



Results for the 1st Quarter of 35th business period (Fiscal Year Ending March 31, 2019)

TECHMATRIX CORPORATION

- 1. Business Highlights for the 1st Quarter of 35th business period (Consolidated)**
- 2. Topics of Business activities**
- 3. Medium-Term Management Plan "GO BEYOND 3.0"**
- 4. Business Models**
- 5. Market Conditions for our business**

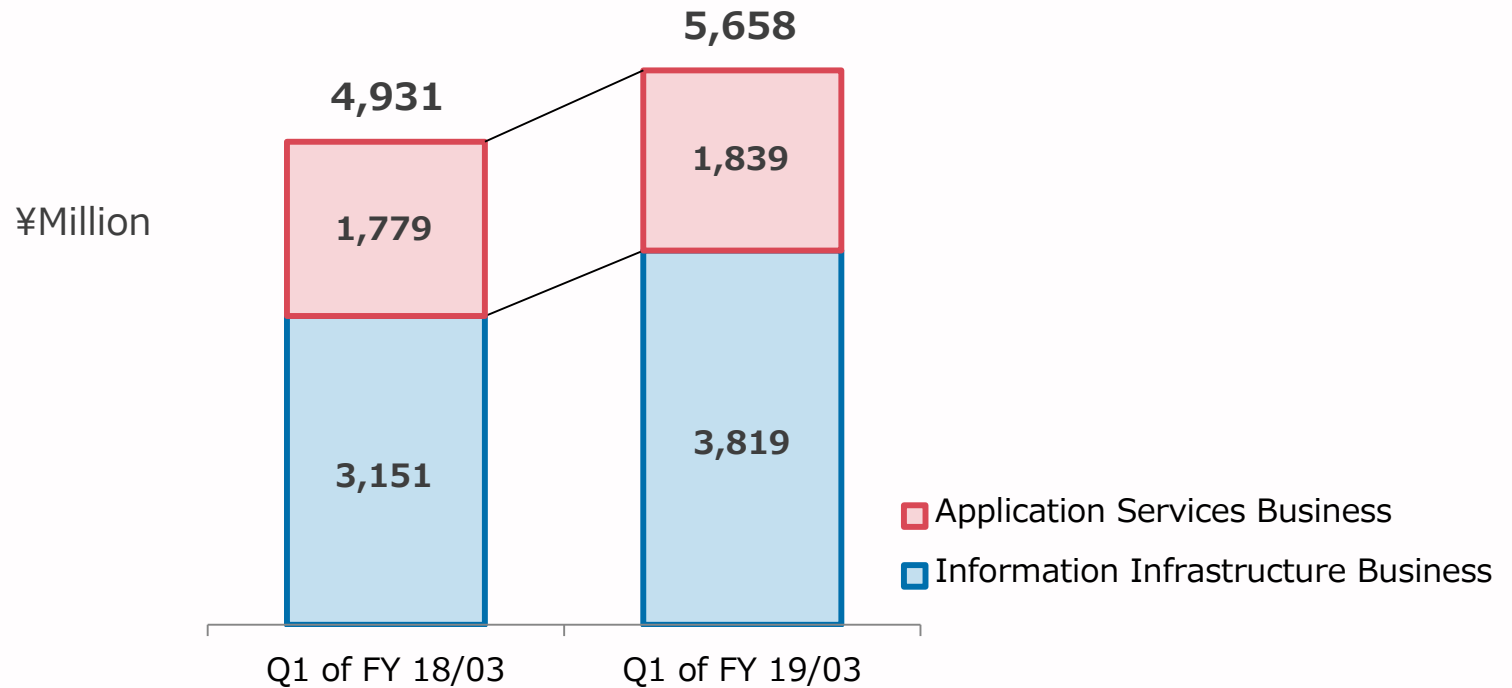
1. Business Highlights for the 1st Quarter of 35th business period (Consolidated)

Business Highlights (Consolidated)

	Q1 of FY 03/18 (¥Million)	Q1 of FY 03/19 (¥Million)	Change in amount (¥Million)	Rate of Change (%)
Net sales	4,931	5,658	+727	+14.7
Operating income	103	353	+250	+242.4
Ordinary income	245	320	+74	+30.6
Profit attributable to owners of the parent	148	213	+65	+44.2

- ◆ Information Infrastructure Business: Net sales in Q1 significantly exceeded the previous year's results due to solid booking. Application Services Business: Businesses went as planned.
- ◆ The highest consolidated net sales and operating income in Q1.

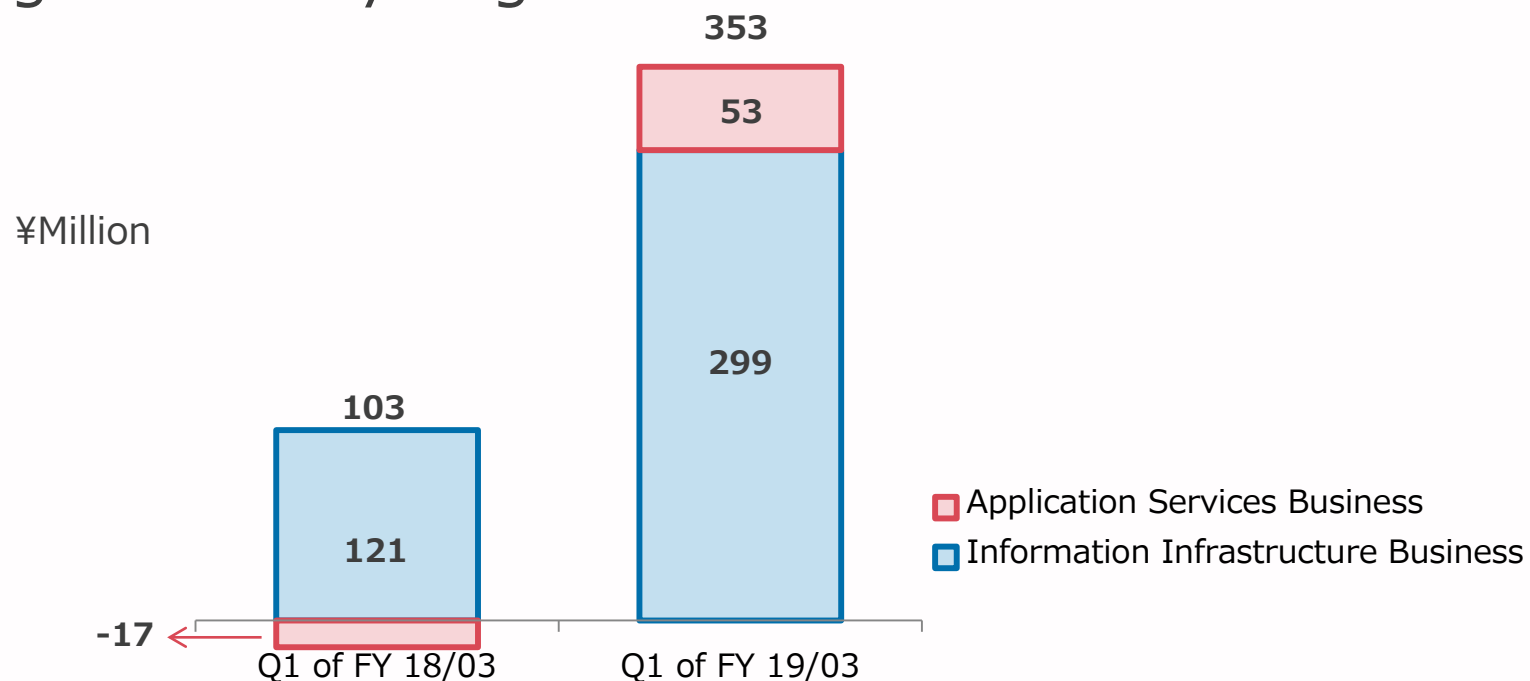
Net sales by Segment



	Q1 of FY 03/18 (¥Million)	Q1 of FY 03/19 (¥Million)	Change in amount (¥Million)	Rate of Change (%)
Information Infrastructure Business	3,151	3,819	+668	+21.2
Application Services Business	1,779	1,839	+59	+3.3

- ◆ Information Infrastructure Business: The highest consolidated net sales in Q1.
- ◆ Application Services Business: The highest consolidated net sales in Q1 due to solid businesses for Healthcare, CRM and Software Quality Assurance field.

Operating income by Segment



	Q1 of FY 03/18 (¥Million)	Q1 of FY 03/19 (¥Million)	Change in amount (¥Million)	Rate of Change (%)
Information Infrastructure Business	121	299	+178	+147.5
Application Services Business	-17	53	+70	

- ◆ Information Infrastructure Business: The highest consolidated operating income in Q1.
- ◆ Application Services Business: Positive turnaround. Recovery from unprofitable projects of Q1 of FY 03/18. And in the past, operating income in Q1 used to be in deficit trend due to upfront sales promotion expenses.

Weather chart by Segment

◆ 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%

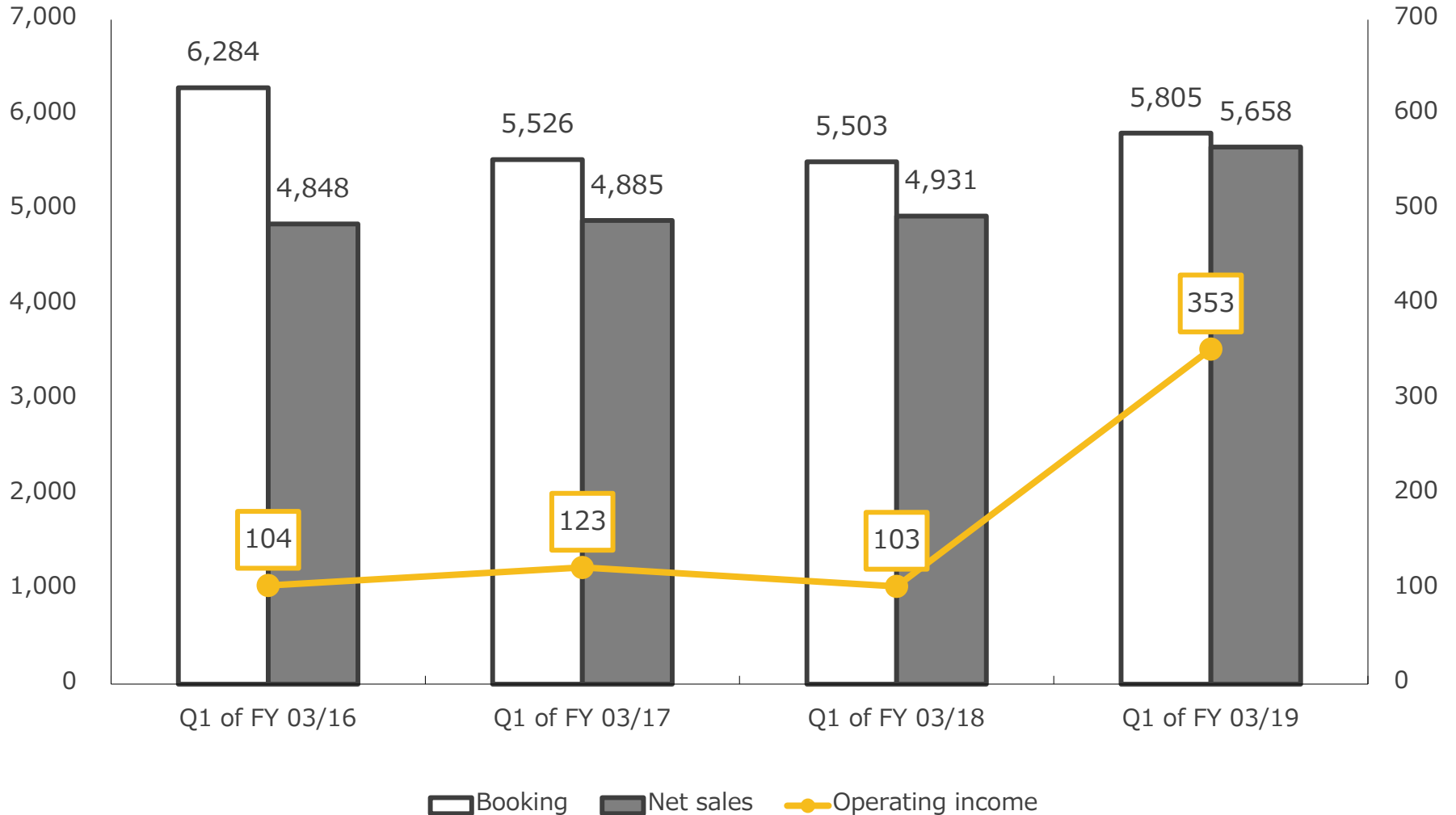
Booking and Net sales / Operating income

Booking and Net sales

(¥Million)

Operating income

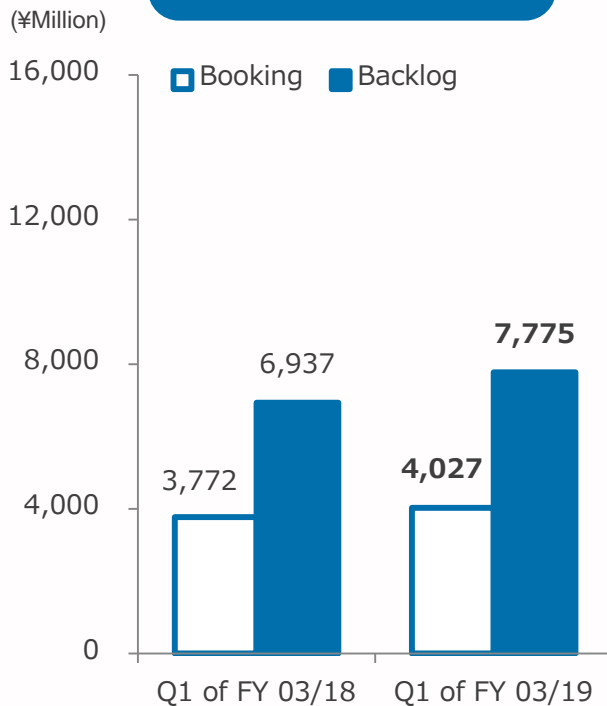
(¥Million)



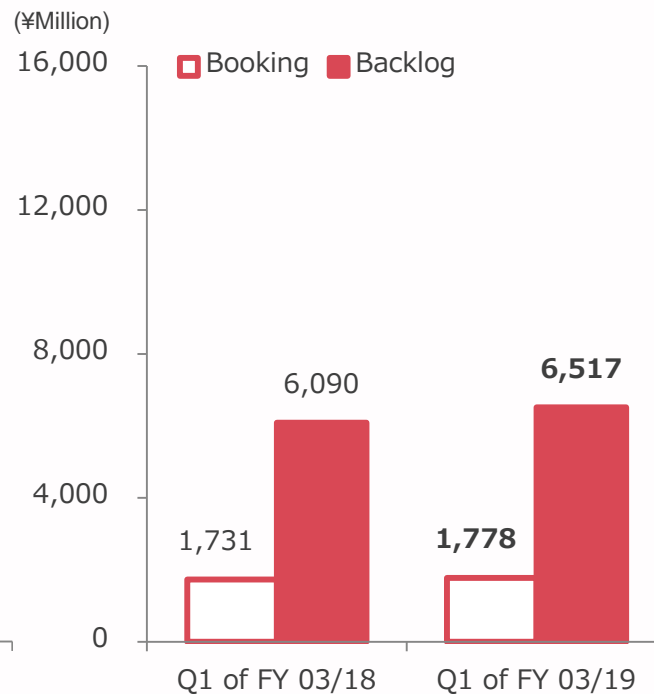
Booking and Backlog

- ◆ Information Infrastructure Business: Booking exceeded the previous year's results (6.8%UP). Businesses for load balancers were in good shape. In the government and enterprises, businesses for network security and storage systems were in good shape. Backlog increased significantly (12.1%UP).
- ◆ Application Services Business: Booking exceeded the previous year's results due to solid businesses for Helthcare, CRM and Software Quality Assurance field(2.7%UP).Backlog increased (7.0%UP).

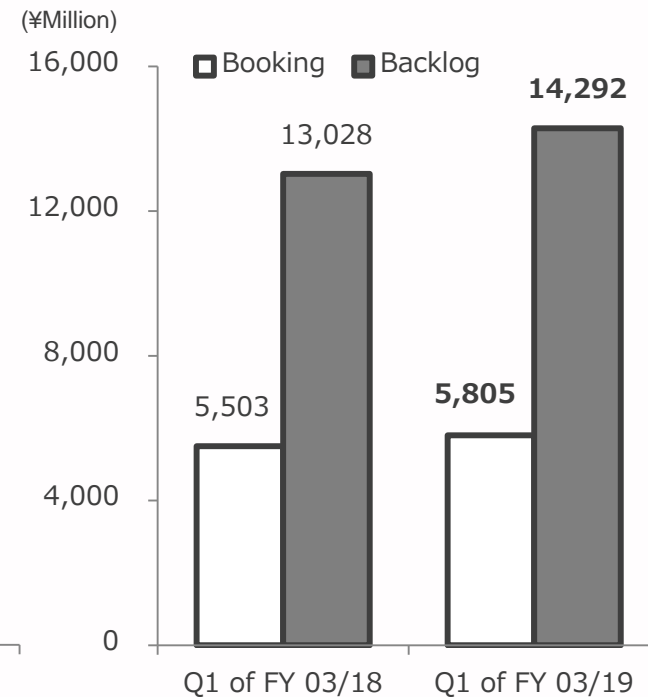
Information Infrastructure Business



Application Services Business

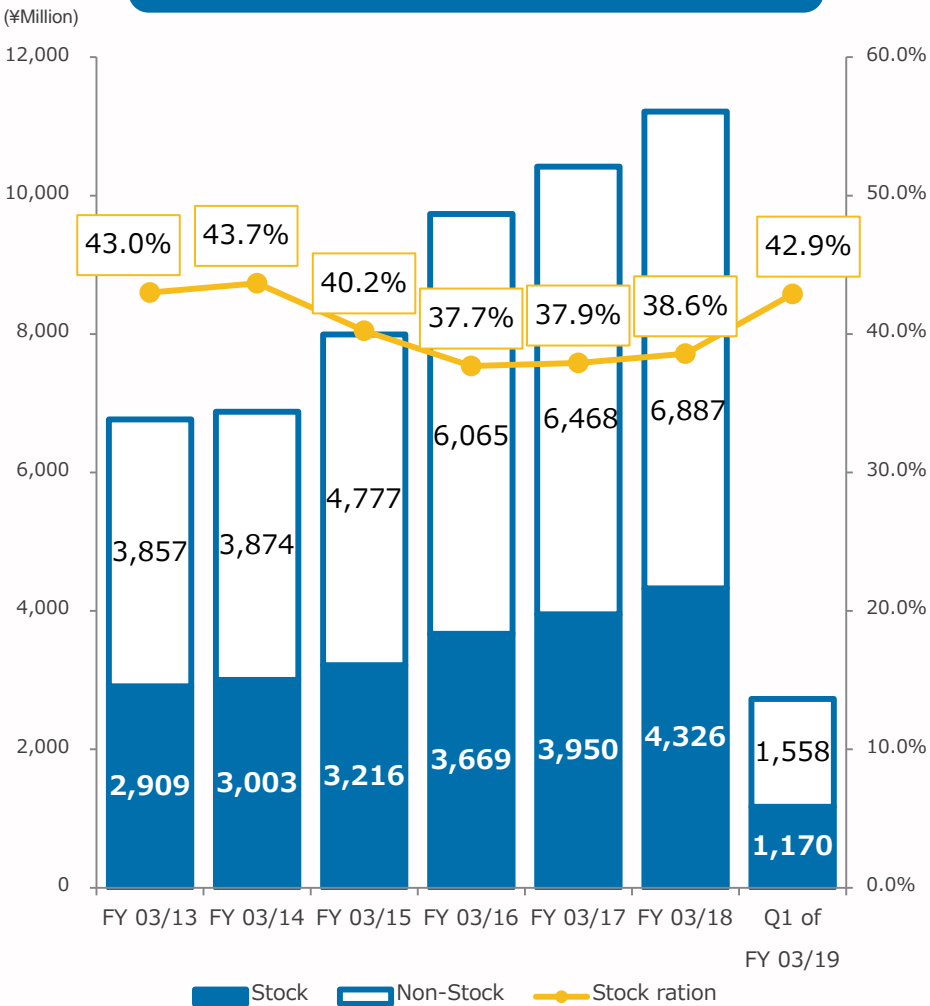


total



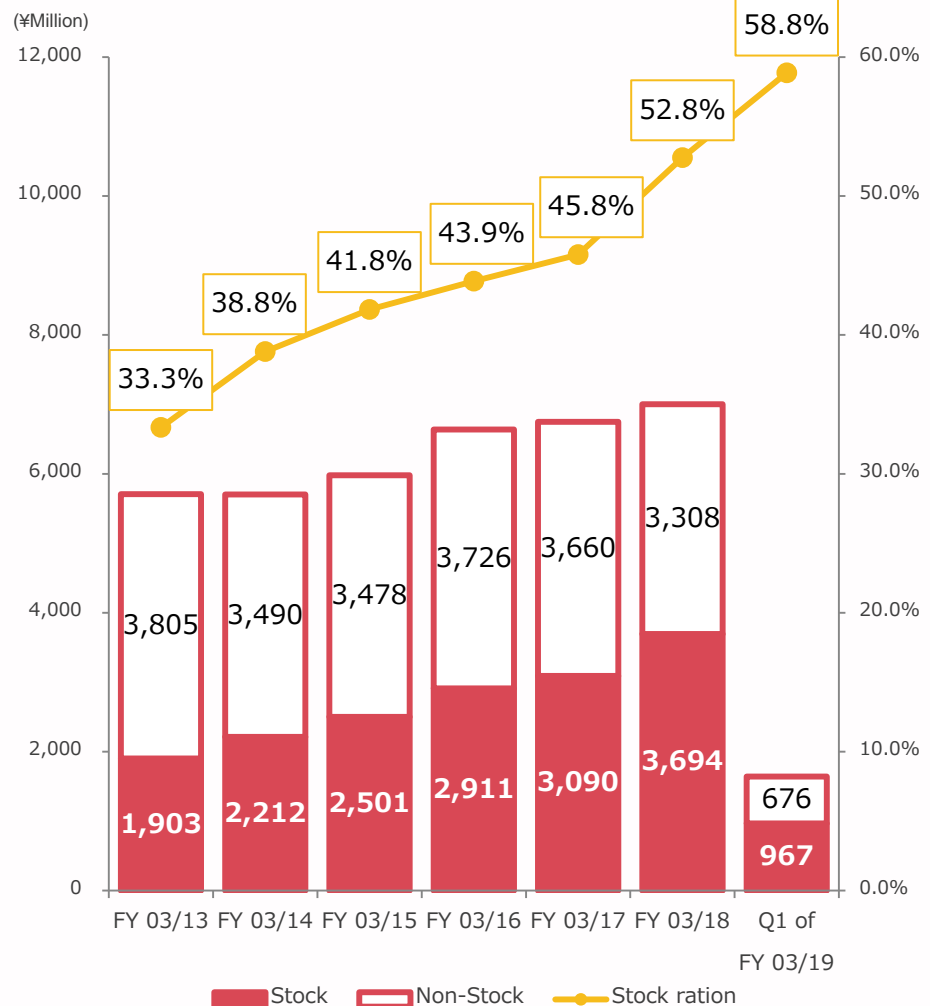
Stock type sales (Recurring revenue) ratio of TECHMATRIX and NOBORI

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 03/18	Q1 of FY 03/19		FY 03/18	Q1 of FY 03/19
Current assets	14,628	16,650	Current liabilities	9,489	9,523
Cash and deposits	6,097	8,299	Accounts payable-trade	1,208	974
Notes and accounts receivable-trade	4,449	3,611	Short-term loans payable	450	450
Other	4,080	4,739	Current portion of long-term loans payable	300	300
			Other	7,531	7,799
Noncurrent assets	3,998	4,010	Noncurrent liabilities	3,163	3,096
Property, plant and equipment	1,072	1,094	Long-term loans payable	1,450	1,375
Goodwill	22	16	Other	1,713	1,721
Other	1,196	1,199	Total liabilities	12,653	12,620
Investments and other assets	1,707	1,699	Shareholders' equity	5,898	6,862
			Total accumulated other comprehensive income	△2	
Current assets	18,626	20,661	Total net assets	5,973	8,041
			Total liabilities and net assets	18,626	20,661

* Equity ratio
 FY 03/18 31.7%
 Q1 of FY 03/19 33.2%

840

The number of medical facilities using NOBORI

(June 30, 2018)

22,947,000

The number of patients who stored medical images in NOBORI

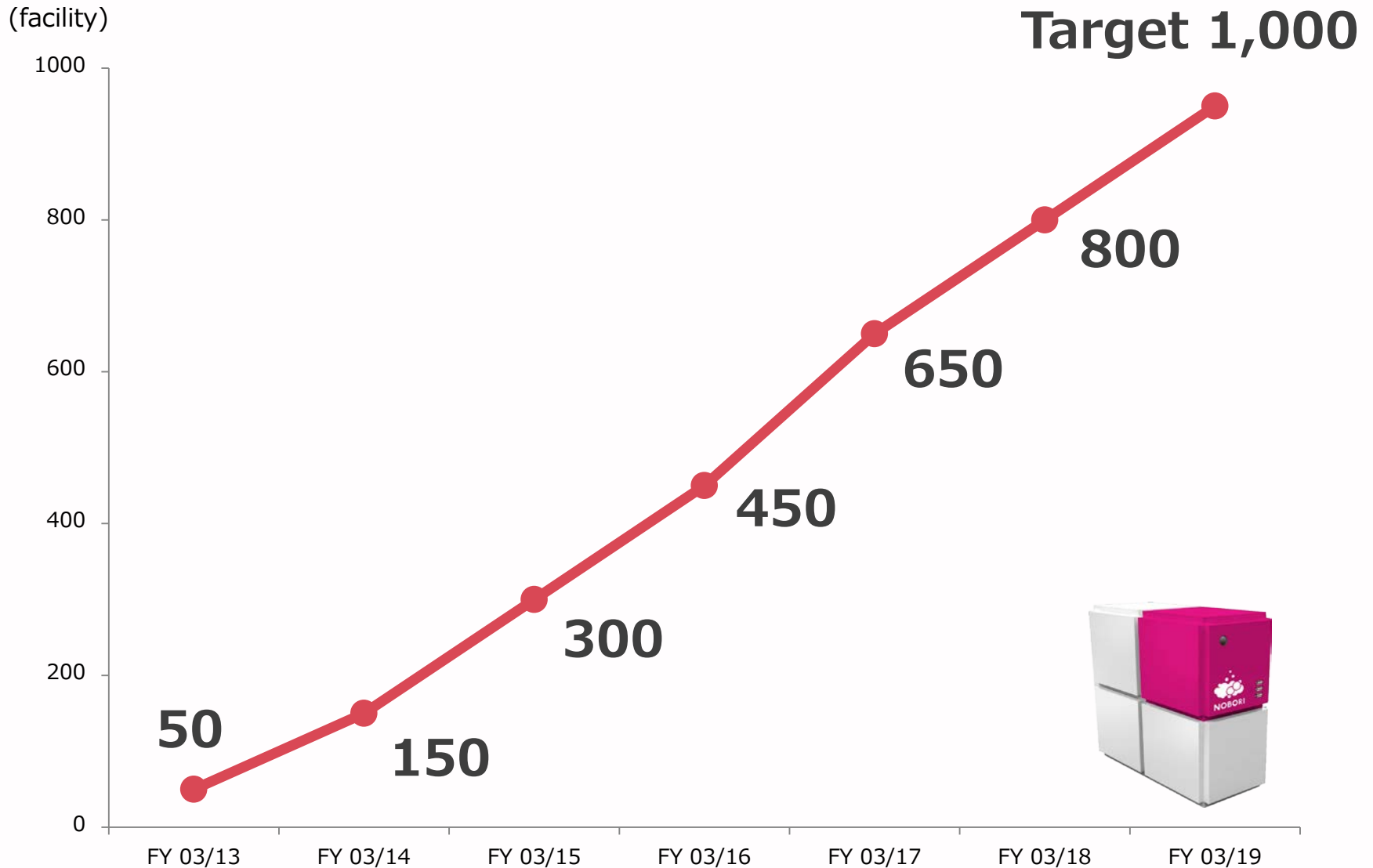
(June 30, 2018)

124,340,000

The number of inspections which stored in NOBORI

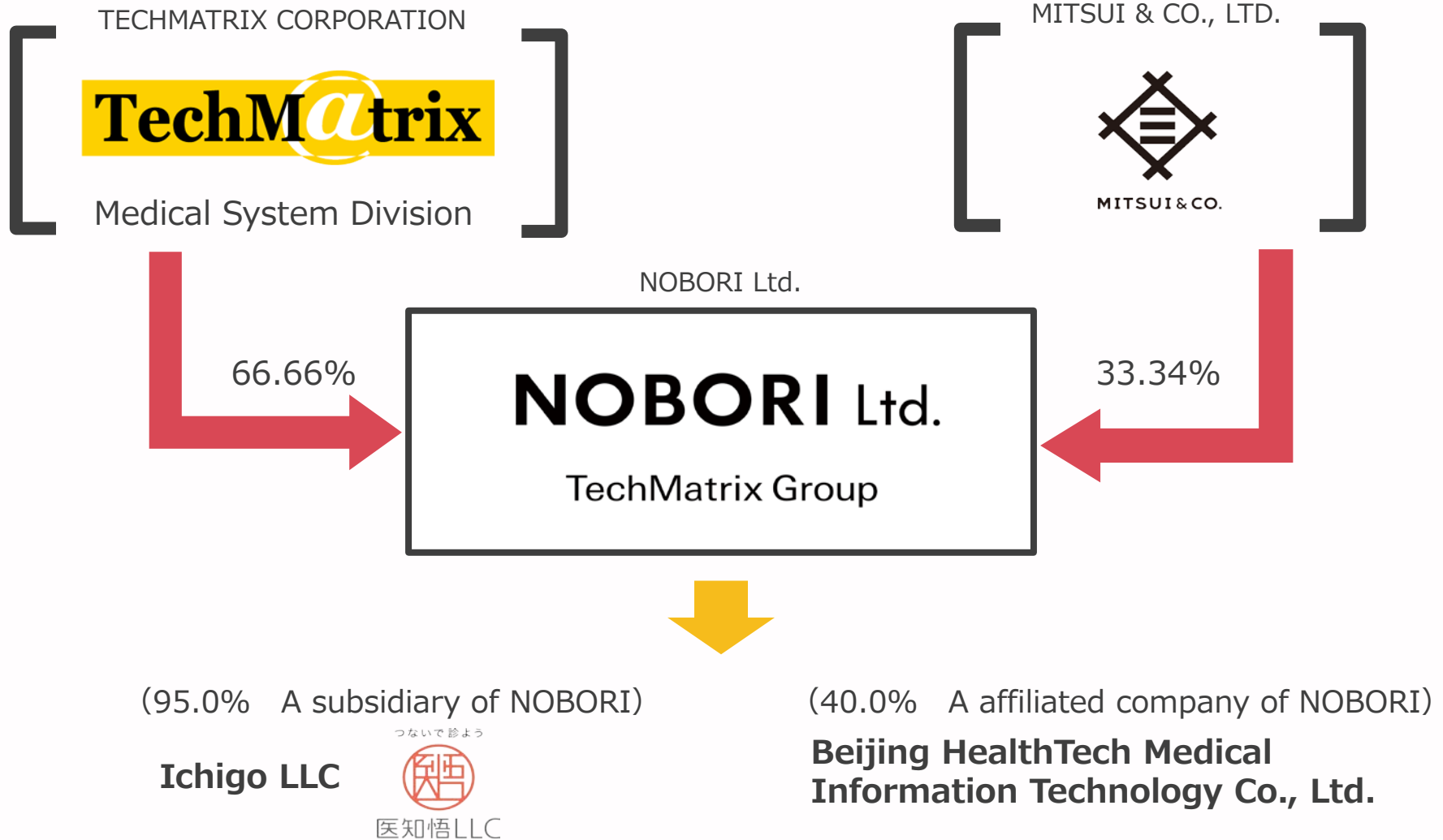
(June 30, 2018)

Progress of the number of medical facilities using NOBORI

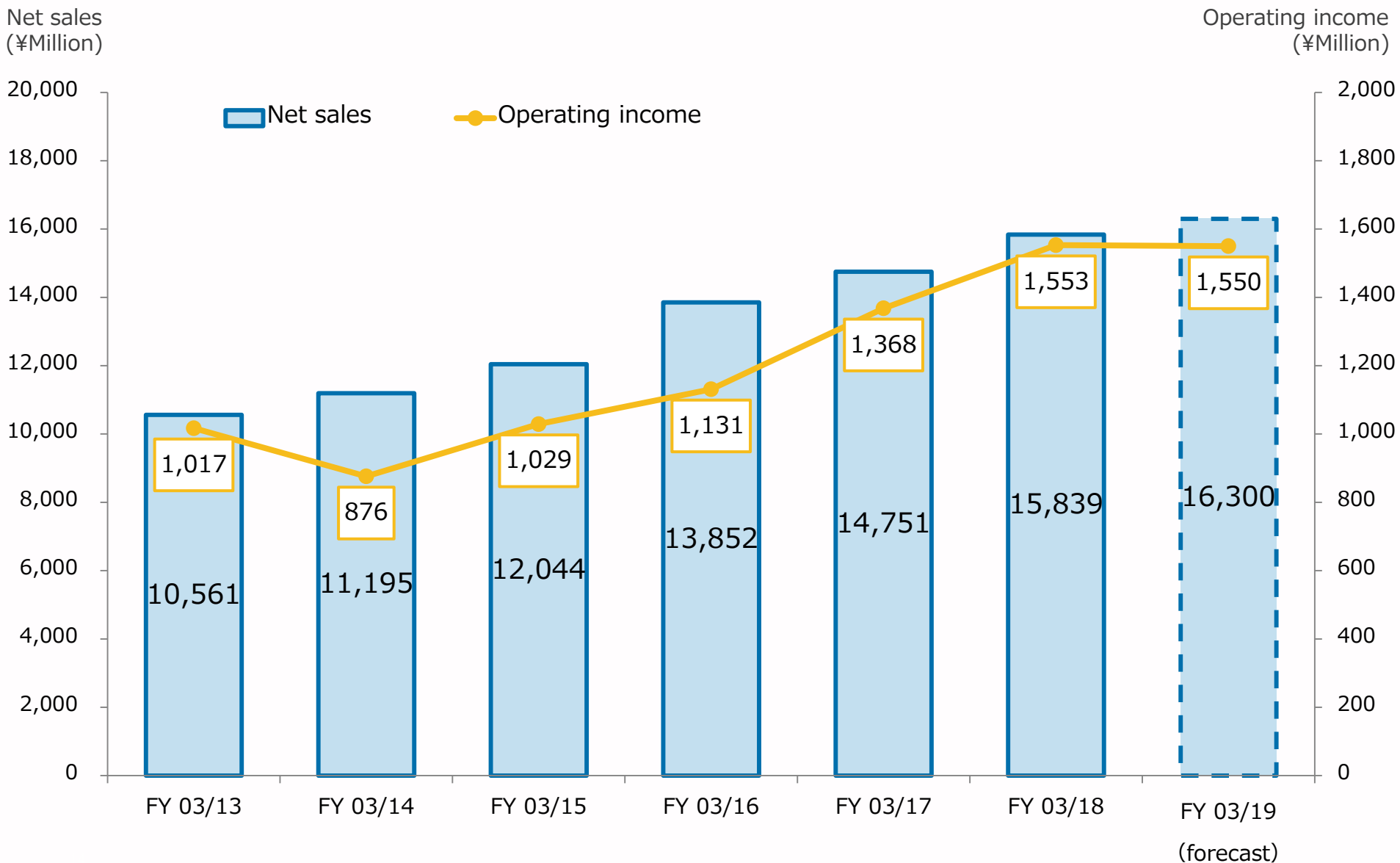


Diversification of business operating system

Span off the Medical System Division which provides a cloud service “NOBORI”, into a company “NOBORI Ltd.” on April 1, 2018. Aiming to have further business growth in IT&Healthcare filed.



Net sales and operating income in Information Infrastructure Business



Products and services in Information Infrastructure Business



2. Topics of Business activities

NOBORI

Added "ClearRead XR-PAL" and "ICHIGO PAL" as new service line-ups for "NOBORI PAL"

NOBORI

Examination reservation service "TONARI"
Remote image viewing in an emergency "TSUNAGU"

ICHIGO LLC

Teleradiology service "ICHIGO PAL"

Intrasense SA

3D medical imaging workstation
"myrian®"



NOBORI PAL

TOYO Corporation

Chest X-ray bony
tissue transparent/time difference
Cloud service "ClearRead XR-PAL"

Advanced Media, Inc.

Speech-recognition service for
medical doctors "AmiVoice CLx®"

We provide a platform "NOBORI PAL" to provide useful add-on technologies for NOBORI users in medical practice.

TECHMATRIX

Commenced the Provision of a load and performance test tool
"NeoLoad"

Main features



1. The time of making test scenario is shortened by strong recording function and various test setup functions.
2. Easy setup, maintenance and reuse for test scenario
3. Simulation of access from mobile devices
4. Quantitative analysis to measure performance of videos and sound contents
5. Support for the latest Web and mobile technologies
6. Load is generated from all over the world

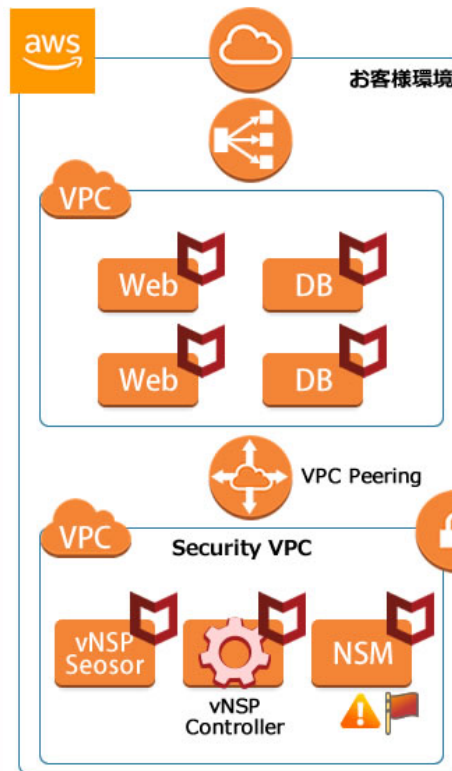
Applicable to Cloud, mobile and IoT, making DevOps tool chain working with CI tool, provide a real load test environments by simulating accesses from all over the world

TECHMATRIX

Added "McAfee vNSP" as a new service line-up for security monitoring services "TRINITY" for AWS in a cloud environment



CROSS HEAD support deployment on AWS and provide monitoring services and payment agency services.



クラウド環境のIPS(vNSP)に対しても高品質なセキュリティ運用監視サービスを提供します

- August 2017, commenced the provision of the security monitoring services for AWS in a cloud environment
- Added a virtual version of next generation IPS "McAfee Virtual Network Security Platform" (McAfee vNSP)



We provide of one-stop solution for software licence infrastructure design, integration, maintenance, operation and monitoring services.

TechMatrix group support optimized operation of AWS, and provide cyber security at the same level as on-premise.

TECHMATRIX

Selected as “The 2018 Noteworthy IT Strategy Companies” and “The JPX-Nikkei Mid and Small Cap Index”

The 2018 Noteworthy IT Strategy Companies

METI and the TSE nominated competitive IT Strategy Companies and Noteworthy IT Strategy Companies.

TMX was selected as Noteworthy IT Strategy Companies as one of the companies that marked high scores in the comprehensive evaluation or those engaging in noteworthy IT efforts, METI and the TSE publicize the nominated companies in this category aiming to expand the base of the program, in light of outstanding efforts for IT utilization being made by many other companies.

- Evaluation points
NOBORI Ltd. promoted its cloud service “NOBORI” for healthcare information.



The JPX-Nikkei Mid and Small Cap Index

TechMatrix was chosen as the 2018 JPX-Nikkei Mid and Small Cap Index jointly calculated by Tokyo Stock Exchange, Inc. and Nikkei Inc.

The new index applies the concept of the JPX-Nikkei Index 400, which is an index comprised of highly attractive listed companies, to mid and small cap equities by selecting companies that focus on capital efficiency and investor-oriented management.

Date	Contents
April	Representative Office in Bangkok was established
	Added "ClearRead XR-PAL" and "ICHIGO PAL" as new service line-ups 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
May	Commenced the provision of a load and performance test tool "NeoLoad"
	Commenced the provision of a new version "FastAnswer2"
	Commenced the provision of "FastChat" to support web chat for CRM system "FastHelp"
	Our company was selected as the 2018 Noteworthy IT Strategy Companies program

Date	Contents
June	Okinawa Cross Head Co, Ltd. provides IT service for Asian countries with HP Japan Inc.
	Retirement of stock (2,500,000) and issuance of mooring strike stock option rights to a third party
July	Commenced the provision of "Jenkins Platform Package for Java" software testing platform, an automated
	Held the "TechMatrix group Family Day"
August	Added "McAfee vNSP" as a new service line-up for security monitoring services "TRINITY" for AWS in a cloud environment
	Our company was selected as The JPX-Nikkei Mid and Small Cap Index

3. Medium-Term Management Plan "GO BEYOND 3.0"

We continue business strategy of TMX 3.0

- **Strategic and accelerated promotion of cloud-related businesses**
- **Pursuit of security and safety**

- 1 Diversification of business operating structure (conclusion of a business/capital alliance, cooperation with universities and research institutions, open innovation)
- 2 Accelerated servicization (in the whole areas)
- 3 Utilization of data (including usage of AI)
- 4 Enter B2C businesses
- 5 Rapid expansion of businesses in overseas markets (next step out of market research phase)
- 6 Strengthen business management foundation (cross-group/effective utilization of human resources and technology, new value by combination in each filed, investment in human resources and development of next-generation management, Recruitment/human resource development/evaluation/retention based on corporate philosophy)
- 7 M&A (including usage of treasury stocks)

Creation of new business

Contents

- Accelerated servicization (in the whole areas)
- Utilization of data (including usage of AI)
- Enter B2C businesses
- Rapid expansion of businesses in overseas markets
- (next step out of market research phase)

Outside

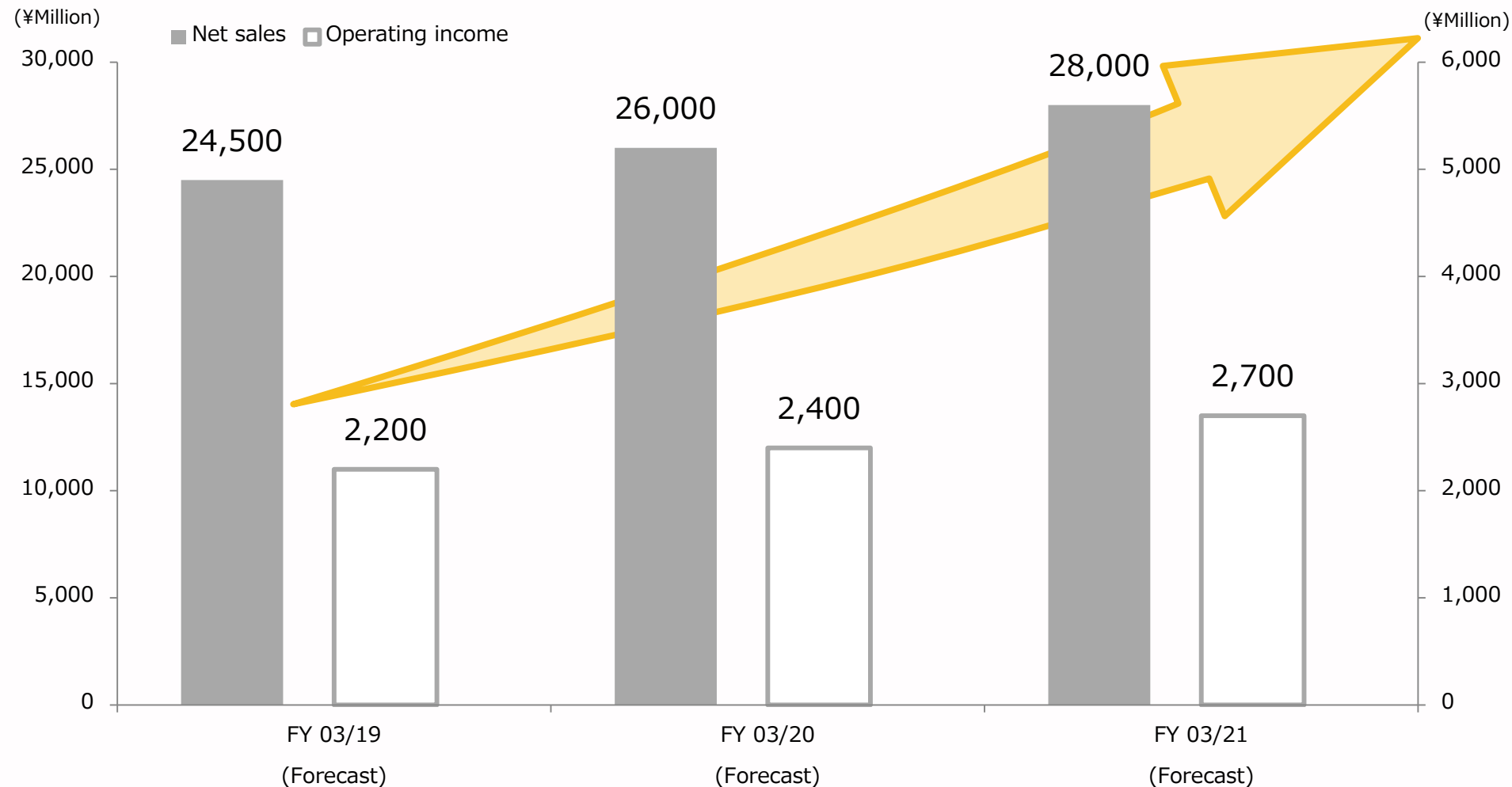
- Diversification of business operating structure (conclusion of a business/capital alliance, cooperation with universities and research institutions, open innovation)
- M&A (including usage of treasury stocks)

Inside

- Strengthen business management foundation (cross-group/effective utilization of human resources and technology, new value by combination in each field, investment in human resources and development of next-generation management, Recruitment/human resource development/evaluation/retention based on corporate philosophy)

Integration of management resources

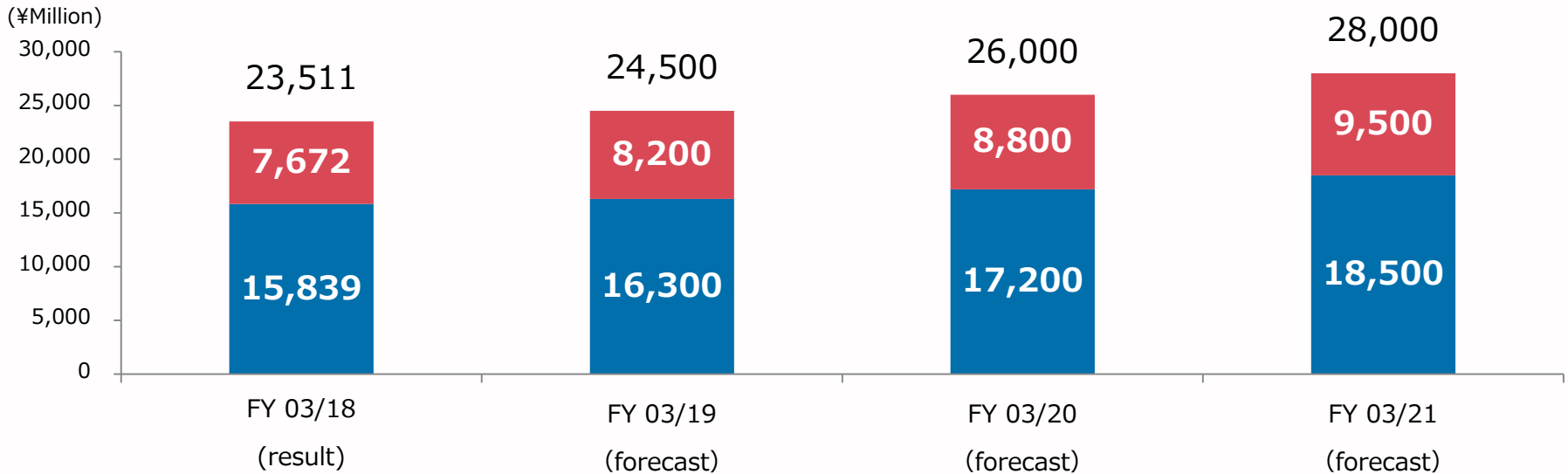
Increasing net sales and operating continuously



Planned value of GO BEYOND 3.0

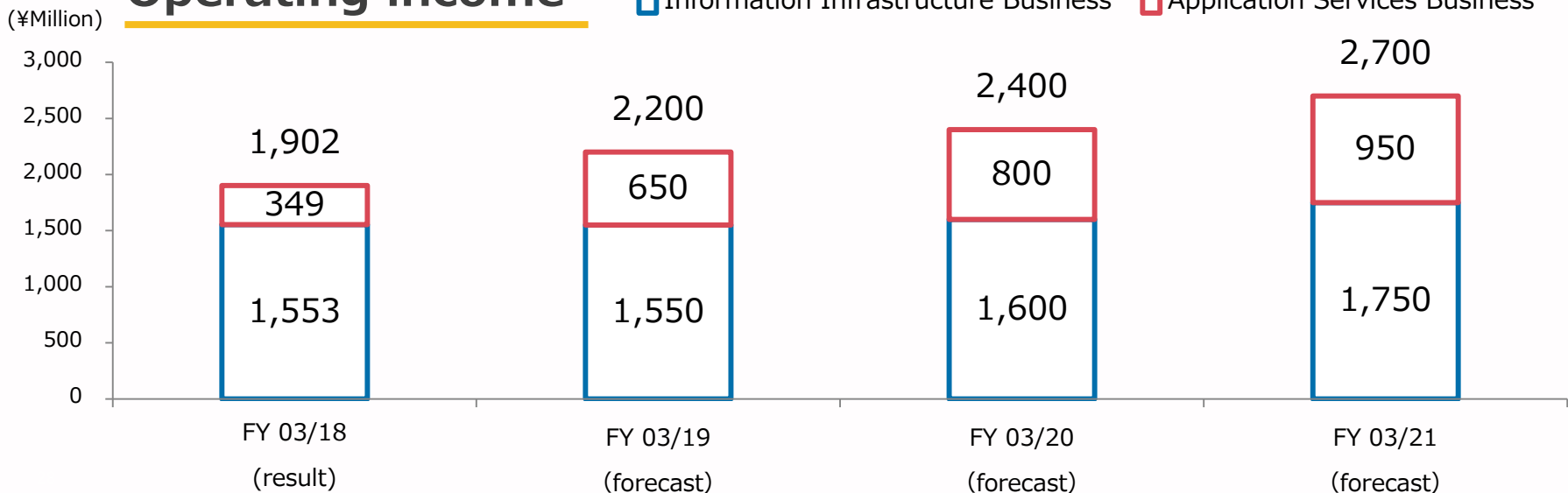
Net sales

■ Information Infrastructure Business ■ Application Services Business



Operating income

□ Information Infrastructure Business □ Application Services Business



Change of well-balanced business

Information Infrastructure Business

	FY 03/19 – FY 03/21 (forecast)
Net sales CAGR(%)	5.3
Operating income CAGR(%)	4.1
FY 03/21(forecast)	
Operating income to net sales(%)	9.5

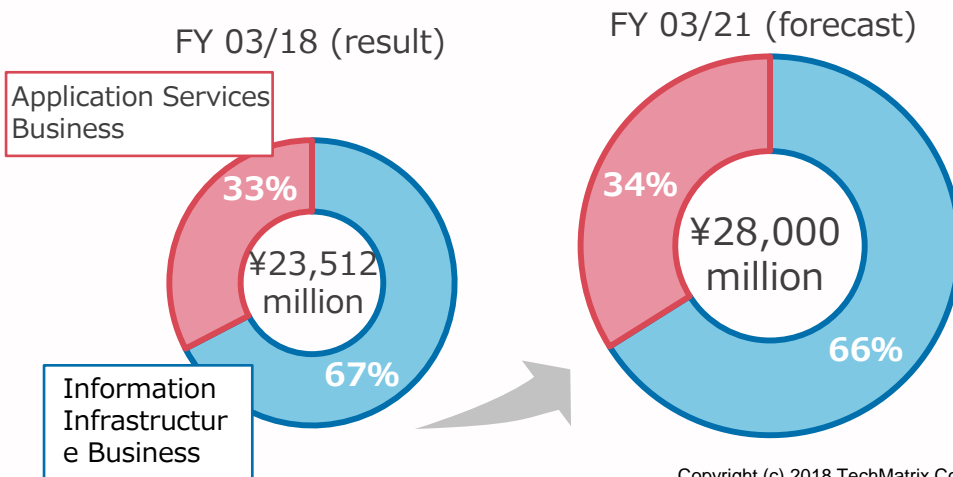
Application Services Business

	FY 03/19 – FY 03/21 (forecast)
Net sales CAGR(%)	7.4
Operating income CAGR(%)	39.6
FY 03/21(forecast)	
Operating income to net sales(%)	10.0

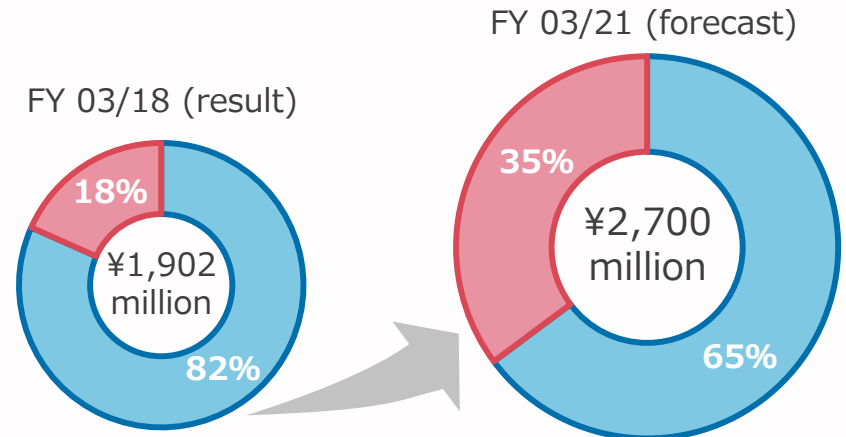
※We put more efforts to build high-value-added services by ourselves so that we can aggressively change business structure and differentiate our businesses.

※Profit will increase due to the growth of cloud businesses.

Net sales



Operating income





The IT professional group who create a better future

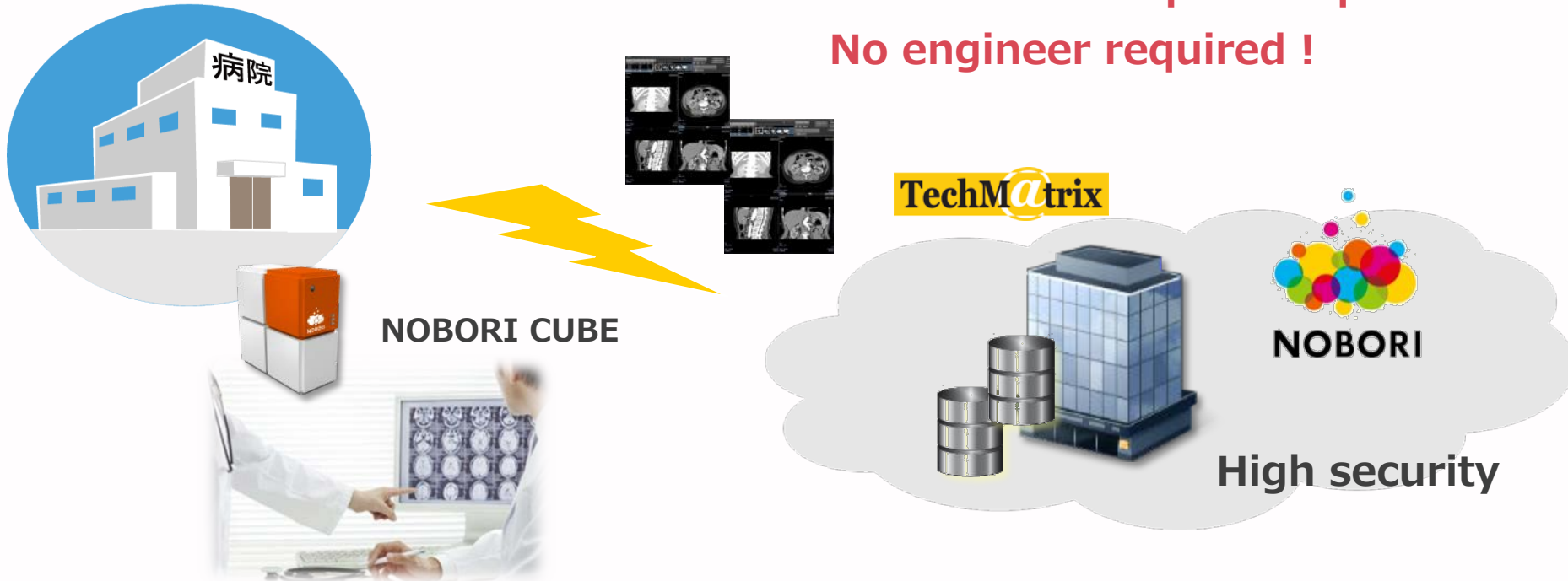
4. Business Models

Point! A cloud service for healthcare information "NOBORI". We store, share and utilize valuable medical information securely in a cloud environment.

Free initial investment !

No space required !

No engineer required !



- We started to provide NOBORI in Cloud PACS market so quickly. Medical Institutions can deploy NOBORI at a low price and in a short period of time.
- The number of medical facilities using NOBORI has been increasing by introduction to large-scale hospitals and through strong partnership.
- We provide a platform for other healthcare services "NOBORI PAL".

Point!

Enhancing the competitiveness of customers' businesses by CRM system.

- Contacts about products
- Contacts after purchase



Products



FastHelp5



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

Quick search !

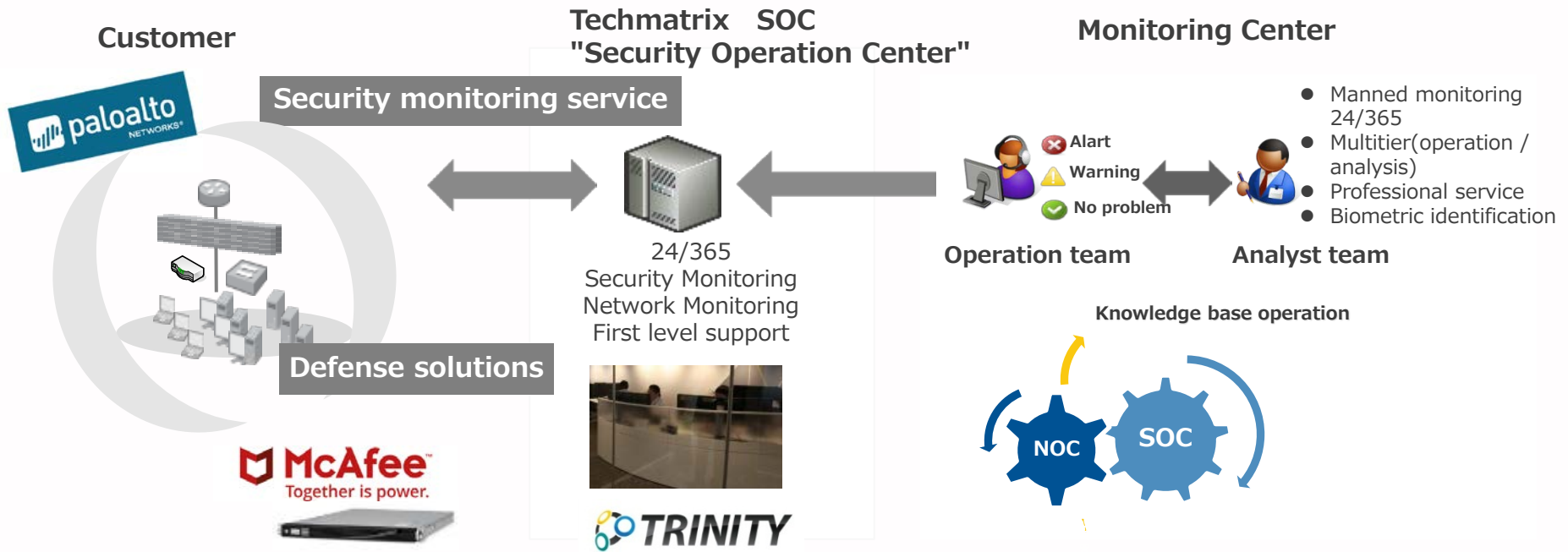


Quick response to the customers' Inquiries !



Improvement of customer satisfaction !

Point! One-stop solution from Techmatrix.



One-stop solution

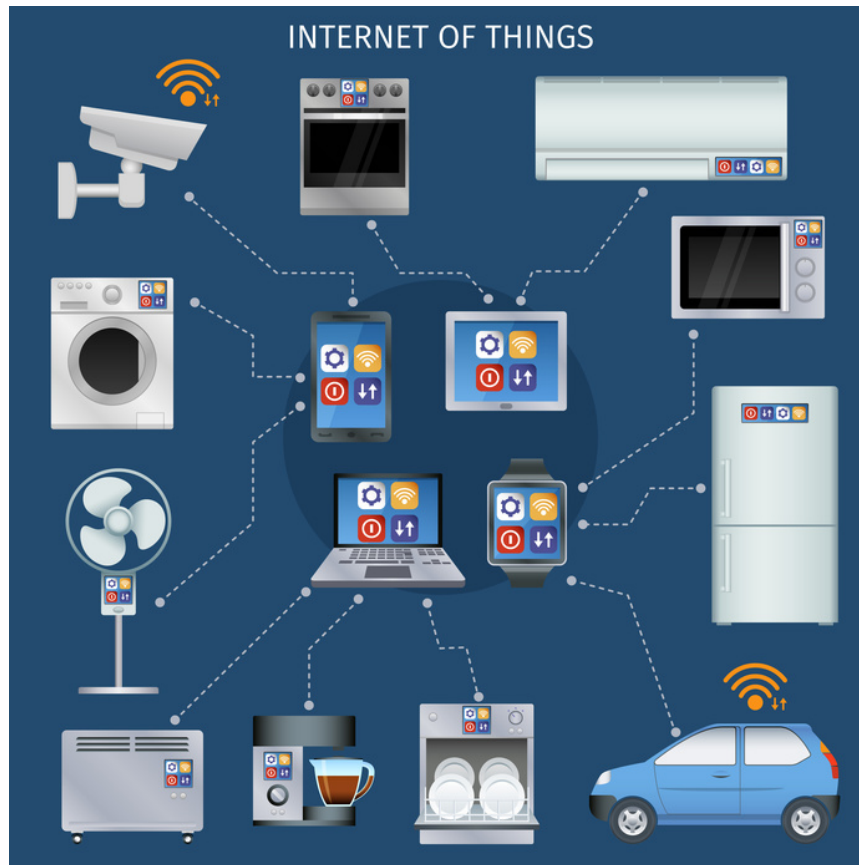
One-stop solution for system design, integration, maintenance, operation and monitoring services.

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.



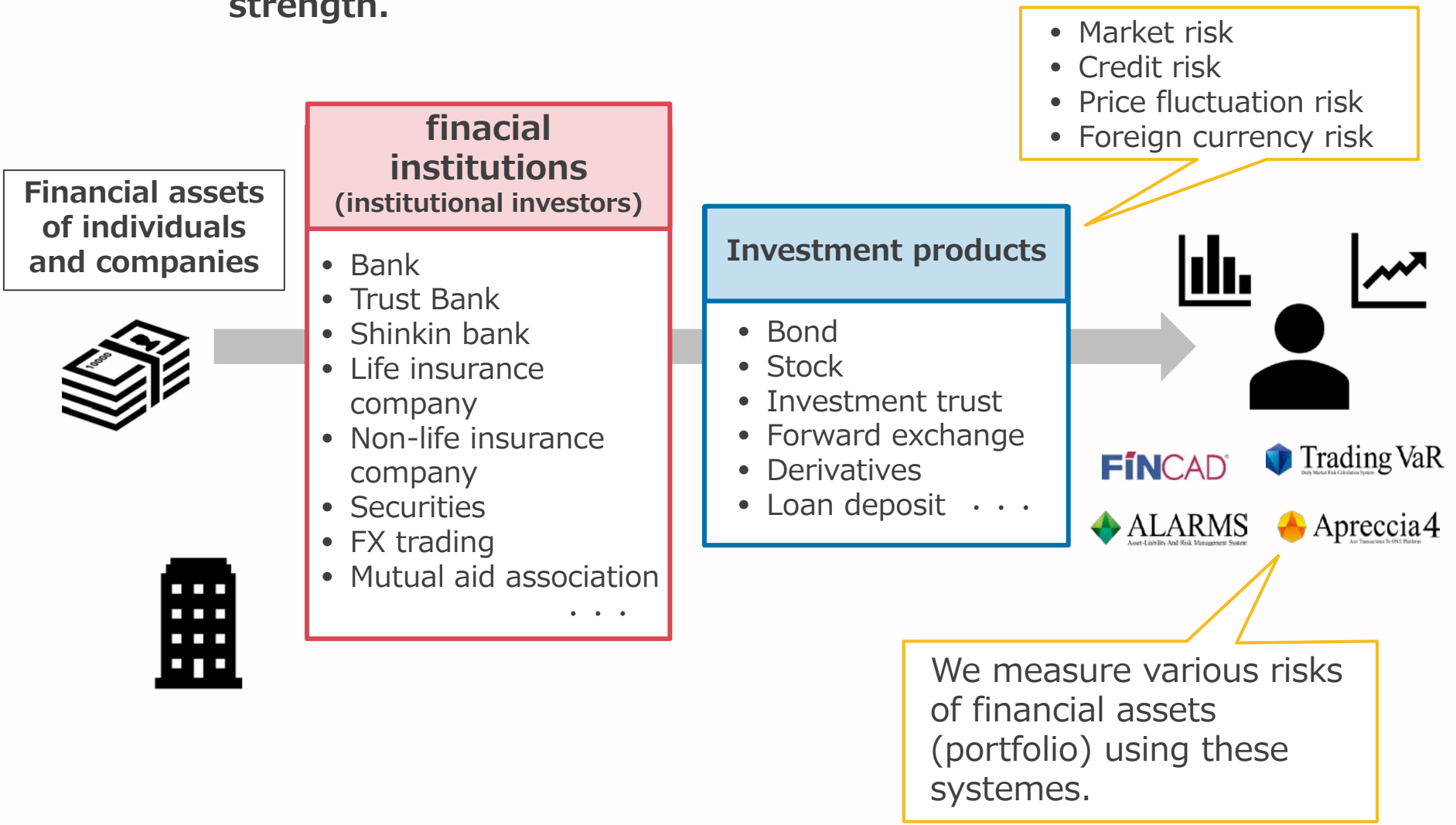
- ▶ Solution for test, systems design and version control system
- ▶ Integration of infrastructure, training and operation support for development process
- ▶ Support for substantive improvement of software quality and productivity enhancement

Improve quality of embedded software
Comply with functional safety standards

Financial field

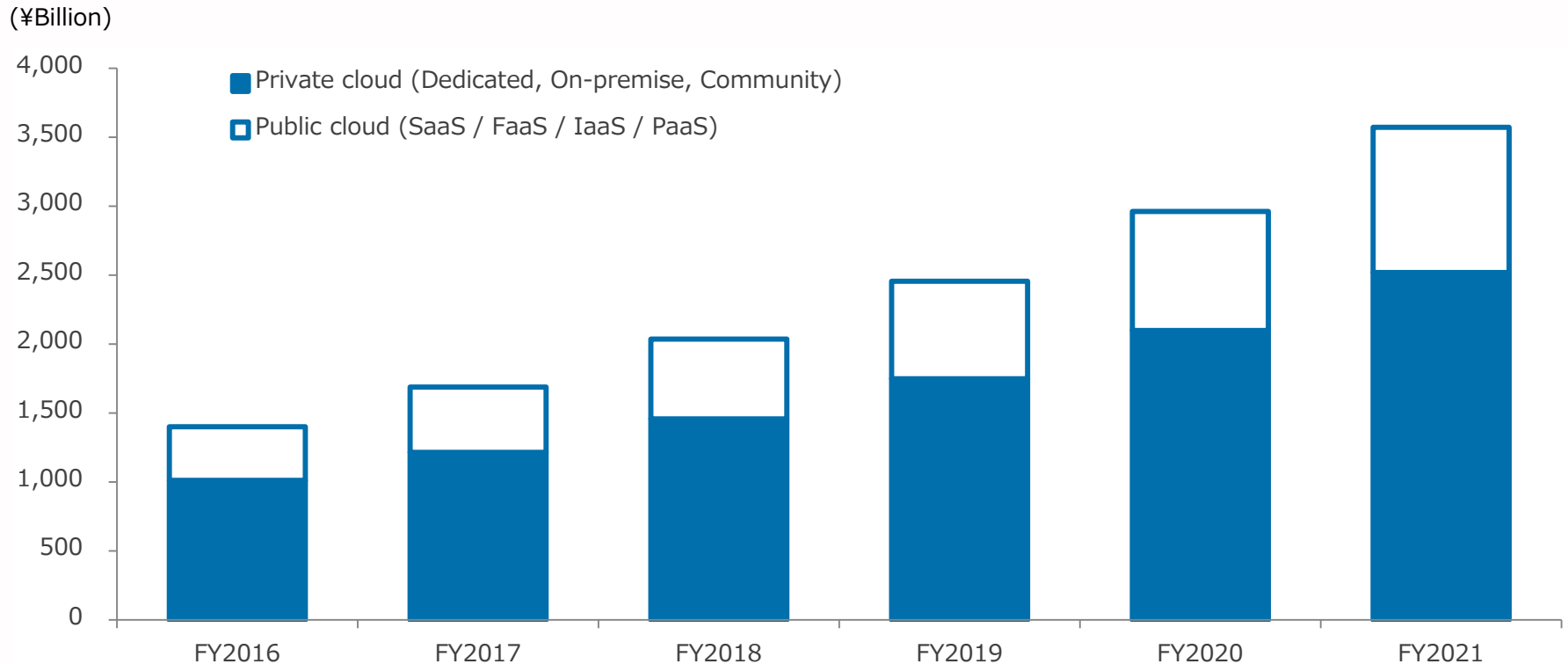
Point!

Provision of risk management systems for financial institutions who manage financial assets so that they can maintain financial strength.



5. Market Conditions for our business

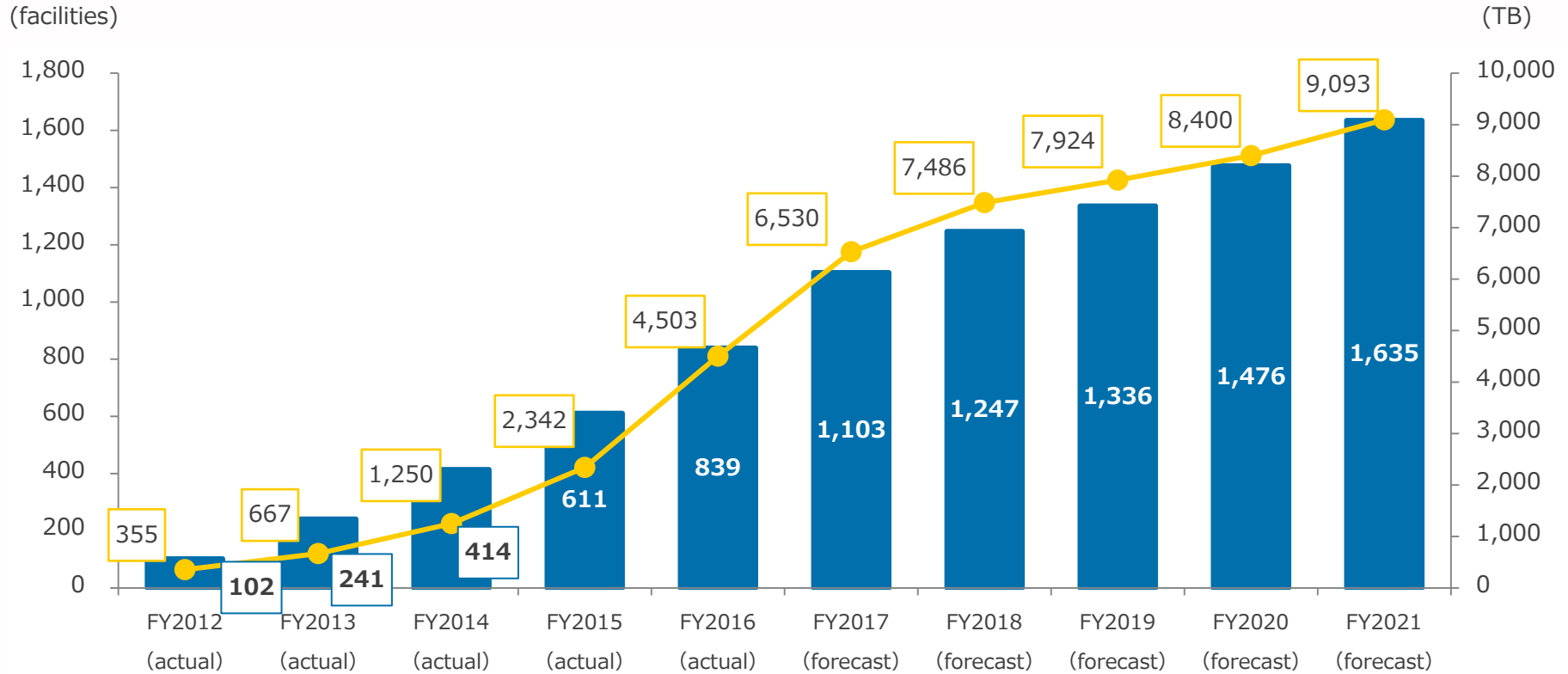
Market Conditions for our business



◆ 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)



*Estimate as of JDec, 2017

■ Number of contracted facilities ● Estimated capacity

- ◆ 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.

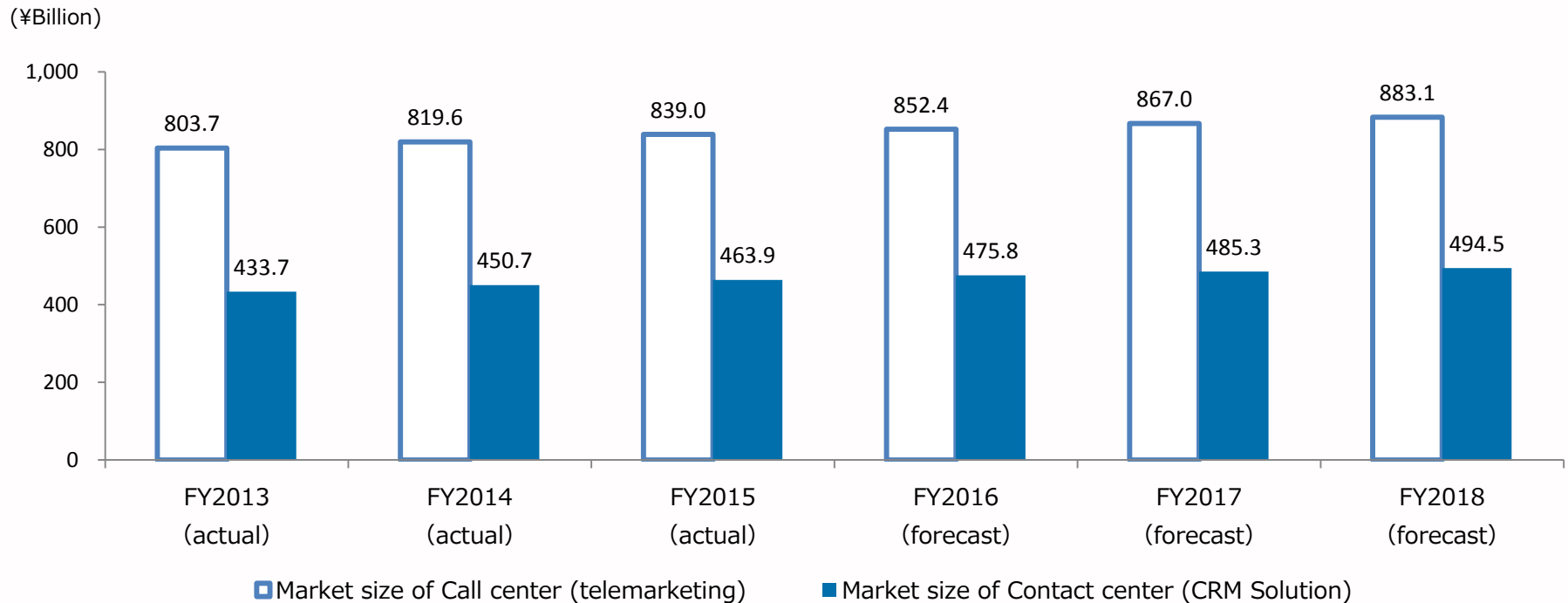
* Reference : Medical Imaging Systems and PACS Markets 2017 (Dec, 2017) by Yano Research Institute

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

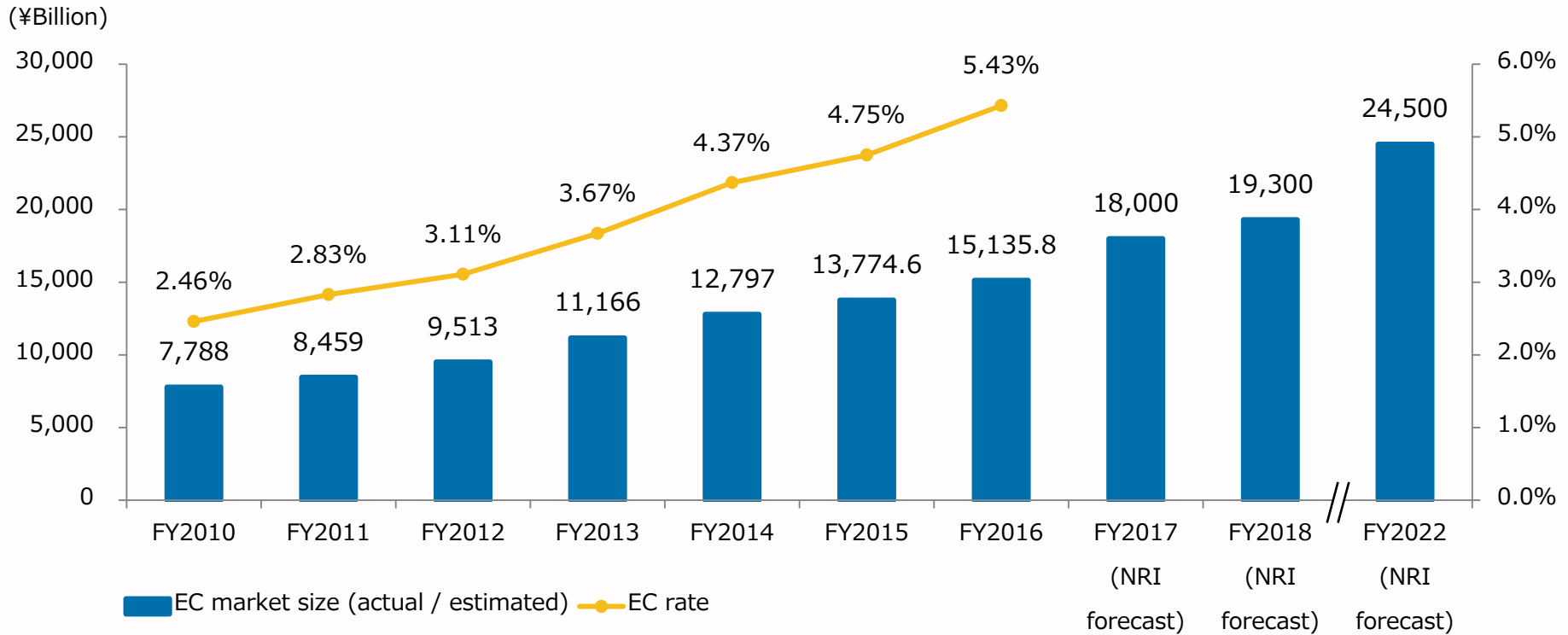
◆Market size of Call center (telemarketing) is forecasted to grow at average rate of 1.9% each year from FY2013 to FY2018 and to ¥883.1 billion as of FY2018.

◆Market size of Contact center (CRM Solution) is forecasted to grow at average rate of 2.7% each year from 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

Market Conditions for our business

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

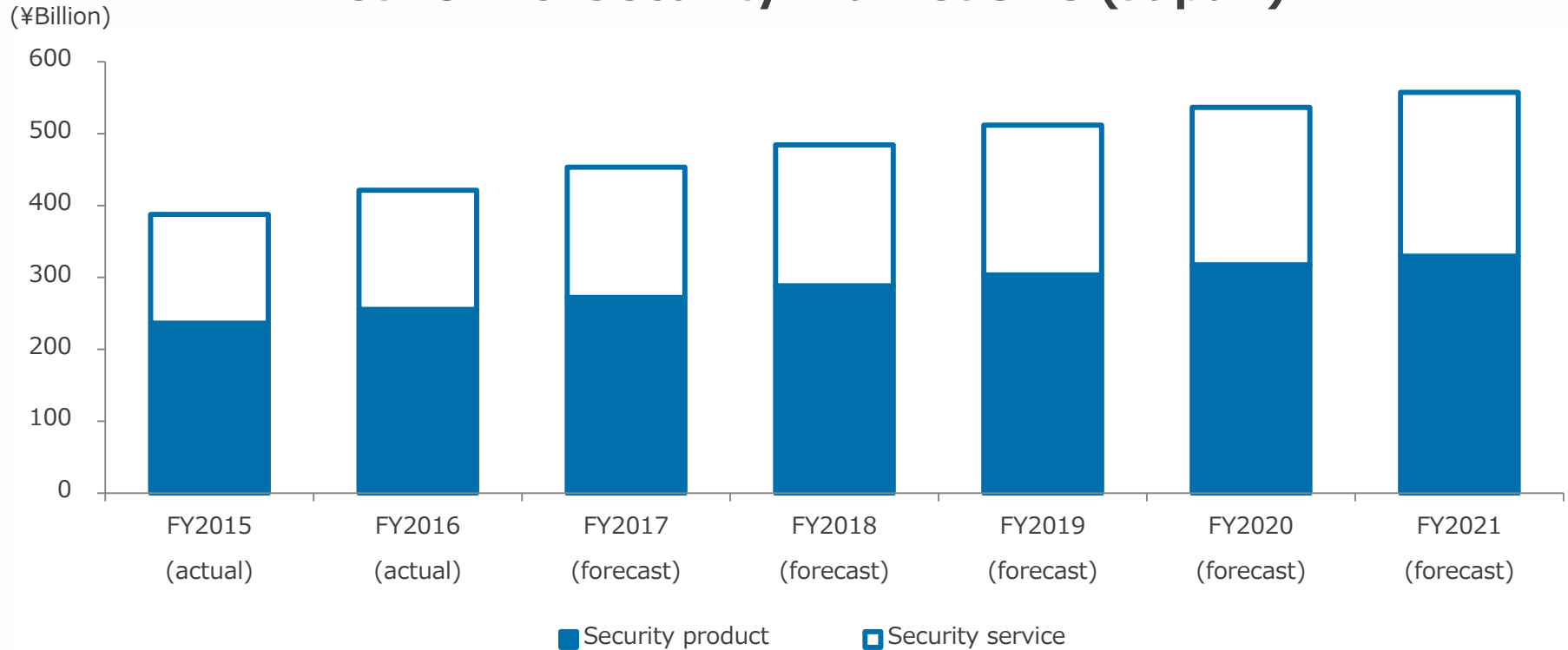


(~2016 : Ministry of Economy, Trade and Industry, 2017~ : Based on Nomura Research Institute)

- ◆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

MEMO



TechMatrix Corporation

Planning and accounting division Corporate planning team

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