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New medium-term management plan
(2021-2023)

「BEYOND THE NEW NORMAL」

TECHMATRIX CORPORATION
May 10, 2021

TechMatrix Corporate Philosophy

To survive the new era as a company that creates the future, new business development is absolutely necessary.

Mission Statement

The IT professional group who create a better future

Action Guidelines

- In a spirit of co-existence and co-prosperity, we work hard to make a contribution to our customers and society.

- Keeping in mind the importance of humbly learning something new, we continue to challenge new technologies and new businesses.

- All the members make a strong commitment to a team success and team growth through open discussion.

BEYOND THE NEW NORMAL

The TechMatrix Group recognize "rapid shift to digitalization and drastic changes in the industrial structure" as a new growth opportunity.
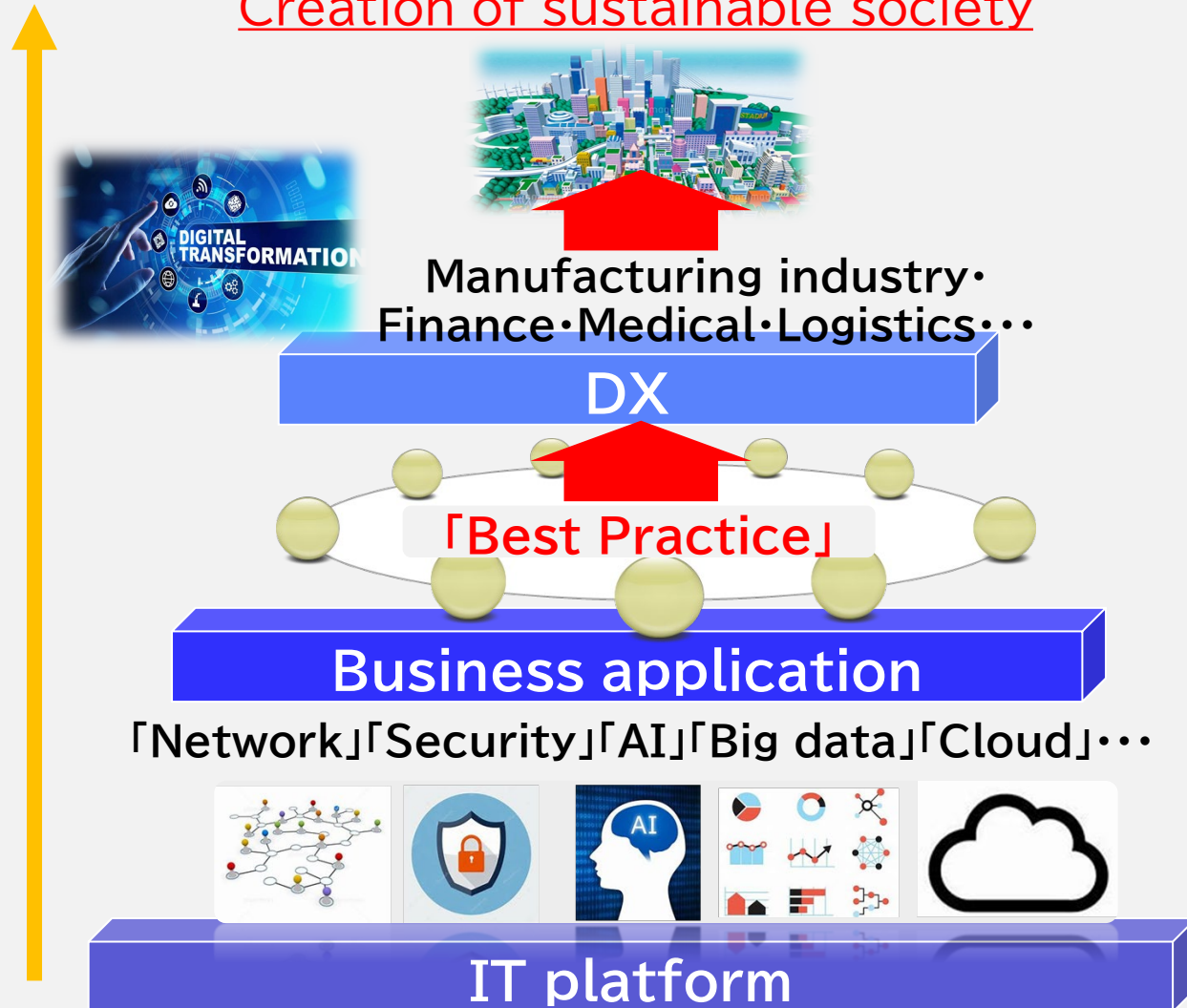
Accelerate businesses absolutely necessary for society and contribute to the creation of sustainable society through the provision of services to solve social problems.

We provide <u>" information infrastructure "</u>, <u>" technologies " and " services "</u> that support digitalization.

We provide the "Best Practice" through our SaaS (Software as a Service) with a sophisticated UX that is easy for anyone to use.

Providing value-added services for the creation of sustainable society

Creation of sustainable society

DIGITAL TRANSFORMATION

Manufacturing industry・Finance・Medical・Logistics・・・

DX

「Best Practice」

Business application

「Network」「Security」「AI」「Big data」「Cloud」・・・

IT platform

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Providing 『**cloud-based business applications**』through a sophisticated UX that is easy for anyone to use.

Providing 『**various software development tools and platforms**』 for customers to accelerate in-house development of software to realize DX.

Providing 『**security solutions**』as a social infrastructure that ensures security and safety.

Providing service value for the Creation of sustainable society

SDGs (Sustainable Development Goals) **17 goals and 169 targets**

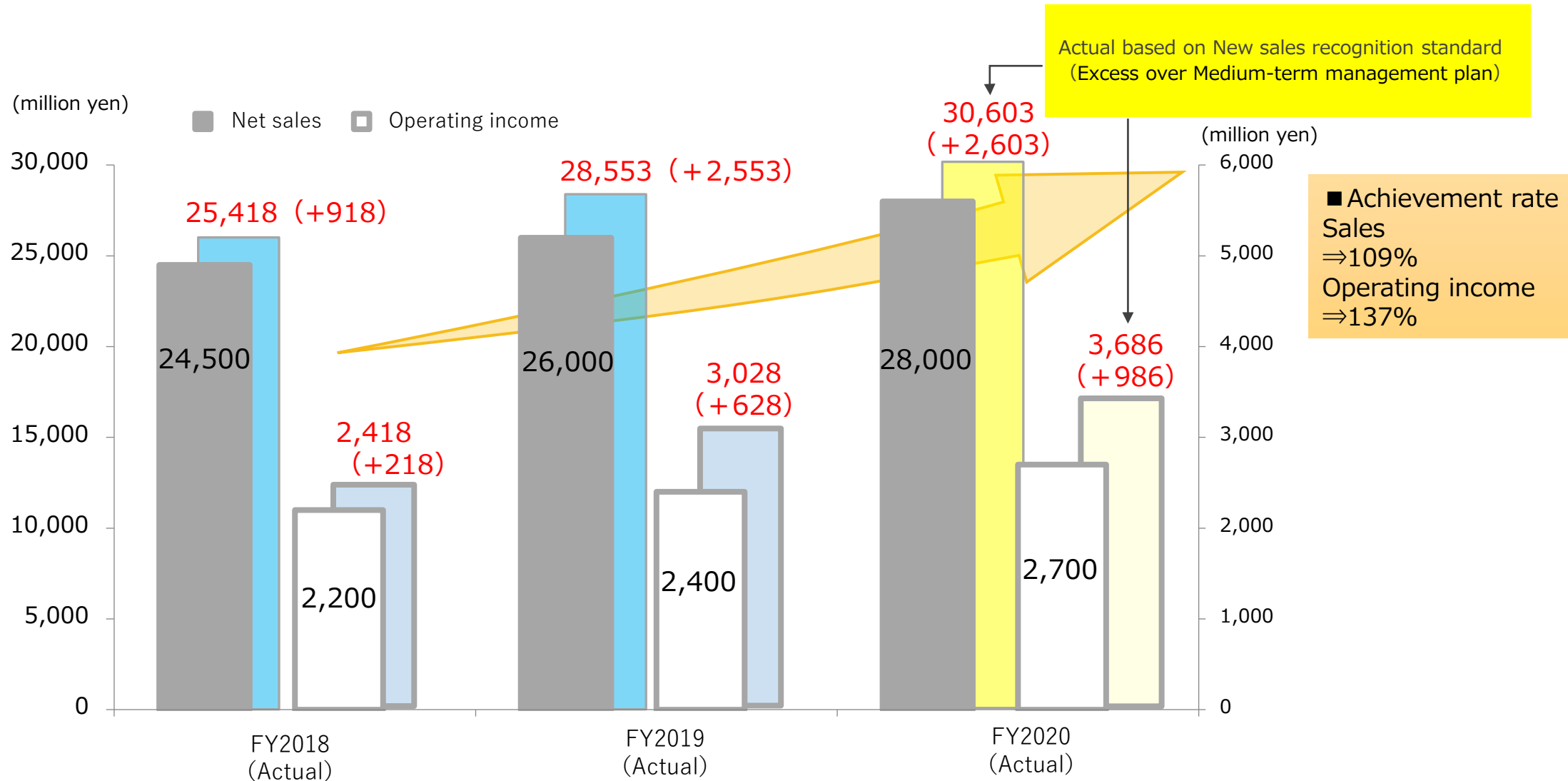| Goal		Target(Excerpt)	TechMatrix group solution	Info Infra	Aps
3 GOOD HEALTH AND WELL-BEING	Good Health and Well-Being	(3.6)By 2020, halve the number of global deaths and injuries from road traffic accidents. (3.8) access to quality essential health-care services	Future car development support Medical cloud service, PHR service Teleradiology service Dose management cloud service		○
8 DECENT WORK AND ECONOMIC GROWTH	Decent Work and Economic Growth	(8.2) Achieve higher levels of economic productivity through diversification, technological upgrading and innovation (8.3) Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation	All business fields Contact center operation efficiency	○	○
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, Innovation, and Infrastructure	(9.1) Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure	Construction support for secure network environment	○	○
10 REDUCED INEQUALITIES	Reduced Inequalities	(10.5) Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations	Business solution for financial service sector		○
4 QUALITY EDUCATION	Quality Education	(4.1) ensure that all girls and boys complete free, equitable and quality primary and secondary education (4.4) substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Providing education platform for schools Training for IT engineers		○

1. Previous medium-term management plan(GO BEYOND 3.0) Summary

2. Key strategies

3. Important management metrics (Net sales , Operating income margin, KPI)

1. **Previous medium-term management plan(GO BEYOND 3.0) Summary**

2. Key strategies

3. Important management metrics （Net sales , Operating income margin, KPI)
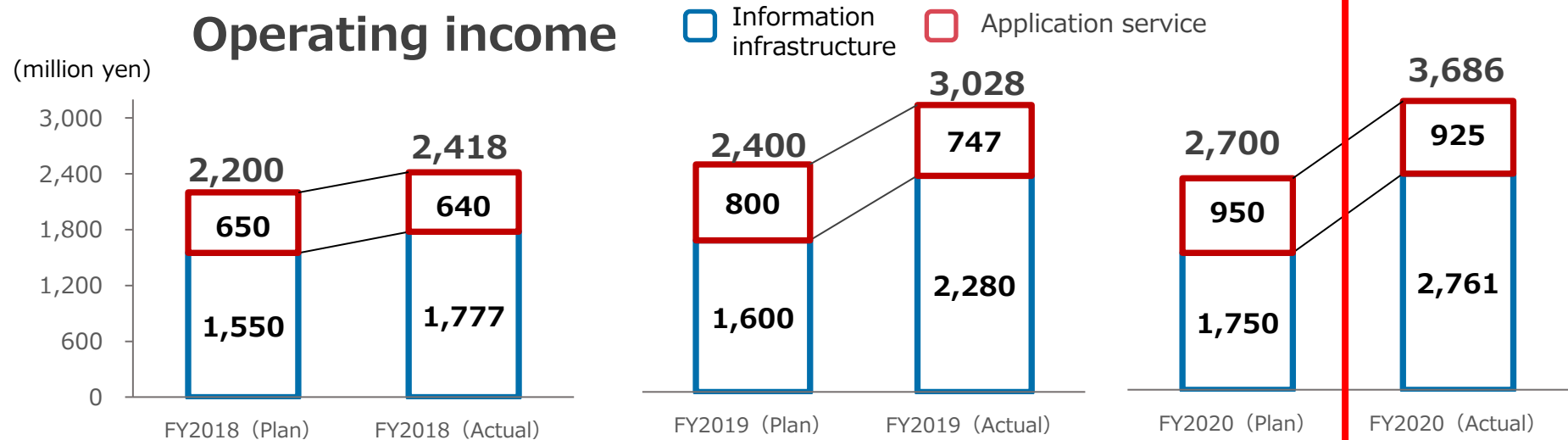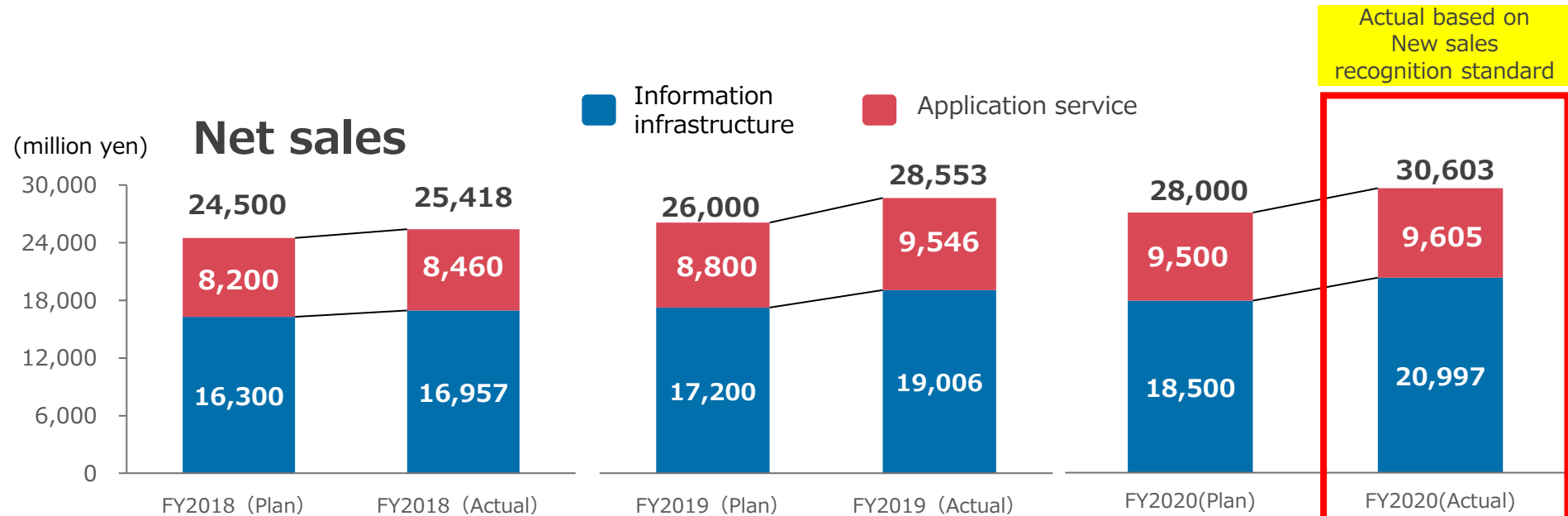
GO BEYOND 3.0 Review（Quantitative）

(million yen)

Net sales ☐ Operating income

Actual based on New sales recognition standard
（Excess over Medium-term management plan）

■Achievement rate
Sales
⇒109%
Operating income
⇒137%

FY2018 (Actual)
- 25,418（+918）
- 24,500
- 2,418（+218）
- 2,200

FY2019 (Actual)
- 28,553（+2,553）
- 26,000
- 3,028（+628）
- 2,400

FY2020 (Actual)
- 30,603（+2,603）
- 28,000
- 3,686（+986）
- 2,700

(million yen) right axis

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GO BEYOND 3.0　Review（Quantitative）※segment

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GO BEYOND 3.0 Review（Quantitative）※segment

Information infrastructure

	FY2018〜FY2020 (Actual)
Net sales CAGR（%）	9.9
Operating income CAGR（%）	21.1

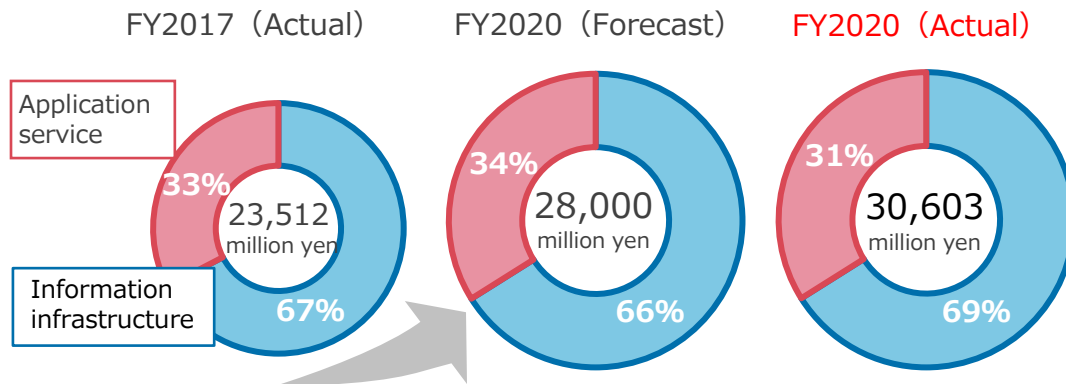|	FY2020(Forecast)
OI margin（%）	9.5
(FY2020 Actual)	(13.1)
(FY2019 Actual)	(11.9)
(FY2018 Actual)	(10.5)
(FY2017 Actual)	（ 9.8）

※ Active transformation of business structure , Focus on creating unique added value service
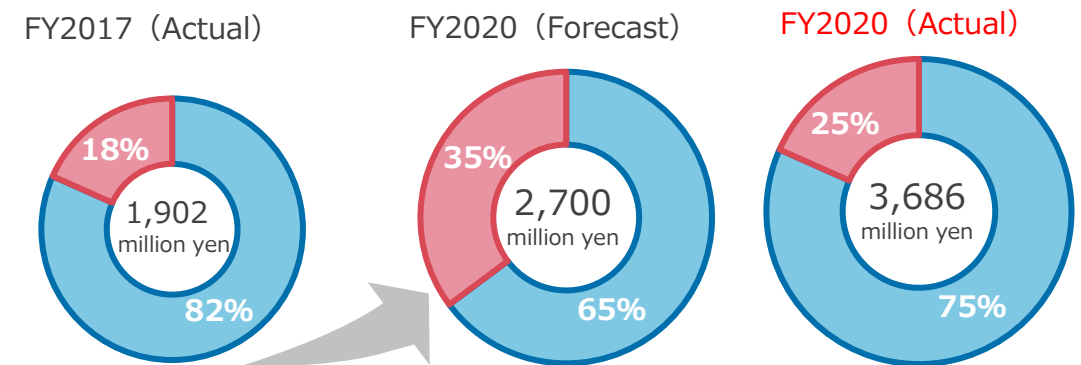
Application service

	FY2018〜FY2020 (Actual)
Net sales CAGR（%）	7.8
Operating income CAGR（%）	38.3

	FY2020（Forecast）
OI margin（%）	10.0
(FY2020 Actual)	(9.6)
(FY2019 Actual)	(7.8)
(FY2018 Actual)	(7.6)
(FY2017 Actual)	(4.5)

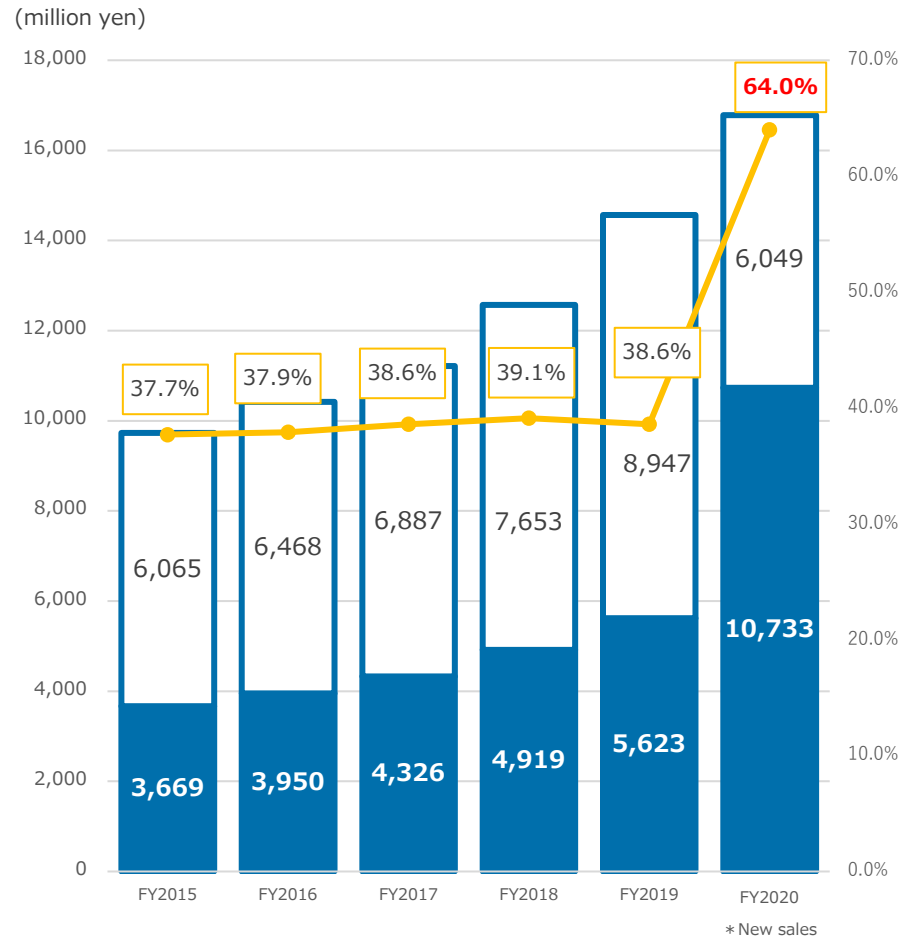※ Transition to profitable phase through growth of stock type businesses

Net sales

FY2017（Actual）　　FY2020（Forecast）　　FY2020（Actual）

Application service

33% — 23,512 million yen — 67%

34% — 28,000 million yen — 66%

31% — 30,603 million yen — 69%

Information infrastructure

Operating income

FY2017（Actual）　　FY2020（Forecast）　　FY2020（Actual）

18% — 1,902 million yen — 82%

35% — 2,700 million yen — 65%

25% — 3,686 million yen — 75%

GO BEYOND 3.0 Review（Quantitative）※ Stock ratio

Information infrastructure

(million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 *New sales
Non stock	6,065	6,468	6,887	7,653	8,947	6,049
stock	3,669	3,950	4,326	4,919	5,623	10,733
Stock ratio	37.7%	37.9%	38.6%	39.1%	38.6%	64.0%

■ stock □ Non stock ─●─ Stock ratio

Application service

(million yen)

|	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 *New sales
Non stock	3,726	3,660	3,308	3,416	3,995	3,958
stock	2,911	3,090	3,694	4,224	4,636	4,857
Stock ratio	43.9%	45.8%	52.8%	55.3%	53.7%	55.1%

■ stock □ Non stock ─●─ Stock ratio

＊A part of sales used to be recognized as Non-Stock sales (e.g. 1st-year maintenance included in the products and subscriptions) were recognized as Stock sales as a result of applying the New Accounting Standard for sales Recognition. Therefore, Stock ratio went up.
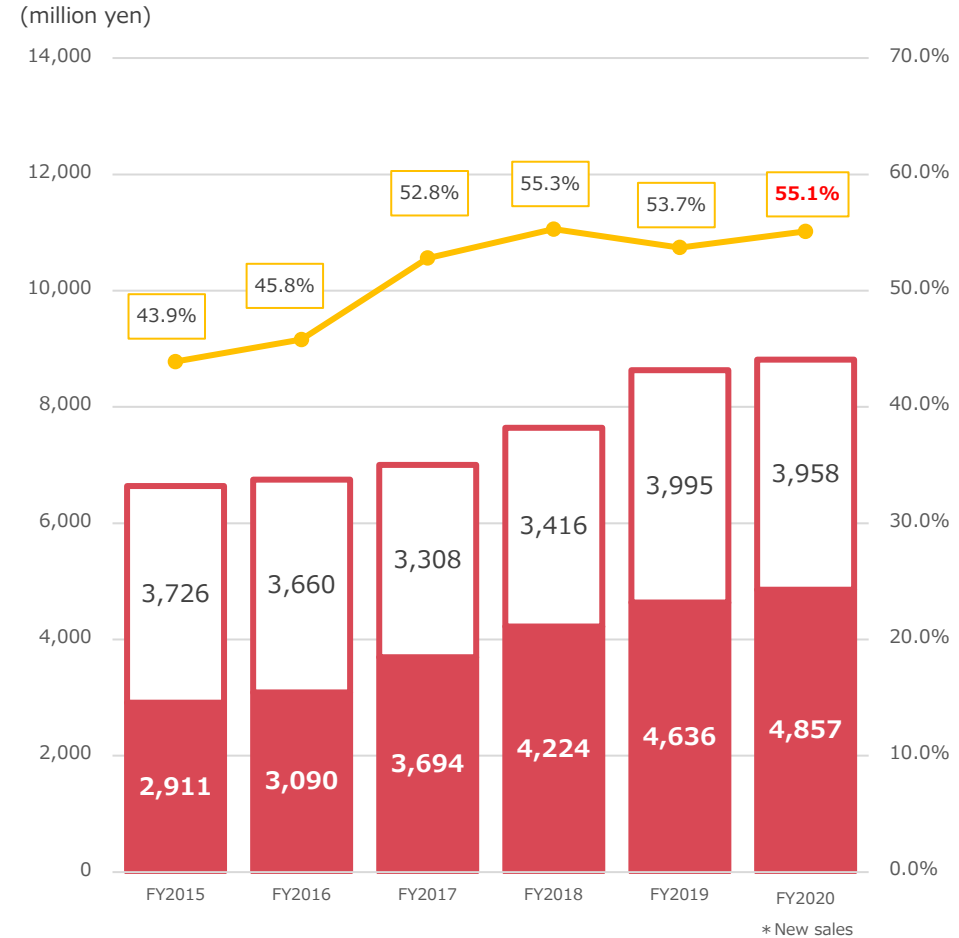
＊Stock ratio went up because a part of sales used to be recognized as Non-Stock sales (e.g. subscriptions for testing tools) were recognized as Stock sales as a result of applying the Accounting Standard for sales Recognition and cloud business continues to grow.

GO BEYOND 3.0 Review （Qualitative face）

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We continue business strategy of TMX 3.0
- **Strategic and accelerated promotion of cloud-related business**
- **Pursuit of security and safety**

7 Business Strategies

self-evaluaion

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	Unilization 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 unilization of human resources and technology, new value created by combination of expertise accumulated in each filed, investment in human resources and development of next-generation management, Recruitment/human resource development/evaluation/retention besed on corporate philosophy)	○
7	M&A (including usage of treasury stocks)	○

Item	Self-Valuation	Description
1）Diversification of business operating structure (conclusion of a business/capital alliance, cooperation with universities and research institutions, open innovation)	◎	■Medical System Division was spun off from the Company and established NOBORI Ltd. as a joint venture company with MITSUI & CO., LTD. ・Business alliance between NOBORI and M3, Inc. ・Invested in LPIXEL Inc. ・Capital and business alliance between NOBIRI Ltd. and A-Line Co.Ltd. ■Business and capital alliance with Information Design Architecture Yamazaki Co., Ltd. in the financial field of Business Solution. ■Investing in AI and fintech-related funds to expand alliance with startup companies. ■Developed a communication platform for education in collaboration with Karuizawa Kazakoshi school in New Business Development field.
2）Accelerated servicization (in the whole areas)	○	■Commenced the provision of "Trusted Gateway", a unique cloud service using remote access devices (BIG-IP APM). ■Commenced offering of integrated security monitoring service "TechMatrix Premium Support powered by TRINITY (TPS)". ・We continue to enhance TPS, e.g. adding insurance coverage for damages arising out of cyber security incidents and incident response services. ■CROSS HEAD further expands API services to connect Cybozu Garoon and Kintone with various other cloud services such as Microsoft Teams. ■Commenced development of cloud service for web-based test management tools. ■Commenced CVA service for risk assessment and analysis at financial institutions.
3）Unilization of data (including usage of AI)	◎	■Established the New Business Development Unit to launch new businesses, as well as to drive research into big data analysis, the latest technologies and case studies, including AI etc. ■Collaborating with several AI ventures and medical institutions on the joint development of AI- based medical image diagnosis support system. ・Developed an AI-based diagnostic support service for doctors. ■In Software Quality Assurance field, ongoing research and development on quality assessment of machine learning systems. ■Progress on integration of our CRM systems with various AI solutions. ・Speech recognition, automatic summarization, classification, etc. ■Joint development with CROSSHEAD in order to emulate security analysts' analysis operations using AI. ■Jointly conducting a demonstration experiment with Riskmonster.com to improve credit management accuracy using AI.

Item	Self-Valuation	Description
4）Enter B2C businesses	◎	■NOBORI Ltd. Commenced providing PHR (Personal Health Record) service for individuals (for patients) after conducting demonstration tests with several hospitals. ・official release in 2020, started offering a paid version at the beginning of 2021
5）Rapid expansion of businesses in overseas markets (next step out of market research phase)	△	■Established a new representative office in Bangkok, Thailand, to expand CRM business in ASEAN. ・Despite steady progress in expanding the number of projects, we are considering ways to leverage its capabilities to expand its business, through business alliances, etc.
6）Strengthen business management foundation (cross-group/effective unilization of human resources and technology, new value created by combination of expertise accumulated in each filed, investment in human resources and development of next-generation management, Recruitment/human resource development/evaluation/retention besed on corporate philosophy)	○	■Tie-up with CASAREAL,inc. to strengthen cloud-native related technologies in the Information Infrastructure Business. ・Considering ways to materialize value creation. ■Collaboration between Software Quality Assurance division and CASAREAL,inc. in the area of DevOps and agile development. ■Promote initiatives for the introduction of a new personnel performance management system (plan to start operating the new system in April 2022). ■Implemented changes to personnel management system to support employees' career development. ・Introduction of the "Career Design System" to support employees' proactive career development. ・Introduction of the "Career challenge System" to provide an environment where employees can proactively develop opportunities to better demonstrate their abilities and experience.
7）M&A (including usage of treasury stocks)	○	■Issued stock acquisition rights through third-party allotment to raise funds for the future M&A (raised over 4 billion yen in total) ■Capital and business alliance between NOBIRI Ltd. and A-Line Co.Ltd. ■Business and capital alliance with Information Design Architecture Yamazaki Co., Ltd. in the business field focusing on financial service sector (Business Solution).

BEYOND THE NEW NORMAL　Key strategies

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

Topic

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

BEYOND THE NEW NORMAL Segment basic strategy

TechMatrix

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

BEYOND THE NEW NORMAL Focus area

| | Information infrastructure business | Application service business |

| | Existing products and services | New products and services |

Existing market

Market penetration
(Items to be strengthened / Increasing market share)

Cyber security measures

Strengthening direct sales to strategic accounts and indirect sales through strategic resellers

Expansion of product and service

Integrated security monitoring service "TPS"

CRM business: One-stop service

Medical business: AI medical image diagnosis support service

New market

Market development

CRM business: Business expansion in ASEAN market

Diversification

Education business 「ツムギノ」

Medical business: PHR service

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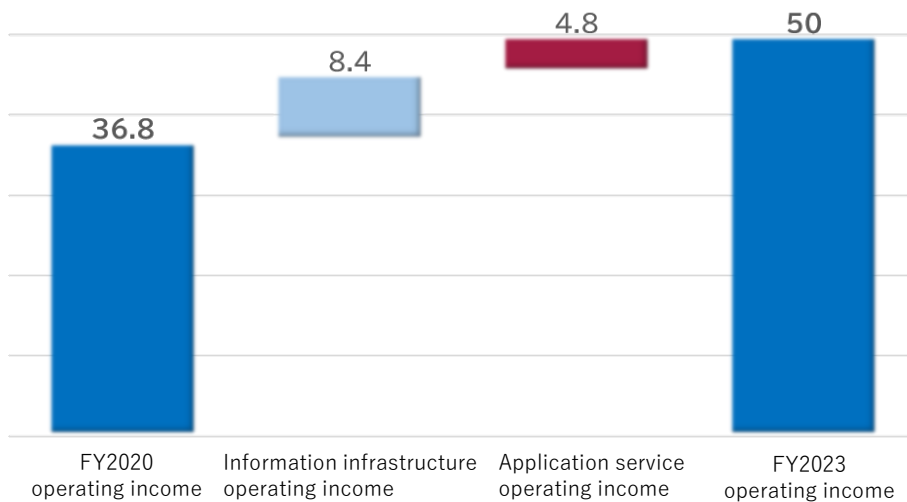1. Previous medium-term management plan（GO BEYOND 3.0）Summary

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TechMatrix consolidated net sales trends
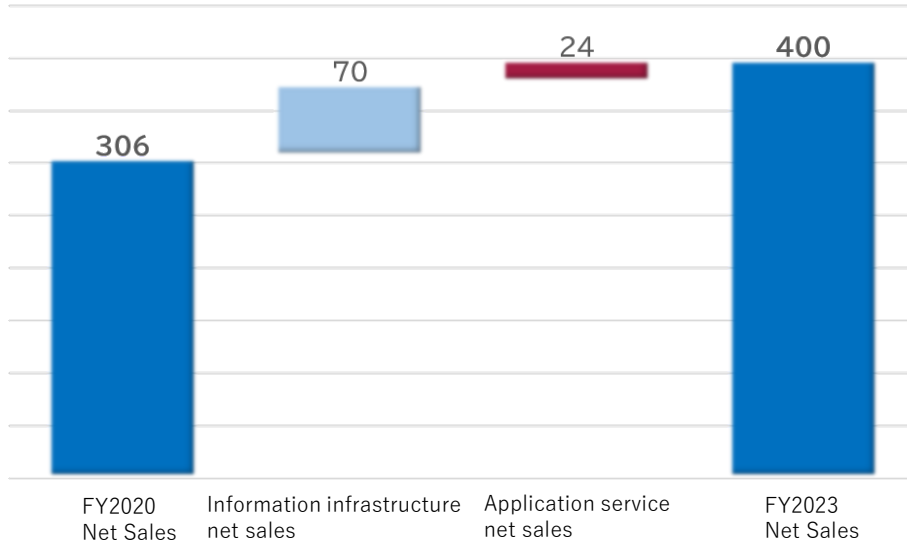
TechMatrix consolidated operating income trends

| Unit: billion yen			FY2020 Actual	FY2023 Plan	
Net sales	**Total**		30.6	40	131%
	Information infrastructure		21.0	28	133%
	Application service		9.6	12	125%
Operating income	**Total**		3.68	5	136%
	Information infrastructure		2.76	3.6	130%
	Application service		0.92	1.4	152%
Operating income margin	**Total**		12.0%	12.5%	-
	Information infrastructure		13.1%	12.9%	-
	Application service		9.6%	11.7%	-

BEYOND THE NEW NORMAL　3-year targets　（Consolidated）
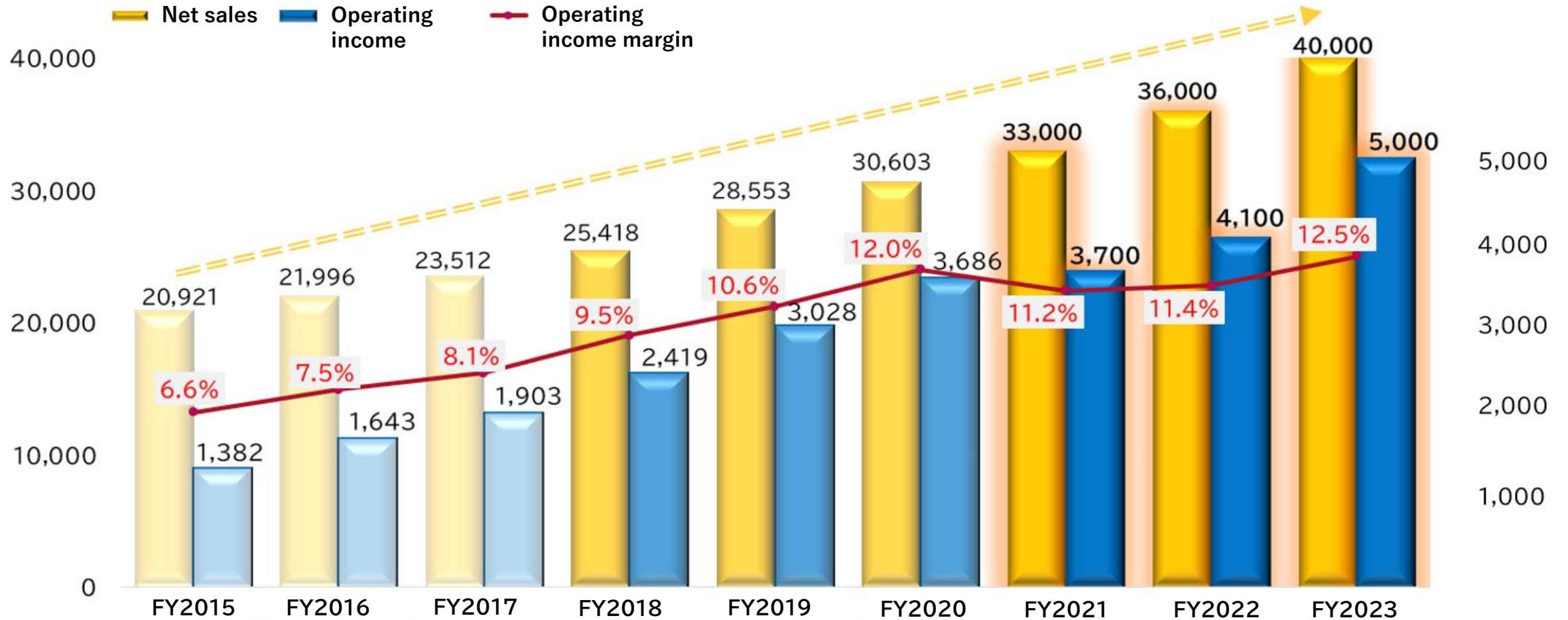
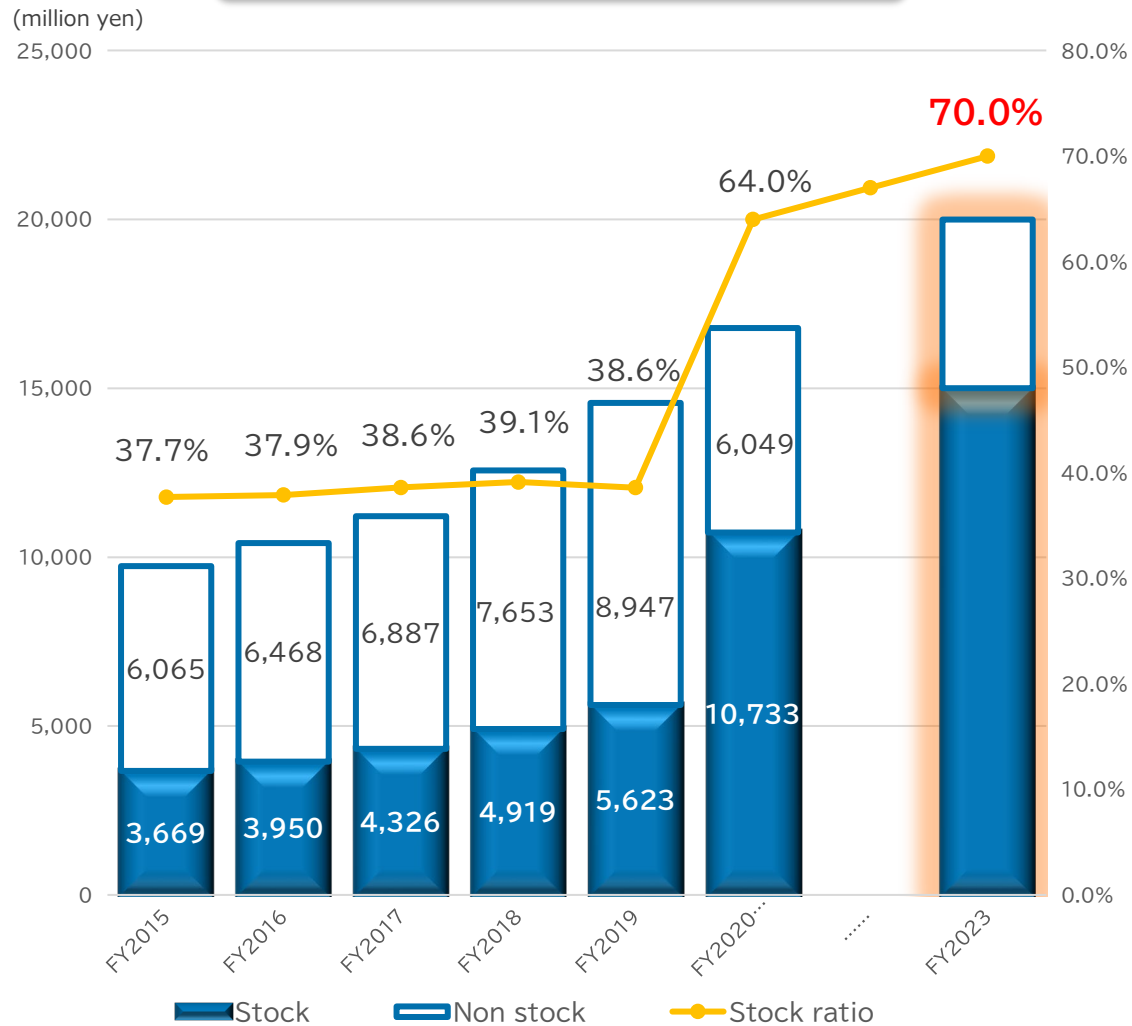# BEYOND THE NEW NORMAL 3-year targets （Information infrastructure）
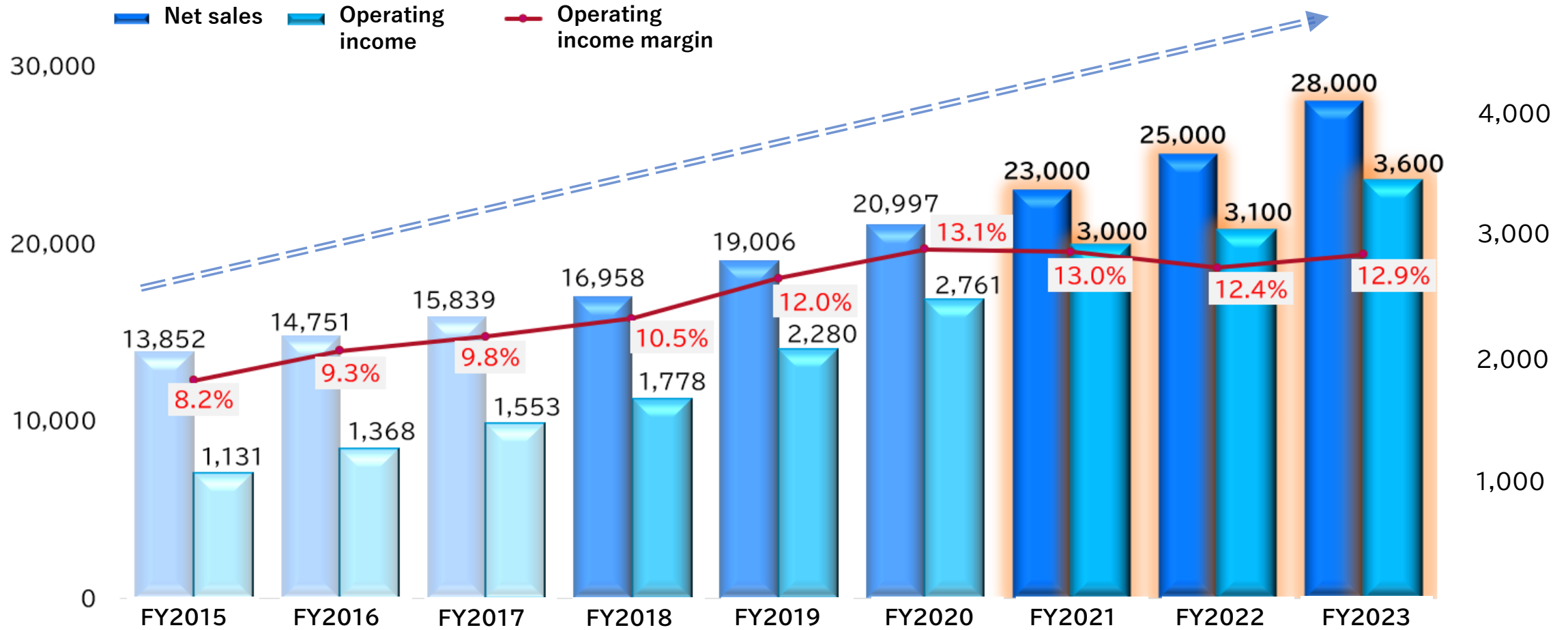
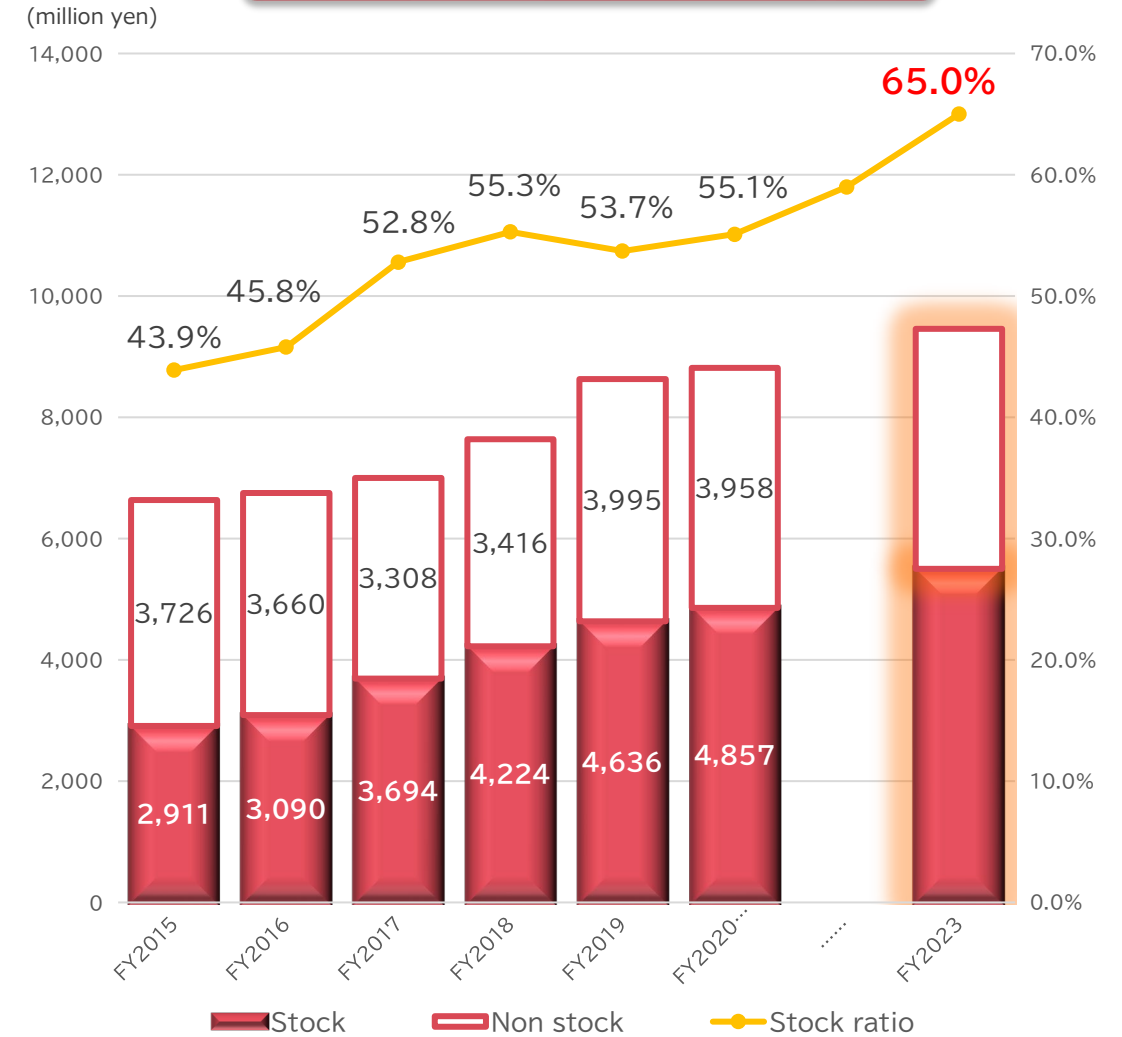# BEYOND THE NEW NORMAL　3-year targets（Application service）
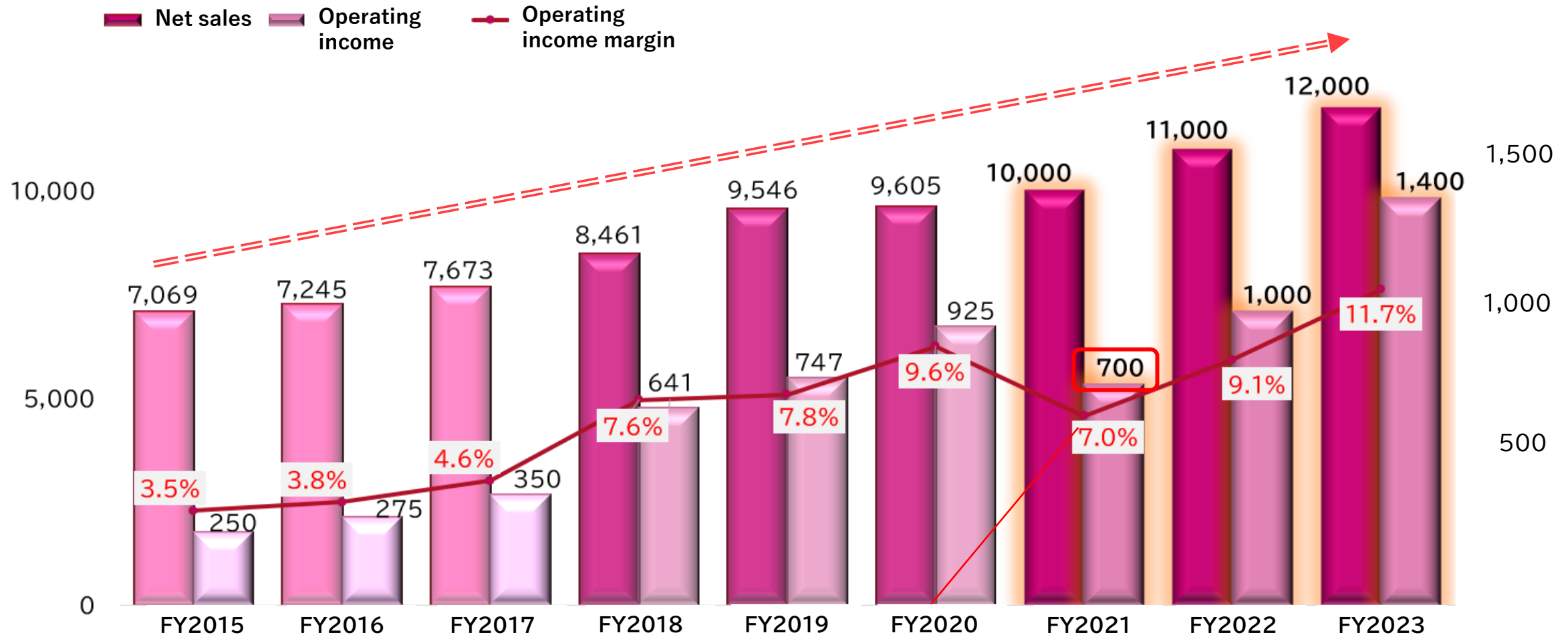
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BEYOND THE NEW NORMAL KPI（Stock ratio） TMX(stand alone) + NOBORI

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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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