



Results for the 34th business period

(Fiscal Year Ending March 31, 2018)

TechMatrix Corporation

- 1. Business Highlights for the 34th business period (Consolidated)**
- 2. Topics of Business activities**
- 3. Business Models**
- 4. Market Conditions for our business**

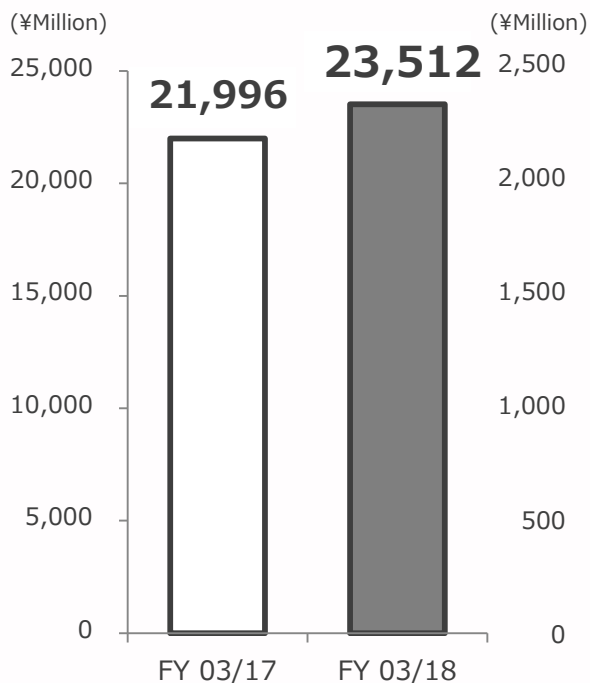
1. Business Highlights for the 34th business period (Consolidated)

Business Highlights for the 34th business period (Consolidated)

- ◆ The highest consolidated net sales and operating income because sales performance of both Information Infrastructure Business and Application Services Business was quite good in Q4.
- ◆ Net sales increased in Q4 due to increasing backlog in Q3.

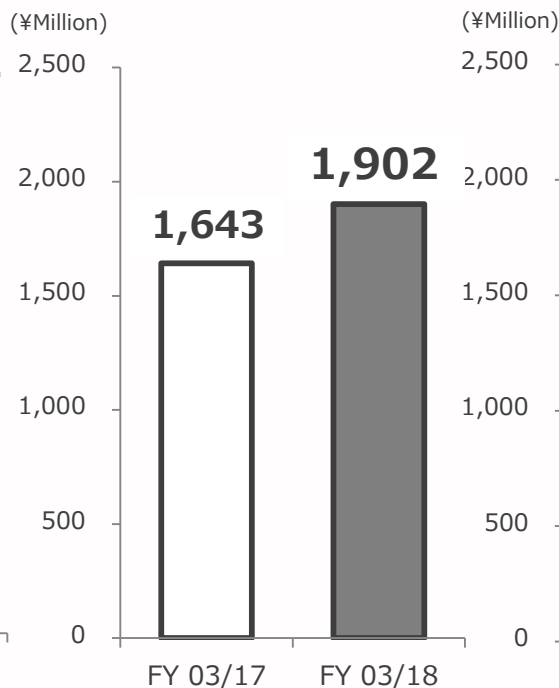
Net sales

Year on year up
6.9%



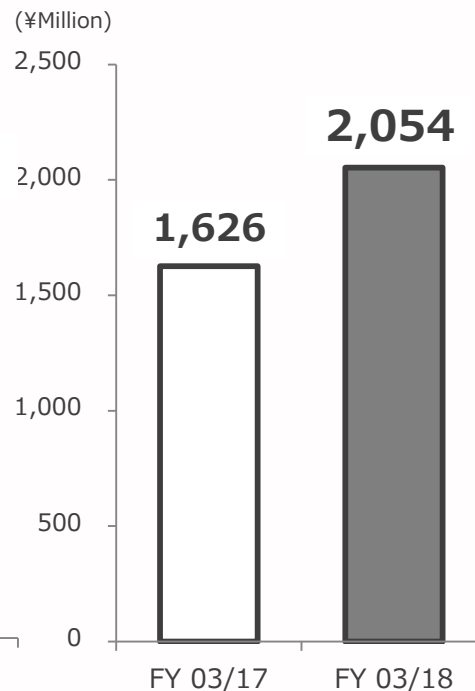
Operating income

Year on year up
15.8%



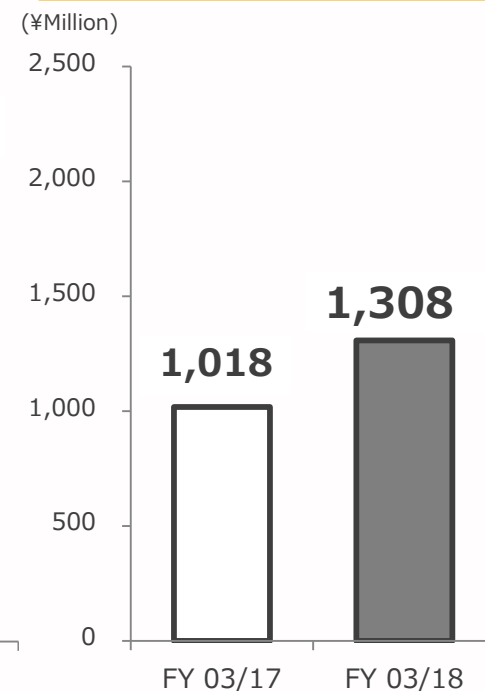
Ordinary income

Year on year up
26.3%



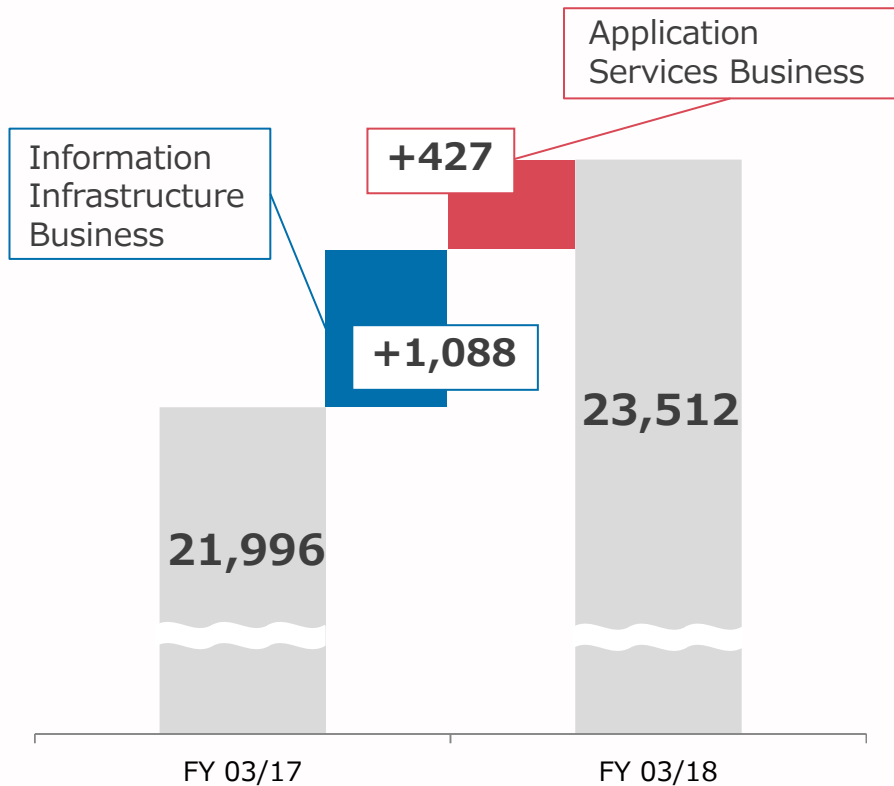
Profit attributable to owners of the parent

Year on year up
28.4%

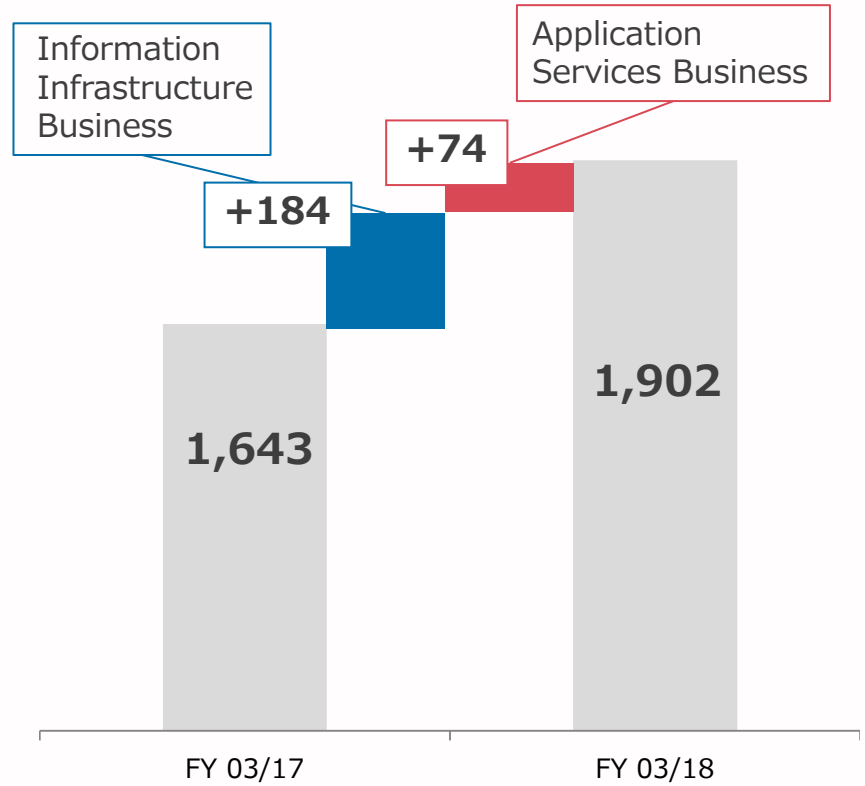


- ◆ Information Infrastructure Business: The highest net sales and operating income due to expanding security-related businesses.
- ◆ Application Services Business: The highest net sales and operating income due to solid sales performance for Healthcare field and Software Quality Assurance field.

Net sales (¥Million)



Operating income (¥Million)



| ◆ Information Infrastructure Business | Year on year |
|--|--------------|
| Load balancers (BIG-IP, EDGE) | |
| Next-Generation Firewalls (PaloAlto, Traps) | |
| Antivirus / Intrusion prevention Appliances / Security Information and Event Management(SIEM) / Web security | |
| Personal authentication systems / Forensic products / Storage products | |
| Security-related operation and monitoring services | |
| Business for governments and public agencies(Direct) | |
| Others | |
| CROSS HEAD & Okinawa Cross Head | |
| ◆ Application Services Business | Year on year |
| Internet Service field (Including CASAREAL) | |
| Software Quality Assurance field | |
| Healthcare field (Including Ichigo) | |
| CRM field | |

+10% and over
 +5% ~ +10%
 within +5%
 within Δ10%
 under Δ10%

Figures explaining growth of Healthcare field

March 31, 2018

800

The number of medical facilities using NOBORI

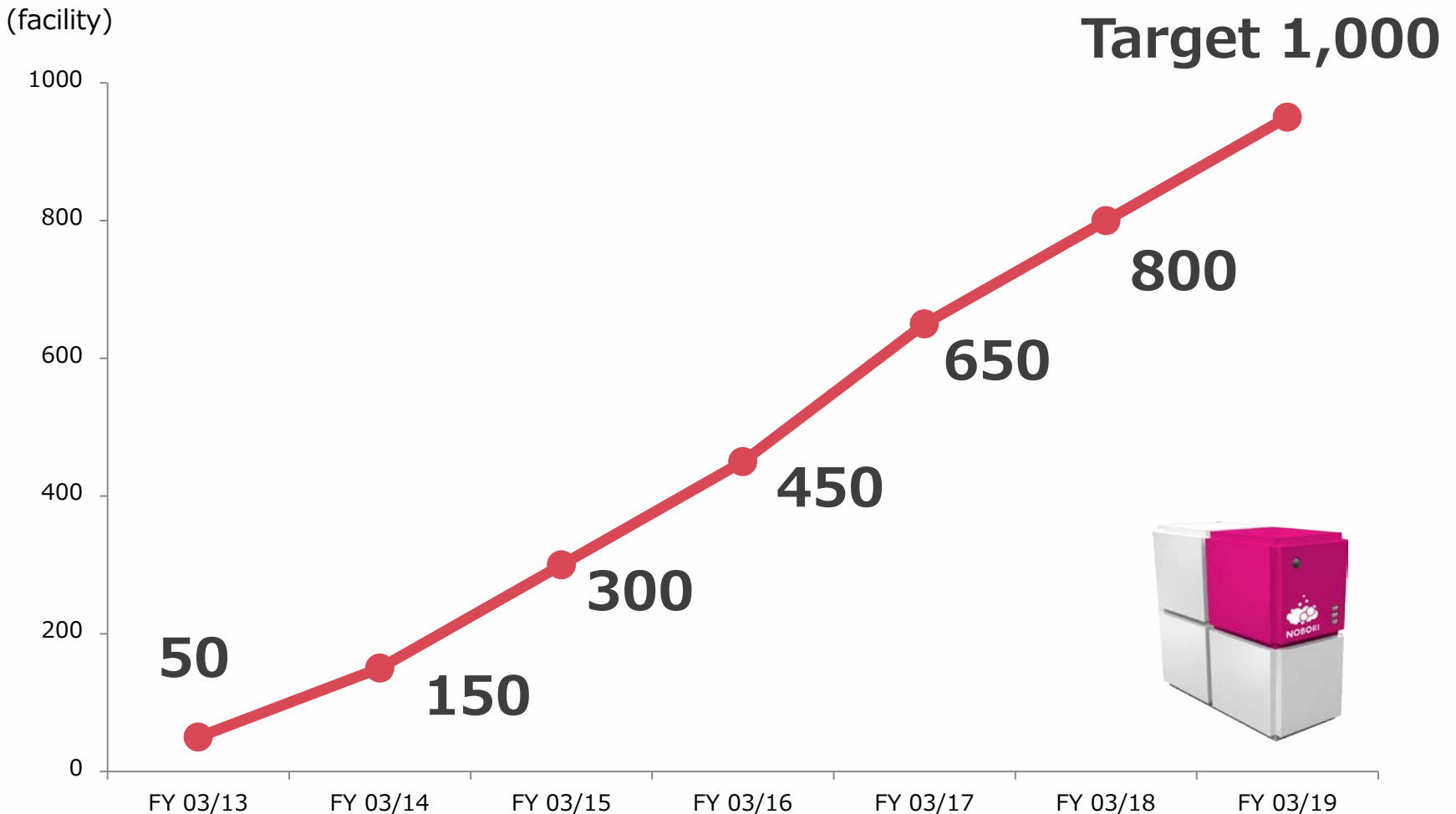
21,546,250

The number of patients who stored medical images in NOBORI

115,641,249

The number of inspections which stored in NOBORI

Progress of the number of medical facilities using NOBORI



NOBORI Ltd.



A cloud service for healthcare information “NOBORI” which has the largest number of medical images in Japan. We founded NOBORI Ltd. to aggressively promote new businesses. (Diagnosis with AI, Service for patients (PHR), Overseas expansion)

Point!

Concluded a business/capital alliance agreement with MITSUI & CO., LTD.

NOBORI Ltd. is a joint venture company between Techmatrix and MITSUI & CO., LTD.. MITSUI & CO., LTD. invested ¥2.2 billion (33.4%) in NOBORI Ltd. in April 2018.

Concluded a business alliance agreement with Medical Data Vision Co.,Ltd.

Jointly commenced the provision of a new service which enables patients to view their own medical information including medical images through Internet on an opt-in basis.

TechMatrix

Commenced the provision of the security and compliance management solution "WhiteSource" for OSS

Advantages and disadvantages using OSS

Advantages

- Capable of releasing in a short time
- Cost reduction

disadvantages

- Vulnerability of security
- Source-code licensing violations
- Bugs . . .

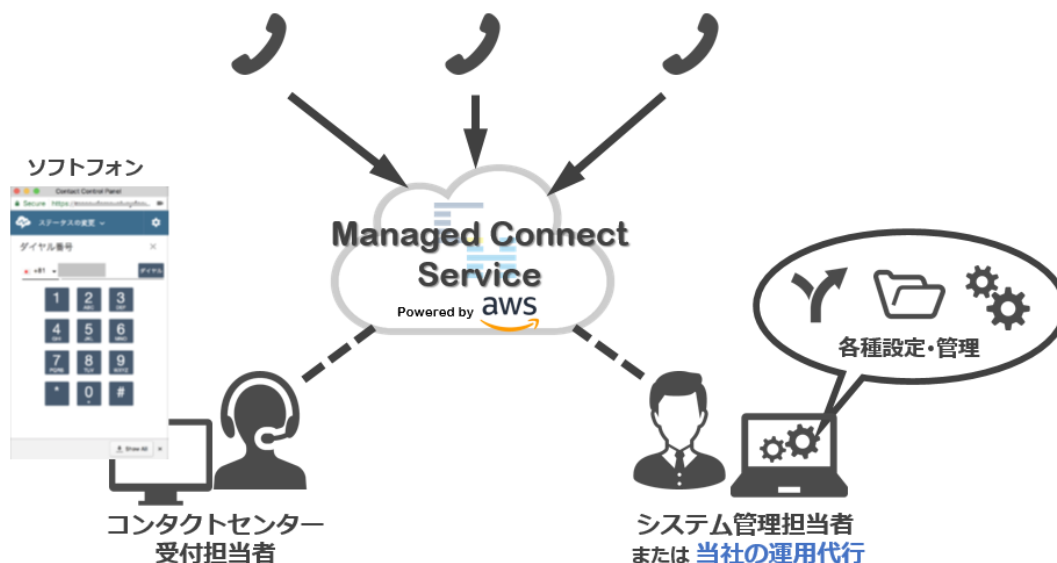


WhiteSource resolves disadvantages

"WhiteSource" is monitoring risks while software is being developed using OSS and after the release. And it's reporting in real time.

CROSS HEAD

"Managed Connect Service" using "Amazon Connect" for contact centres



"Managed Connect Service" best utilizes many features of AWS.

- Capable of having small contact centers like having one or two seats
- Capable of having contact centers more speedily and more cheaply

"Managed Connect Service" enables contact centers to be opened easily and to expand the business of small- and medium-sized enterprises.

NOBORI Ltd.

The free file sending service "NOBORI-EX"
for medical doctors



医師向けデータ送受信サービス

NOBORI-EX

for Data Exchange

Main features

High security

Free service

Easy to use

Medical doctors generally send and receive medical images using DVD and CD. But by using "NOBORI-EX" they are able to safely send and receive the images in a cloud environment using the trusted security technology of NOBORI.

TechMatrix

Representative Office in Bangkok was established

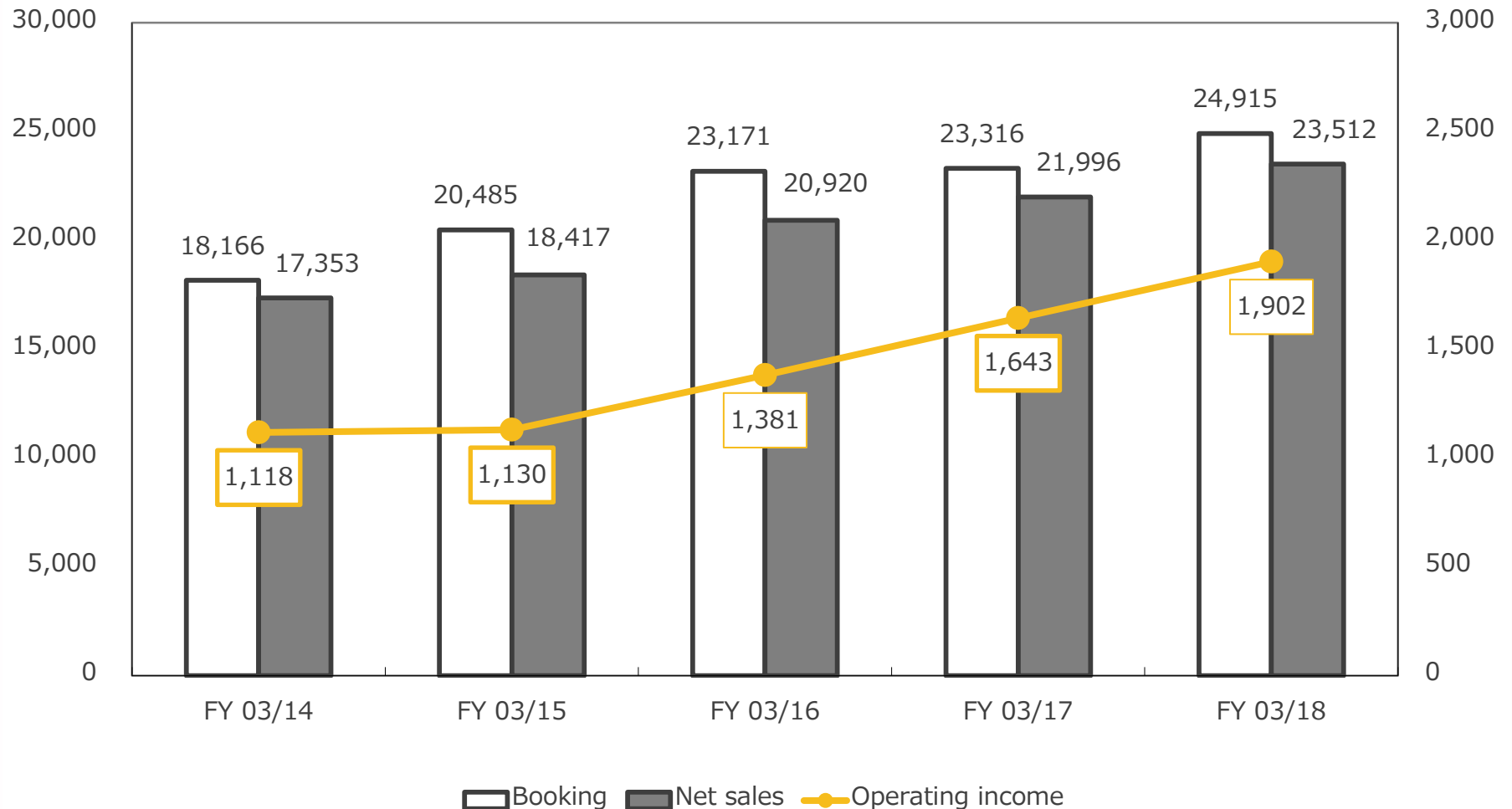
TechMatrix has been selling its contact center CRM system "Fast series" in the ASEAN region through its distributors in Thailand, Indonesia and Malaysia since 2013, and finally have made decision to set up the representative office to strengthen sales and technical support to the distributors, in respond to rapidly expanding CRM system demand recently. At the same time, TechMatrix will investigate the diversity of contact center needs in the ASEAN region, especially needs of SNS integration such as LINE, FACEBOOK, and etc. Through those survey activities, TechMatrix will provide CRM solutions to be widely used in the ASEAN region by integrating those SNS with "Fast series" to support the local demands.



Booking and Net sales
(¥Million)

Booking and Net sales / Operating income

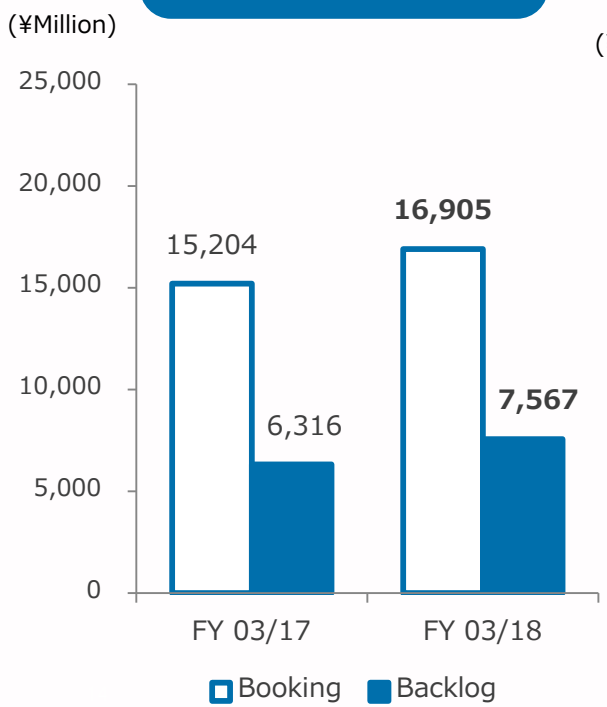
Operating income
(¥Million)



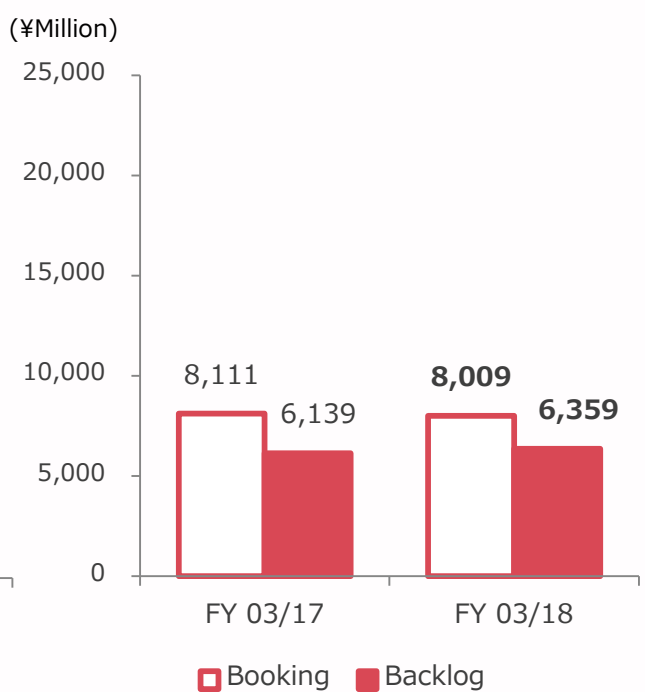
Business Highlights for the 34th business period (Consolidated)

- ◆ Information Infrastructure Business: Businesses for load balancers and storage products were in good shape. Booking exceeded the previous year's results due to large-scale projects for governments and universities (11.2%UP). Backlog increased (19.8%UP).
- ◆ Application Services Business: Booking was lower than the previous year's results due to booking delay until Q3 (1.3%DOWN). Backlog increased (3.6%UP).

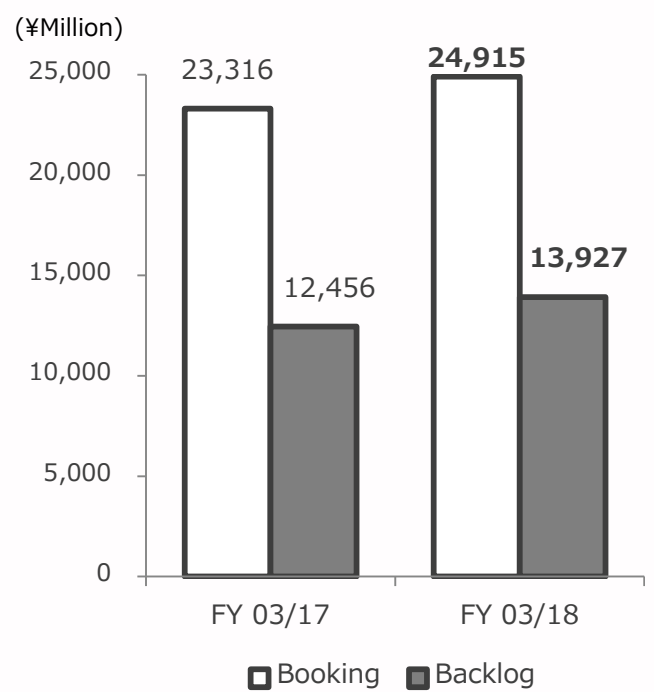
Information Infrastructure Business



Application Services Business

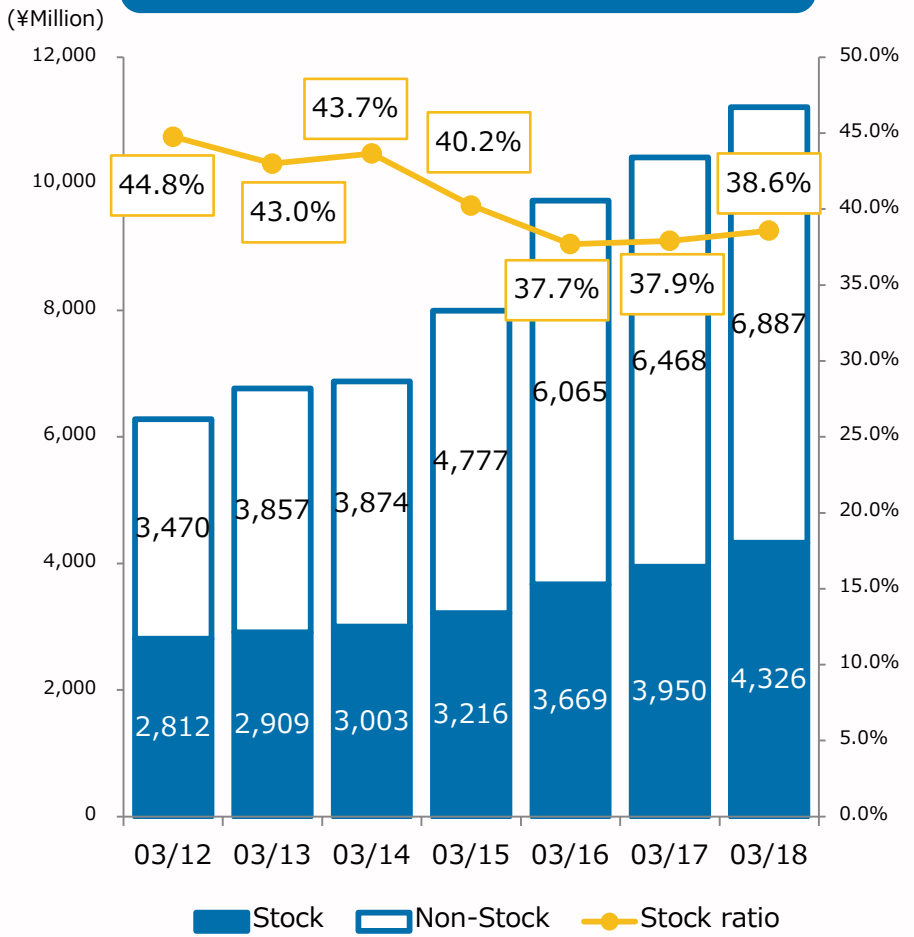


total



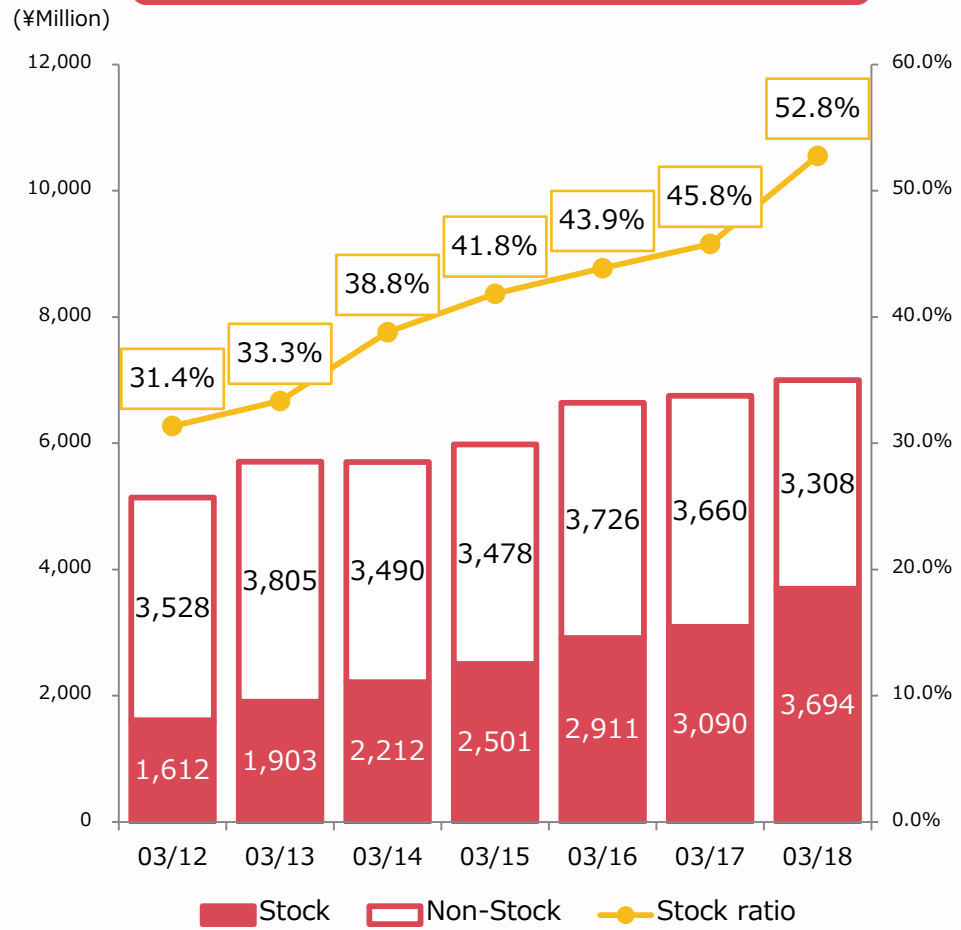
Stock type sales (Recurring revenue) ratio (non-consolidated)

Information Infrastructure Business



* Information Infrastructure Business: Stock ratio was healthy

Application Services Business



* Application Services Business: Stock ratio went up due to the growth of cloud businesses

Balance sheet

(¥Million)

| | FY 03/17 | FY 03/18 | | FY 03/17 | FY 03/18 |
|-------------------------------------|---------------|---------------|--|---------------|---------------|
| Current assets | 13,343 | 14,899 | Current liabilities | 8,886 | 9,489 |
| Cash and deposits | 5,458 | 6,097 | Accounts payable-trade | 1,081 | 1,208 |
| Notes and accounts receivable-trade | 3,991 | 4,449 | Short-term loans payable | 450 | 450 |
| Other | 3,893 | 4,352 | Current portion of long-term loans payable | 300 | 300 |
| | | | Other | 7,055 | 7,531 |
| Noncurrent assets | 3,937 | 3,726 | Noncurrent liabilities | 3,540 | 3,163 |
| Property, plant and equipment | 1,205 | 1,072 | Long-term loans payable | 1,750 | 1,450 |
| Goodwill | 126 | 22 | Other | 1,790 | 1,713 |
| Other | 1,085 | 1,196 | Total liabilities | 12,427 | 12,653 |
| Investments and other assets | 1,519 | 1,435 | Shareholders' equity | 4,849 | 5,898 |
| | | | Total accumulated other comprehensive income | △36 | △2 |
| Current assets | 17,280 | 18,626 | Total net assets | 4,853 | 5,973 |
| | | | Total liabilities and net assets | 17,280 | 18,626 |

* Equity ratio
 FY 03/17 27.9% FY 03/18 31.7%

2. Topics of Business activities

Topics of Business activities

| Date | Contents |
|--------------|--|
| April | CROSS HEAD, commenced the provision of the integration service for virtual edition of Palo Alto's next generation firewall |
| | Concluded a distributorship agreement for "LINE Customer Connect" with LINE |
| | CROSS HEAD, commenced the provision of the vulnerability assessment service for enterprise systems |
| | Commenced the provision of "Lychee Redmine" for project management |
| | Commenced the provision of "Votiro Auto Mail Link with matriXgate" as an automatic sanitization tool for files attached to e-mails |
| May | Commenced the provision of "Parasoft SOAtest/Virtualize" to improve efficiency for API development |
| | Commenced the provision of "Jtest 10.3.1" for Java testing |
| | Okinawa Cross Head Co, Ltd. concluded a business alliance agreement with JB Service Corporation |
| | CROSS HEAD, released the demonstration of "Kaigishitu-navi" at their head office |
| Jun | CROSS HEAD, awarded the prize of Radar Partner of the Year from F-Secure |
| | CROSS HEAD, expanded sales of security products for local governments |

Topics of Business activities

| Date | Contents |
|------------------|---|
| July | Okinawa Cross Head Co, Ltd. concluded a business alliance agreement with JPIX for commencing the provision of "IX service" |
| | CROSS HEAD, commenced the provision of the IT course at the Yozemi license school |
| | Concluded a business alliance agreement with Intercom, Inc. to provide the integrated solution between FastHelp and My Talk for contact centers |
| | Okinawa Cross Head Co, Ltd. was named as the first "splashtop's exclusive technical support provider" in the world |
| | Held the "TechMatrix group Family Day" |
| August | Commenced the provision of Web Isolation platform "Menlo Security Isolation Platform on-premise version" |
| | Commenced the provision of the new security monitoring services "TRINITY" for AWS in cloud environment |
| | Commenced the provision of the new service for Office 365 traffic control using Techma cloud and Palo Alto |
| September | Commenced the provision of "FastAnswer2" |
| | CROSS HEAD, received Japan's first certification for Integration Partner of F5 |

Topics of Business activities

| Date | Contents |
|----------------|--|
| October | Commenced the provision of the new academic document search system "FastAnswer Pe" for pharmaceutical industry |
| | CROSS HEAD, commenced the provision of the security solution "Ekran System" for preventing internal frauds |
| | Commenced the provision of "C++test 10.3.2" and "Parasoft DTP 5.3.2" for software development |
| | Commenced the provision of the new citizen engagement system "FastHelp Ce" for local governments |
| | Okinawa Cross Head Co, Ltd. commenced the provision of the backup solution for small and medium sized companies with Hewlett-Packard Japan, Ltd. |
| | Commenced the provision of the one-stop solution for "McAfee SIEM" from installation to monitoring service |
| | Started teleworking for all employees |
| | CROSS HEAD, commenced the provision of the process automation solution using RPA tool "ROBOWARE" |
| | Commenced the provision of "Raku-Raku data converter for Wowma!" for EC businesses |

Topics of Business activities

| Date | Contents |
|----------|--|
| November | Our "Fast Series" customers received "2017 CRM Best Practice award" : SBI SECURITIES Co.,Ltd., TOKYU COMMUNITY CORP., Broadleaf Co., Ltd. and Rakuten Direct, Inc. |
| | Commenced the provision of "Votiro Auto SFT Plus" as an automatic sanitization solution for board of educations |
| | Okinawa Cross Head Co, Ltd. commenced the provision of the service to prevent Information Leakage with K.K. Ashisuto |
| December | Commenced the provision of TRINITY security monitoring service for Traps |
| | An automatic sanitization solution of using "m-FILTER" of Digital Arts Inc. |
| | In Healthcare field, concluded a business alliance agreement with Medical Data Vision Co.,Ltd. |
| | Okinawa Cross Head Co, Ltd. commenced the provision of the solution to promote work style reforms with Yokogawa Rental & Lease Corporation |
| January | In Healthcare field, concluded a business/capital alliance agreement with MITSUI & CO., LTD. |

Topics of Business activities

| Date | Contents |
|-----------------|---|
| February | Okinawa Cross Head Co, Ltd. commenced the provision of the disaster recovery service for Oracle database |
| | Commenced the provision of the security and compliance management solution "WhiteSource" for OSS |
| | CROSS HEAD, commenced the provision of "Managed Connect Service" using "Amazon Connect" for contact centres |
| | Recived "Technology Partner" of LINE |
| March | Commenced the provision of the free file sending service "NOBORI-EX" for medical doctors, and concluded a business alliance agreement with med pass |
| April | Representative Office in Bangkok was established |
| | Add new services "ClearRead XR-PAL" and "ICHIGO PAL" as a new service line-up for "NOBORI PAL" |
| | CROSS HEAD, concluded a business alliance agreement with F-Secure, and commenced the provision of the security service for GDPR |
| | Okinawa Cross Head Co, Ltd. commenced the provision of the backup service for small- and medium-sized enterprises for BCP purposes |



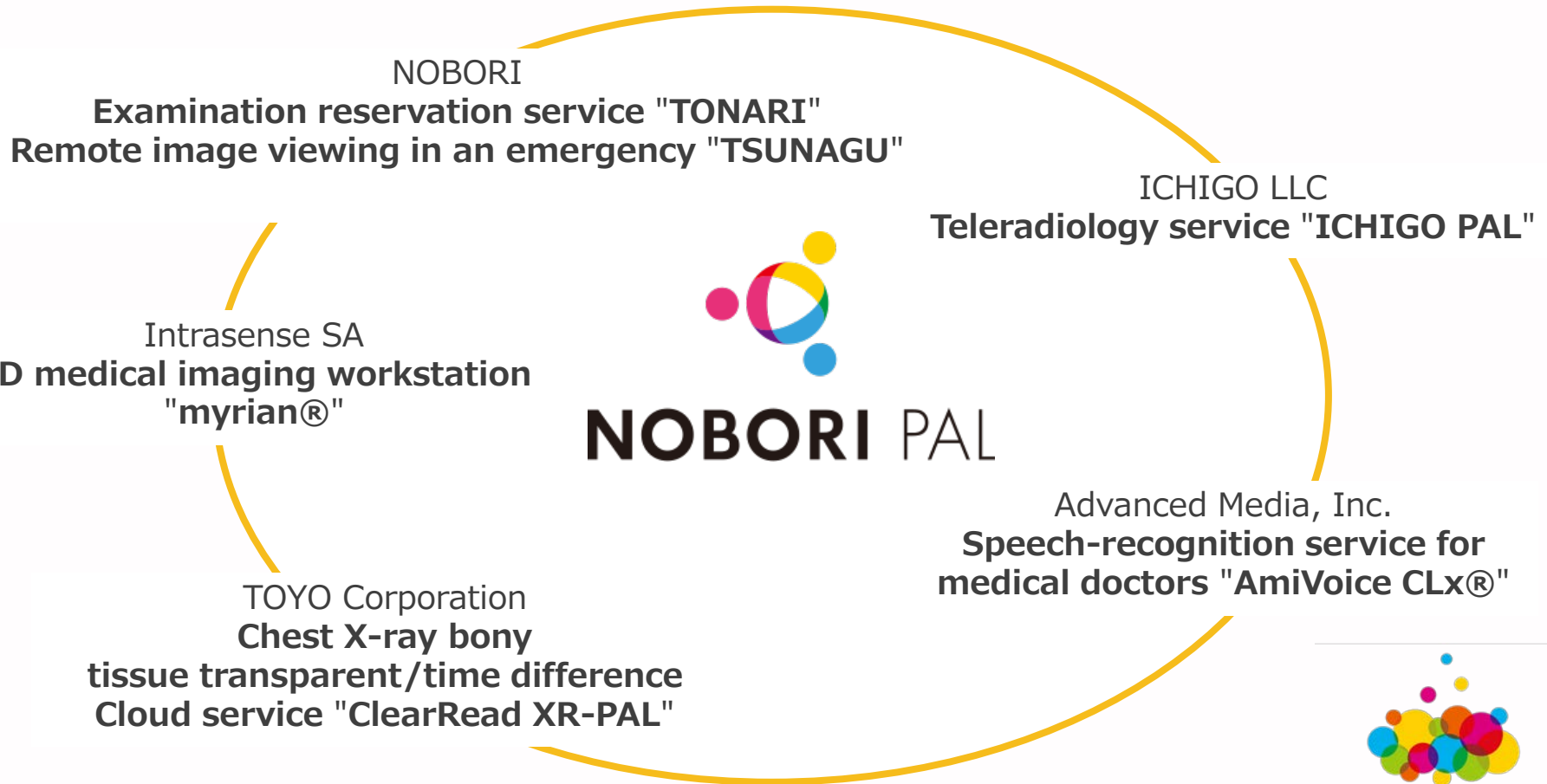
"For Next Gen. Techmatrix"



3. Business Models

Point!

Turn NOBORI into a platform (diversification).
Increased a number of services from NOBORI PAL partners.



Point! Enhancing the competitiveness of customers' businesses by CRM system.

- Contacts about products
- Contacts after purchase



商品



FastHelp5



Unified management of purchase histories and the past Q&A's

Quick search

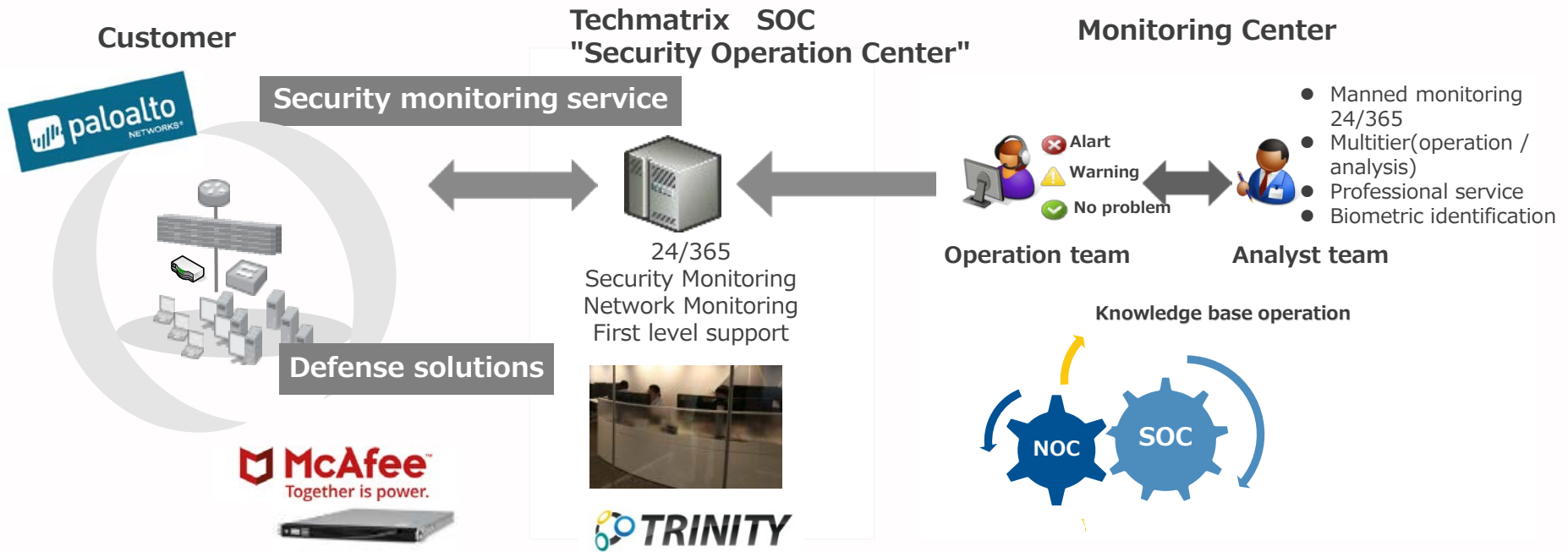


Quick response to the customers' inquiries !



Improvement of customer satisfaction !

Point! One-stop solution from Techmatrix.



One-stop solution

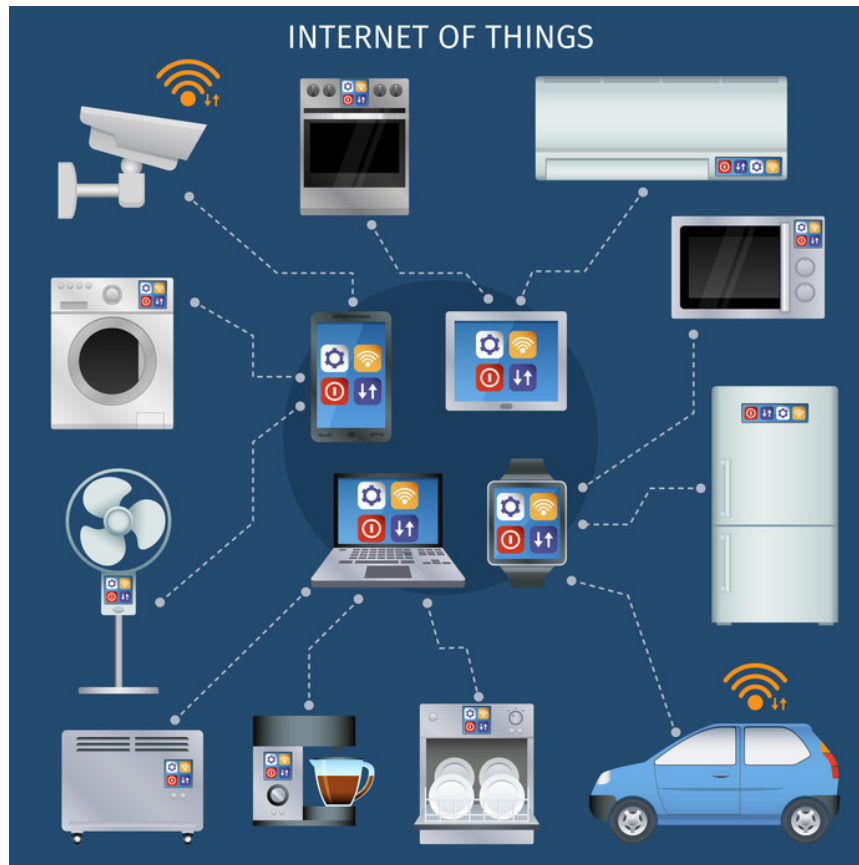
One-stop solution for system design, integration, maintenance, operation and monitoring services.

Professional service with expert knowledges

Techmatrix provides security monitoring services based on its in-depth knowledge on the products it delivers, although other security vendors provide basic services for a wide variety of products.

Point!

Every internet-connected device can be a target for cyber-attacks in the IoT era.

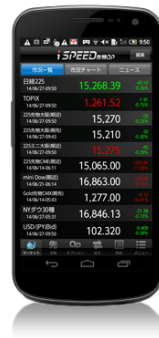


- ▶ Solution for test, systems design and version control system
- ▶ Integration of infrastructure, training and operation support for development process
- ▶ Support for substantive improvement of software quality and productivity enhancement

Improve quality of embedded software
Comply with functional safety standards

Point!

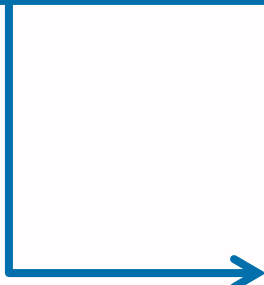
Provision of cloud services based on open-source software
Analysis for big data accumulated on the cloud
Provision of risk management systems based-on financial engineering



EC, Smart phone

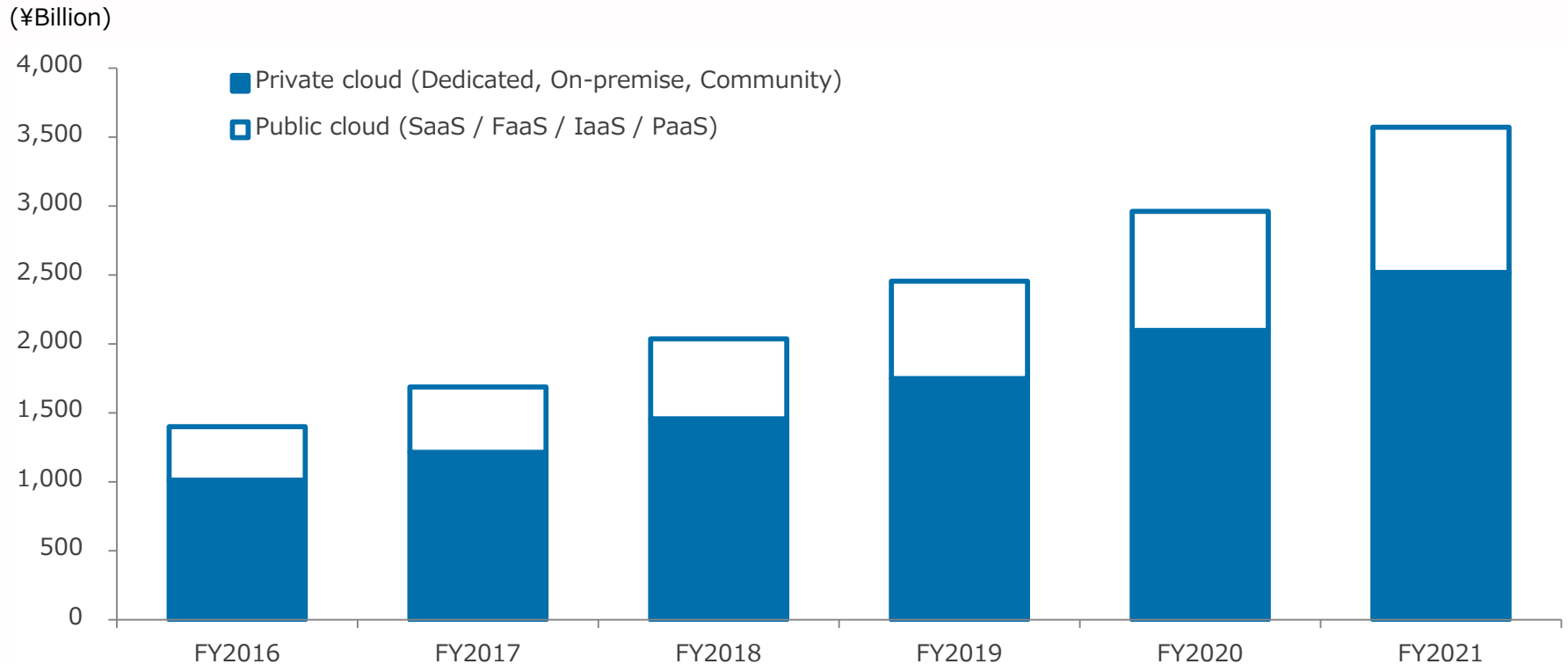
Analysis

Big data



4. Market Conditions for our business

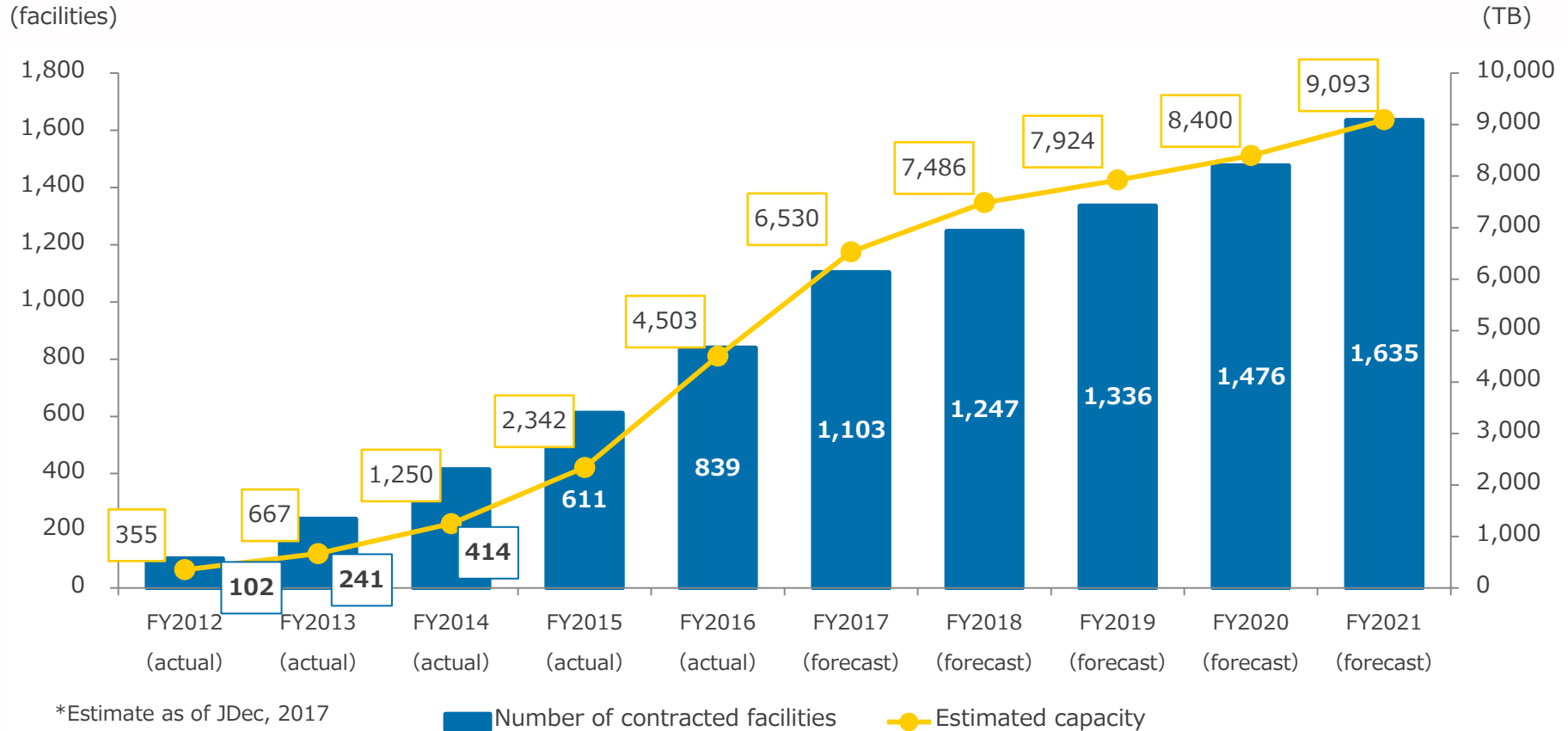
Market Conditions for our business



◆ Domestic cloud market size was ¥1,400.3 billion in 2016 (38.5% up year on year) and it expand to ¥3,571.3 billion in FY2021.

* Reference : Cloud business market report 2017 (27,Dec,2017) by MM Research Institute

Cloud PACS market size estimate (Japan)



- ◆ Number of contracted facilities using cloud was 1,103 as of the end of FY2017 in Japan.
- ◆ Techmatrix has successfully contracted with about 800 as of the end of FY2017.

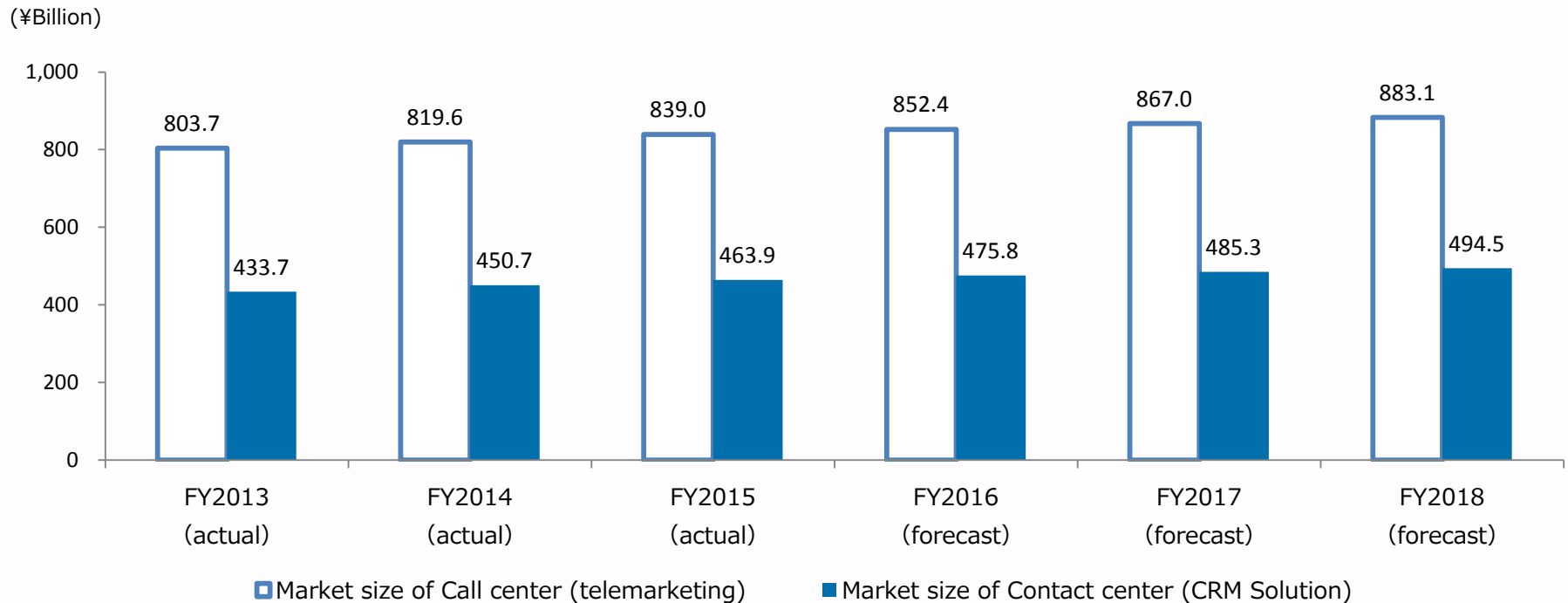
* Reference : Medical Imaging Systems and PACS Markets 2017 (Dec, 2017) by Yano Research Institute

Type of PACS Cloud

| Cloud type | Brief summary | Feature | Configuration image | NOBOR I |
|------------|---|--|---------------------|---------|
| TYPE 1 | Store both short term and long term data in a in-house server + data center (dual storage for all data) | Data back up by data center Additional cost | | — |
| TYPE 2 | Store short term data in a in-house server + long term data in data center | High frequency use data in hospital Additional cost | | — |
| TYPE 3 | All data in data center without in-house server (only cash in NOBORI appliance) | No additional cost and lower price range | | |

◆Techmatrix is ahead in the healthcare cloud business with "NOBORI" which is installable at a low price and in short term.

CRM software market size (Japan)



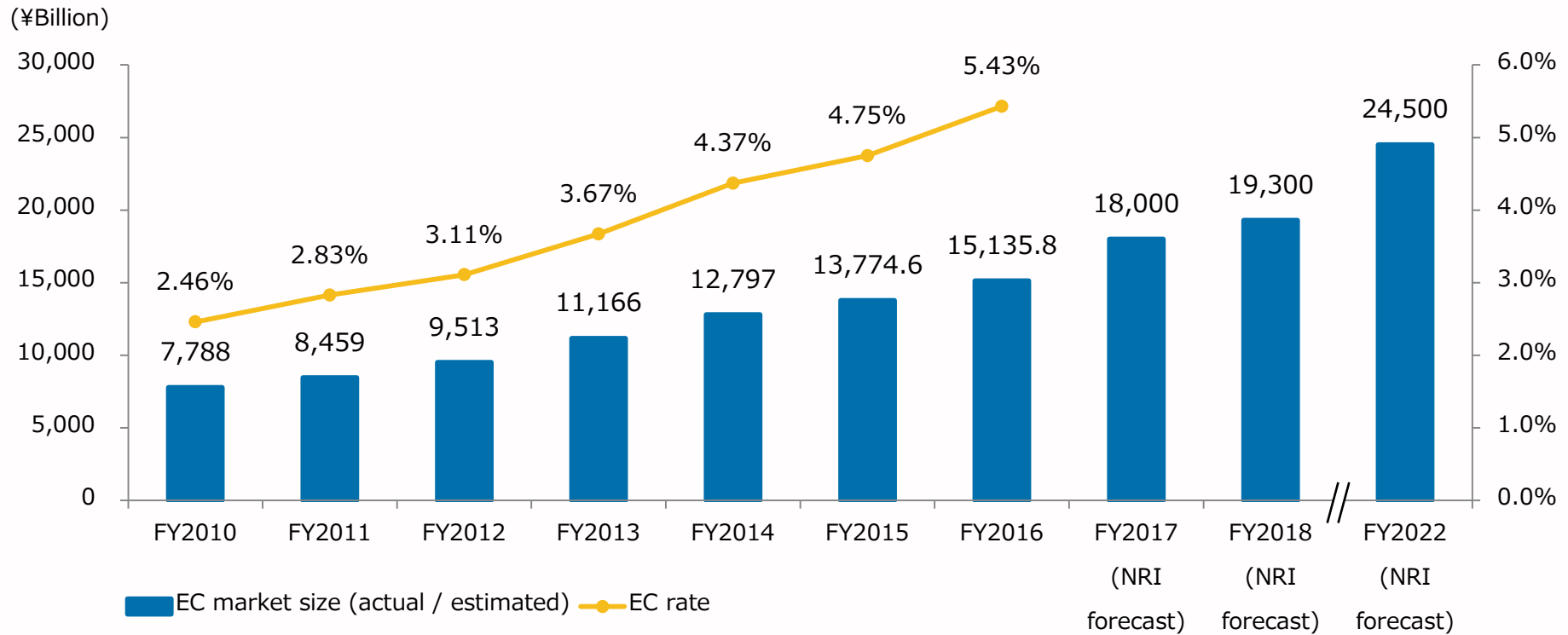
*Service provider's sales. Estimate as of Nov, 2016

◆Market size of Call center (telemarketing) is forecasted to grow at average rate of 1.9% each year form FY2013 to FY2018 and to ¥883.1 billion as of FY2018.

◆Market size of Contact center (CRM Solution) is forecasted to grow at average rate of 2.7% each year form FY2013 to FY2018 and to ¥494.5 billion as of FY2018.

* Reference : Call Center (Telemarketing)/Contact Center/CRM Solution Market in Japan: Key Research Findings 2016 by Yano Research Institute

EC(B2C) market size actual/forecast (Japan)

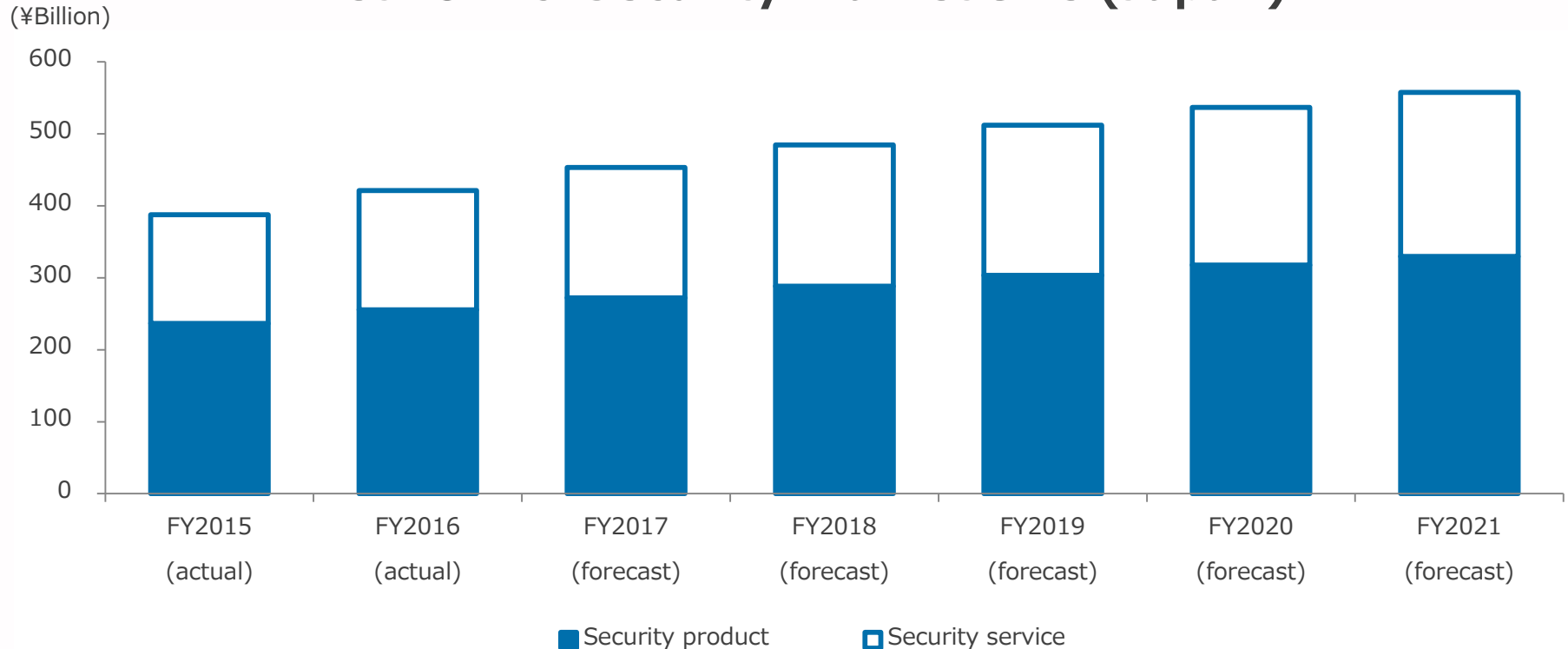


(~2016 : Ministry of Economy, Trade and Industry, 2017~ : Based on Nomura Research Institute)

- ◆ Market size related to EC was 9.9% up in 2016 year on year. Increased EC rate to 5.43% in 2016.
- ◆ Market size will be 24,000 billion in 2022. (NRI)

* Reference: "The E-Commerce Market Survey" by Ministry of Economy, Trade and Industry, "IT navigator 2018" by Nomura Research Institute

Network & Security market size (Japan)



- ◆ Forecasted Networks Security business market in Japan expanding from ¥421.2 billion in FY2016 to ¥557.4 billion in FY2021.
- ◆ High growth rate on average at 5.8% has been forecasted.

* Reference : Network Security business report 2017 by Fuji Chimera Research Institute



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