Results for the 1st Quarter of 40th business period
(Fiscal Year Ending March 31, 2024)

August 14, 2023

TECHMATRIX CORPORATION（code : 3762）

Contents

1. Business Highlights for the 1st Quarter business period (Consolidated)

Business Highlights for FY2023 1Q （Consolidated）

- Q1/23 Key KPIs （Consolidated）

Revenue	Operating profit	Booking	Backlog
+16.1%	**+0.1%**	**△2.9%**	**+23.1%**
YoY	YoY	YoY	YoY
¥11,473 m	¥898 m	¥14,845 m	¥55,780 m

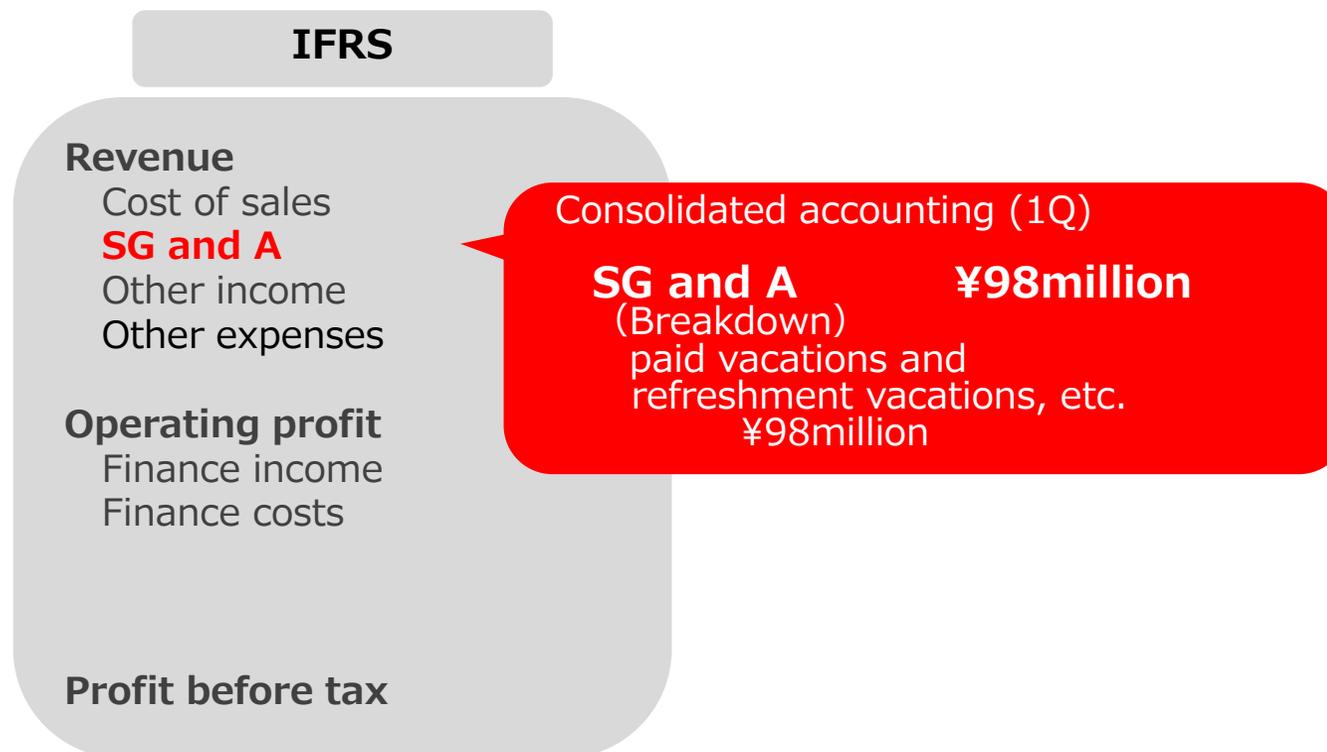| Stock type sales (Recurring revenue) ratio	Consecutive increase in revenue	Patients who stored medical images in NOBORI	Inspections stored in NOBORI
78.7%	**21years**	**46.54 mm**	**290 mm**
TECHMATRIX and PSP	in a row March 31,2023		

Accounting impact resulted from Special factors

Extraordinary costs of a total of approximately ¥98million were recorded （1Q）.

- Expenses of a total of **approximately ¥98million** were recorded as "**SG and A** " in relation to unifying personnel systems. （Factored into the budget）

  - Recognized expenses for paid vacations and refreshment vacations, etc. ,which were incurred in connection with the unification of personnel systems at a consolidated subsidiary, PSP (Medical System Business Unit).

IFRS

Revenue
Cost of sales
SG and A
Other income
Other expenses

Operating profit
Finance income
Finance costs

Profit before tax

Consolidated accounting (1Q)

SG and A ¥98million
（Breakdown）
paid vacations and
refreshment vacations, etc.
¥98million

4

- **The highest consolidated revenue, operating profit, profit before tax and profit attributable to owners of parent.**

(¥million)

	FY2022 1Q	FY2023 1Q	YoY	
			Change	Change %
Revenue	9,883	**11,473**	+1,590	+16.1%
Operating profit (Profit ratio) ※**After excluding special factors** **(Actual operating profit)**	897 (9.1%)	**898** (7.8%) **996** (8.7%)	+1 **+98**	+0.1% (−1.3P) **+11.0%** (−0.4P)
Profit before tax	909	**910**	+1	+0.1%
Profit attributable to owners of parent.	502	**560**	+58	+11.6%

Business Highlights for FY2023 1Q (Consolidated)

TechMatrix

(¥million)

	FY2022 1Q			FY2023 1Q			YoY	
	Results	%	Profit ratio	Results	%	Profit ratio	change	Change %
Revenue	**9,883**	**100.0%**		**11,473**	**100.0%**		**+1,590**	**+16.1%**
Information Infrastructure	6,281	63.6%		7,478	65.2%		+1,196	+19.0%
Application Service	1,593	16.1%		1,883	16.4%		+289	+18.2%
Medical System	2,007	20.3%		2,112	18.4%		+104	+5.2%
Operating profit (below: After excluding special factors)	**897**	**100.0%**	**9.1%**	**898** (※2) **996**	**100.0%**	**7.8%** **8.7%**	**+1** **+98**	**+0.1%** **+11.0%**
Information Infrastructure	590 (※1) 582	65.8% 64.9%	9.4% 9.3%	646	72.0% 64.9%	8.6%	+56 +64	+9.5% +11.1%
Application Service	△64 (※1) △56	△7.2% △6.3%	△4.1% △3.5%	34	3.8% 3.4%	1.8%	+98 +90	-%
Medical System	371	41.4%	18.5%	216 (※2) 314	24.1% 31.5%	10.3% 14.9%	△154 △56	△41.7% △15.4%

※1 The calculation method of allocating of rent and utilities has been changed from 1Q FY2023.
FY2022 1Q operating profit results for Information Infrastructure Business and Application Service Business are calculated using the revised allocation method.
※2 Actual figures excluding extraordinary costs of unifying personnel systems of consolidated subsidiary PSP.
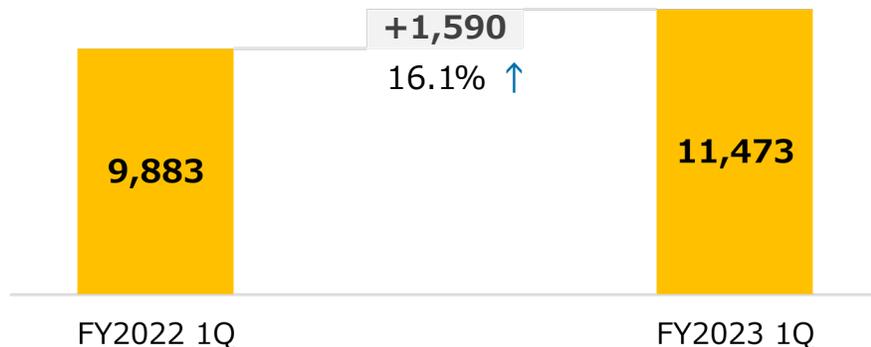※3 Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

6

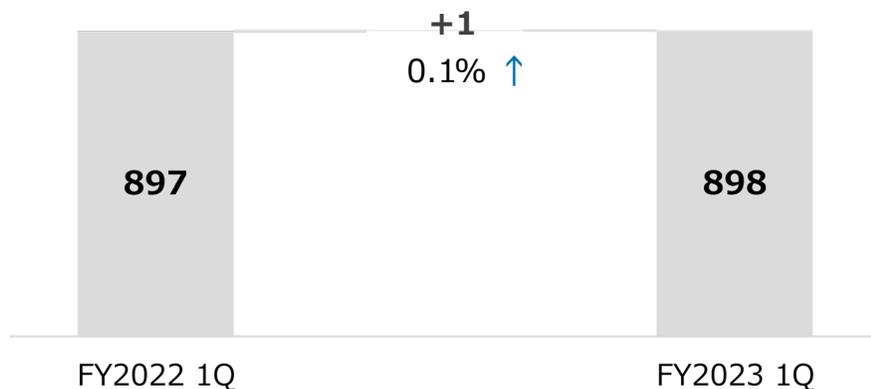# Business Highlights for FY2023 1Q （Consolidated）
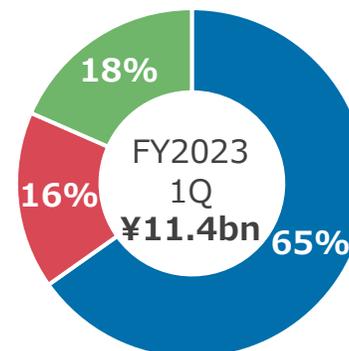
Revenue

(¥million)

+1,590

16.1% ↑

FY2022 1Q	FY2023 1Q
9,883	11,473

Operating profit

(¥million)

+1

0.1% ↑

FY2022 1Q	FY2023 1Q
897	898

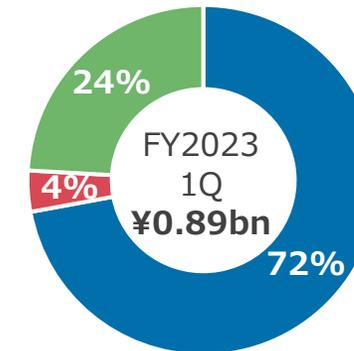※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

・**情報基盤事業**：
   Increasing demands for cloud-based security products.
・**アプリケーション・サービス事業**：
   - In the CRM field and Software Quality Assurance field, revenue and operating profit increased due to the accumulation of stock-type businesses accelerated by the progress of subscriptions.
   - In the EdTech field, investment is ongoing for new customer acquisition.
・**医療システム事業**：
   - PSP's medical imaging system (PACS) is doing well after the business integration. The shift from On-premise-based PACS to cloud-based PACS is just about to start.
   - Decreased operating profit due to the negative repercussion from increased operating profit in FY2022 which was caused by the recording of FY2022 summer bonus reserve shortfall at the end of FY2021.
   - Decreased operating profit due to expenses recognized for paid vacations and refreshment vacations in connection with the unification of personnel systems （▲¥98million）

Revenue breakdown

FY2023 1Q ¥11.4bn

- 65% Information Infrastructure (blue)
- 16% Application Service (red)
- 18% Medical System (green)

■ Information Infrastructure
■ Application Service
■ Medical System

Operating profit breakdown

FY2023 1Q ¥0.89bn

- 72% Information Infrastructure (blue)
- 4% Application Service (red)
- 24% Medical System (green)

■ Information Infrastructure
■ Application Service
■ Medical System

Revenue

（¥million）

	+1,196	
6,281	19.0% ↑	7,478
FY2022 1Q		FY2023 1Q

Operating profit

（¥million）

	△8	+64	
590	582	11.1% ↑	646
FY2022 1Q	FY2022 1Q		FY2023 1Q
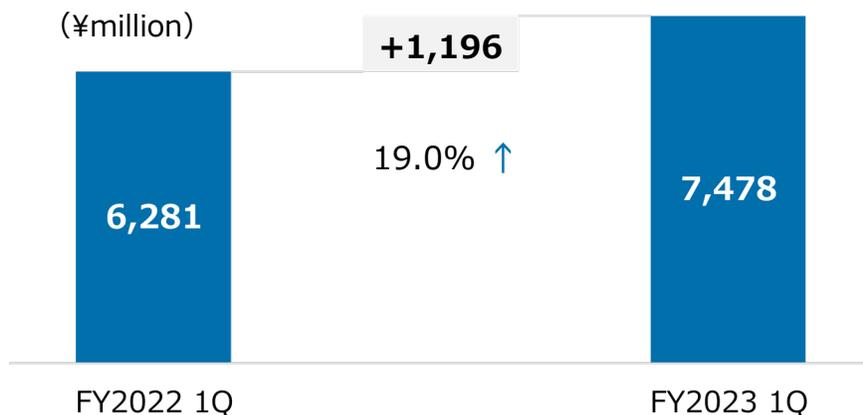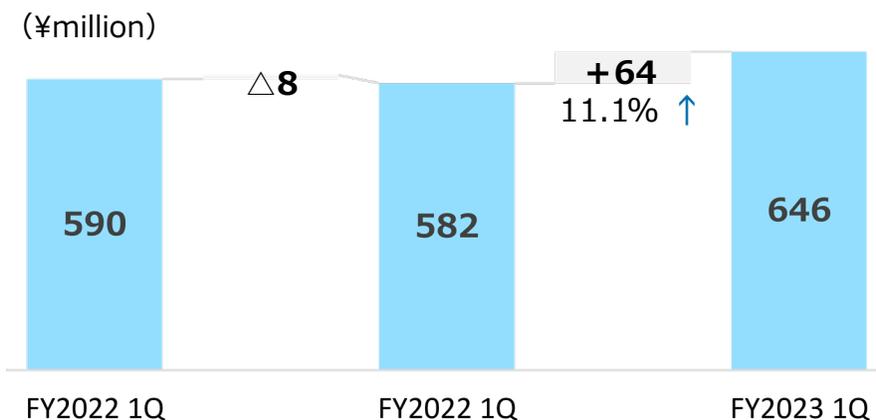
＊After retroactively reflecting the changes to internal expense allocation rules

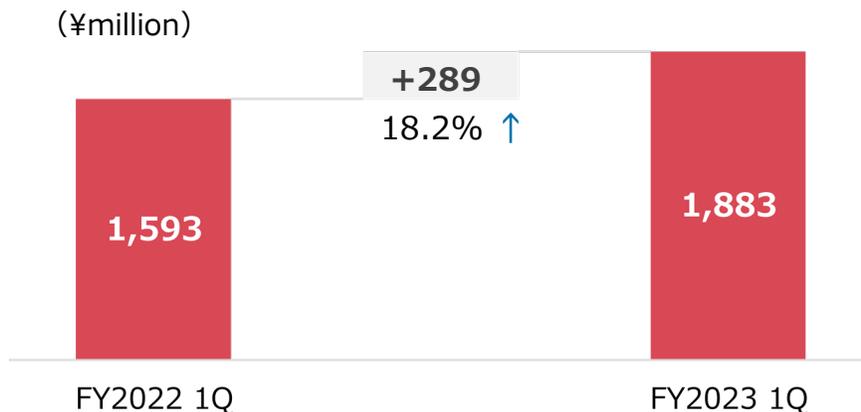**The highest consolidated revenue and Operating profit.**

- **Revenue**
  - (+) Increasing demands for subscription-based cloud-based security products.
  - (−) Deferred trend due to the shift to subscriptions
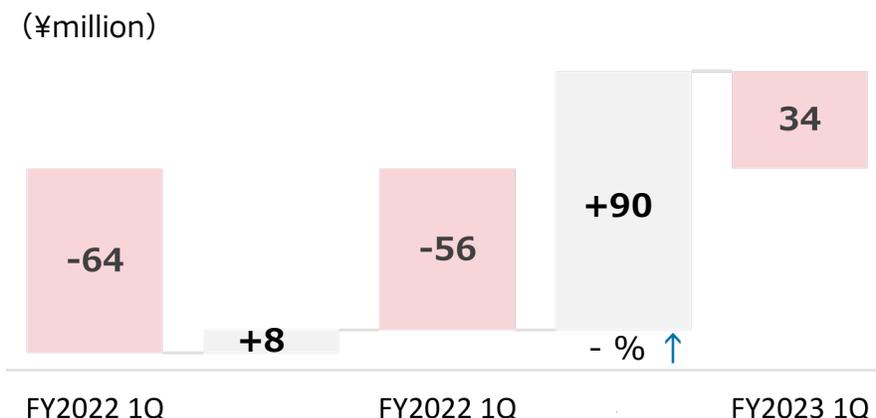
- **Operating profit**
  - (+) Thoroughly conducted sales activities with profitability in mind.
  - (+) Adjusted the previous year's operating profit due to the changes to internal expense allocation rules for office rent and utilities（¥8million）
  - (−) The impact of the weaker yen
  - (−) Aggressive investments in building the best practice to utilize cloud-native technologies as a new business called "TechMatrix NEO".
  - (−) Increased personnel and SG&A expenses
  - (−) The impact arising out of the changes to internal expense allocation rules for office rent and utilities

8

Revenue

（¥million）

+289

18.2% ↑

FY2022 1Q	FY2023 1Q
1,593	1,883

Operating profit

（¥million）

-64   +8   -56   +90   34

- % ↑

FY2022 1Q　　　FY2022 1Q　　　FY2023 1Q

＊After retroactively reflecting the changes to internal expense allocation rules

Revenue and Operating profit increased YoY.

- **Revenue**
  (+) Demands on quality testing tools for enterprise systems and embedded software were strong. (SE)
  (+) In the CRM field and Software Quality Assurance field, revenue and operating profit increased due to the accumulation of stock-type businesses accelerated by the progress of subscriptions. (CRM、SE)
  (+) Increased revenue due to the increase of number of schools using "tsumugino". (Edtech)
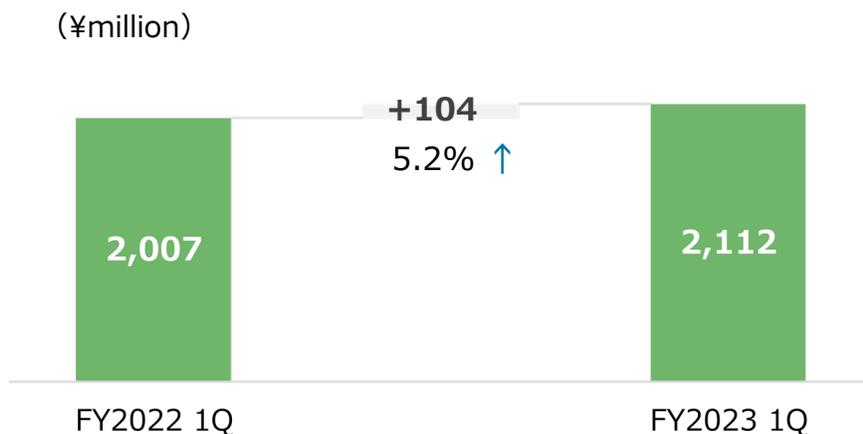
- **Operating profit**
  (+) The impact arising out of the changes to internal expense allocation rules for office rent and utilities.
  (−) Additional employees were hired for simultaneous deliveries in April. (Edtech)
  (−) Adjusted the previous year's operating profit due to the changes to internal expense allocation rules for office rent and utilities （¥8million）
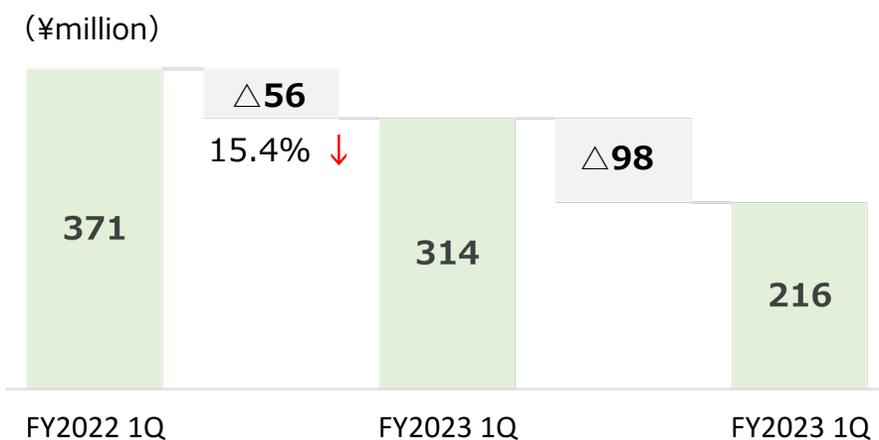
※Division name abbreviation
Software quality assurance：SE

※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

9

Medical System Business

Revenue

（¥million）

+104

5.2% ↑

2,007	2,112
FY2022 1Q	FY2023 1Q

Operating profit

（¥million）

△56

15.4% ↓

△98

371	314	216
FY2022 1Q	FY2023 1Q	FY2023 1Q

＊Assuming that expenses in connection with the unification of personnel systems had been excluded

Revenue increased YoY.

Operating profit decreased YoY.

- **Revenue**
  - （＋）NOBORI, a medical information cloud service and a PHR application, performed well.
  - （＋）PSP's medical imaging system (PACS) is doing well after the business integration. The shift from On-premise-based PACS to cloud-based PACS is just about to start.
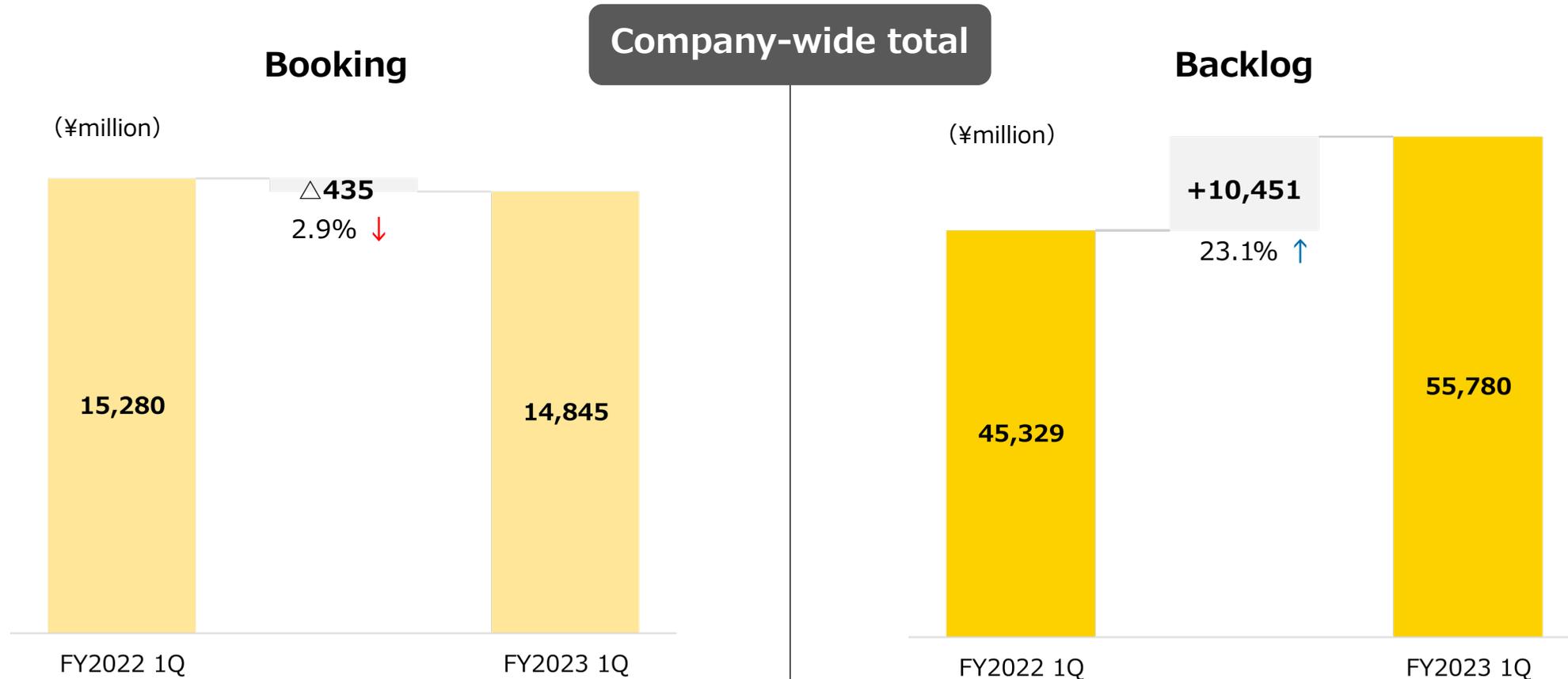
- **Operating profit**
  - （−）Decreased operating profit due to the negative repercussion from increased operating profit in FY2022 which was caused by the recording of FY2022 summer bonus reserve shortfall at the end of FY2021.
  - （−）Decreased operating profit due to expenses recognized for paid vacations and refreshment vacations in connection with the unification of personnel systems （▲¥98million）
  - （−）Increased SG&A expenses due to additional employees for business expansion.
  - （−）Amortization of intangible fixed assets associated with software development

※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

10

Booking and Backlog for FY2023 1Q (Consolidated)

- Booking remained at the same level as previous year.
  - Information Infrastructure Business:
    Decreased bookings YoY due to decrease in bookings at a consolidated subsidiary, CROSS HEAD.
  - Increased bookings YoY in Application Services Business and in Medical System Business.
- Increased backlogs, in particular, in Information Infrastructure business.

Company-wide total

Booking

（¥million）

	△435 2.9% ↓	
15,280		**14,845**
FY2022 1Q		FY2023 1Q

Backlog

（¥million）

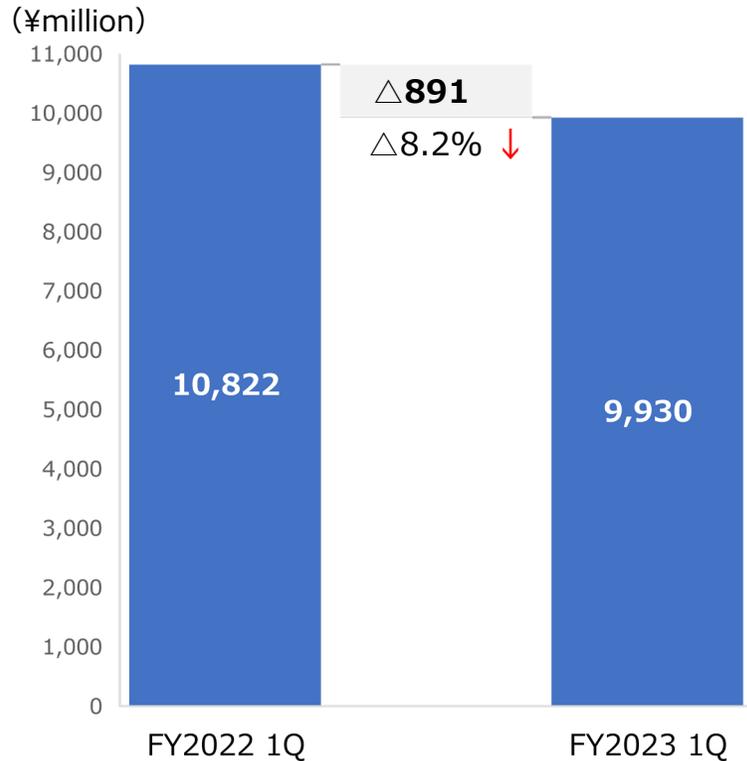|	+10,451 23.1% ↑	
45,329		**55,780**
FY2022 1Q		FY2023 1Q

Booking by Segment for FY2023 (Consolidated)

Information Infrastructure Business : Increasing demands for cloud-based security products.
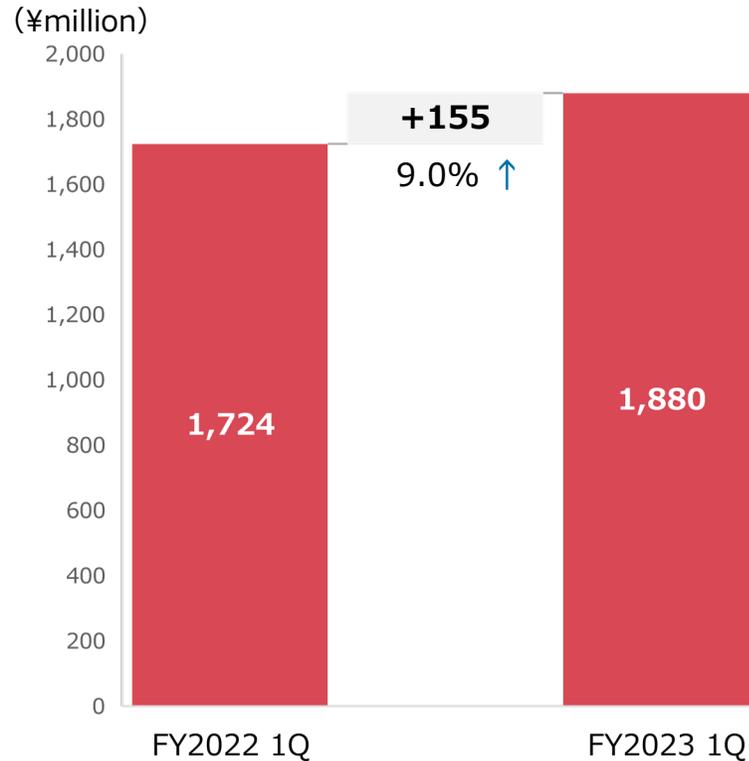Decreased in bookings at a consolidated subsidiary, CROSS HEAD.
Application Service Business : Increased backlogs, in particular, in Software Quality Assurance field and in CRM field.
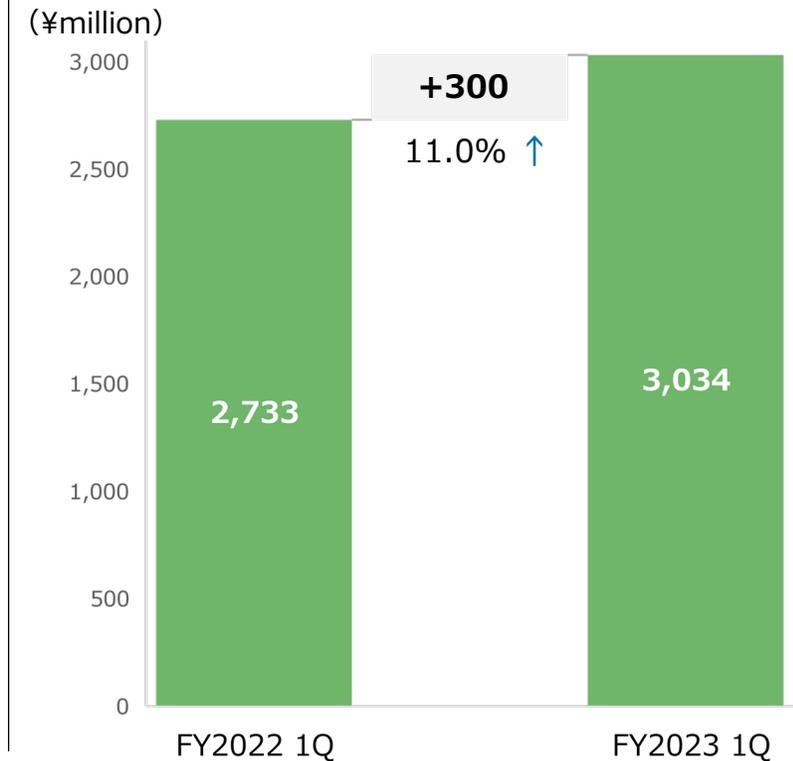Medical System Business : Strong bookings for PACS.

※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

12

Backlog by Segment for FY2023 1Q (Consolidated)

- In increasing tendency due to shift to subscription (strengthening stock business).

Information Infrastructure Business
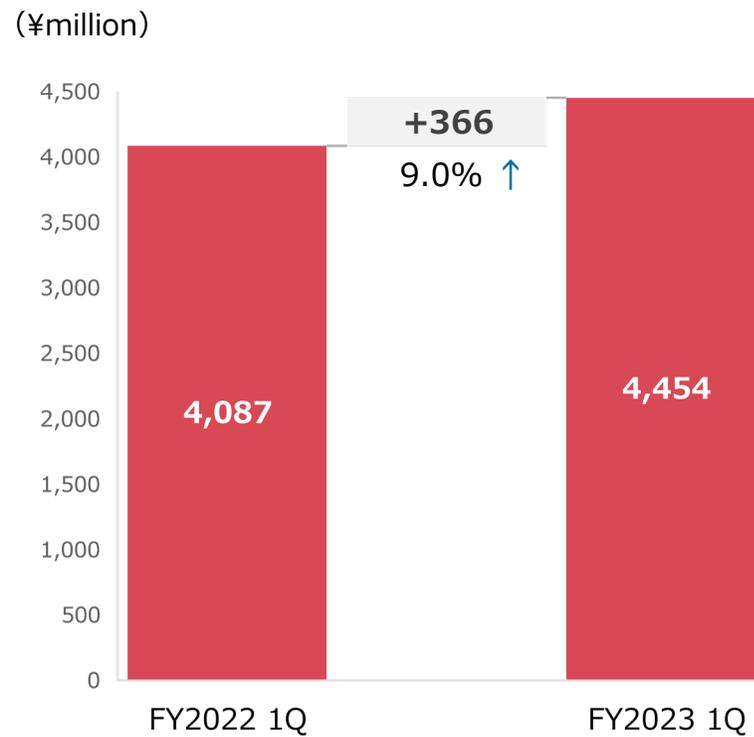
(¥million)

FY2022 1Q	30,441
FY2023 1Q	39,666

+9,224
30.3% ↑

Application Services Business

(¥million)

FY2022 1Q	4,087
FY2023 1Q	4,454

+366
9.0% ↑

Medical System Business

(¥million)

FY2022 1Q	10,799
FY2023 1Q	11,659

+859
8.0% ↑

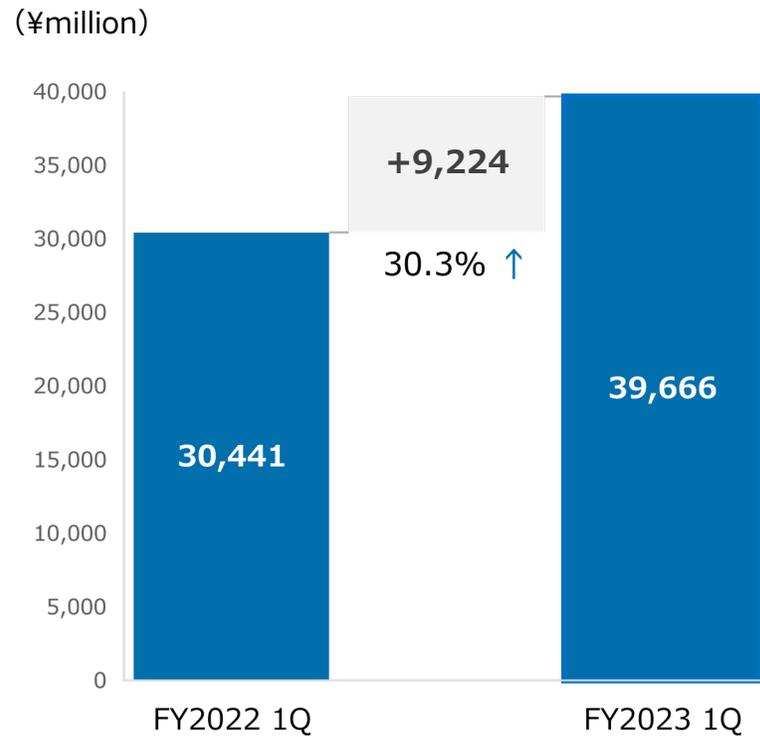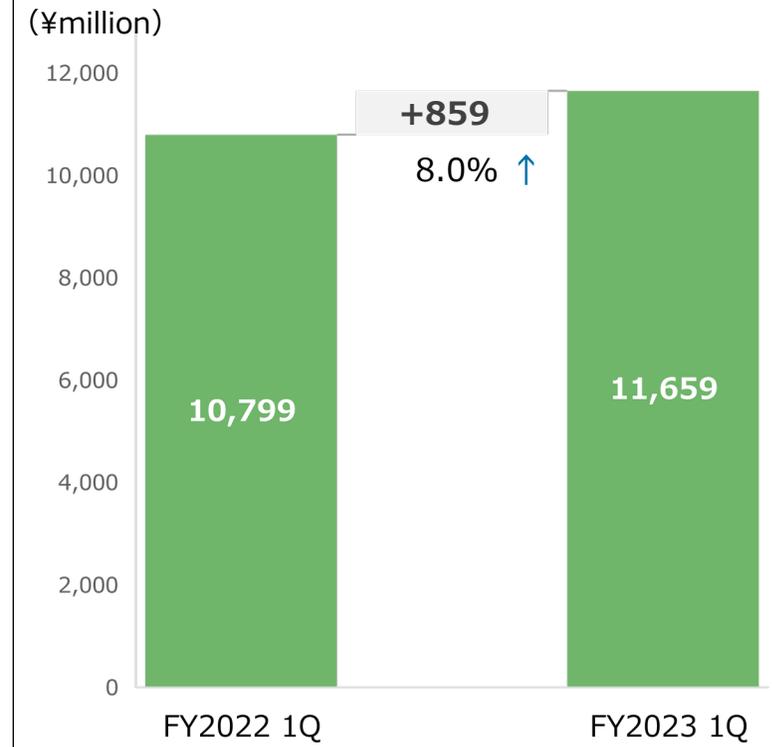※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

Backlog for FY2023 1Q (Non-Consolidated)

- Consolidated and non-consolidated (TechMatrix only) backlogs are as follows.

Backlog (Consolidated)

（¥million）

+10,451	
23.1% ↑	

45,329 → 55,780

FY2022 1Q → FY2023 1Q

Backlog (Non-consoliated)

（¥million）

About **79.2%** of consolidated backlog

+9,871	
28.8% ↑	

34,327 → 44,198

FY2022 1Q → FY2023 1Q
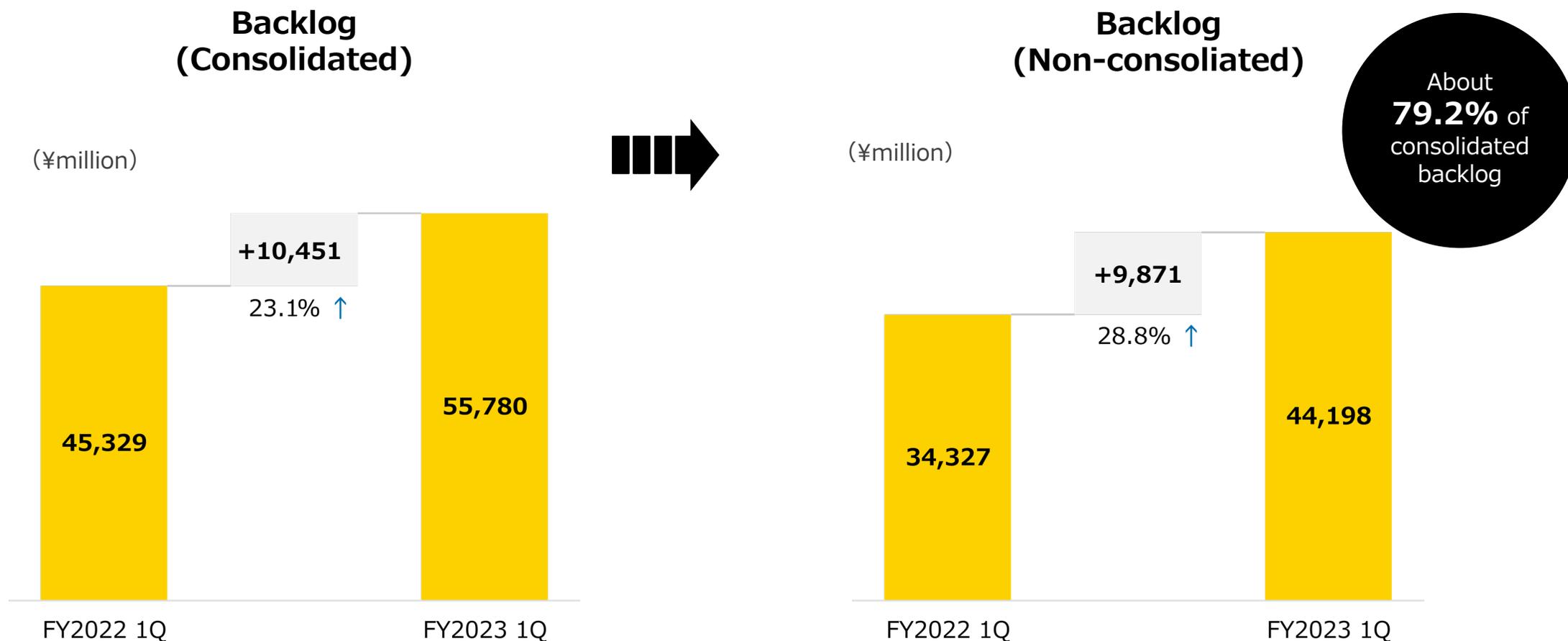
Backlog for FY2023 1Q (Non-Consolidated)

- Non-consolidated backlog (for only TechMatrix) are as follows.

（¥million）　■ Short term　■ Long term　— long term rate

※Short term
Backlog (in each quarter) whose revenue will be　recognized within a year
※long term
Backlog (in each quarter) whose revenue will be recognized after one year

	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1
long term rate	41.2%	41.1%	44.3%	42.8%	45.7%	46.1%	46.6%	44.6%	46.9%	47.9%	47.8%	47.6%	49.2%
Total												41,403	44,198
Long term	7,516	7,940	9,994	10,184	11,988	13,389	14,090	13,500	16,091	18,393	18,755	19,701	21,747
Short term	10,705	11,380	12,551	13,610	14,247	15,632	16,130	16,737	18,236	20,018	20,444	21,702	22,451

Change in accounting standards
(New Accounting Standard for Revenue Recognition)

Change in accounting standards
(IFRS)

15

Weather chart by Segment (Based on revenue)

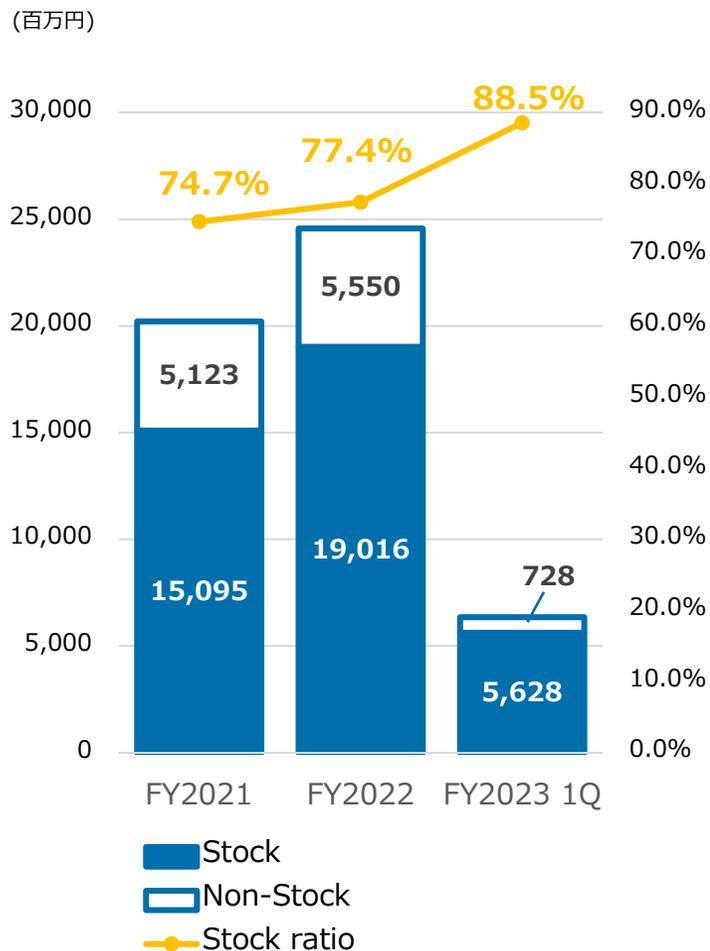| Information Infrastructure Business		YoY
Load balancers　(BIG-IP, NGINX)	• Revenue for web server software (middleware) (NGINX (F5)) increased.	
Next-Generation Firewall / SASE / XDR / SOAR　(Palo Alto's Strata, Prisma and Cortex)	• Increased revenue for cloud-based security products.	
Antivirus / Intrusion prevention Appliances / Security Information and Event Management(SIEM) / Web security	• Although acquisition of new customers is a challenge, revenue maintained at the same level as previous year.	
Personal authentication systems / Forensic products / Storage products	• Increased revenue for storage products. • Decreased revenue for personal authentication systems.	
Security-related operation and monitoring services	• Revenue for TPS remained steady, which was stimulated by increasing demands for cloud-based security products.	
Next-Generation Mail security(ProofPoint)	• Revenue increased YoY due to strong demands on security solutions for cyber attacks via email.	
EDR(Tanium)	• Revenue increased YoY due to strong demands on EDR and Cyber Hygiene solutions for increasingly sophisticated cyberattacks such as ransomware.	
Other security products	• Increased revenue for Next-generation anti-virus products utilizing AI and Web application vulnerability assessment tool.	
CROSS HEAD & OCH	• CROSS HEAD : Revenue increased YoY due to the strong demands on integration projects, in particular, for cybozu. Revenue exceeded the plan and increased YoY. • OCH : The increase in own brand products and services although the plan was unachieved.	

+10% and over　　+5% ~ +10%　　within±5%　　within△10%　　under△10%

16

Weather chart by Segment (Based on revenue)

TechMatrix

Application Services Business		YoY
Business Solution field (Including CASAREAL and ARECCIA Fintech (former IDAY))	• Increased YoY due to the booking of BI solution and exceeded the plan. • CASAREAL : Revenue increased YoY due to continuation of strong demands on IT trainings. The plan was unachieved due to slipping the timing of holding trainings to the 2nd half of the year. • ARECCIA Fintech: Revenue decreased YoY due to delays in bookings.	☀️☁️
Software Quality Assurance field	• Demands on quality testing tools for enterprise systems and embedded software remained steady. • Revenue increased due to the accumulation of stock-type businesses accelerated by the progress of subscriptions. Exceeded the plan.	☀️☀️
CRM field	• Revenue increased due to the accumulation of stock-type businesses accelerated by the progress of subscriptions. Exceeded the plan.	☀️☀️
EdTech field	• Deployment to well-known private schools and public schools that offer advanced education progressed as planned.	☀️☀️

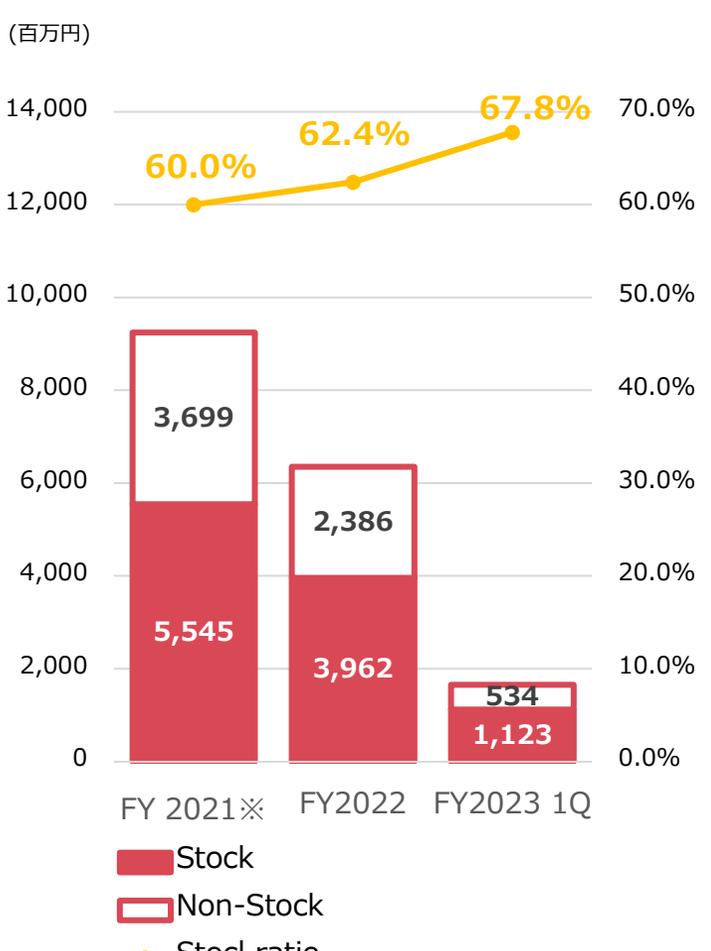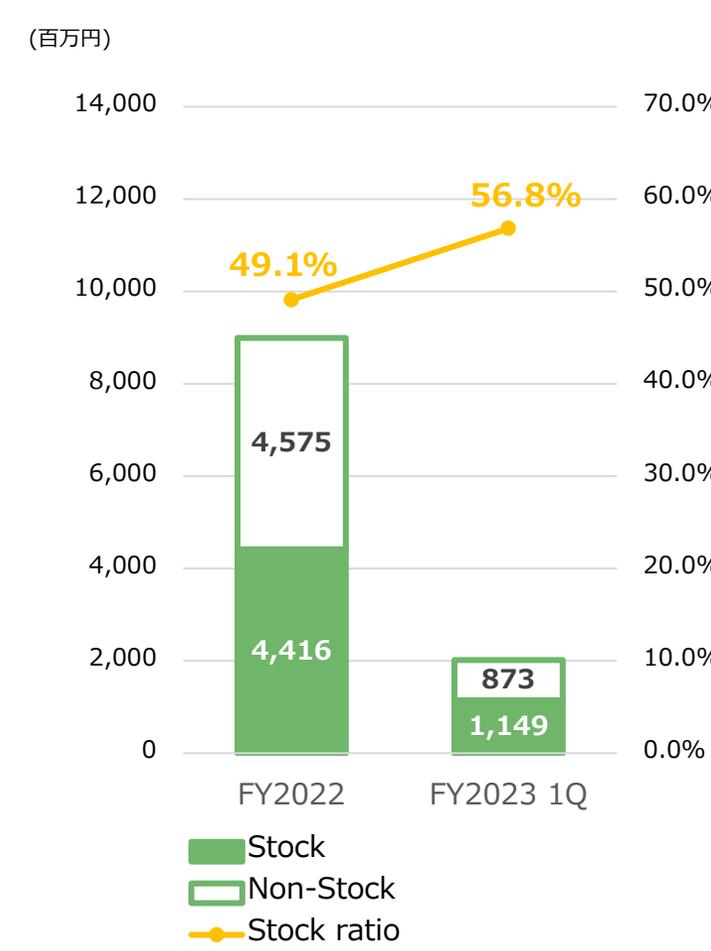| Medical System Business		YoY
PSP	• Increase in number of new contracts, renewals and replacements for PACS	☀️
Ichigo	• Maintained stable sales growth for teleradiology and telepathology and exceeded the plan.	☀️☁️
A-Line	• Although the willingness of medical institutions to invest in procurement of radiation dose management systems has been stagnant, exceeded the plan.	☀️☀️

☀️☀️ +10% and over   ☀️ +5% ~ +10%   ☀️☁️ within±5%   ☁️ within△10%   🌧️ under△10%

17

Stock type sales (Recurring revenue) ratio of TECHMATRIX and PSP

Information Infrastructure Business

(百万円)

	FY2021	FY2022	FY2023 1Q
Non-Stock	5,123	5,550	728
Stock	15,095	19,016	5,628
Stock ratio	74.7%	77.4%	88.5%

Application Services Business

(百万円)

	FY 2021※	FY2022	FY2023 1Q
Non-Stock	3,699	2,386	534
Stock	5,545	3,962	1,123
Stocl ratio	60.0%	62.4%	67.8%

Medical System Business

(百万円)

	FY2022	FY2023 1Q
Non-Stock	4,575	873
Stock	4,416	1,149
Stock ratio	49.1%	56.8%

※Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.
※FY2021 results for application services business include results for medical field.

18

Consolidated Statement of Financial Position

- "Advance payments" included in Other current assets and "Advance received" included in Other of Current liabilities were increased as a result of applying the New Accounting Standard for Revenue Recognition. (¥million)

	FY2022	FY2023 1Q		FY2022	FY2023 1Q
Total current assets	**51,770**	**54,898**	**Total current liabilities**	**36,044**	**39,182**
Cash and cash equivalents	20,071	20,476	Trade and other payables	2,145	1,443
Trade and other receivables	6,274	3,639	Borrowings	570	570
			Other current liabilities	33,329	37,169
Other current assets	25,425	30,782	**Total non-current liabilities**	**5,729**	**5,602**
Total non-current assets	**13,920**	**13,919**	Borrowings	300	250
			Other non-current liabilities	5,429	5,352
Property, plant and equipment	6,121	5,896	**Total liabilities**	**23,917**	**24,032**
Goodwill	171	171	Share capital and Capital surplus	5,892	5,903
			Treasury shares	△974	△974
Intangible assets	2,141	2,228	Retained earnings	13,380	13,302
			Other components of equity	671	775
Other non-current assets	5,485	5,622	Total equity attributable to owners of parent	18,970	19,006
			Non-controlling interests	4,946	5,025
Total assets	**65,691**	**68,817**	**Total liabilities and equity**	**65,691**	**68,817**

Consoliated

FY2022			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
1,424 [133]	**1,429** [134]	**1,442** [138]	**1,439** [138]
FY2023			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
1,484 [137]	- [-]	- [-]	- [-]
YoY			
+60 [+4]	- [-]	- [-]	- [-]

Non-consoliated

FY2022			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
531 [69]	**532** [70]	**544** [73]	**544** [74]
FY2023			
30-Jun.	30-Sep.	31-Dec.	31-Mar.
558 [76]	- [-]	- [-]	- [-]
YoY			
+27 [+7]	- [-]	- [-]	- [-]

※The number of employees is the number of full-time employees.
※The figures in parentheses in the "Number of employees" column indicate the average number of temporary employees
   (including temporary and contract employees).

# 2. Forecast for Fiscal Year ending March31, 2024

Forecast (Consolidated) (Total): Full-year Plan

Consolidated revenue and profit are expected to increase thanks to the backlog accumulated in or before the previous fiscal year. The targeted numbers for the third year of the medium-term management plan are also expected to be exceeded.

【Major special factors in the 40th】
　① PSP's revision of the retirement benefit system and introduction of long service leave (Unified personnel system)
　② Continuous investment in new businesses (EdTech business and network security business「NEO」)
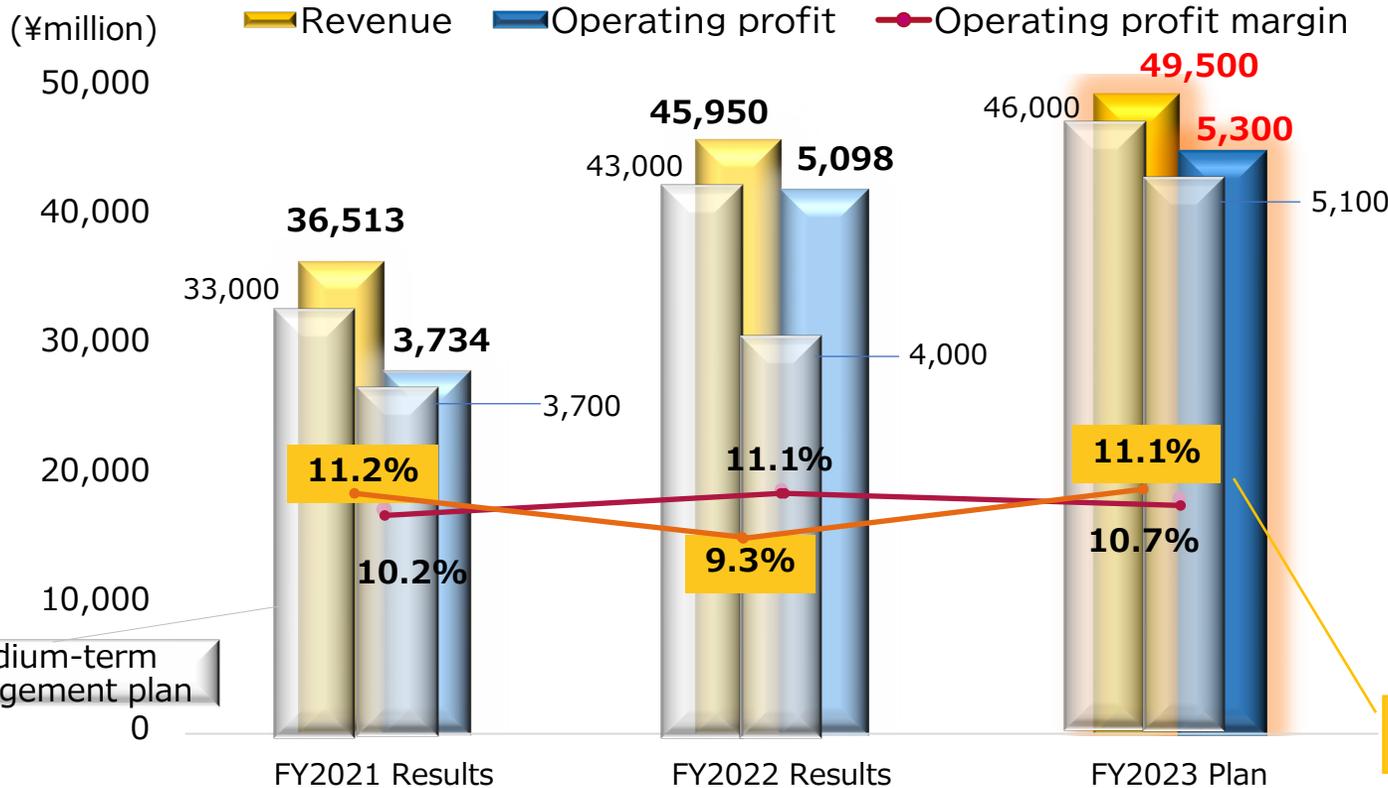
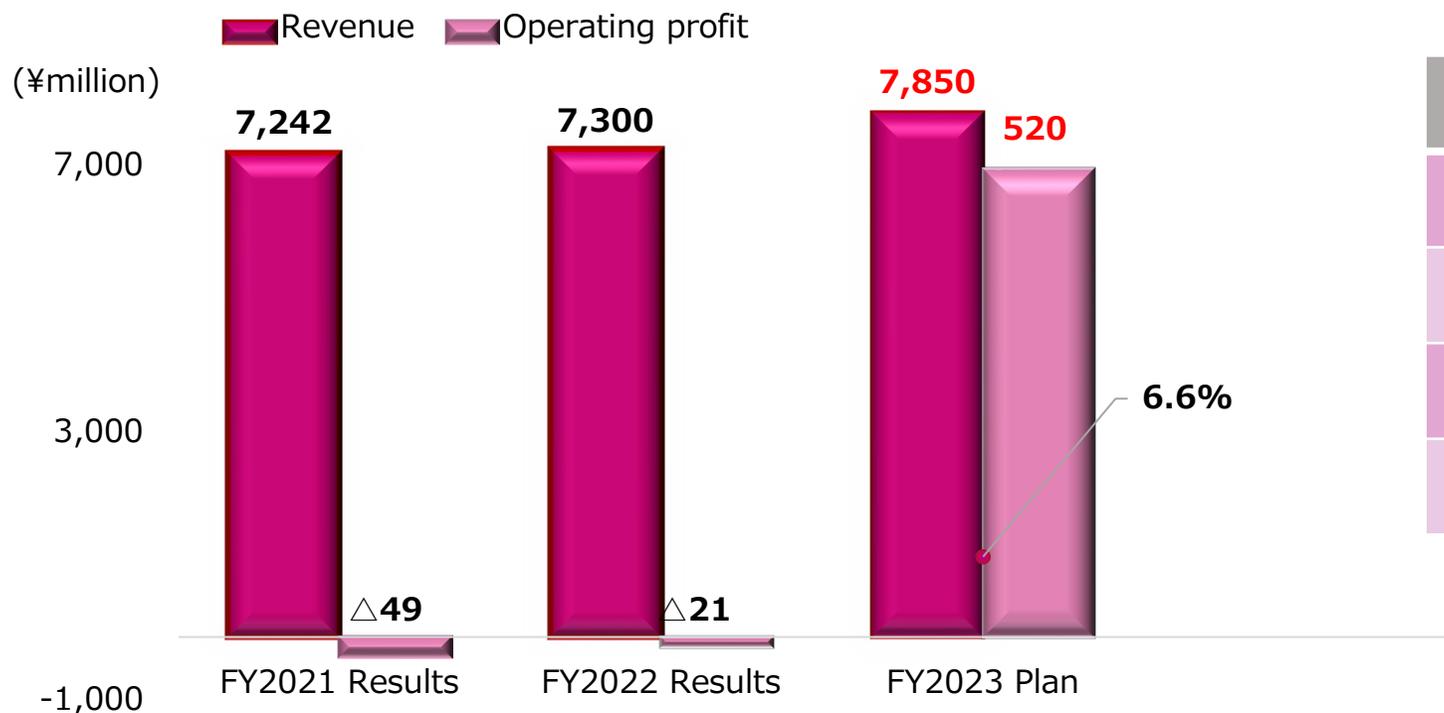| ¥million		YoY (diff)	YoY
Revenue	**YoY**	**+3,550**	**107.7%**
	Vs. medium-term management plan	**+3,500**	**107.6%**
Operating profit	**YoY**	**+202**	**103.9%**
	Vs. medium-term management plan	**+100**	**101.9%**

◆ **Revenue (+): Continued strong demand for cybersecurity products and services**
◆ **Operating profit (+): Disappearance of special costs related to relocation in the previous year**
　　　　　　(−): ① Impact of foreign exchange rates and increasing trend in purchase costs
　　　　　　② Continuous investment in new businesses 「NEO」
　　　　　　③ Changes in internal expense allocation rules
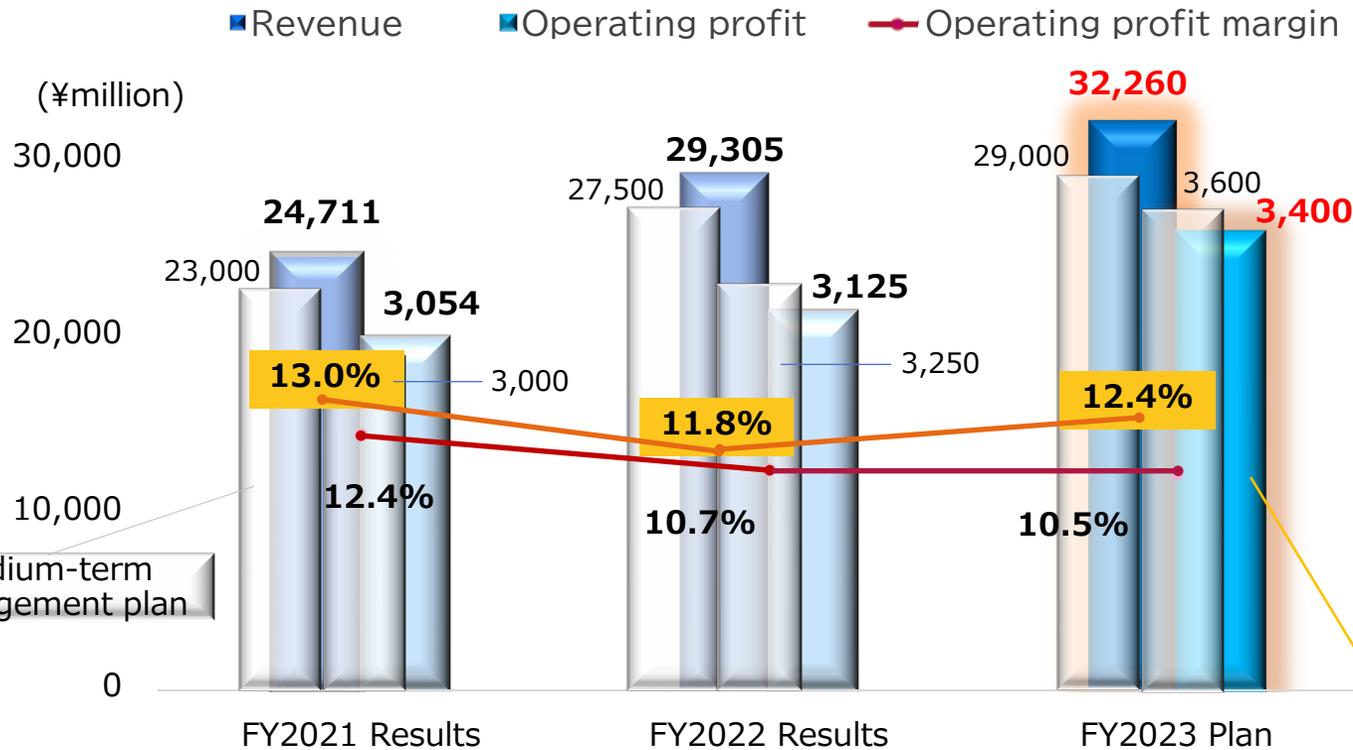
¥million		YoY (diff)	YoY
Revenue	YoY	**+2,955**	**110.1%**
	Vs. medium-term management plan	+3,260	111.2%
Operating profit	YoY	**+275**	**108.8%**
	Vs. medium-term management plan	△200	94.4%

◆ **Revenue (+): Continued growth of subscription-based business**
(CRM, software quality assurance, and EdTech fields)
◆ **Operating profit (+):① Disappearance of special costs related to relocation in the previous year**
② Reduction of a deficit in EdTech business
(Partially invested ahead of schedule in the previous fiscal year)
③ Conclusion of a loss-making project in the Business Solution field
**④ Changes in internal expense allocation rules**

¥million		YoY (diff)	YoY
Revenue	**YoY**	+550	107.5%
	Vs. medium-term management plan	—	—
Operating profit	**YoY**	+541	
	Vs. medium-term management plan	—	—

* Figures for the Medical System Business unit are excluded.

24

◆ Revenue (+): ① Continuous growth in PACS business
　　　　　　　② Gaining momentum of an OEM supply to Canon Medical Systems
◆ Operating profit (−): ①Strategic shift to the cloud business
　　　　　　　②Amortization of intangible fixed assets associated with software development
　　　　　　　(The benefits of capitalization emerged in the previous term)
　　　　　　　③ Increase in personnel expenses, etc.
　　　　　　　(Impact of unifying personnel systems and the plan to increase staff)

(¥million)

¥million		YoY (diff)	YoY
Revenue	YoY	+46	100.5%
	Vs. medium-term management plan	—	—
Operating profit	YoY	△613	69.2%
	Vs. medium-term management plan	—	—

* Medical System Business Unit was spun off from the Application Services Business Unit in FY2022.

25

Reference: Forecast (Consolidated)
(Application Services Business and Medical System Business)
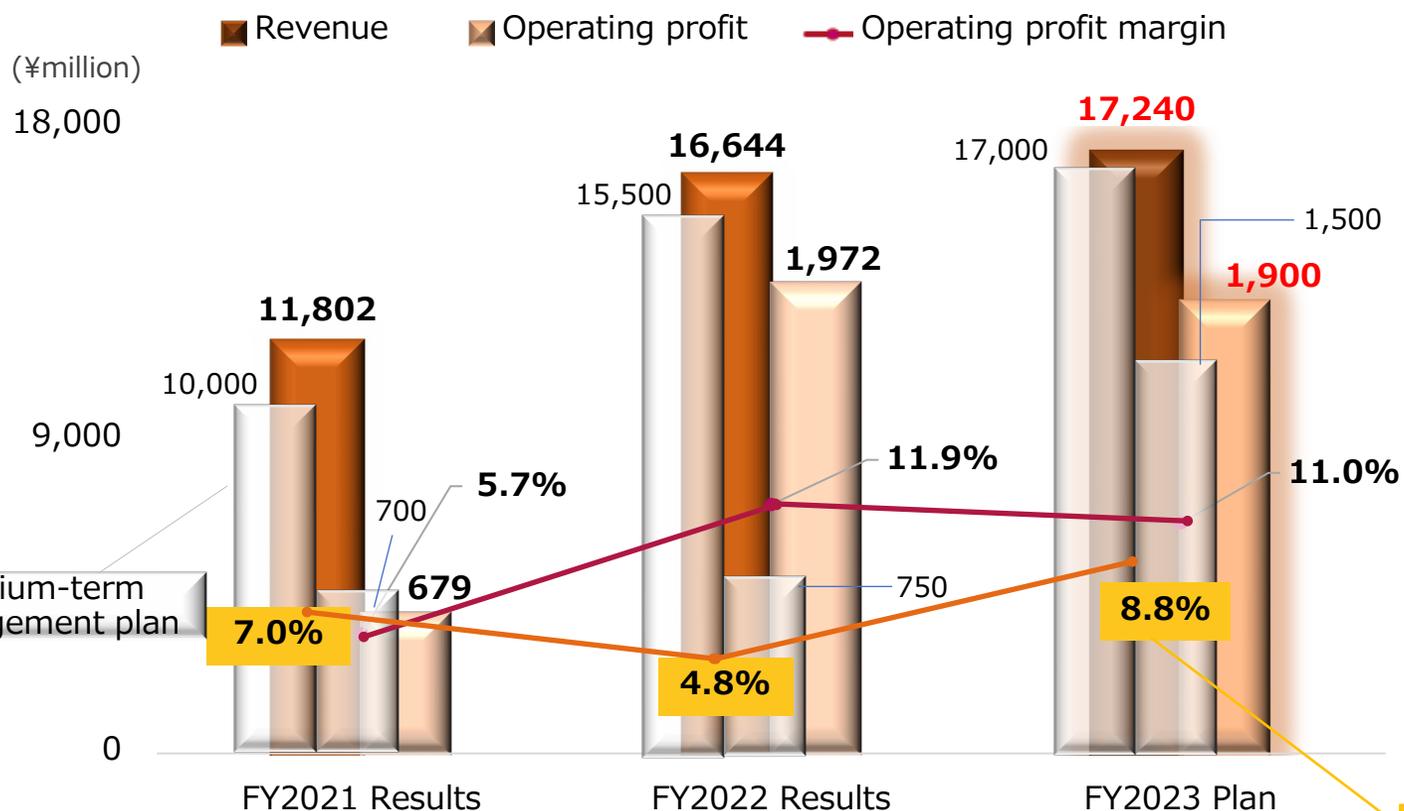
¥million			YoY (diff)	YoY
Revenue	YoY		+596	103.6%
	Vs. medium-term management plan		+240	101.4%
Operating profit	YoY		△72	96.4%
	Vs. medium-term management plan		+400	126.7%

3. Topics of Business activities

Reorganized financial system-related business

Made ARECCIA Fintech a wholly owned subsidiary (July 1, 2023)

November 2019: Concluded a capital and business alliance with ARECCIA Fintech (formerly IDAY).

(Percentage of voting rights held by TechMatrix: 51%)

July 2023: Made ARECCIA Fintech a wholly owned subsidiary through a share exchange.

TechMatrix's financial system-related business was succeeded by ARECCIA Fintech through an absorption-type split.

- Consolidate operating resources, including products, services, and human resources
- Provide stable support for existing customers
- Acquire new customers by strengthening the sales and marketing organizations
- Enhance product and service functionality and strengthen research and development

Expand financial system-related business and FinTech business

CROSS HEAD, our consolidated subsidiary, established the Chubu (the central part of Japan) office

Opened an office in Nagoya, Aichi (in TechMatrix's Nagoya sales office in April 2023)
To strengthen the organization dedicated to Central Japan to meet growing demand for network security products and technical support in that area.

CROSS HEAD ✕ **TechMatrix**

To enhance service quality and improve customer satisfaction by collaborating with the TechMatrix's Network Security division

29

ESG and Sustainability Initiatives

Developed human resource strategies to realize management strategies

- **Basic policy of human resource strategies**
  Maximize the organization's capacities by creating an organizational culture that supports the challenges and growth of employees and fosters their motivation.
- **Three basic strategies**
  1. Develop human resources for the future
  2. Realize a new communication style and flexible work style to maximize employee potential
  3. Promote diversity and inclusion
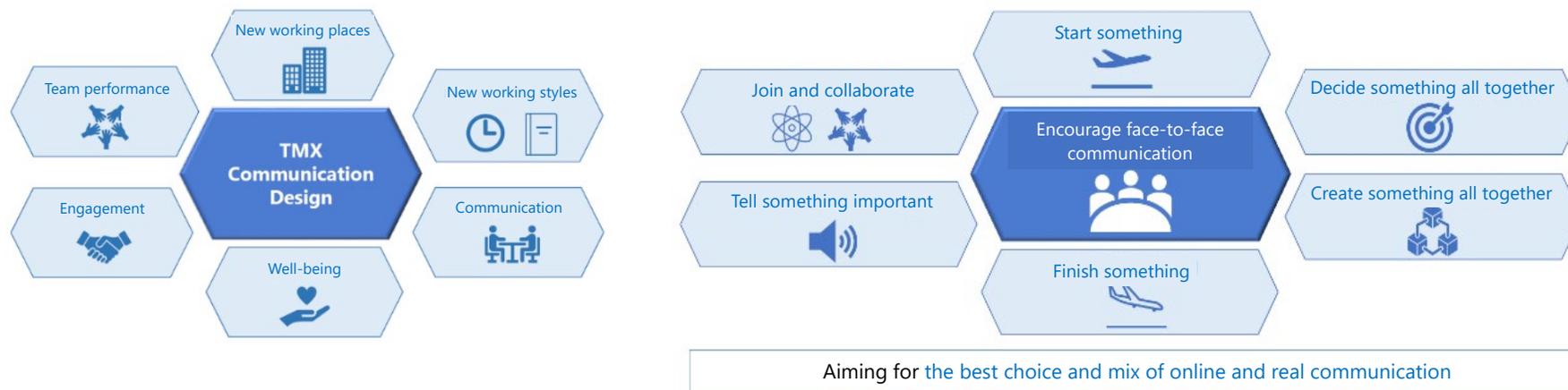
Note: The details of the strategies (including indicators and targets) are described in the securities report for the 39th business year (in Japanese only).
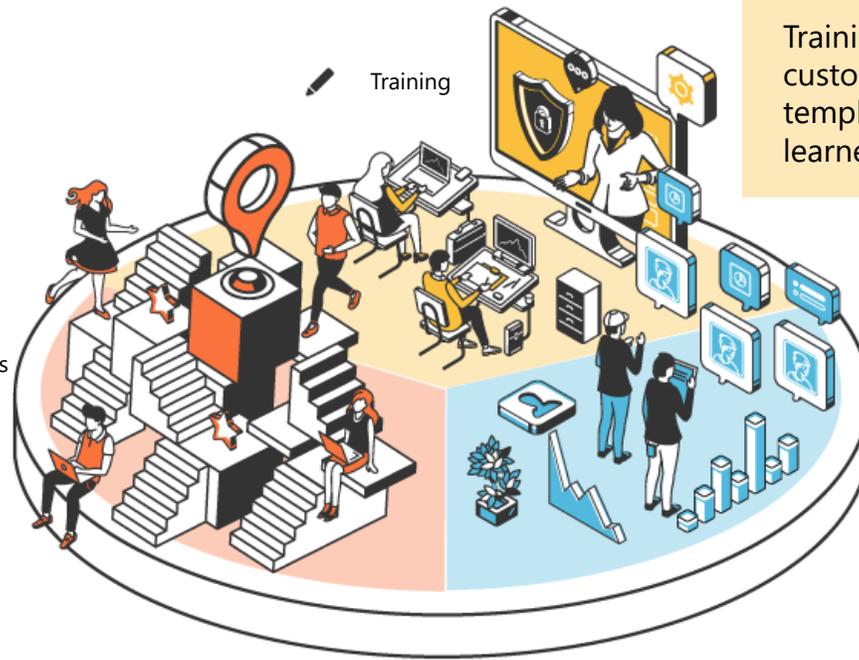https://www.techmatrix.co.jp/en/ir/library/library_03.html

Launched Secure Code Warrior, a secure coding learning platform after obtaining its exclusive distributorship rights in Japan (May 2023)

Help developers establish their secure coding practices with extensive learning content

Support 60 or more languages and frameworks. 150 different security vulnerabilities can be learned.

Integrated into CI/CD* cycles.

SECURE CODE WARRIOR

Training

Training courses can be customized with templates according to learners' skills or the like.

Competitions

Recognize skill level by competing against opponents in challenges to identify vulnerabilities and fix them.

Assessment

Take tests to check skill level.

Background and Issues

- Cybersecurity risks are growing and secure coding is essential for software safety.
- Large efforts are required for education.
- Hiring skilled personnel is difficult.
- It is difficult to grasp the level of learners' understanding of secure coding.

Industries of the target market of Secure Code Warrior include IT, automotive, medical, financial, retail, public sector, and other various industries.

* CI stands for continuous integration. One of the practices of agile development. A build and test method.
* CD stands for continuous delivery. CD is a practice that enables frequent releases.

31

Launched Mayhem for Code, a fuzzing* tool that supports unit and integration testing (May 2023)

Mayhem for Code autonomously detects software bugs and vulnerabilities, significantly reducing testing efforts. Maximizes test coverage.

• Continuously performs analysis to find unexpected flaws

• No false positives are included in detected bugs and vulnerabilities, ensuring a smooth correction.

• Automatically generates an extensive number of test cases.

• Detects bugs and vulnerabilities early with fuzzing testing in an early stage in SDLC**.

• Visualize the coverage of fuzzing tests performed (through linkage with unit testing functions of Parasoft C++test, a C/C++ tool by Parasoft Corporation).
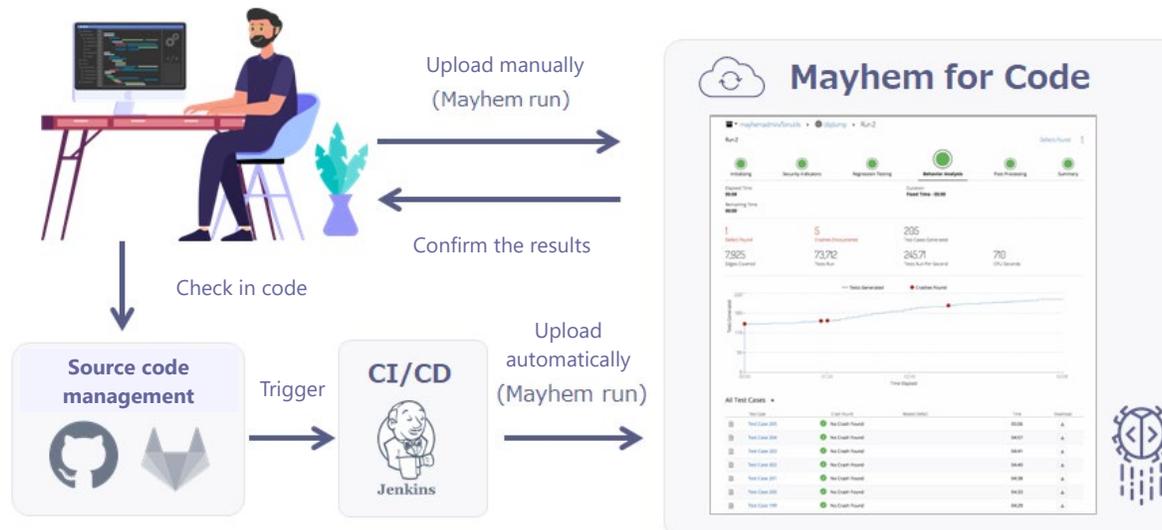
Background and Issues

• An extensive number of manual tests must be run to detect bugs and vulnerabilities.

• Fuzzing testing is dependent on developers' efforts and skills.

• The coverage of tests is difficult to ascertain.

Targeted industries for Mayhem for Code include aerospace, automotive, high-tech, and other various industries.
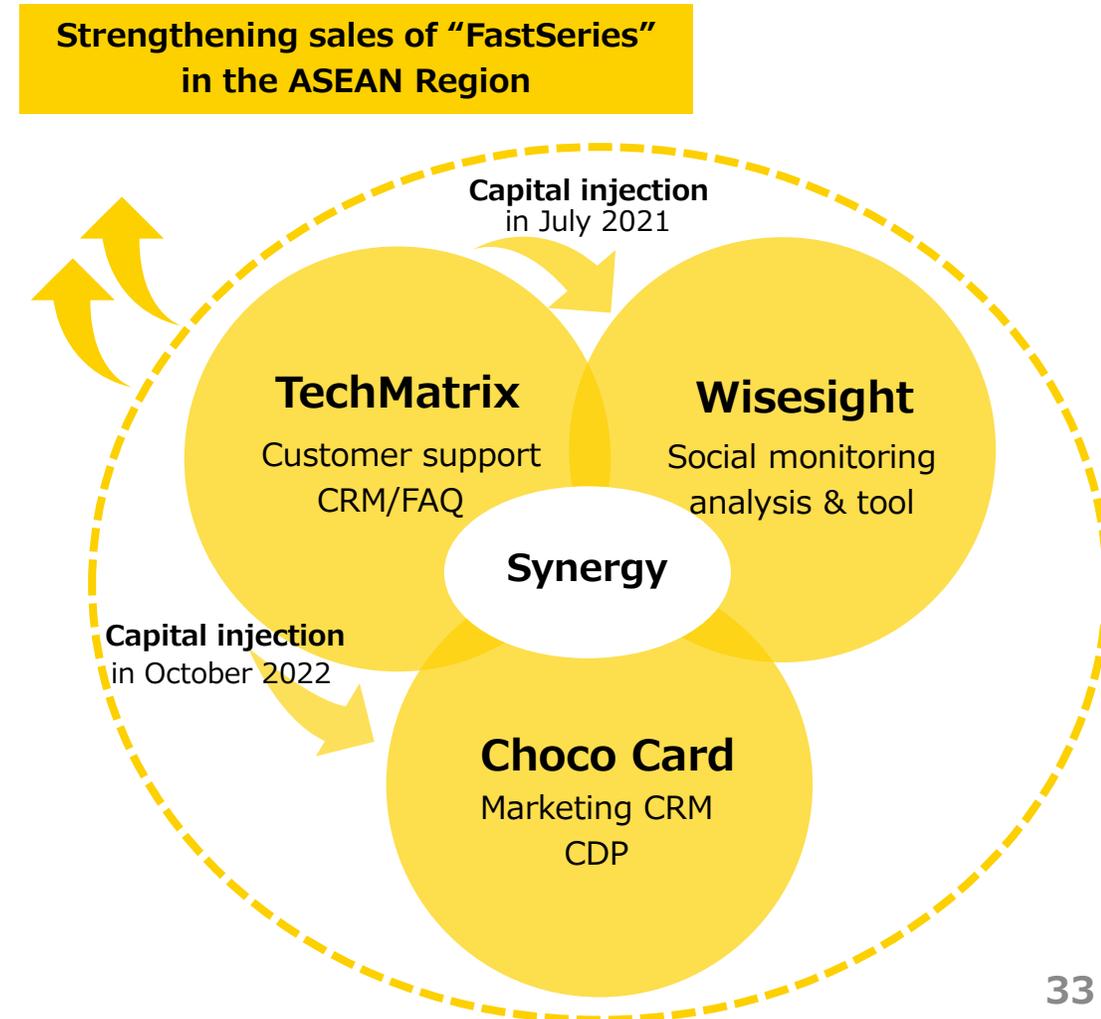
* Fuzzing: A testing method that inputs a large amount of data to the target and monitors its response and behavior.
** SDLC: Software development lifecycle

32

Medium-Term Management Plan / External Strategy Expanding business in the overseas (ASEAN) market

① **Established TechMatrix Asia, a local subsidiary in Thailand（The company was newly consolidated from April 2023 and became a first overseas subsidiary.）**
・Expand CRM solution business in ASEAN
・Accelerate direct sales and conclude direct contracts with local customers
・Strong collaboration with investment portfolio companies

② **Joint development of "CRM Next," a new innovative marketing service based on customer insight analysis for the Taiwanese market by the three companies - TechMatrix, BELLSYSTEM 24, and Intumit（November,2022）**

③ **Capital and business alliance with Choco Card (Thailand, a leading CDP provider)（October,2022）**

④ **Capital and Business Alliance with WISESIGHT (THAILAND) CO., LTD.（No.1 social data analysis cloud service in Thailand）（July,2021）**

Strengthening sales of "FastSeries" in the ASEAN Region

Capital injection in July 2021

TechMatrix
Customer support CRM/FAQ

Wisesight
Social monitoring analysis & tool

Synergy

Capital injection in October 2022

Choco Card
Marketing CRM CDP

46,540,030

The number of **patients** who stored medical images in **NOBORI**

290,825,559

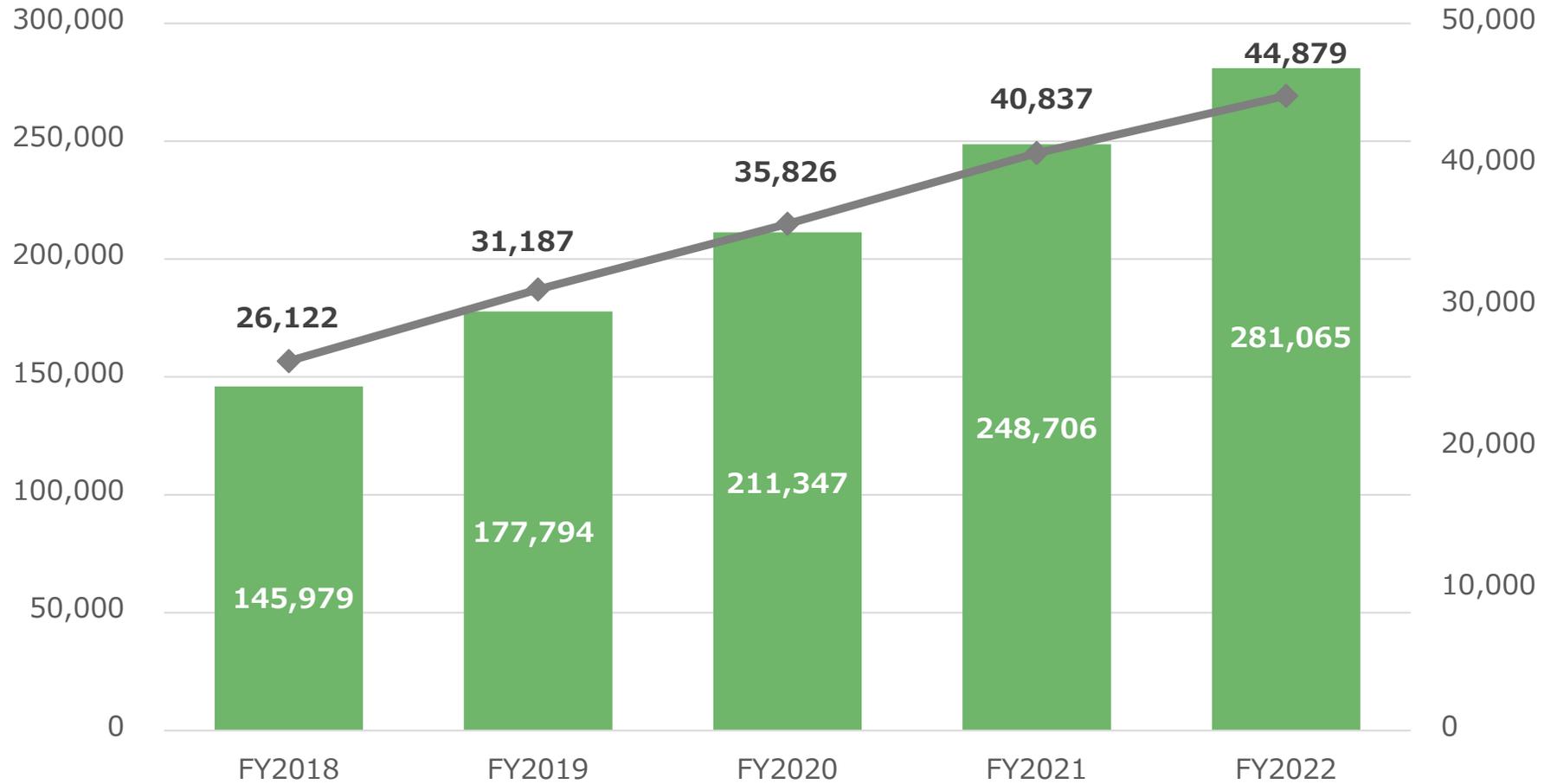## The number of **inspections** stored in **NOBORI**

（June 30, 2023)

34

Data Stored in NOBORI

(Numbers of inspections : thousand)

(Numbers of patients : thousand)

The numbers of inspections stored in NOBORI (left vertical axis)

The numbers of patients stored in NOBORI (right vertical axis)

４. Medium-Term Management Plan "BEYOND THE NEW NORMAL"

TMX3.0 business strategy continues
· Promote strategy and acceleration of Cloud-related business
· Pursuit of security and safety

Topic

Self-assessment

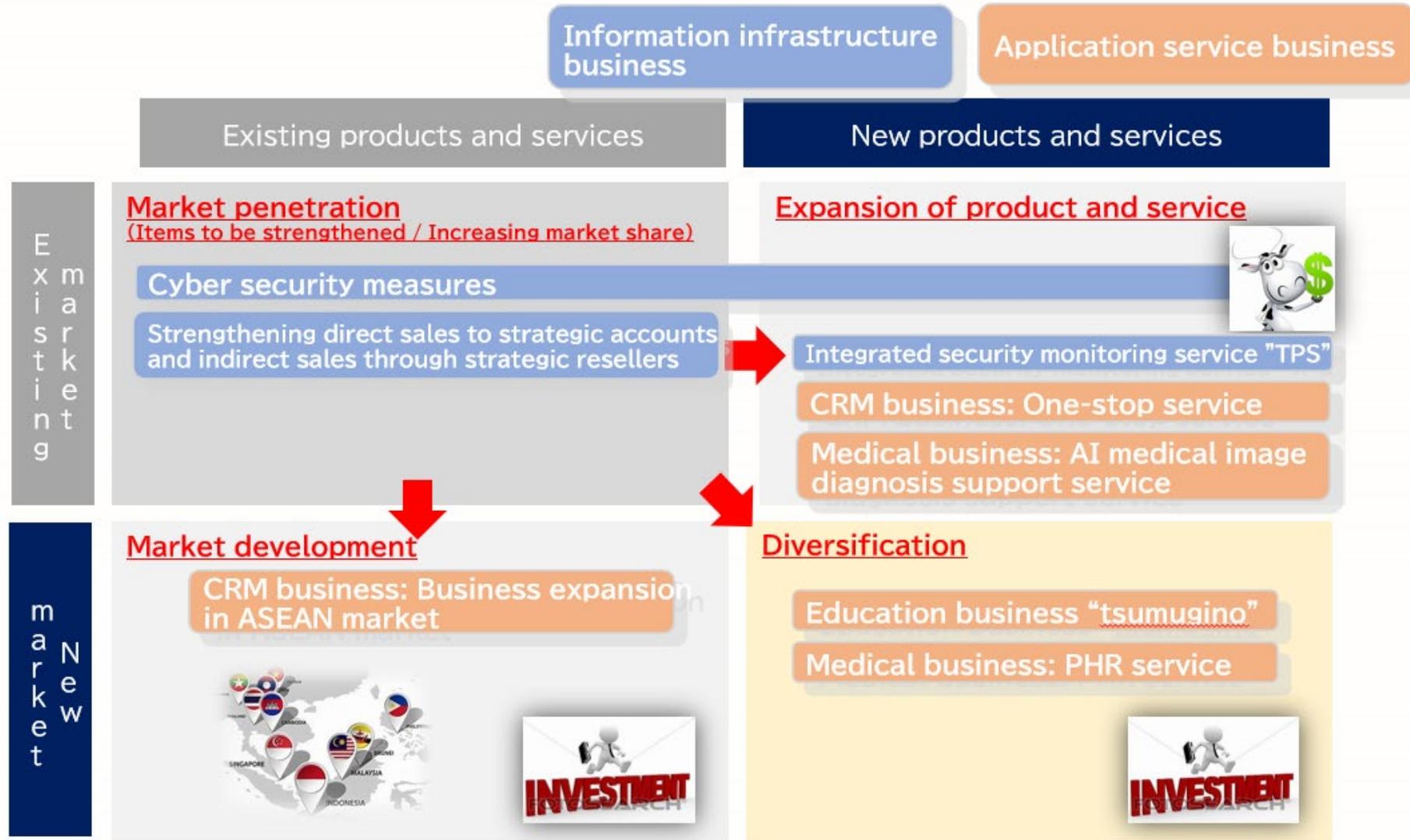|		Topic	Self-assessment
Content strategy	1	Expanding portfolio of products and services	positive
	2	Accelerated servicization (increasing service ratio)	positive
	3	Utilization of data(Including use of AI)	positive
External strategy	4	Diverse alliances·M&A (Expansion of existing business , Creation of new business)	positive
	5	Expanding business in the overseas market	Neutral
Internal strategy	6	Creation of synergies by strengthening group collaboration	positive
	7	Human resource development/Organizational development (Including promotion of diversity)	positive

37

Key basic strategy

Information infrastructure business

- Expanding portfolio of products and services
- Strengthening direct sales to strategic accounts and indirect sales through strategic resellers
- Matrix management of Product-oriented organization and Account-oriented organization
- Strengthening expertise , Visualization of technological capabilities (Visualization of maintenance support , Proactive delivery of technical information , etc.)
- Expand sales of Integrated monitoring security services(TPS)
- Expansion of remote services to be provided by a centralized operation center (Pursuit of added value)
- Aggressive transition to Subscription business model(Strengthening stock businesses)

Application service business

- Active investment into rapid expansion of education business
- Acceleration of AI Medical diagnosis support service business
- Expansion of PHR service
- Formation of alliances and groups with other vendors for One-stop CRM service
- Accelerate global expansion(ASESAN)
- Product/Service development using AI technologies
- Portfolio expansion (Original development of software development platform solution, etc.)
- Third-party testing with tools/Entry into the verification market
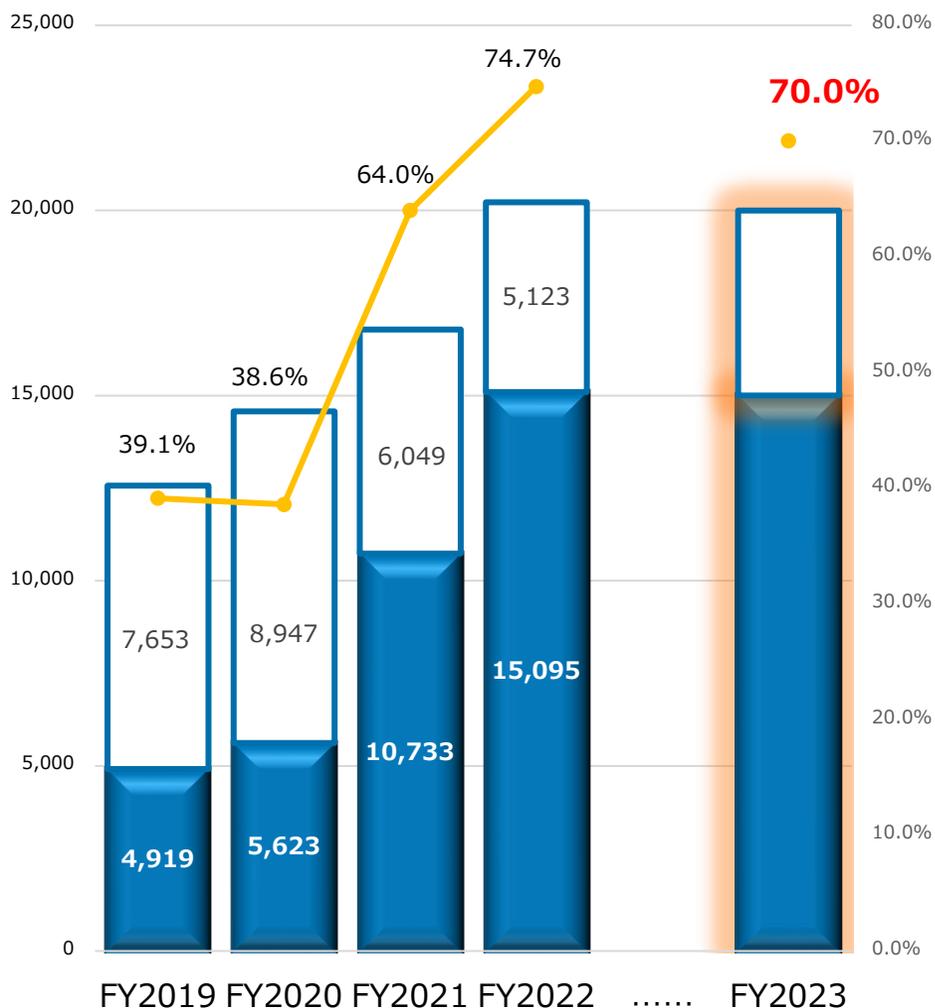- Development and provision of BI solution for some specific vertical markets

Plan stock ratio (TMX (stand alone) + former NOBORI

Information infrastructure

	FY2019	FY2020	FY2021	FY2022	FY2023
Non-stock	7,653	8,947	6,049	5,123	
Stock	4,919	5,623	10,733	15,095	
Stock ratio	39.1%	38.6%	64.0%	74.7%	70.0%

Application service

	FY2019	FY2020	FY2021	FY2022	FY2023
Non-stock	3,416	3,995	3,958	3,699	
Stock	4,224	4,636	4,857	5,546	
Stock ratio	55.3%	53.7%	55.1%	60.0%	65.0%
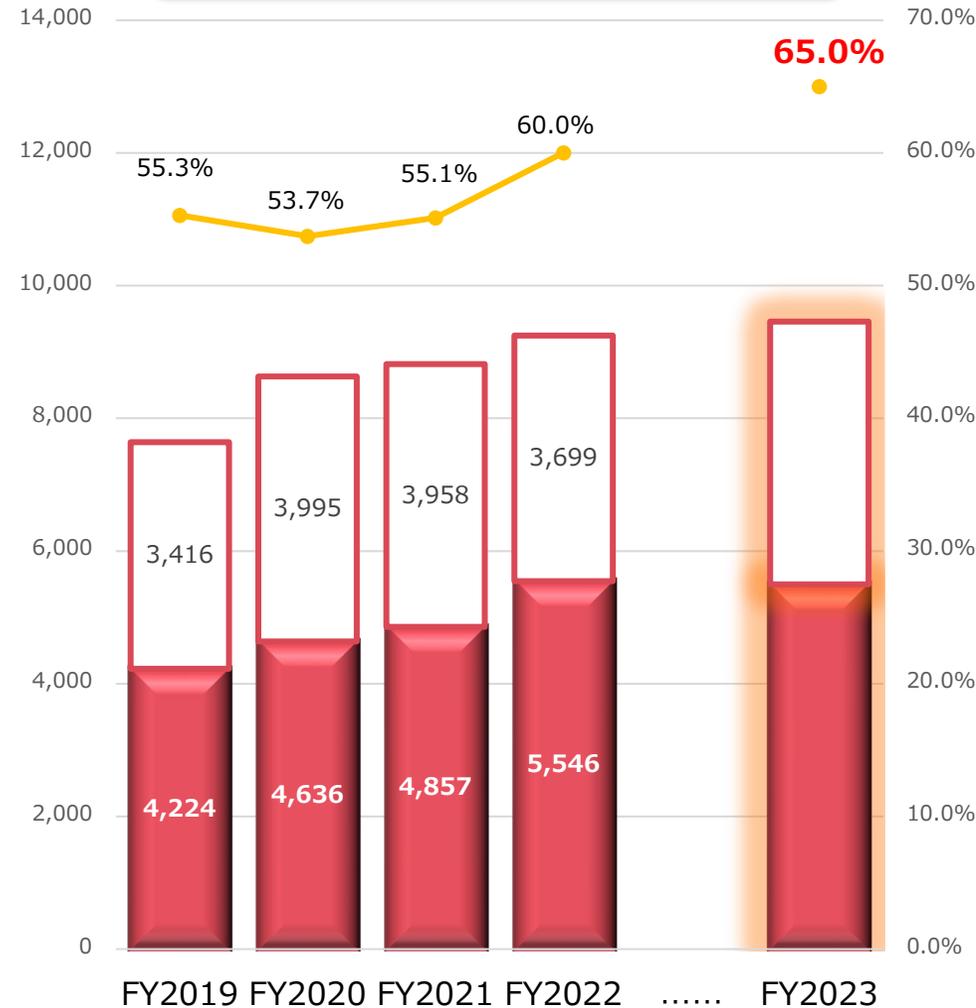
Stock   Non-stock   Stock ratio

(Reference) Survey data・Other

TechM@trix

> **From 2021 to 2028, the global XDR market is expected to grow to more than $2.7 billion (CAGR 20.02%).**

What is XDR (extended detection and response)?

XDR collects data across multiple security layers including networks, servers, cloud-based applications and endpoints, and protects information assets located in various different locations. It is characterized by faster threat detection and flexibility and may be integrated with a wide range of existing security tools and products, and is indispensable in the VUCA era（※）.

※VUCA era … Times when it is difficult to predict the future. It is an acronym for volatility, uncertainty, complexity and ambiguity.

Global XDR Market

2.7
billion USD

CAGR **20.02**% (2021-2028)

2021　2022　2023　2024　2025　2026　2027　2028
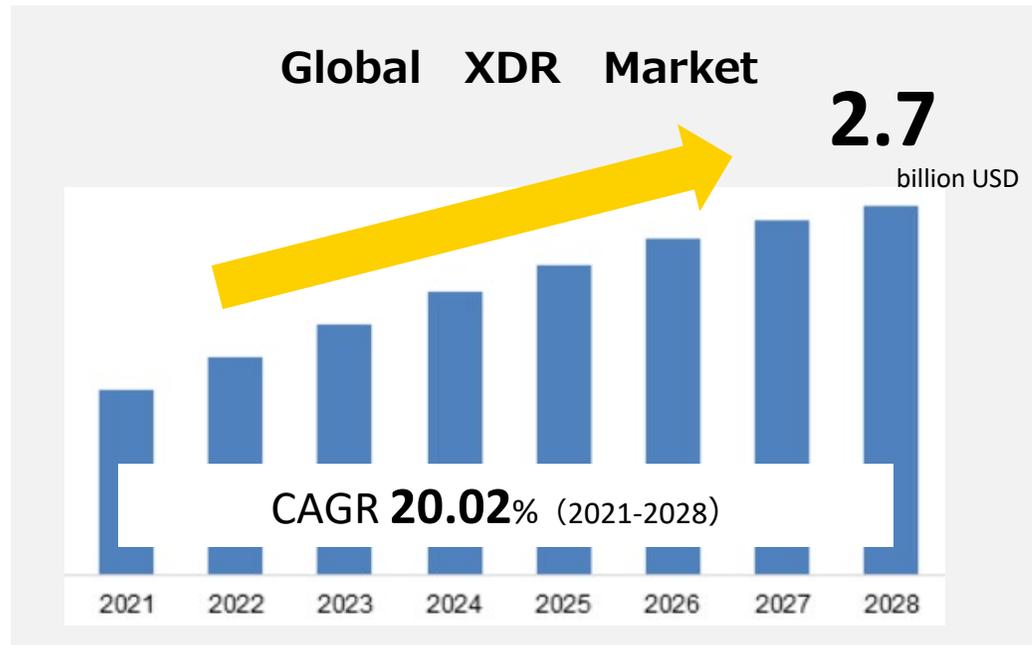
Source: Compiled by TechMatrix based on Adroit Market Research 2021.

■**Sales and growth rate of major XDR vendors**

Corporate name (sample)	Revenue (¥million)		Growth rate (%)
	FY2020	FY2021	
CrowdStrike Holdings Inc	92,968	160,788	**173**%
SentinelOne Inc	9,893	22,685	**229**%

Source: Compiled by SPEEDA based on their financial statements

Fact-finding Survey on Security Measures

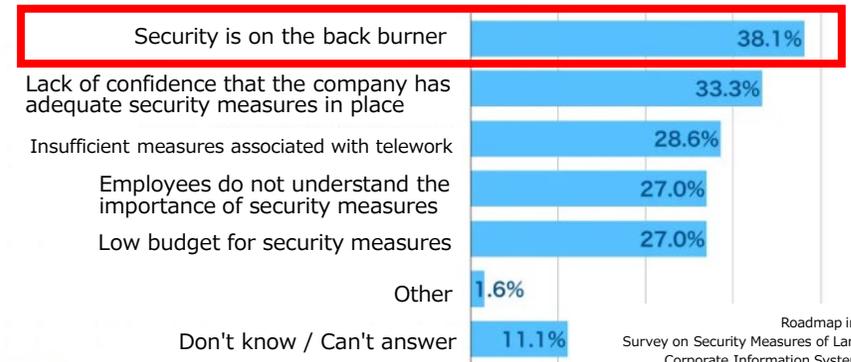Survey period: June 10, 2022 – June 17, 2022

Based on a survey by Roadmap inc.

Results of a survey of 100 information system managers at large companies (1,000 or more employees)

- ✓ **About 40%** of respondents felt **that their company's security measures were falling behind** in terms of concerns.

- ✓ **72.0%** of information system personnel said that **their employer's management understands the importance of security measures.**
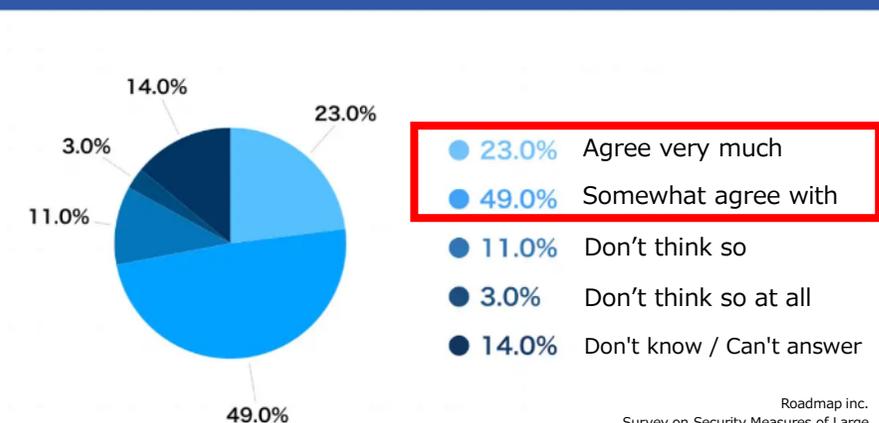
Q4 Questions for those who answered other than "adequate" in Q3. What are your concerns about security measures at your place of work (multiple answers)?

Concern	%
Security is on the back burner	38.1%
Lack of confidence that the company has adequate security measures in place	33.3%
Insufficient measures associated with telework	28.6%
Employees do not understand the importance of security measures	27.0%
Low budget for security measures	27.0%
Other	1.6%
Don't know / Can't answer	11.1%

Roadmap inc.
Survey on Security Measures of Large Corporate Information Systems
(n=63)

Q6 Do you think the management of your company fully understands the importance of security measures?

- 23.0% Agree very much
- 49.0% Somewhat agree with
- 11.0% Don't think so
- 3.0% Don't think so at all
- 14.0% Don't know / Can't answer

Roadmap inc.
Survey on Security Measures of Large Corporate Information Systems
(n=100)

43

The Global Personal Health Record Software Market size is expected to reach $13.2 Million by 2027

Market Growth Factors

Increasing government initiatives across the globe

　There are growing government initiatives across various regions to promote the paperless healthcare mechanism. The burden of carrying multiple papers or prescriptions for availing any health care facilities has led patients to opt for personal health record software.
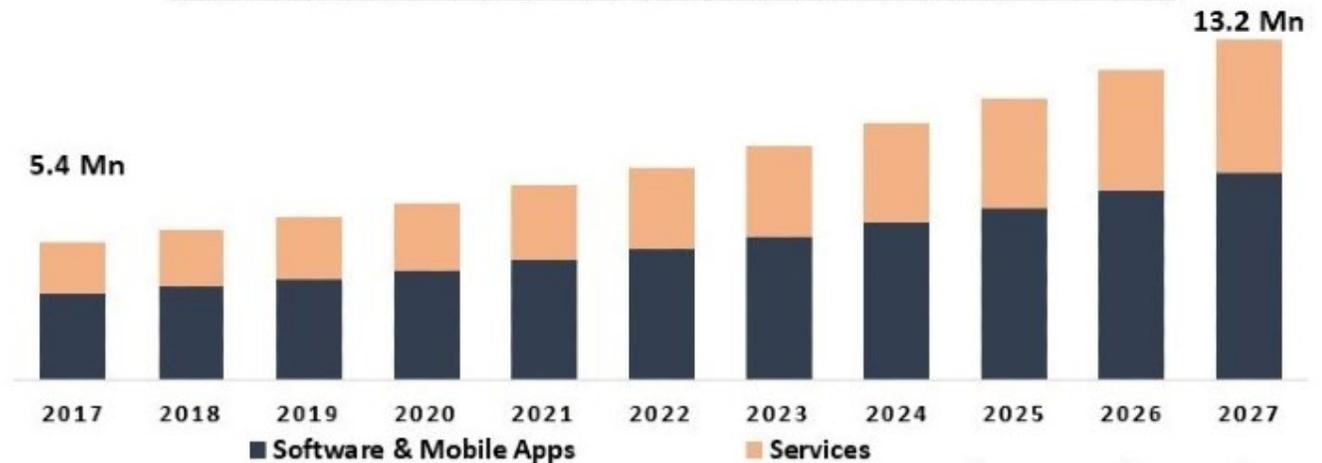
Growing digitalization in the healthcare industry

　The increasing digitalization across the globe, especially in the healthcare sector is creating demand for more advanced, compact, and convenient technologies and solutions, which is estimated to fuel the demand for personal health record software. This software helps in keeping the health record of a person that includes a wide variety of information like doctor and patient's address, an allergy to the patient, etc., which improves the healthcare management.

Personal Health Record Software Market Size, By Component, 2017 - 2027

Source: www.kbvresearch.com

Source：Global Information, Inc.
　"Global Personal Health Record Software Market By Component (Software & Mobile Apps and Services), By Architecture Type (Payer Tethered, Standalone and Provider Tethered), By Deployment Mode (Web-based and Cloud-based By Regional Outlook, Industry Analysis Report and Forecast, 2021 - 2027 " （KBV Research)
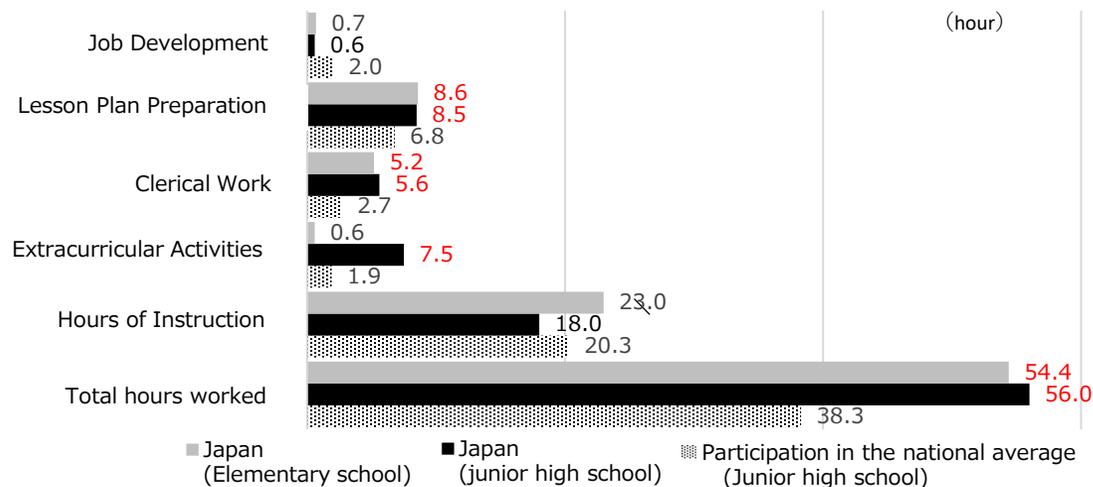
44

Teacher's work hour per week

	(hour)
Job Development	0.7 / 0.6 / 2.0
Lesson Plan Preparation	8.6 / 8.5 / 6.8
Clerical Work	5.2 / 5.6 / 2.7
Extracurricular Activities	0.6 / 7.5 / 1.9
Hours of Instruction	23.0 / 18.0 / 20.3
Total hours worked	54.4 / 56.0 / 38.3

■ Japan (Elementary school) ■ Japan (junior high school) ▦ Participation in the national average (Junior high school)

Percentage of teachers who frequently use each instructional practice

	(%)
Allow students to use ICT for assignments and classroom activities	24.4 / 17.9 / 51.3
Present a challenge for which no clear solution exists	15.2 / 16.1 / 37.5
Cite problems in daily life or work to show that knowledge is useful	55.6 / 53.9 / 76.7
Divide students into small groups and have them solve problems	56.1 / 44.4 / 52.7

■ Japan (Elementary school) ■ Japan (Elementary school) ▦ Participation in the national average (Junior high school)
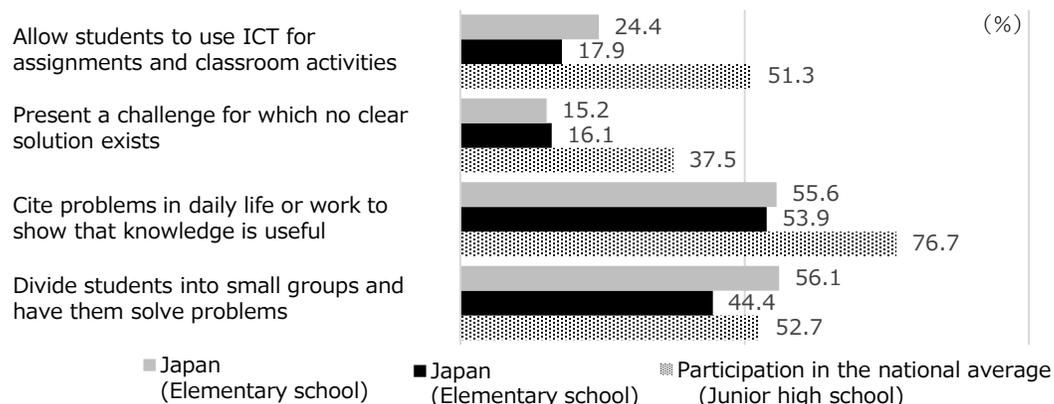
Teachers work the longest hours among any of the participating countries, and there is a significant sense of a shortage of human resources.

The following items recorded the longest hours among the participating countries.
- ✓ Work time
- ✓ Extracurricular activity hours (junior high school)
- ✓ Administrative work

Insufficient efforts to improve classes from the viewpoint of independent, interactive, and deep learning and to utilize ICT, etc.

45

Rising demand for cloud security

Significance of unified security policy

Rising demands for remote access from home and unified security policy applied to many offices spread across the globe.

Point ! ☞

Providing security services independent of location, device...etc.

SASE（Secure Access Service Edge）

Secure Access Service Edge(SASE) is a cloud service which provides network and network security within a single framework.

Palo Alto Networks Prisma Access

～Providing functions of next generation fire wall on cloud～

- Cortex Data Lake
- Prisma Access
- outside
- branch
- Overseas branch
- ── VPN ······ Head quarter
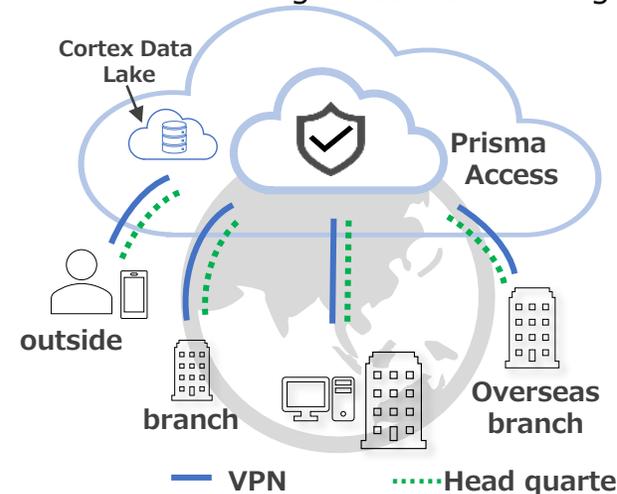
➢ Protecting multiple offices and mobile user... by unified security policy of next generation fire wall on cloud.

➢ No equipment installation.

Skyhigh Security Service Edge (SSE)

～Provides consistent data and threat protection controls from device to cloud～

- Cloud services
- Skyhigh Security Service Edge
- CASB
- SWG
- DLP
- Company's WAN
- control device
- User's device
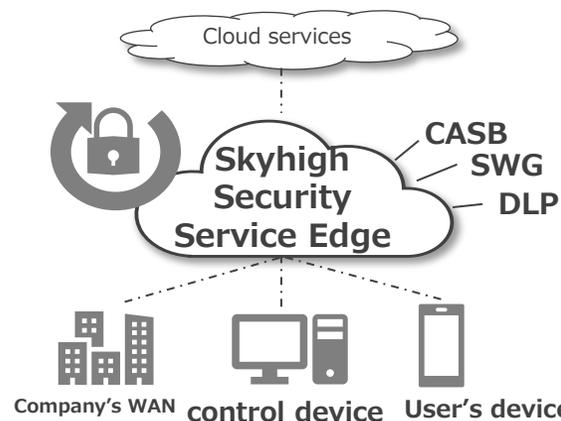
➢ Data loss prevention in cloud native environments, which can't be detected from enterprise LAN.

➢ Providing secure cloud access from every devices.

46

Total support of cloud-native[1] system development, operations, and maintenance

TechMatrix x **CASAREAL**

- Security
- Software development support

- Promotion of cloud native technologies, support for training
  - Container technologies (Docker and Kubernetes)
  - DevOps[2] tools (Jenkins and Git)

Today, more applications are tested and released faster. Advanced process coordination of cloud-based technologies is critical for infrastructure, application development, operations, and ensuring security.
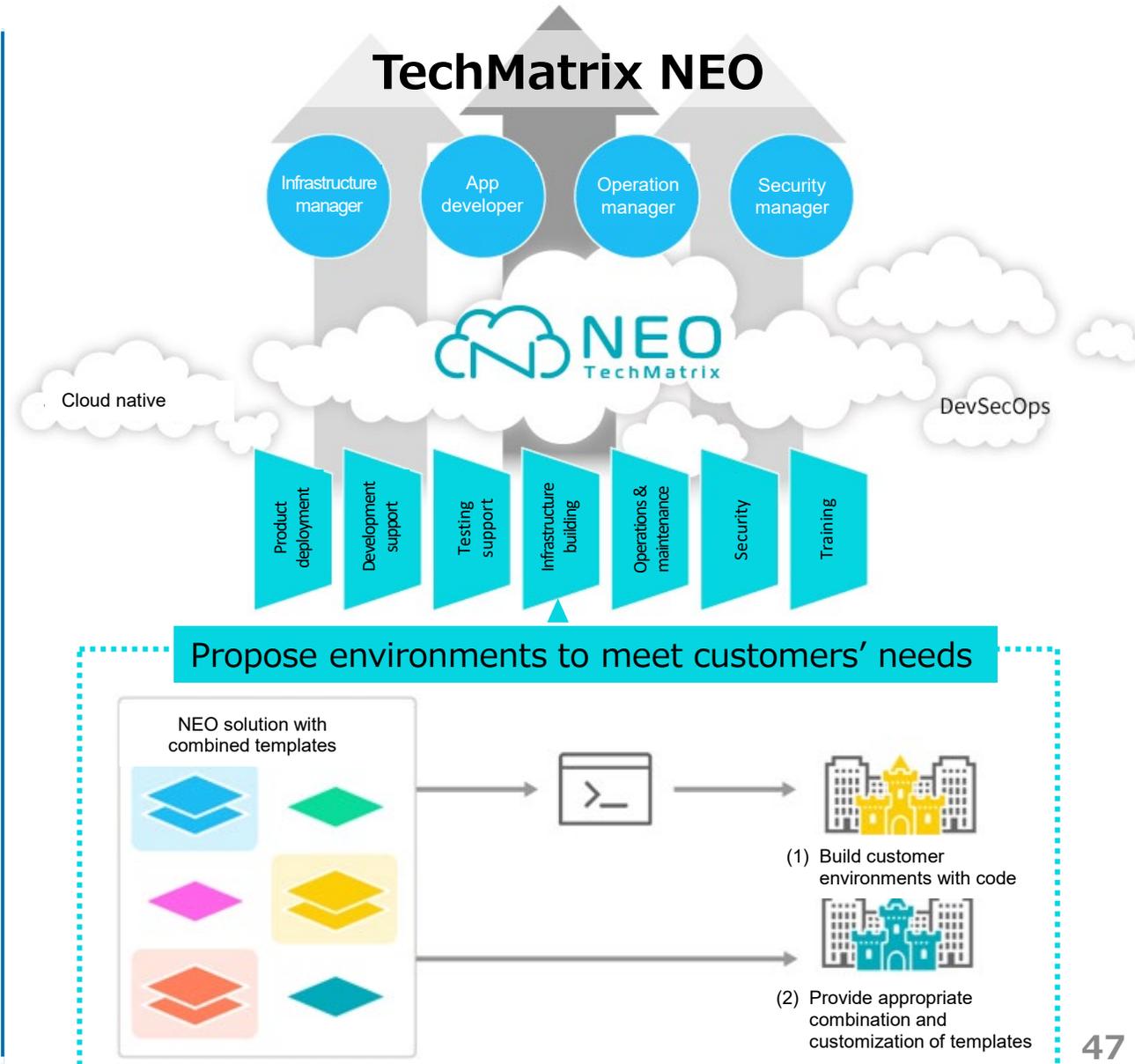
Definition of terms:
[1] Cloud-native
   A method that takes full advantage of the cloud
[2] DevOps
   An approach to processes and methods that accelerates collaboration between development and operations teams

TechMatrix NEO

Infrastructure manager | App developer | Operation manager | Security manager

NEO TechMatrix

Cloud native

DevSecOps

Product deployment | Development support | Testing support | Infrastructure building | Operations & maintenance | Security | Training

Propose environments to meet customers' needs

NEO solution with combined templates

(1) Build customer environments with code

(2) Provide appropriate combination and customization of templates

47

Japan's top class track record of selling cybersecurity products from global cybersecurity leaders

Received awards from the global cybersecurity leaders as a partner company that achieved outstanding sales performance.

paloalto NETWORKS

| Access Security | Endpoint Security | Risk management |
| Gateway Security | Web / Cloud Security |

- Excellence in support of the year (2018, 2019)
- JAPAN Distribution Partner of the Year
  ⇒5 years in a row (2018, 2019, 2020, 2021, 2022)

TANIUM

Endpoint Security | Internal Network | Visibility

- MVP Partner of the Year (2021)
- Most Dedicated Partner of the Year (2022)

proofpoint

Secure Cloud Services | Internal network

- PARTNER OF THE YEAR
  ⇒3 years in a row (2021, 2022, 2023)
- Deal Registration of the year (2023)

DELLTechnologies

Information infrastructure | Data protection

- Channel Services Delivery Excellence Award
  ⇒3years in a row (2019, 2020, 2021)

COHESITY

- APJ Marketing Partner of the Year (2022)

48

<Handling of this material>
Description of future prospect contained in this material, etc. is based on current information.
It may fluctuate due to Macroeconomic trends, Market environment, Our related industry trends, Other internal ・ external factors, etc.
Therefore, there are risks and certainty that actual performance may differ from the descriptions of future prospect, etc.

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