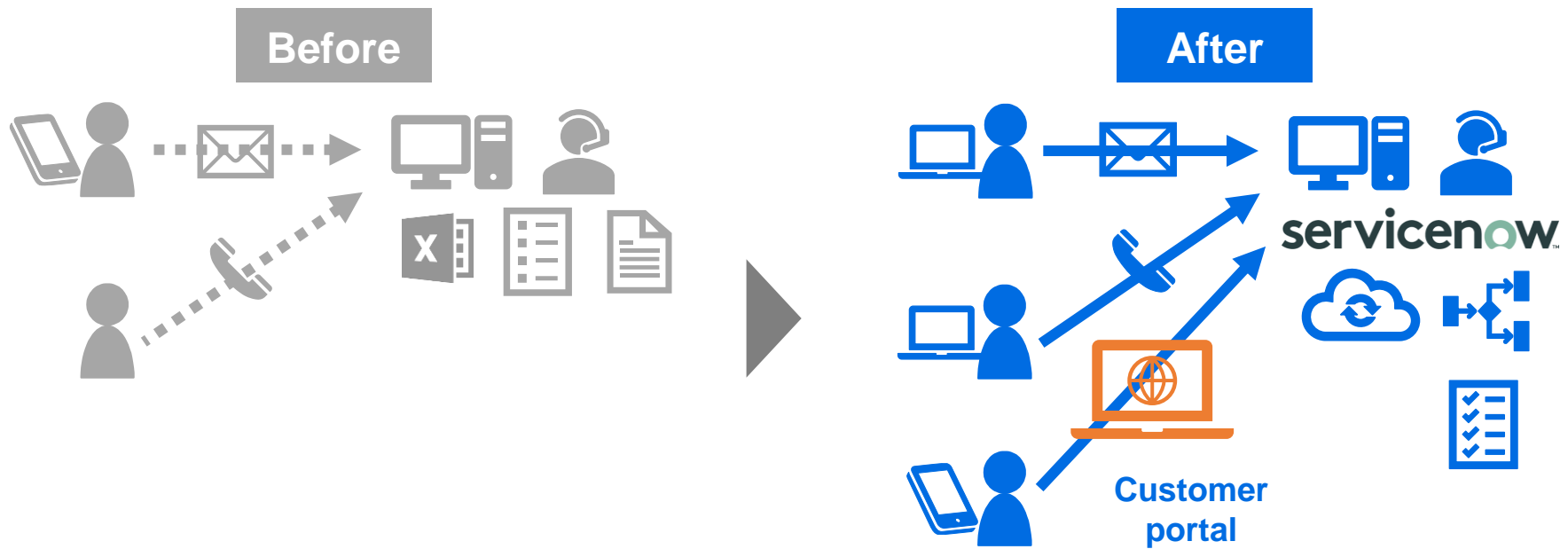
–Operator of a diversified retail facility–

Example of cloud use – 2

Omnichannel application procedures for convenience and better business processes

Established a portal for parking facility use applications to make this process more convenient and reduce the volume of work required

The customer portal makes applications easier and simplifies steps for progress management after an application is received.



Previously used e-mail and telephone for applications and a manual management process

Applications and processing are done on the portal, providing automated management and visualization

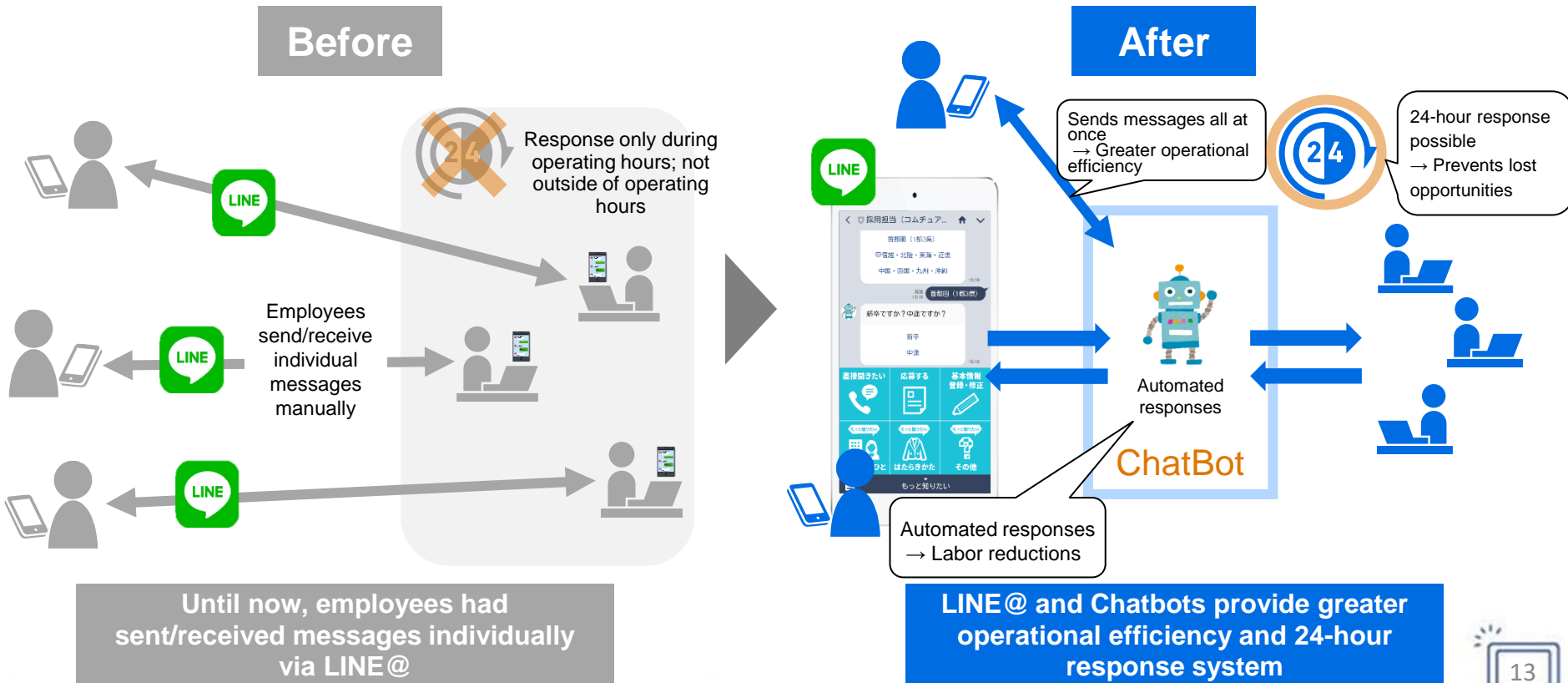
2-3 Major Examples

–Japan Nursery Service Inc.–

Example of cloud use – 3 Automated response via Chatbot

Working with Chatbots (automated response robots) to support improved operational efficiency and strengthened response capabilities

When communicating with applicants for nursery school teacher positions, automated response improves operational efficiency and enables 24-hour response



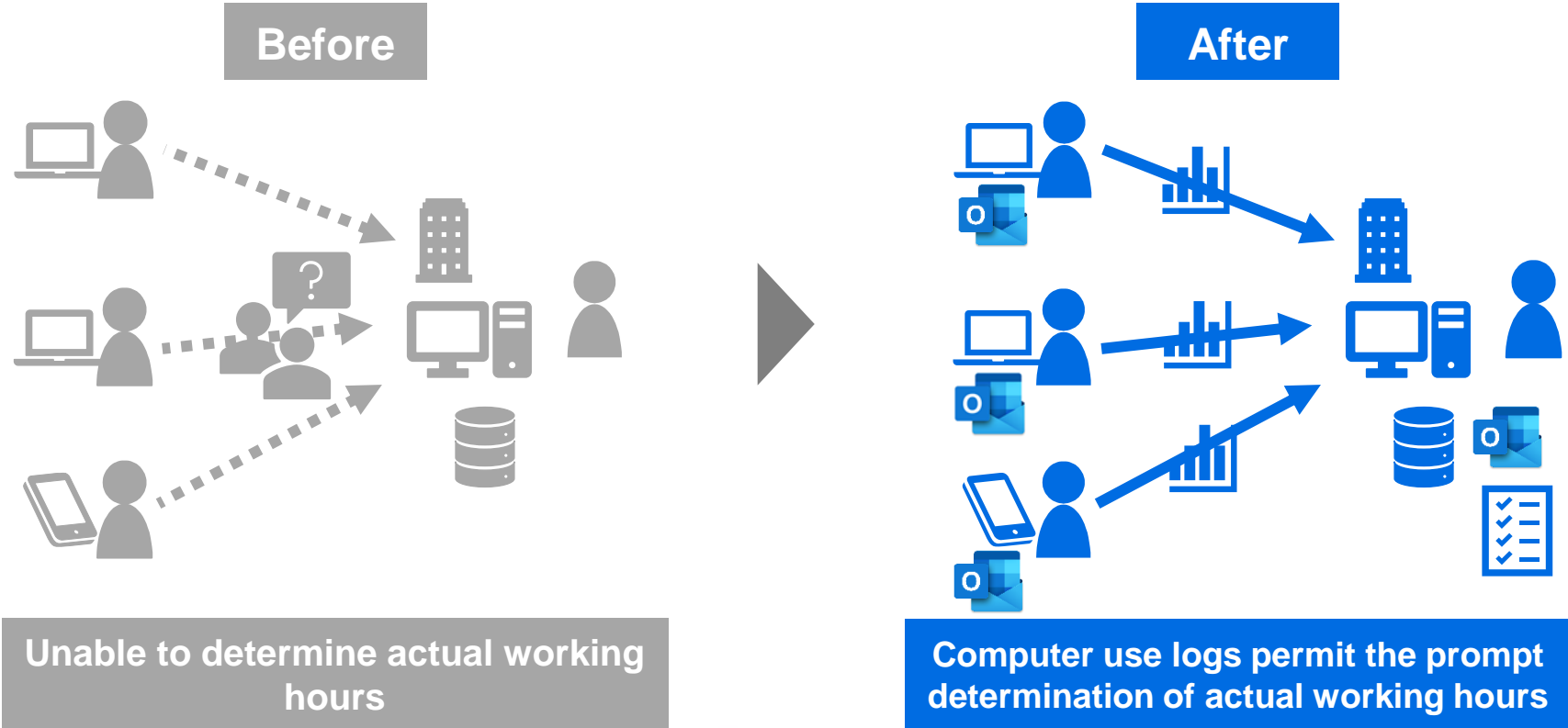
2-4 Major Examples –Large financial institution–

Example of cloud use – 4

Use of Office 365 to reveal the facts about “hidden overtime”

Logs for Office 365 use provide data about actual working hours

The use of log data increases the ability to identify improper overtime work by employees.



2-5 Major Examples

–Large manufacturing company–

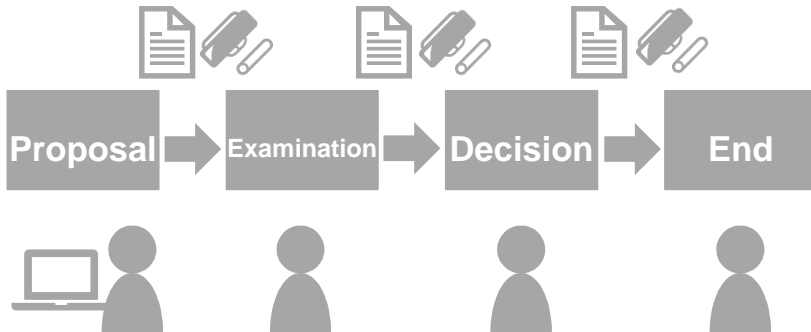
Example of cloud use – 5

Electronic approval documents for a more efficient approval process

An e-document system for decisions makes approvals easy even for telework

Moving approvals to the cloud eliminates paper documents and personal seals, thereby preventing delays and omissions in approval procedures.

Before

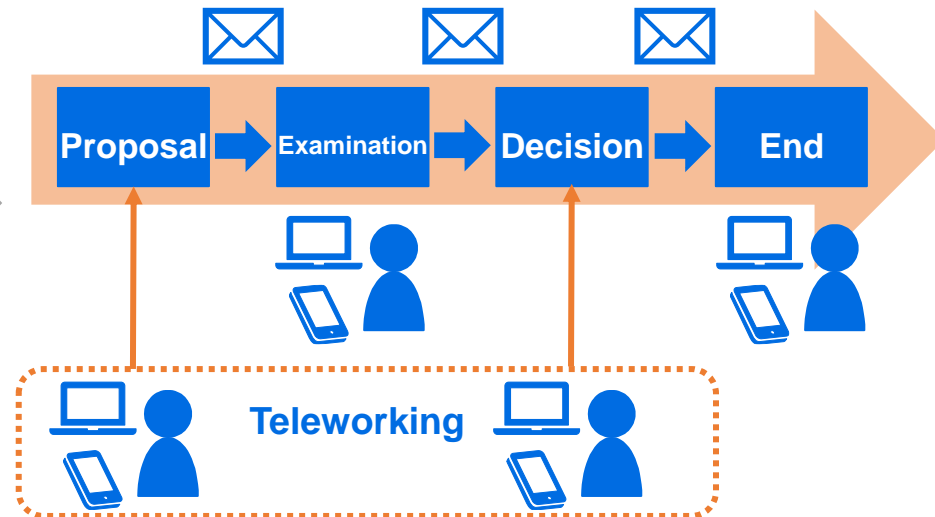


Time-consuming activities are required to advance from proposals to decisions



Authorized Partner

After



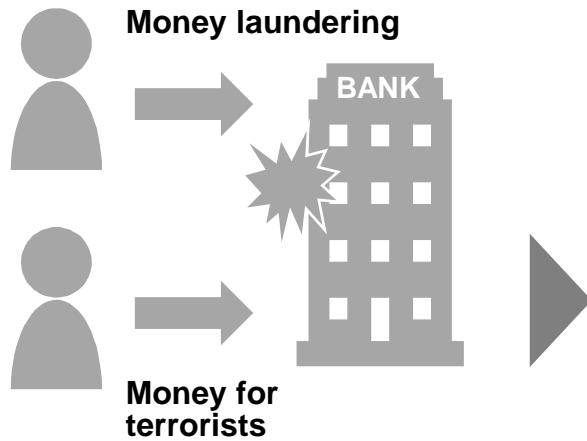
Approvals are possible at any time and location, resulting in faster decisions

2-6 Major Examples –Large bank–

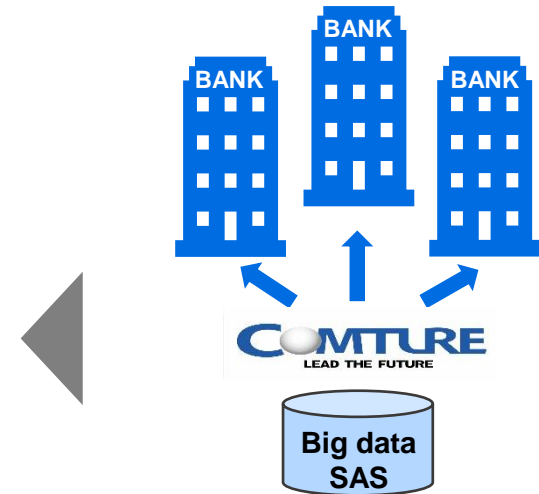
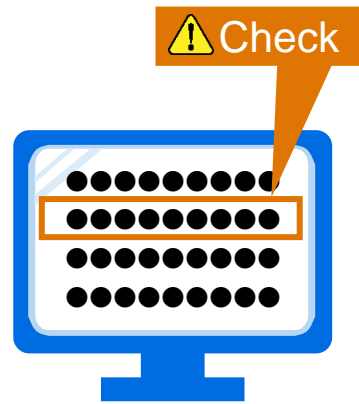
Example using big data and AI solutions – 1 Solution for detecting accounts linked to criminal activity

Collection and analysis of transaction data (big data) to facilitate automatic detection of illegal transactions

A big-data-based transaction monitoring system can be used to collect and analyze day-to-day transaction information and automatically detect suspicious activity.



Risk involving money laundering, terrorism, smuggling and other transactions for criminal activity is growing



With big data, financial institutions can quickly detect and report transactions involving criminal activity

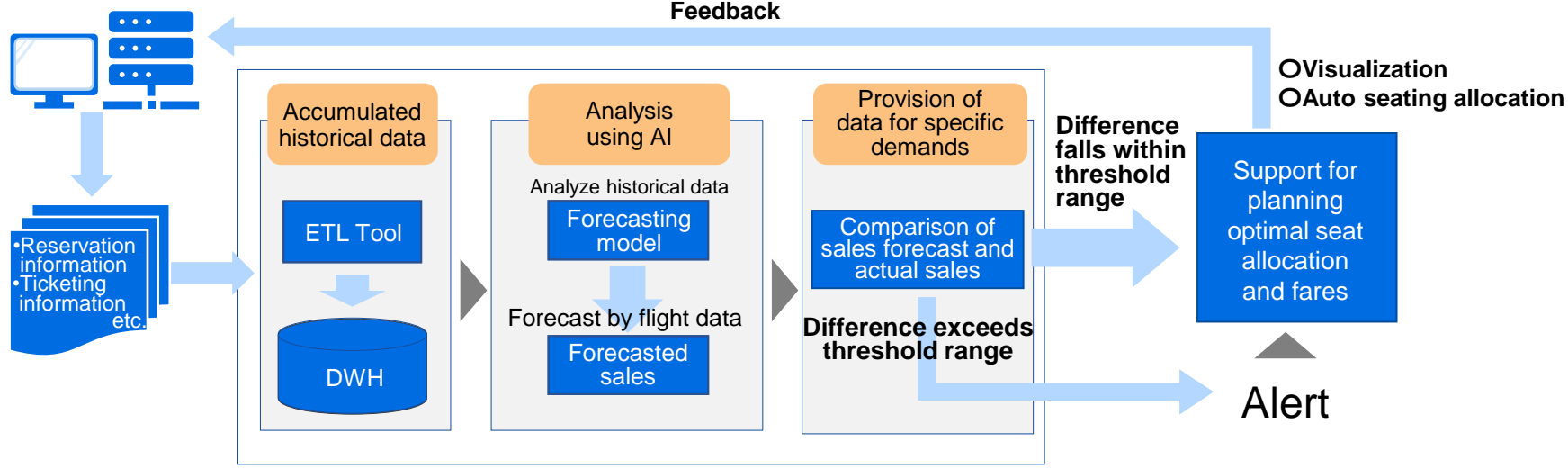
2-7 Major Examples –Solaseed Air Inc.–

Example using big data and AI solutions – 2 Revenue management system

Use of AI for analysis of large amounts of flight ticket sales data (big data) accumulated from the past

Forecasting future demand and comparing it with actual sales, AI optimizes pricing that minimizes seat vacancy rate, which ultimately leads to maximizing profit.

Reservation Management System



In the past, fares were determined based on the forecasted demand by human instinct and experience



Expansive historical sales data are analyzed using AI for demand forecasting. Optimal pricing is derived based on the past sales

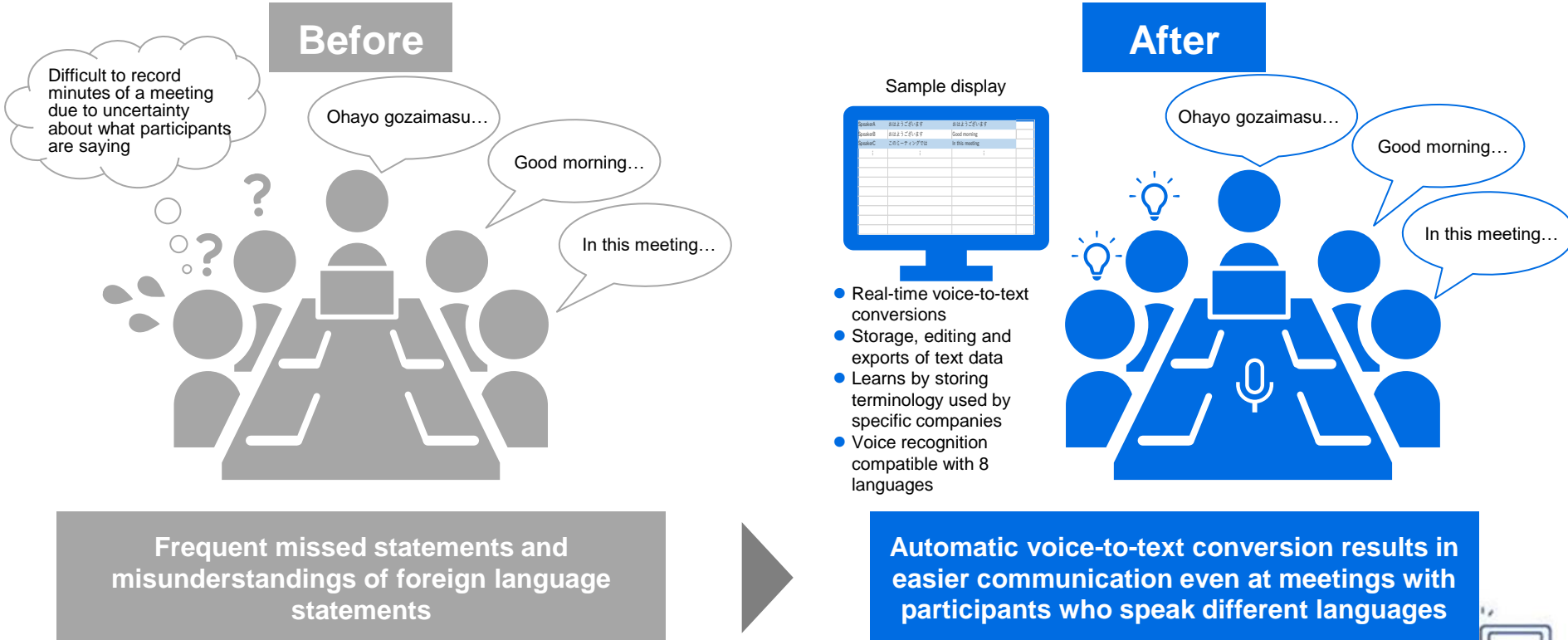
2-8 Major Examples

–Large non-ferrous metals manufacturer–

Example using big data and AI solutions – 3 Improvement of communication quality using voice-to-text conversion and automatic translation

Reduces rechecking statements and misunderstandings of foreign languages at meetings

Real-time conversion using AI of statements to text and immediate translations raise the quality of communications. Also optimizes the vocabulary to match specific companies and industries by using terminology/voice data learning and a dictionary function.



2-9 Major Examples

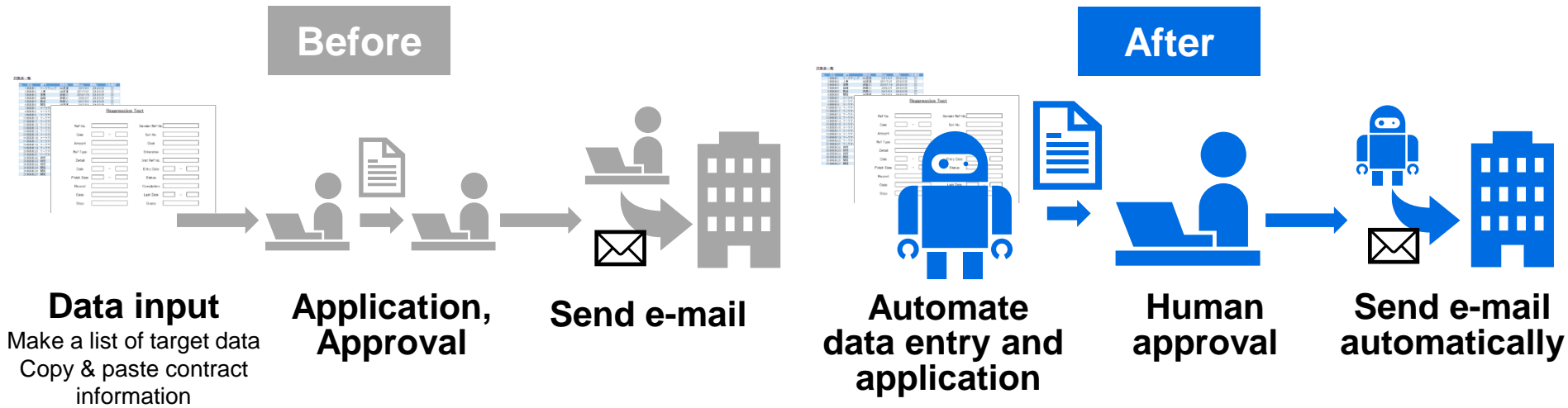
–Large manufacturing company–

Example using RPA (Robotic Process Automation)

Automation of contract creation / approval / sending work

Automation of manual tasks to reduce work times and eliminate input/entry errors

RPA automates almost all excess labor related to outsourcing contracts, which reduces costs and improves overall quality



Manual tasks to extend outsourcing contracts
(Preparation of approval documents,
application by workflow,
send e-mail to outsourcing service provider)

RPA automates almost all operations

- Working time reduction rate 80%
- Eliminate input errors and erroneous mail transmissions

2-10 Major Examples

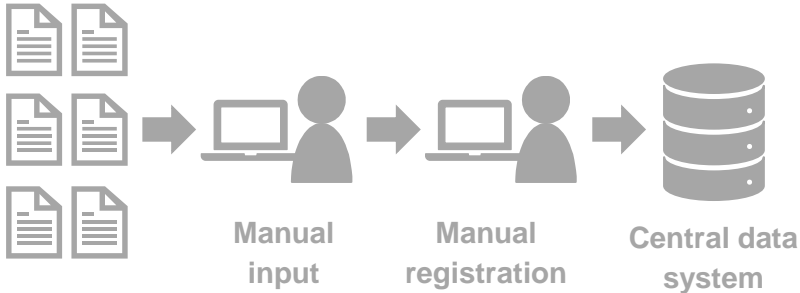
Example using AI and RPA (Robotic Process Automation)

Use of AI-OCR for automation of benefit procedures at local governments and other organizations

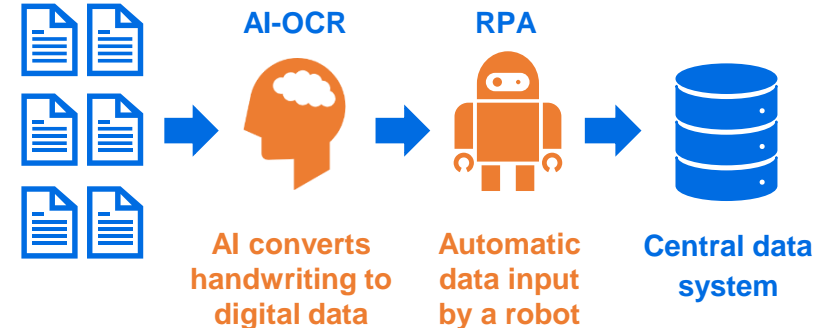
Fully automated, from using AI to read paper documents to using RPA for system input
Improves efficiency and facilitates working style reforms by greatly reducing time-consuming paper document data input

Before

Enormous volume of government and other paper applications



After



Manual data input is time consuming and results in many mistakes

Automation from reading documents to data input eliminates mistakes and improves efficiency

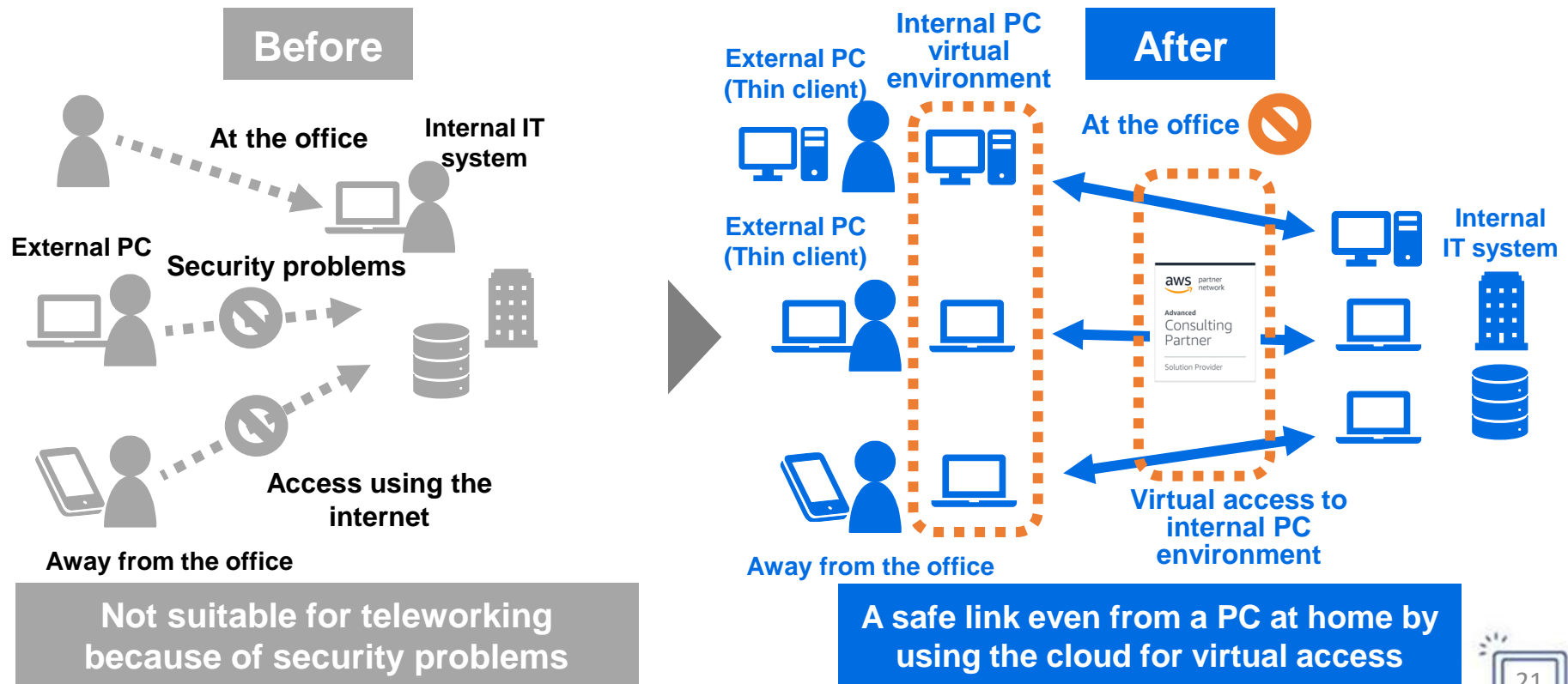
2-11 Major Examples

Example using cloud and platform

Using the cloud for creating a simple and safe teleworking environment

Safe access to internal IT systems by using a virtual desktop infrastructure (VDI)

Allowing access to an internal IT system from external PCs creates an environment for working style reforms using teleworking



3

Business Strategies

3-1 High Added-value Strategy

– Top priority policy–

Virtuous cycle of growth and sharing profits
based on high added-value management

High added-value
Sales per employee
up at least **7%** every year

Higher salaries
At least

8%
up

Improvement of
employee
satisfaction

Investments
At least

1%
up

Investments
in growth

Earnings
At least

1%
up

Improvement
of shareholder
satisfaction

COMTURE value
(branding)

Consulting and
better proposal skills

Improvement in quality
of services

Increased productivity

Expansion into
areas of expertise
(Reskilling)

3-2 The Sales Process Strategy

Sales leads = Three times higher than orders received
– Leading indicators for achieving the target for new orders

Share know-how to achieve order plan

Identify targets for sales activities

Both deepen and widen scope of existing customers



Expand new customer targets

Customer visits (strengthen connections)

Horizontal expansion in sales by providing solution menus

Inquiries via web pages

Collaborative sales with platform vendors

SFDC
Sales report

Company-wide visualization of sales information

Share know-how across the company and the team

Creating proposals

Becoming a project

Sales leads
(Three times higher than orders received)

Probability C

Probability B

Probability A

New orders

Priority KPI to achieve results

Account plan

(PDCA cycle on a daily, weekly, and monthly basis)

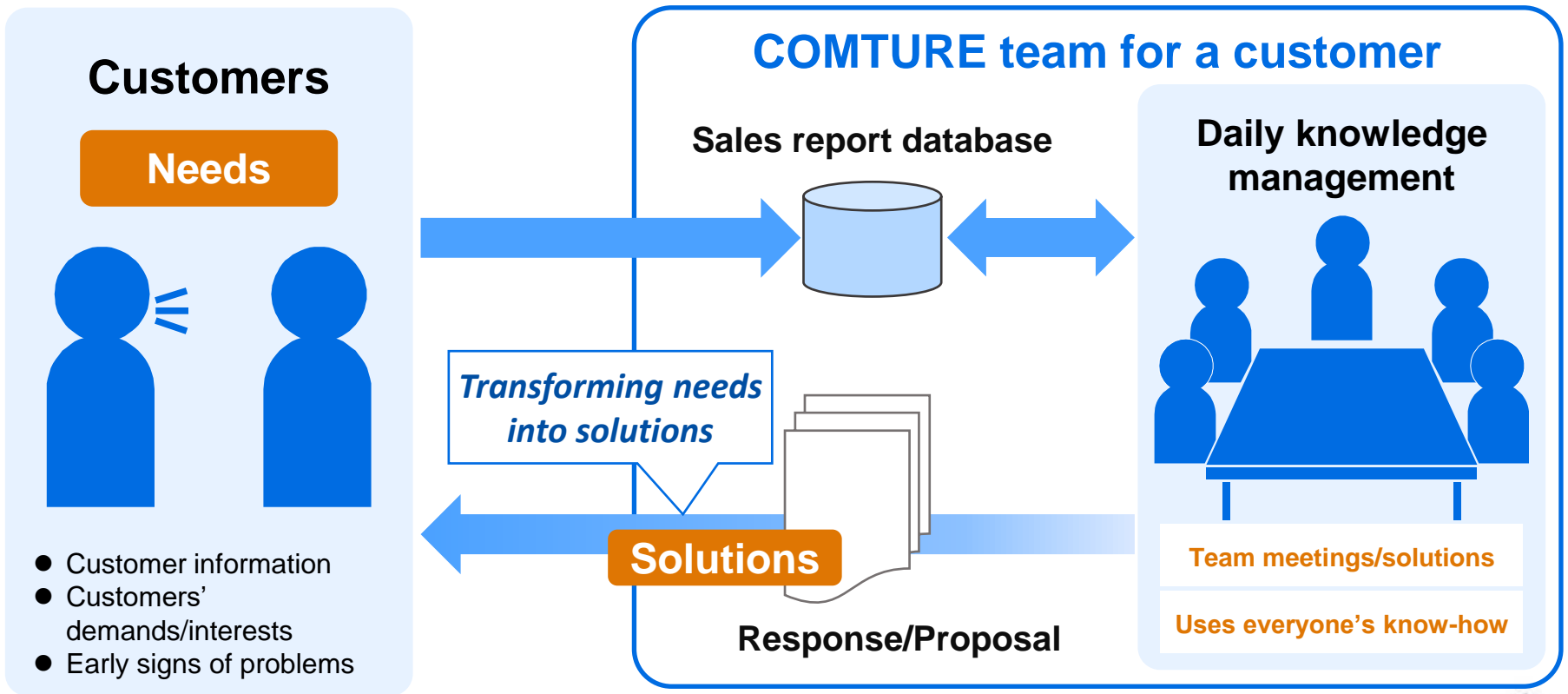
Activities to receive inquiries from prospective customers
(Five times higher than sales leads)

Business activity to conclude contracts
(Pipeline management)

3-3 Customer Strategy

Reinforce consulting sales skills to improve customer satisfaction

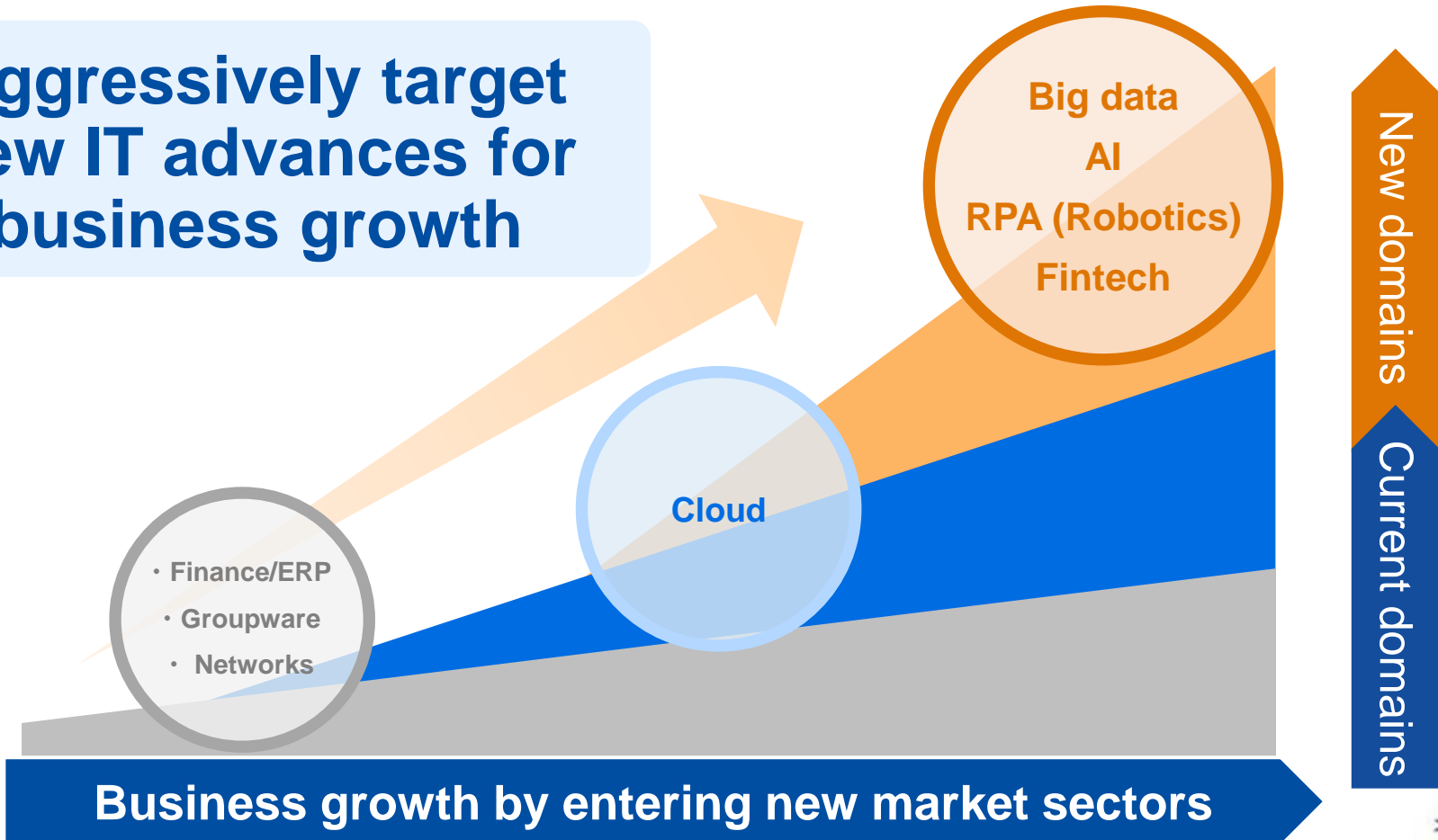
Account system engineers who have close ties with customers identify each customer's needs. Then the aggregate know-how of a team is used to create ideas for transforming these needs into solutions.



3-4 Business Growth Strategy

Approach to digital transformation

Aggressively target new IT advances for business growth



3-5 Human Resources Strategy (Recruit and train talented young people)

Training and recruiting for adding more value

【Training programs】

Cloud	A leader in professional certifications (Microsoft, AWS, Salesforce, SAP etc.) for cloud business growth – 1,000 people with certifications (plan)
Digital	Quickly train people to become digital transformation and data science specialists to promote for the Big data/AI/RPA/Blockchain businesses – 1,000 people with certifications (plan)
Upgrade proposal/ management skills	Training to upgrade skills for management and creating value-added proposals involving new market sectors and new technologies

【Recruiting】

Recruit talented personnel	<p>People are the source of corporate value. Recruiting standards will be raised in order to hire talented individuals on a continuous basis</p> <p>New graduates – FY2022: 121 / FY2023: 213 FY2024: 200 (plan)</p> <p>Mid-career recruitment – FY2022: 65 / FY2023: 75 (plan)</p>
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3-6 7 Management Strategies for Further Growth

1 Growth Strategy

To make the digital transformation an engine for growth that is centered on operations that generate substantial added value. One goal is **raising sales per employee of 7% or higher** by strengthening consulting and other upstream activities. Another is increasing **the number of orders received by three times** by performing highly efficient and effective sales activities. **Achieving sustained double-digit growth is the overall objective.**

2 Customer Strategy

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

3 Human Resources Strategy

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

4 Innovation Strategy

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

5 Quality Strategy

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

6 Financial Strategy

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

7 Alliance Strategy

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

Closing “Our Slogan”

Be a source of
“*excitement*”
for customers and
“*dreams*”
for employees

Precautions

- This presentation was prepared to provide information about COMTURE and is not a solicitation to invest in COMTURE.
- COMTURE exercised care regarding the accuracy of information in this presentation but does not guarantee that this information is complete.
- COMTURE assumes no responsibility whatsoever concerning any losses or damages resulting from the use of information in this presentation.
- Forecasts and other forward-looking statements in this presentation are based on the judgments of COMTURE using information that was available when this presentation was prepared and incorporate risks and uncertainties. As a result, actual performance may differ significantly from the forward-looking statements in this presentation due to changes in market conditions or many other reasons.

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