

An Introduction to COMTURE for Institutional Investors

COMTURE CORPORATION

*Transforming needs
into solutions*



May 15, 2020

Koichi Mukai
Chairman & CEO

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About COMPTURE



1-1 Company Overview

Name	COMTURE CORPORATION
Representative	Koichi Mukai, Chairman & CEO Chihiro Sawada, President & COO
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 2020)
Group companies	COMTURE NETWORK, UX-SYSTEMS, COMTURE MARKETING, COMTURE DATA SCIENCE
Net sales	20,932 million yen (FY3/20) 21,000 million yen (Forecast for FY3/21)
Ordinary profit	2,867 million yen (FY3/20) 3,045 million yen (Forecast for FY3/21)
Employees	1,335 (as of April 1, 2020)



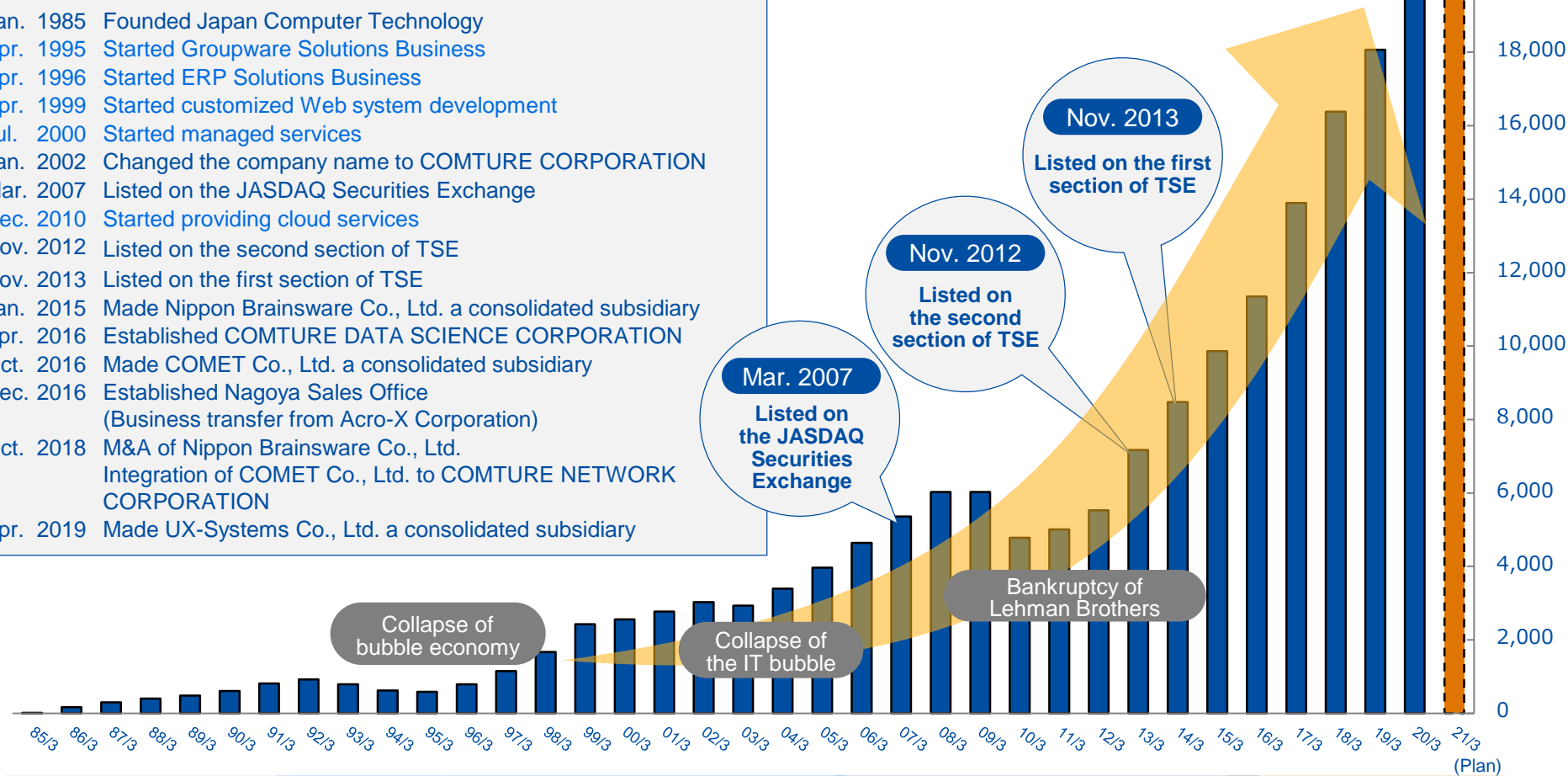
1-2 COMTURE's History

Average annual growth rate of 15% since foundation

Strong growth and earnings due to initiatives for more added value

(Unit: million yen)
22,000

- Jan. 1985 Founded Japan Computer Technology
- Apr. 1995 Started Groupware Solutions Business
- Apr. 1996 Started ERP Solutions Business
- Apr. 1999 Started customized Web system development
- Jul. 2000 Started managed services
- Jan. 2002 Changed the company name to COMTURE CORPORATION
- Mar. 2007 Listed on the JASDAQ Securities Exchange
- Dec. 2010 Started providing cloud services
- 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)
- Oct. 2018 M&A of Nippon Brainsware Co., Ltd. Integration of COMET Co., Ltd. to COMTURE NETWORK CORPORATION
- Apr. 2019 Made UX-Systems Co., Ltd. a consolidated subsidiary



The first decade – foundation years **The second decade – building core competency** **The third decade – becoming a publicly listed company** **COMTURE 2.0**

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

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

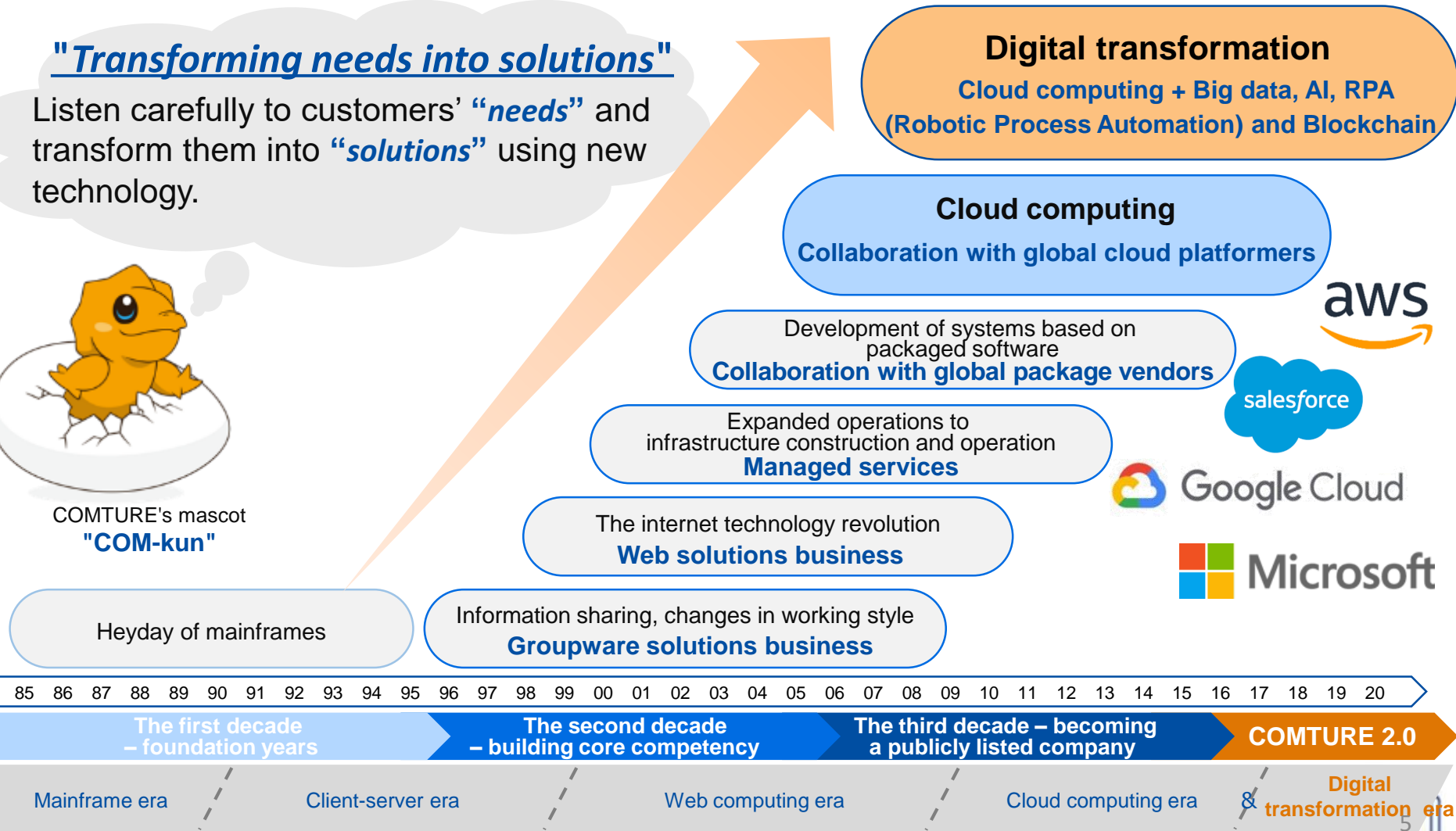
As a result of ceaseless innovation

"Transforming needs into solutions"

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

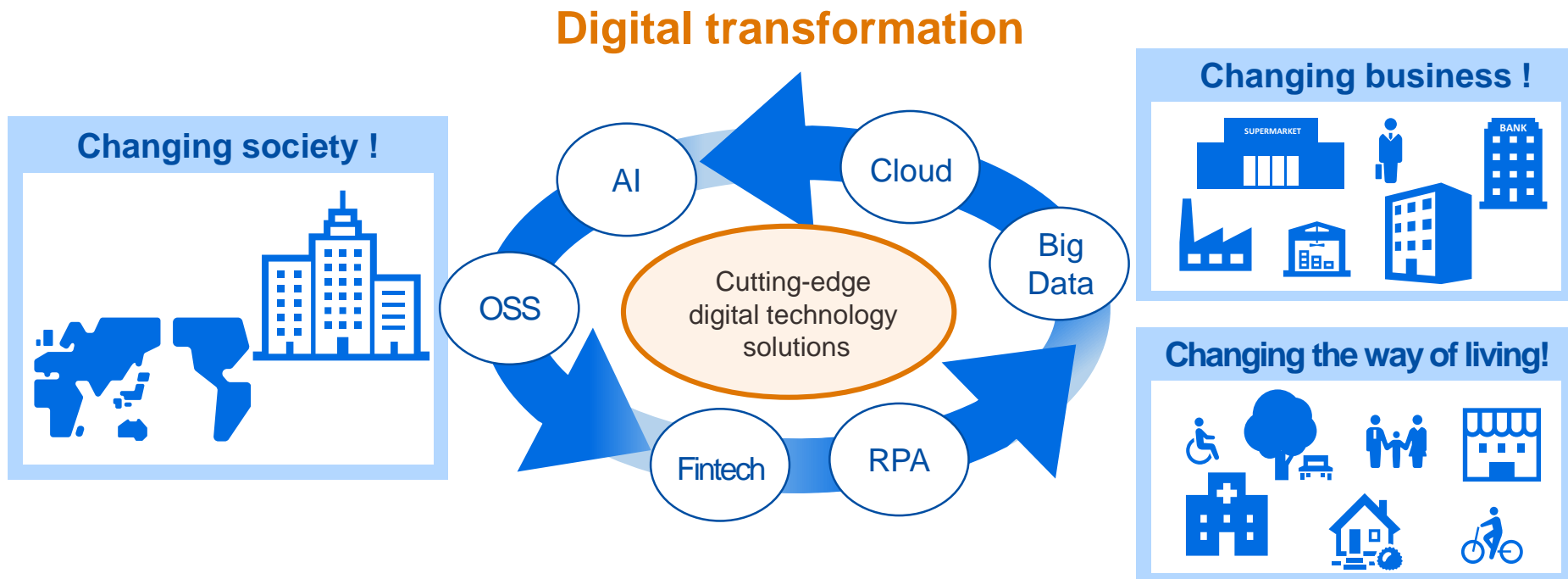


COMTURE's mascot
"COM-kun"



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 Four Interlinked Business Domains

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

Cloud Solutions

- Solution development on the cloud, cloud infrastructure construction

Digital Solutions

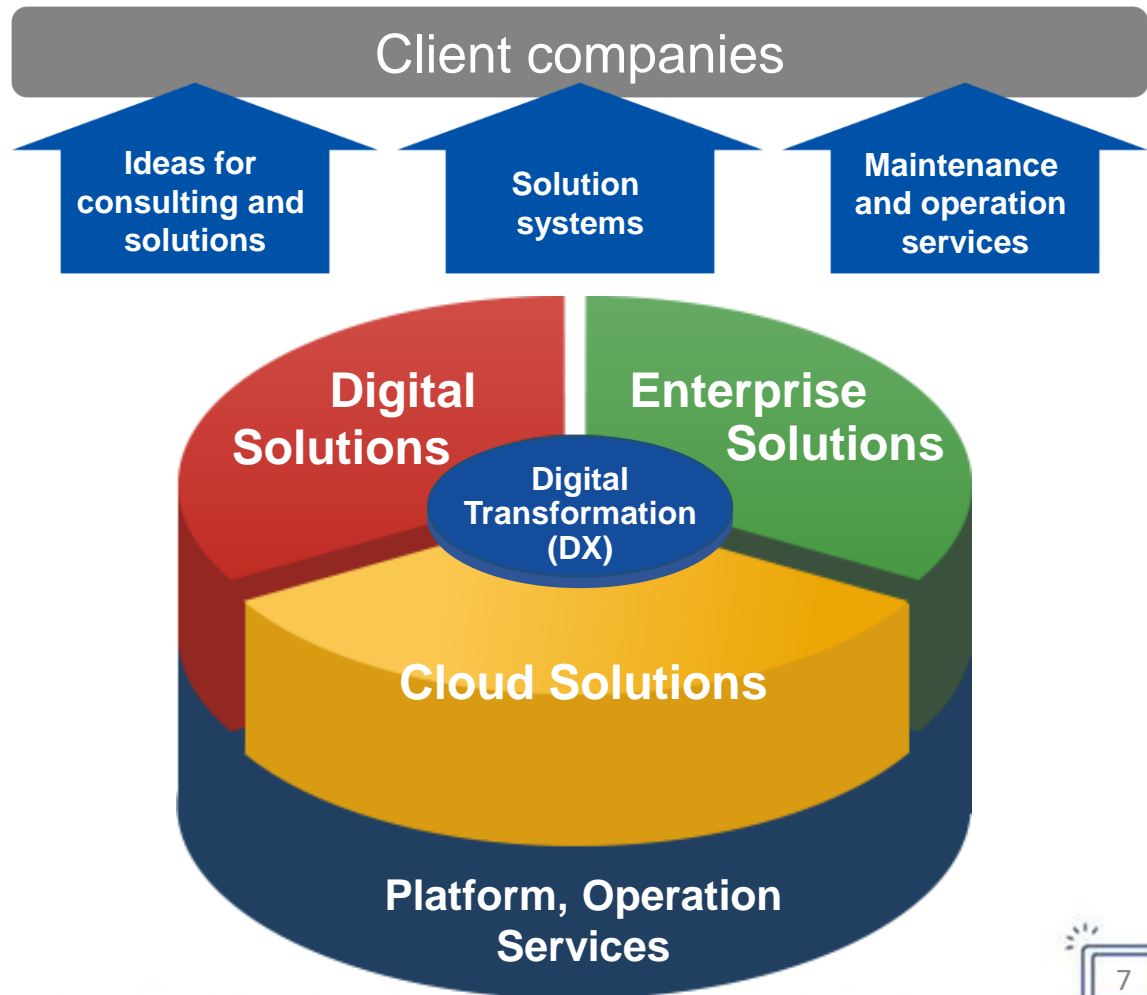
- Data Analytics (Big Data · AI), RPA

Enterprise Solutions

- ERP (SAP), Fintech, Human Resources Solutions

Platform, Operation Services

- Server infrastructure foundation, operation, management service



1-6 Strategy for Business Alliances

Collaborations with global platformers and tool vendors

Cloud Solutions

- Providing solutions, construction of cloud environments and other activities using collaborations with global platformers.



Digital Solutions

- Providing data analysis solutions using big data and AI tools, automating business processes using robotic process automation tools.



Enterprise Solutions

- Consulting, design, development, maintenance and other services for ERP packages (SAP) and enterprise systems.



Platform, Operation Services

- Design and construction of systems and network environments using collaborations with global platformers, remote surveillance of systems using the COMTURE data center, and help desk operations.



1-7 Major Customers

We serve 936 large companies covering a broad spectrum of industries

American Home Assurance, AEON, SMBC Trust Bank, NTT DOCOMO Group, ORIX, Olympus, Kamagaya City, Kansai Electric Power, Canon Group, KYOCERA Group, Cleanup, Credit Saison, Keio Corporation, Kobe Steel, KOKUYO, National Cancer Center, KONICA MINOLTA, Sapporo Group, Sankei Shimbun, GMO Aozora Net Bank, JCB, SHIMIZU, Sophia University, Subaru Group, SBI Sumishin Net Bank, Sumitomo Chemical, Sumitomo Rubber Industries, Sumitomo Electric Industries, Sony Group, SoftBank Group, Solaseed Air, Sompo Japan Nipponkoa Insurance, Taisho Pharmaceutical, The Dai-ichi Life Insurance, Daito Trust Construction, THK, The Tokyo Star Bank, Tokyo Electric Power, TOSHIBA Group, TOYOTA GROUP, Narita International Airport, Nisshin Steel, Nippon Rent-A-Car Service, NIFTY, Nikkei, JAPAN POST HOLDINGS, Nomura Research Institute, Pasona Group, Hachioji City, BIC CAMERA, Fuji Xerox Group, BOOKOFF, Porsche Japan, Honda Motor, Marubeni, Mitsui Sumitomo Insurance, Mitsui Chemicals, Sumitomo Mitsui Bank, Sumitomo Mitsui Trust Bank, Mitsui Fudosan, Mitsubishi Corporation, MITSUBISHI ESTATE, Mitsubishi Electric, MetLife Insurance, Morinaga Milk Industry, MORI Building, YAMATO TRANSPORT, The Yokohama Shinkin Bank, LIXIL, Recruit Group, Ricoh Japan, Waseda University

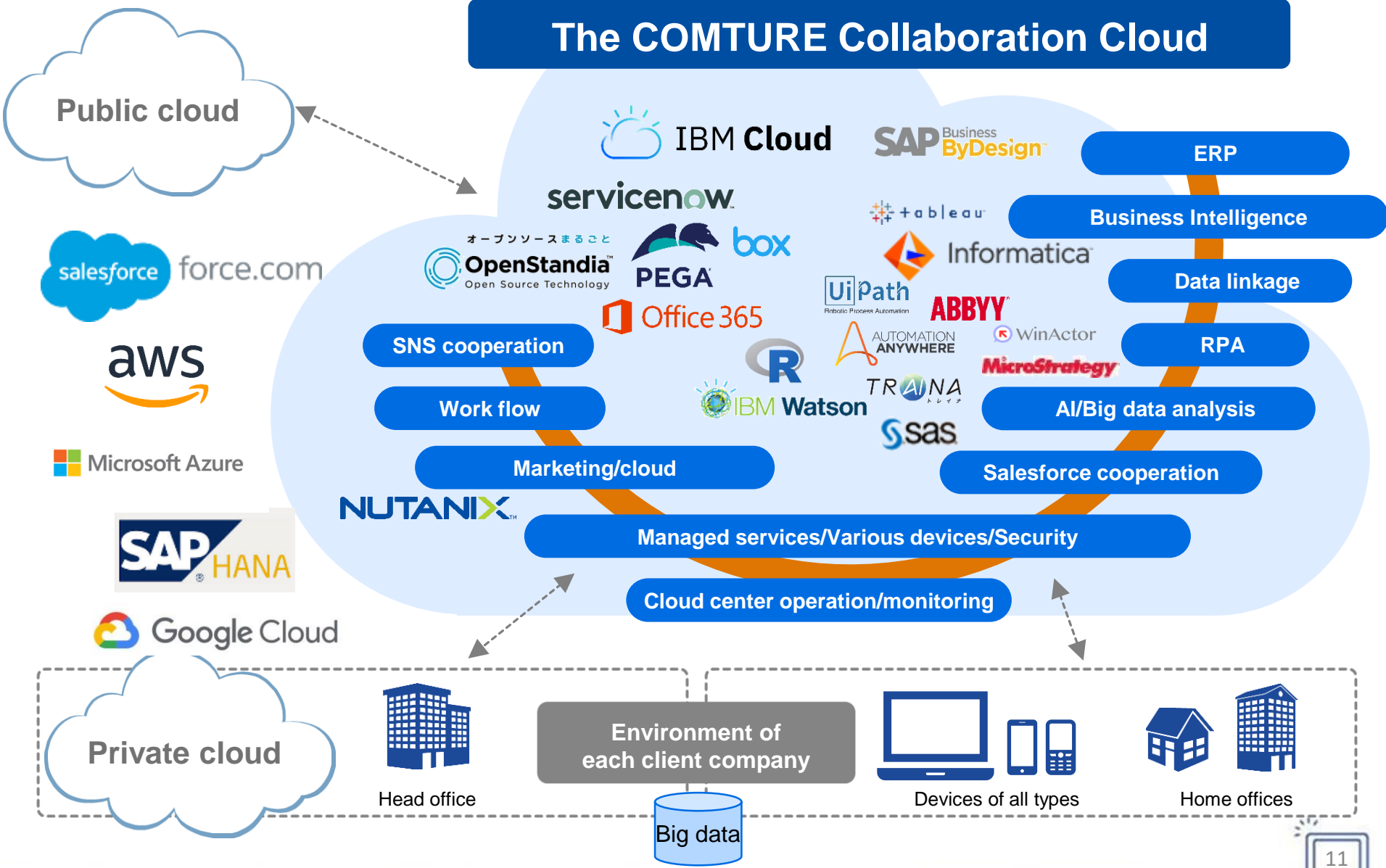
(Order of the Japanese syllabary. As of the end of March 2020)

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Our Business

2-1 Domains for COMTURE Services

The COMTURE Collaboration Cloud



2-2 Major Examples

–Kamagaya City (Chiba Prefecture)–

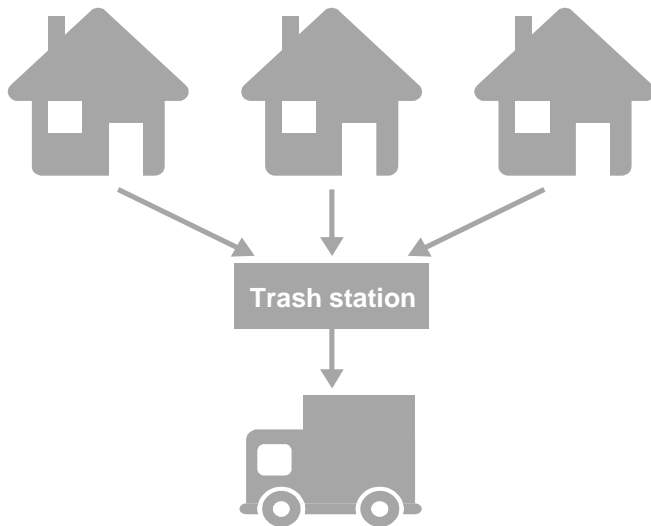
Example of cloud use – 1

Centralized management of information involving “trash stations”

Centralized management via the cloud of manual operations carried out separately by the city, trash collection companies and incineration facilities

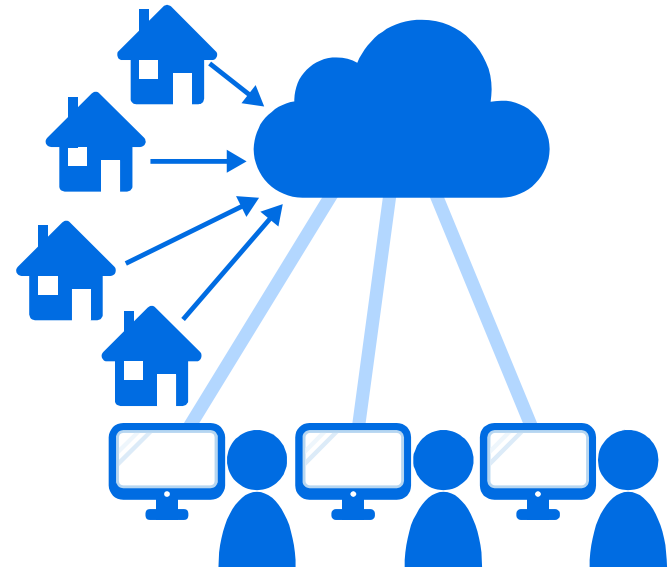
Centralized, cloud-based management of trash stations greatly improves operational efficiency, leading to better service quality

Before



Managed using different manual processes by the city, trash collection company and incineration facility

After



Centralized management from the cloud improves city services by dramatically increasing efficiency

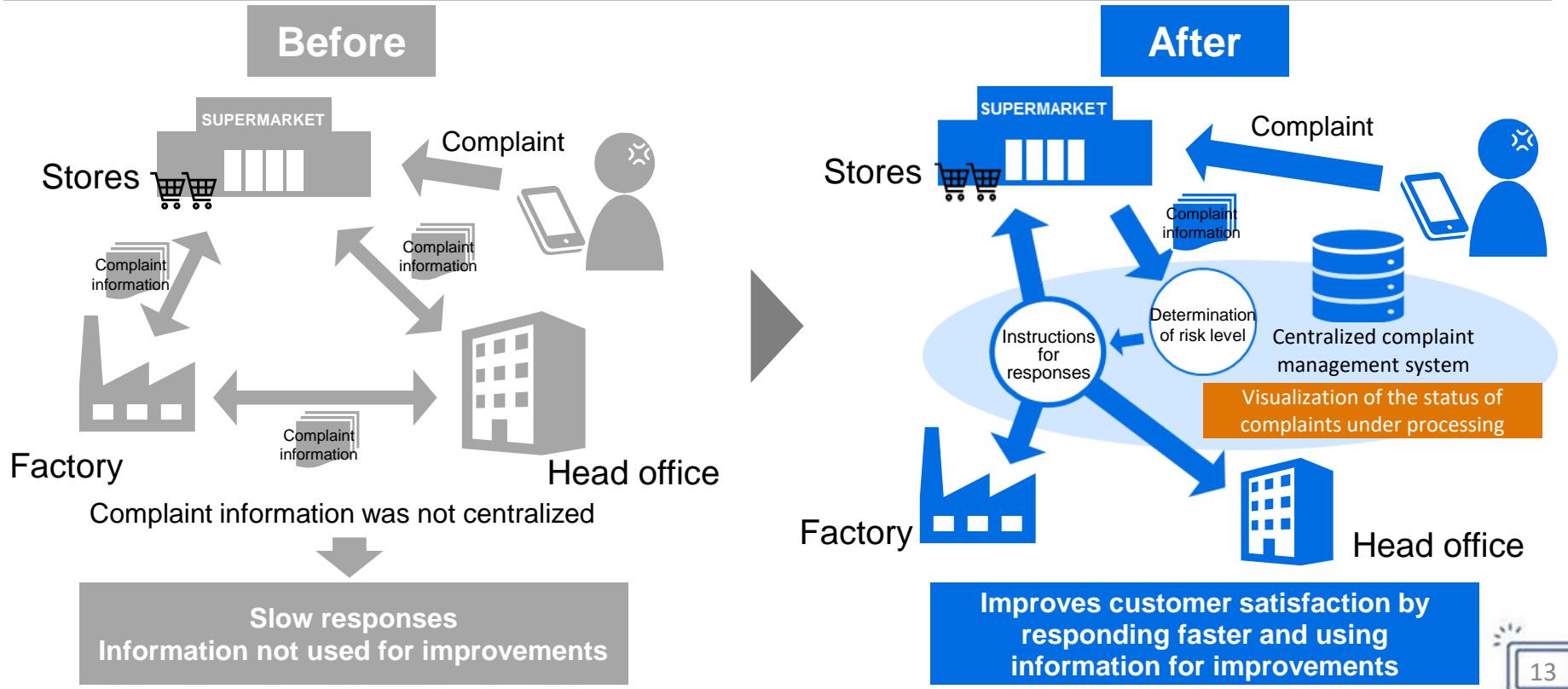
2-3 Major Examples –Large retail company–

Example of cloud use – 2

Centralized management of the status of complaints under processing

Achieved visualization of complaints at the company's 350 stores

Complaints used to be non-centralized, conveyed separately to stores, the factory and the head office. Implementing centralized management of complaints has improved response speeds and boosted customer satisfaction levels.



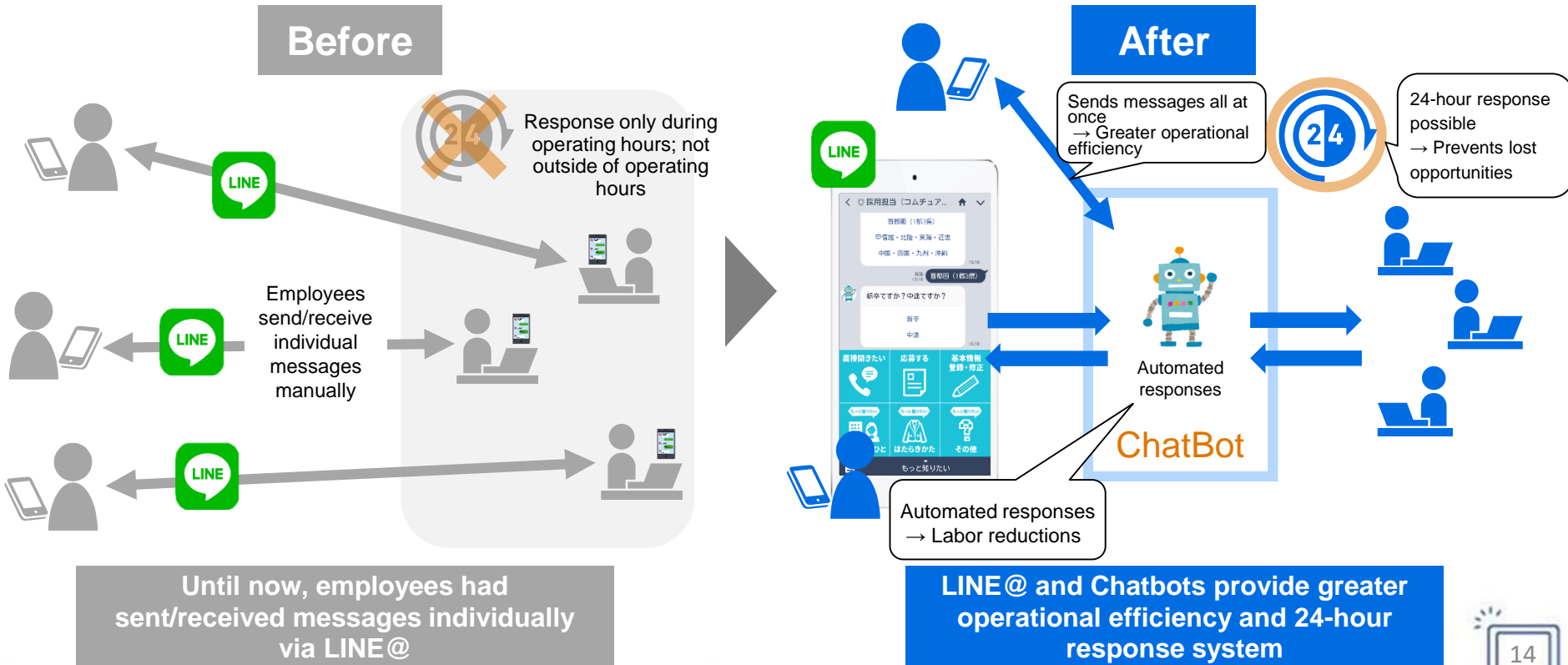
2-4 Major Examples

–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



2-5 Major Examples

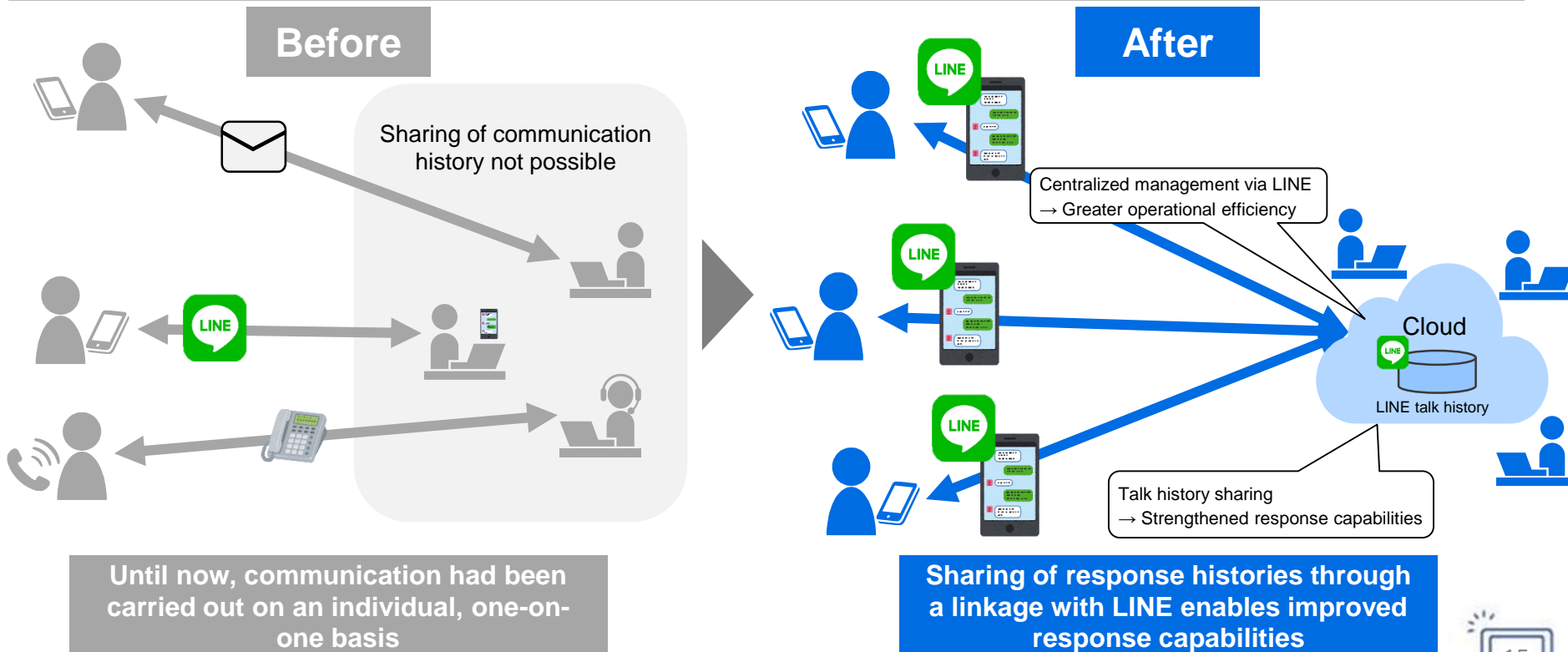
–Personnel Recruiting Operations–

Example of cloud use – 4

Sharing response histories through a linkage with LINE

Sharing communication histories and strengthening response capabilities

Striving for improved operational efficiency and strengthened response capabilities through centralized management and sharing of talk histories for communications with applicants

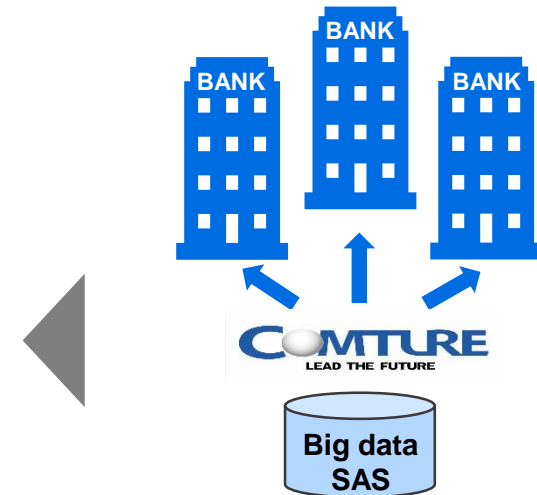
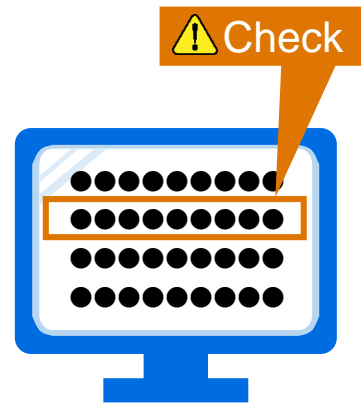
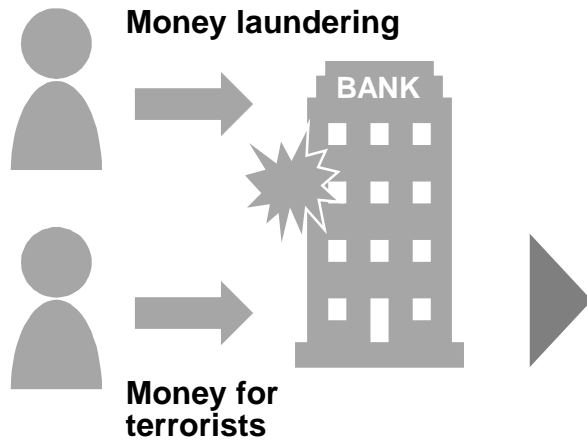


2-6 Major Examples –Large bank–

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

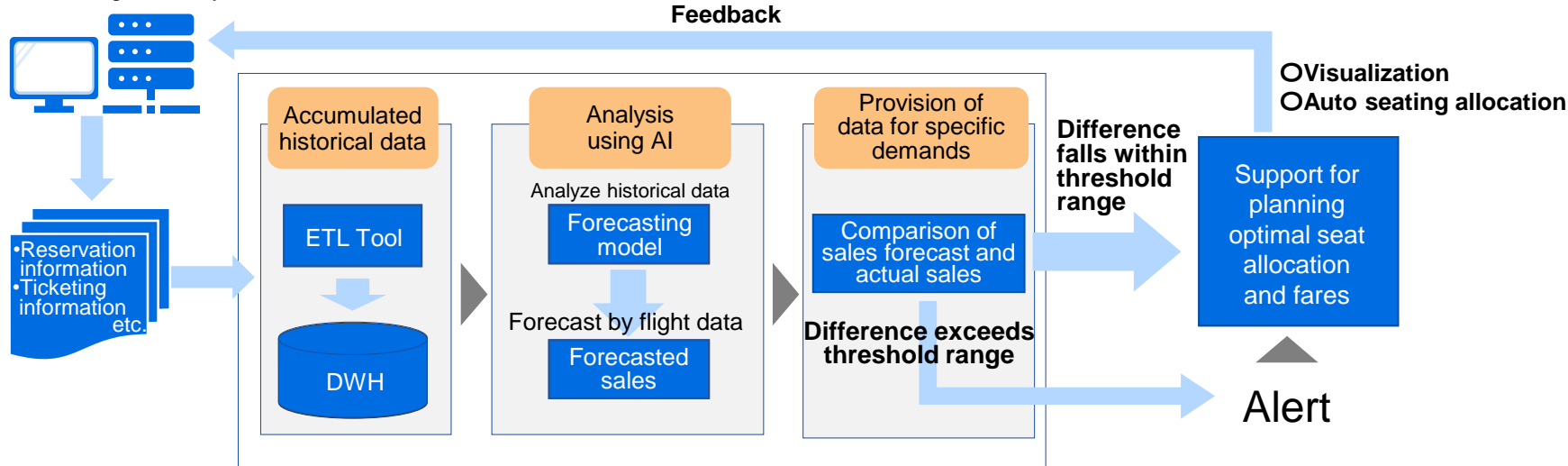
2-7 Major Examples –Solaseed Air Inc.–

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

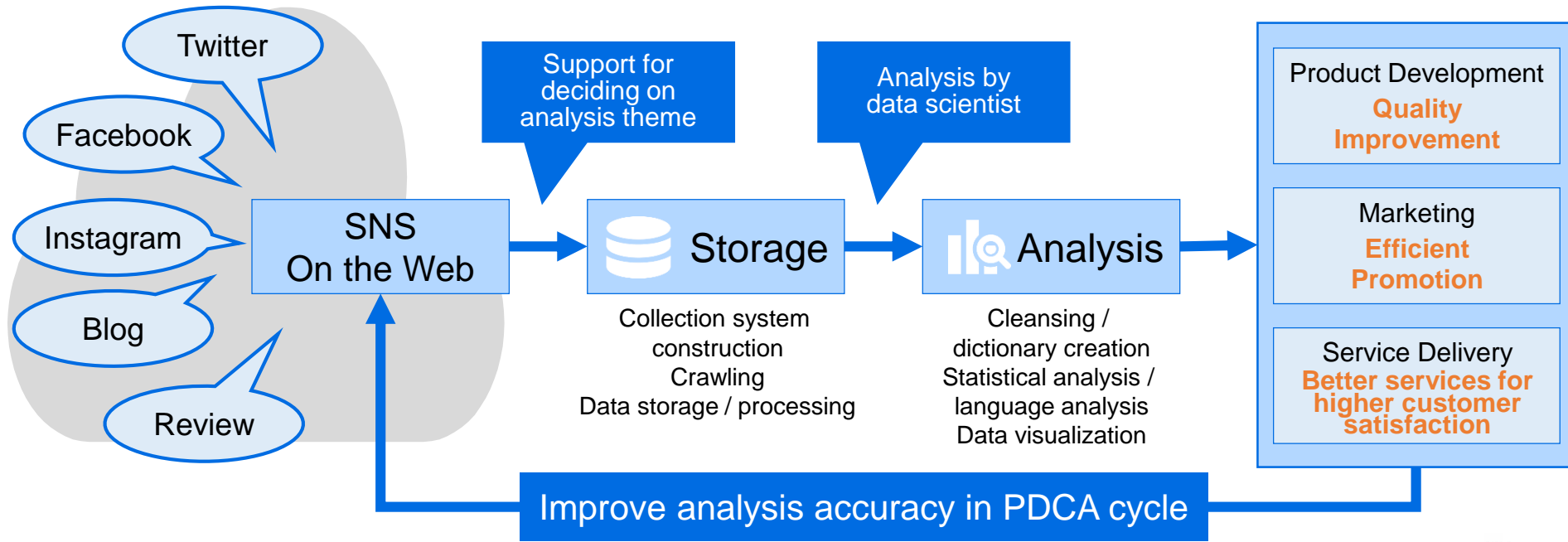
2-8 Major Examples

–Large manufacturing company–

Example using big data and AI solutions – 3 Solution for social media (SNS) analysis

Analyzes word-of-mouth SNS input data to improve quality, efficiency and customer satisfaction

Data cleansing (removal of unrelated obstructive data) and dictionary production analytic know-how generates data that can be used for business operations and creates a framework for more accurate SNS/word-of-mouth analysis.



2-9 Major Examples

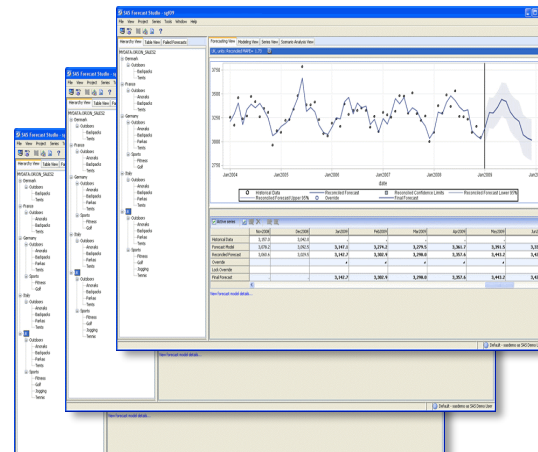
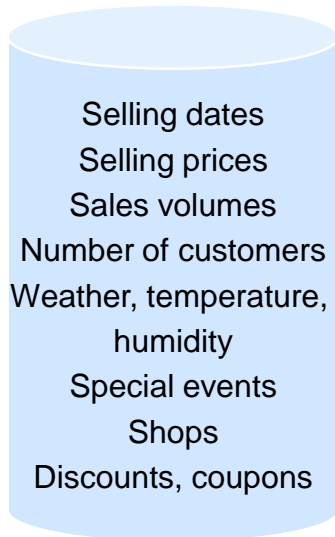
–Supermarket Demand Prediction–

Example using big data and AI solutions – 4 Solutions for demand prediction

Predicting sales for top-selling products to minimize inventory sizes and shortages and thus improve sales performance.

Selling-price simulations based on expected sales volumes are carried out to establish sales strategies incorporating purchasing volumes, selling prices, sales promotion events and more. This is intended to minimize inventory sizes and shortages, boost customer satisfaction, and maximize sales and profits.

Big data



- Speedy collection of large quantities of complex data (big data)
- Precise analysis of big data by utilizing a variety of techniques

Results of analysis

- 1** Prediction of sales volumes
 - By date
 - By store
 - By product
- 2** Establishment of sales strategies
 - Purchasing volume
 - Selling price
 - Sales promotion events

2-10 Major Examples

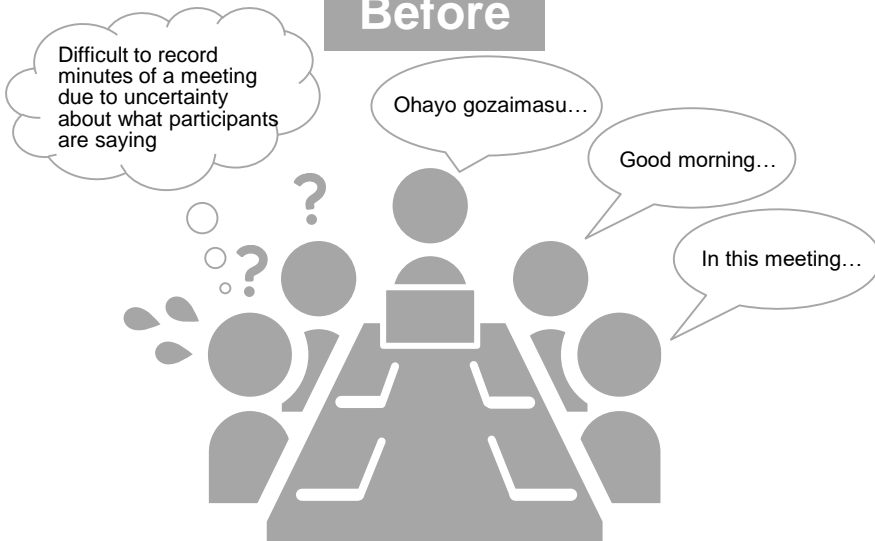
–Large non-ferrous metals manufacturer–

Example using big data and AI solutions – 5 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.

Before



Frequent missed statements and misunderstandings of foreign language statements

After

Sample display

Speaker	Time	Content
SpeakerA	09:00:00	Good morning
SpeakerB	09:00:05	Ohayo gozaimasu
SpeakerC	09:00:10	In this meeting...

- Real-time voice-to-text conversions
- Storage, editing and exports of text data
- Learns by storing terminology used by specific companies
- Voice recognition compatible with 8 languages



Automatic voice-to-text conversion results in easier communication even at meetings with participants who speak different languages

2-11 Major Examples

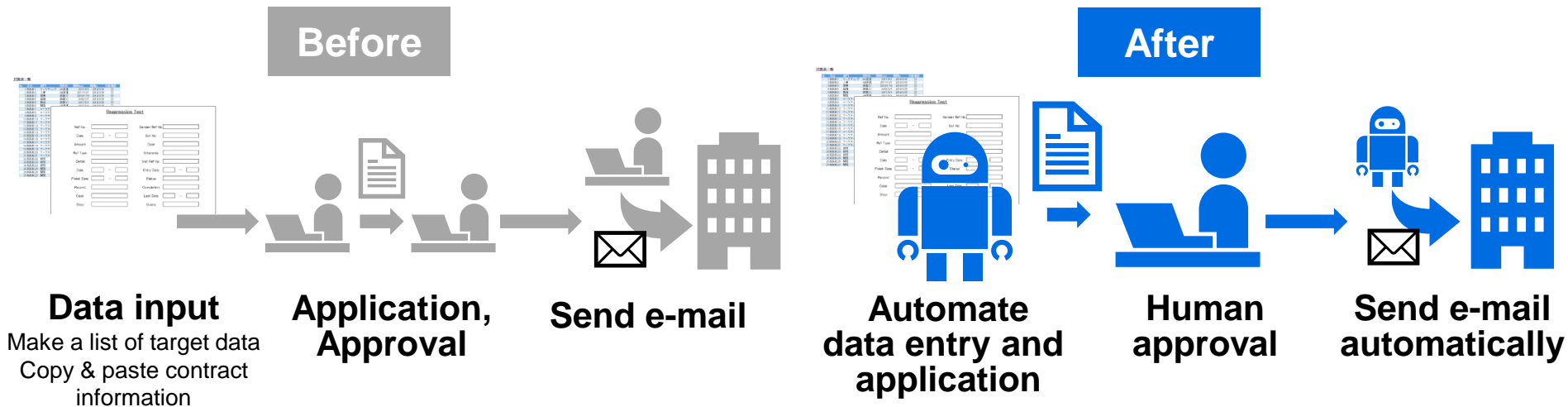
–Large manufacturing company–

Example using RPA (Robotic Process Automation) – 1

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

2-12 Major Examples –RPA + OCR–

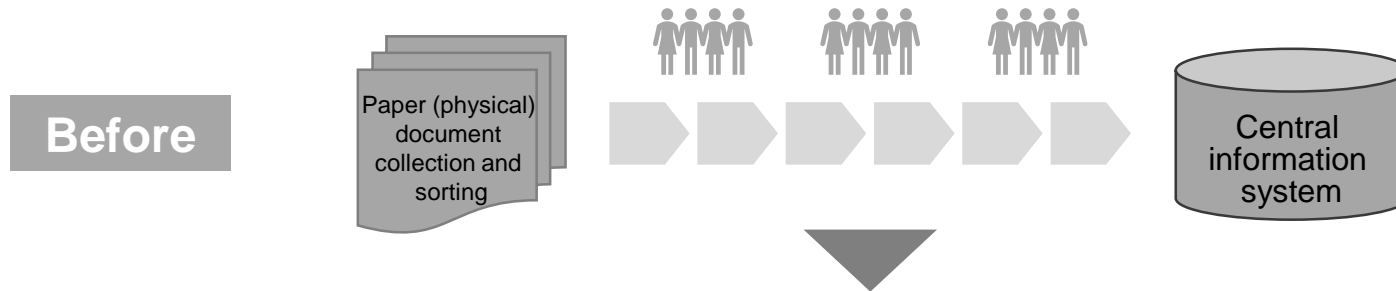
Example using RPA (Robotic Process Automation) – 2

Combining Robotic Process Automation (RPA) with AI-OCR (Artificial Intelligence Optical Character Recognition) to Automate Document Reading and Data Creation

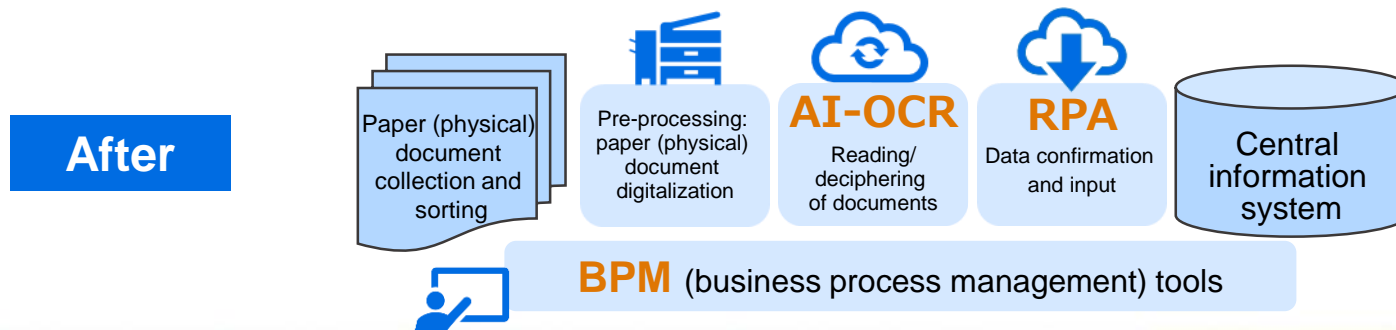
Automating reading of hand-written documents, printed and other documents greatly reduces labor required to input data

Using AI-OCR to read documents and improve Japanese character conversion precision, and combining technologies such as RPA and BPM (business process management; the management and improvement of business processes), can enable full automation of system input tasks which reduces costs and allocates employees to value-added activities

Sorting, reading/deciphering and input by human workers



Automation solutions for in-house document-to-data conversion



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 **5%** every year

Higher salaries
At least

3%
up

Improvement of
employee
satisfaction

Investments
At least

1.8%
up

Investments
in growth

Earnings
At least

0.2%
up

Improvement
of shareholder
satisfaction

COMTURE value
(branding)

Consulting and
better proposal skills

Better services

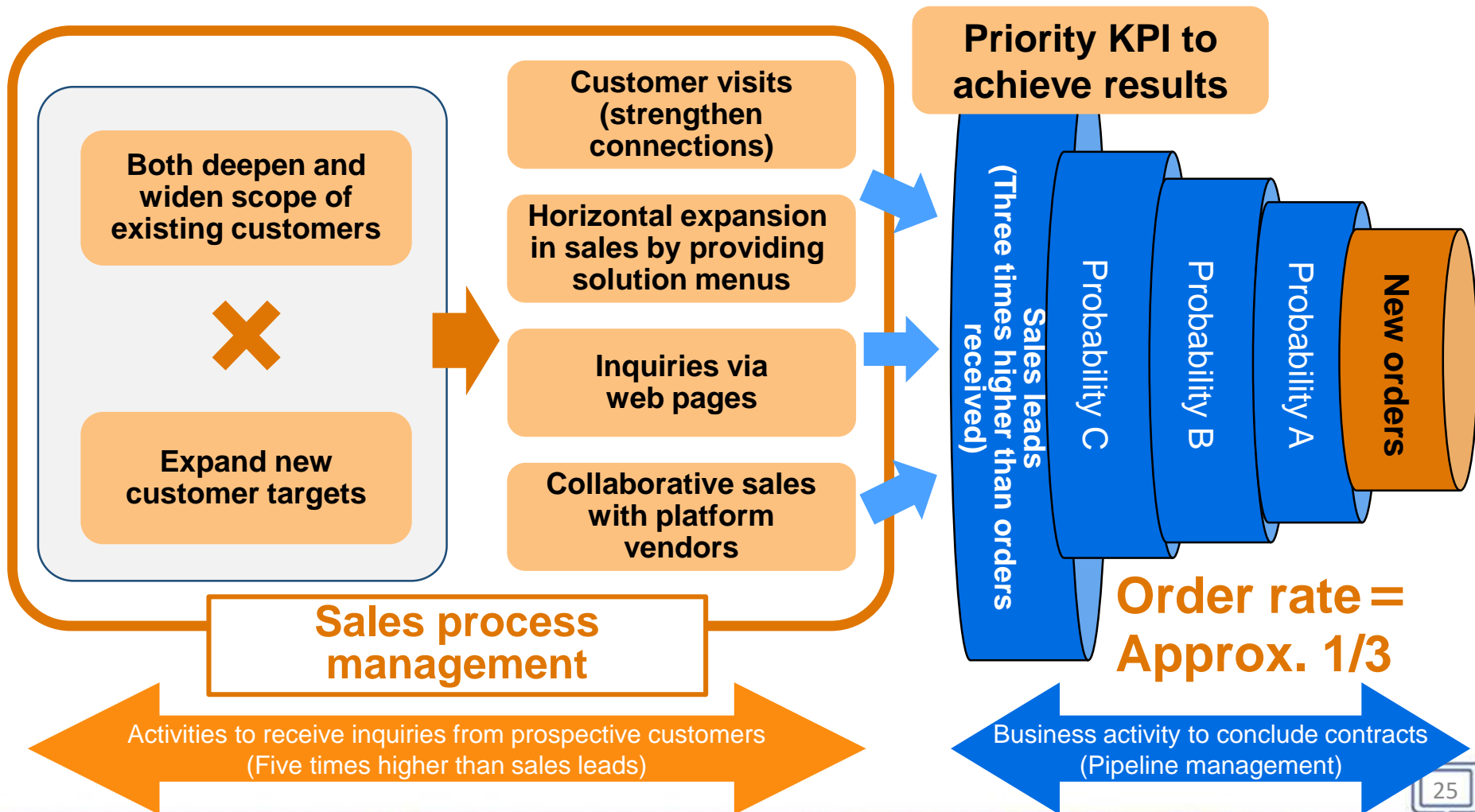
Increased productivity

Expansion into
areas of expertise

Work style reform (telework)

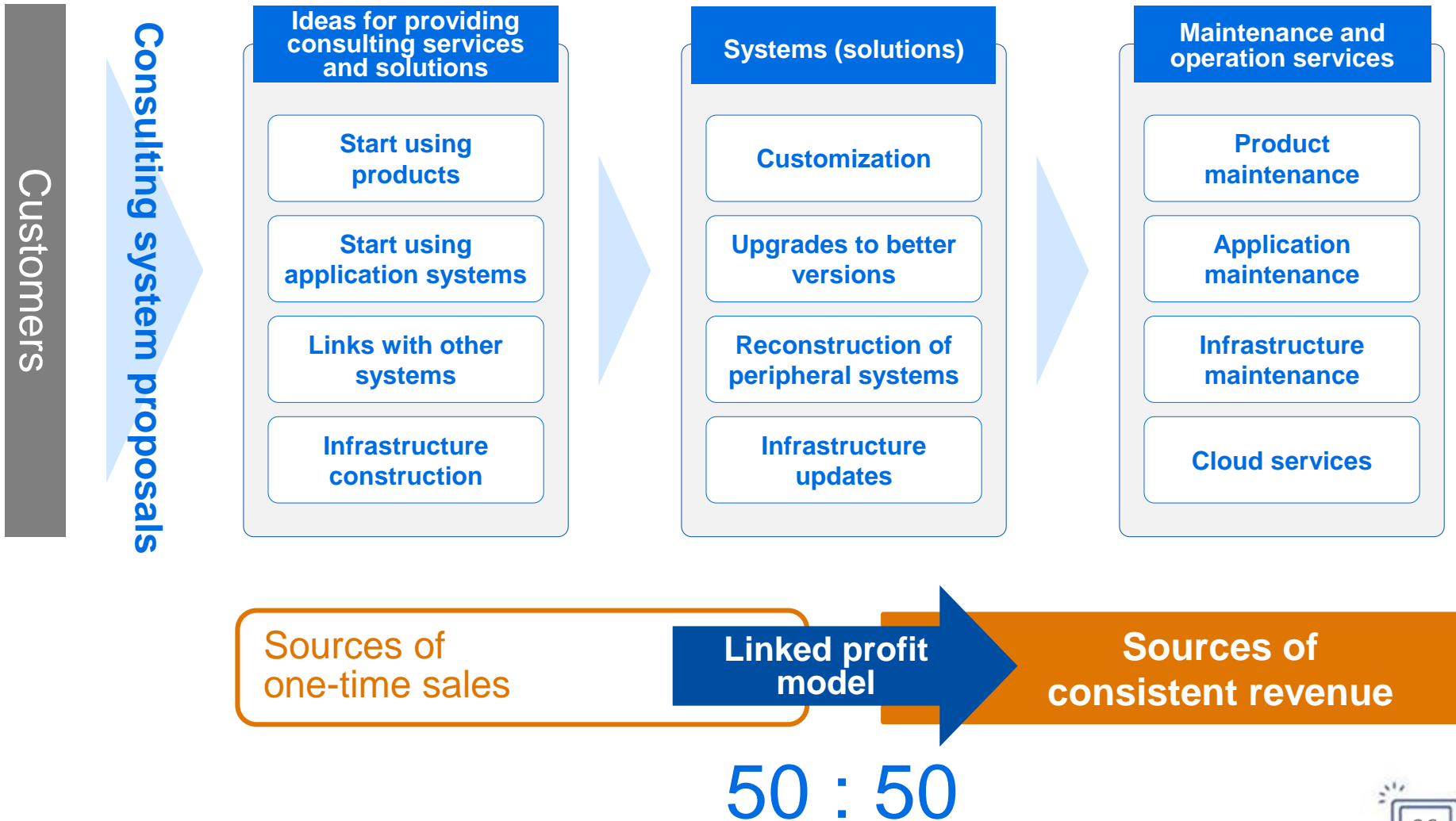
3-2 The Sales Process Strategy

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



3-3 The Linked Profit Model

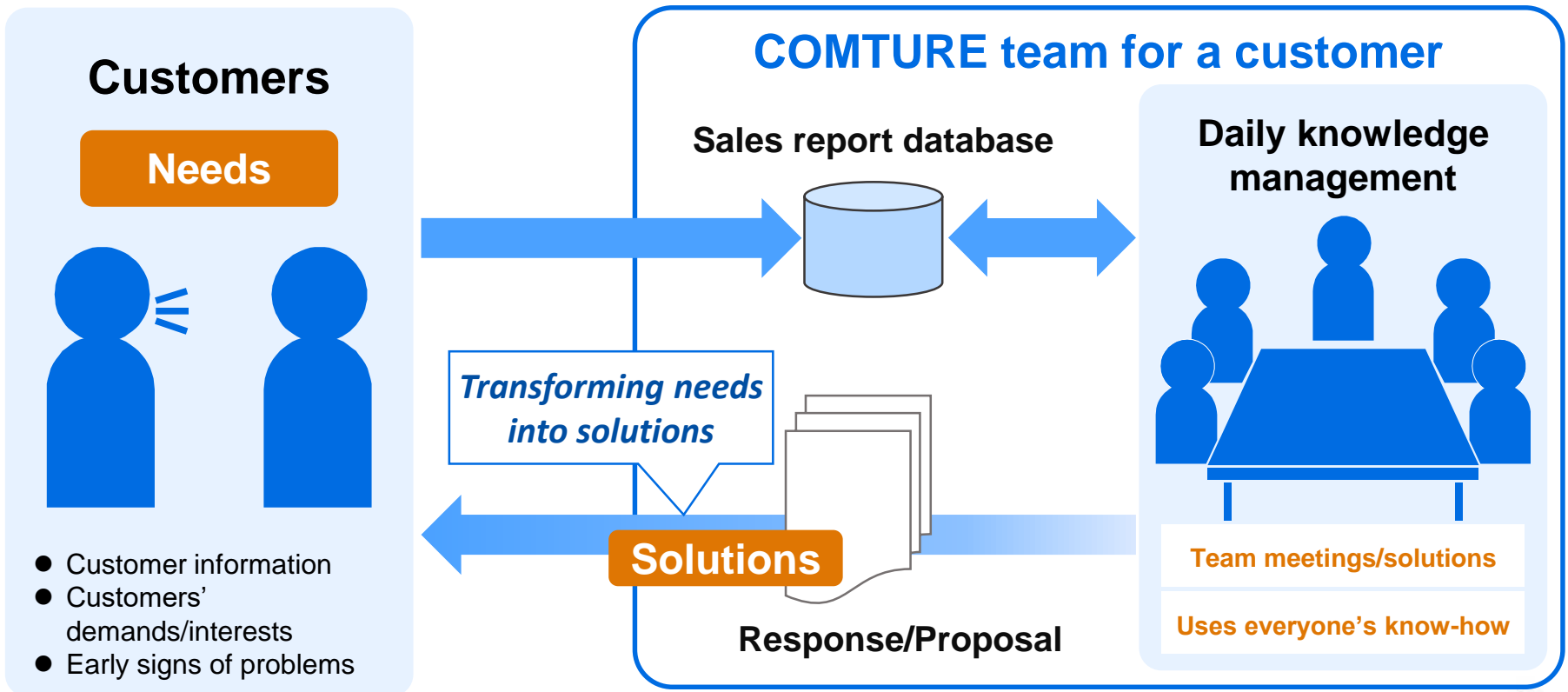
–One-time sales and consistent revenue–



3-4 Customer Strategy

Reinforce consulting sales skills to improve customer satisfaction

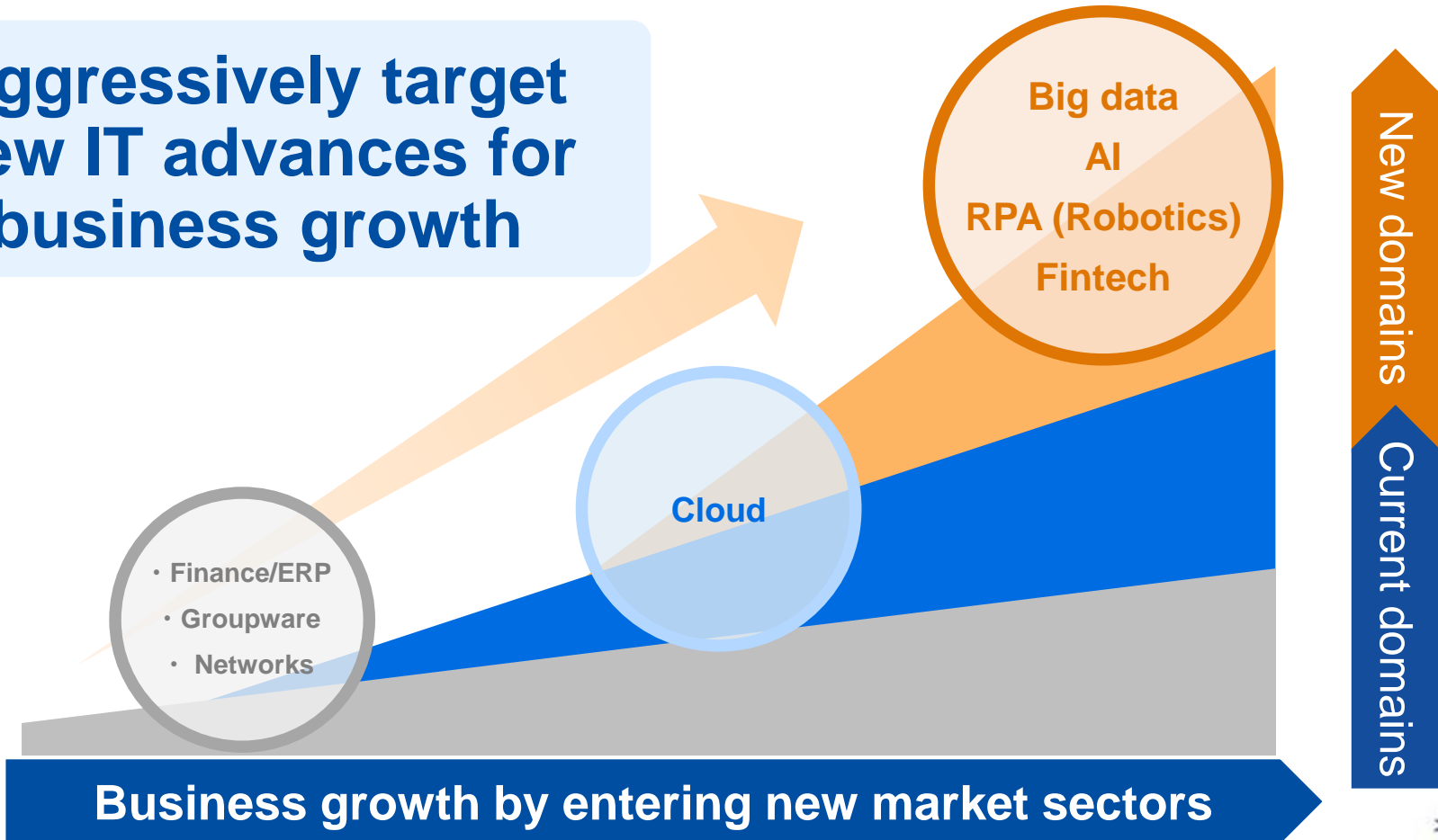
Account system engineers who have close ties with customers identify each customer's needs. Then the aggregate know-how of a team is used to create ideas for transforming these needs into solutions.



3-5 Business Growth Strategy

Approach to digital transformation

Aggressively target new IT advances for business growth



3-6 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, 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 – FY2020: 120/ FY2021: 70–100</p> <p>*Nikkei Computer magazine included COMTURE in its list of the 100 most popular IT companies for job seekers</p>
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3-7 7 Basic Strategies for Further Growth

1 Growth Strategy

Achieve consistent growth by using actions centered on **high value-added management** for raising sales per employee and using rigorous sales processes for generating sales leads three times higher than orders received

2 Customer Strategy

Through proposal activities to “**transforming needs into solutions,**” comprehend customer needs to provide timely proposals and aim for developing innovations with customers

3 Human Resources Strategy

Actively recruit **human resources with comprehensive skills** that can handle new technologies, and through human resources training to heighten proposal capability and technical capability, structure a creative group that can achieve a high rate of growth

4 Innovation Strategy

To create new value, reinforce **digital transformation** fields and concentrate on developing new technologies, solutions and services that keep COMTURE at the forefront of progress

5 Quality Strategy

Refine project management and advance visualization of quality, process and costs to strengthen activities for **improving the quality of services** and **customer satisfaction**

6 Financial Strategy

Aim for a **higher equity ratio and ROE** and constantly implement management that increases corporate value in order to become a company able to **achieve sound and stable growth**

7 Alliance Strategy

Use business alliances and **M&A** to build a stronger business foundation centered on the growing digital domain in order to **grow even faster**

Closing “Our Slogan”

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

- 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.
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Inquiries

Investors Relations, Corporate Planning Department

COMTURE CORPORATION

Tel: +81-(0)3-5745-9702

E-mail: ir-info@comture.com