

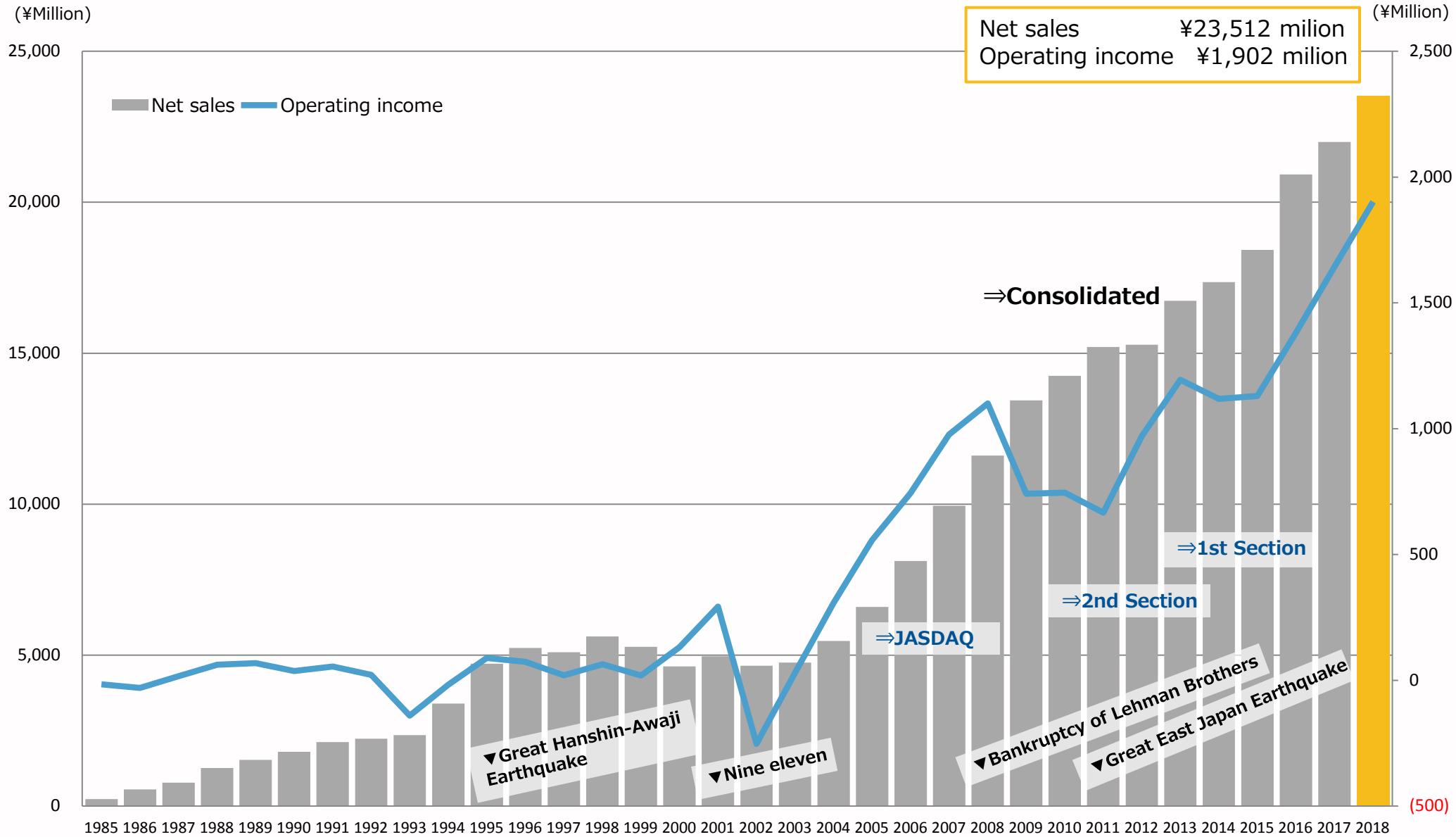
Medium-Term Management Plan
GO BEYOND 3.0

TechMatrix Corporation
June 19, 2018

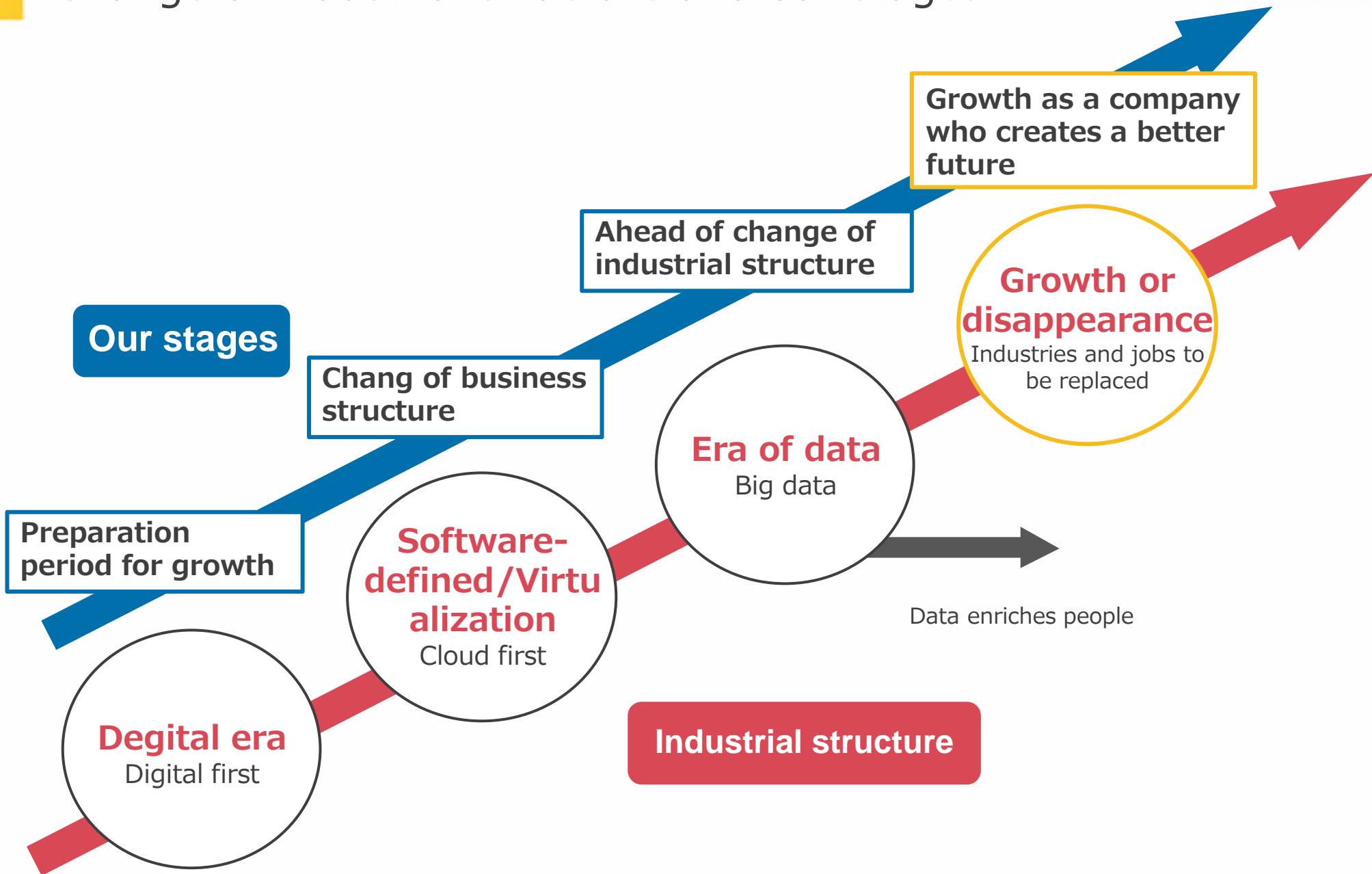
1. Market environment
2. Future business expansion
3. Planned value

Market environment

Trends in net sales and operating income



Change of industrial structure and our stages



Recent developments in cyber security

In March 2016
METI : Information Security Management Standards (revision)

In July 2016
METI : IoT security guideline

In October 2016
Basic Law for Cyber Security (revision)

In November 2017
METI : Cyber security Management Guidelines (revision)

The government

National security for the infrastructure defense

Utilization of data in the government and companies like the social security and tax number system.

Companies

Cyber security is a part of corporate governance

Information Leakage impacts companies badly. Companies might need to go out of business.

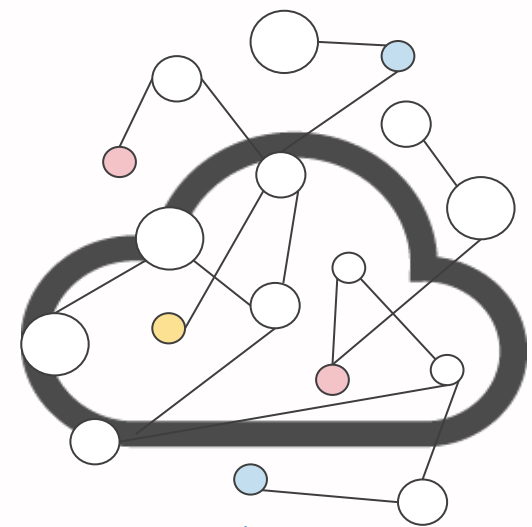
Cyber security is an integral part of strategies in the government and companies

The era of data (Data creates value)

We connect with people around the world, Because the internet is everywhere

Data is created from everything

Data is gathered in a cloud to be Big data

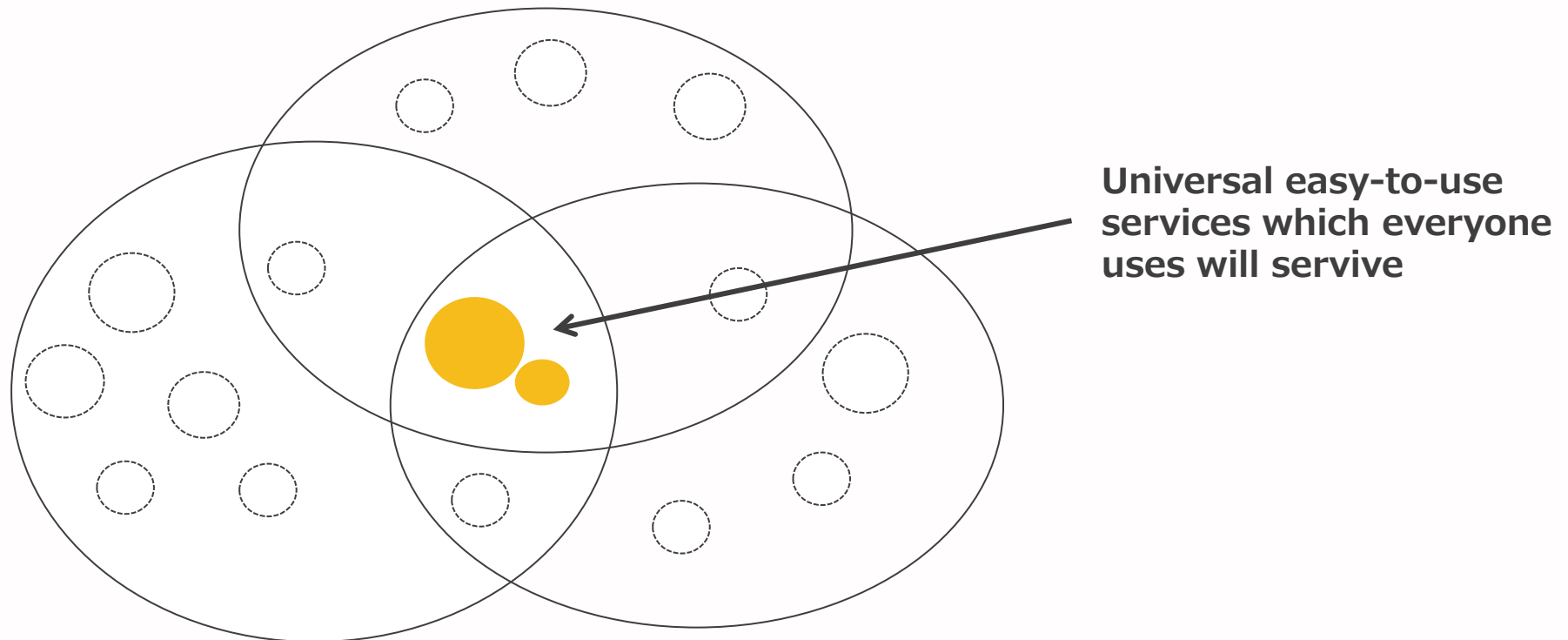


- A explosive spread of mobile devices
- The world is flat

- A explosion of data by sensors and the internet
- Connected Car, Self-driving, Sharing economy
- Software quality assurance is quit important for security and sefely in software dependent society
- Measures against security vulnerability is a part of software quality assurance
- Necessity of security and sefety

- Data creates algorithm (AI)
- Data differentiates our business
- Mobility and ownership of data
- Cloud is a platform for data analysis
- Change to a cloud from On-premises
- To be converged into B2C and C2C

- Wide spread of in-house software development and DevOps
- Open source software will be commoditized
- Network security moves into a cloud and defense and detection of computer viruses in endpoint will be evolved
- Integration through API
- Services which requires human involvement (limitation of automation)



As a company who creates a better future, it is inevitable to create new businesses so that we can survive a new era.

Mission Statement

The IT professional group who create a better future

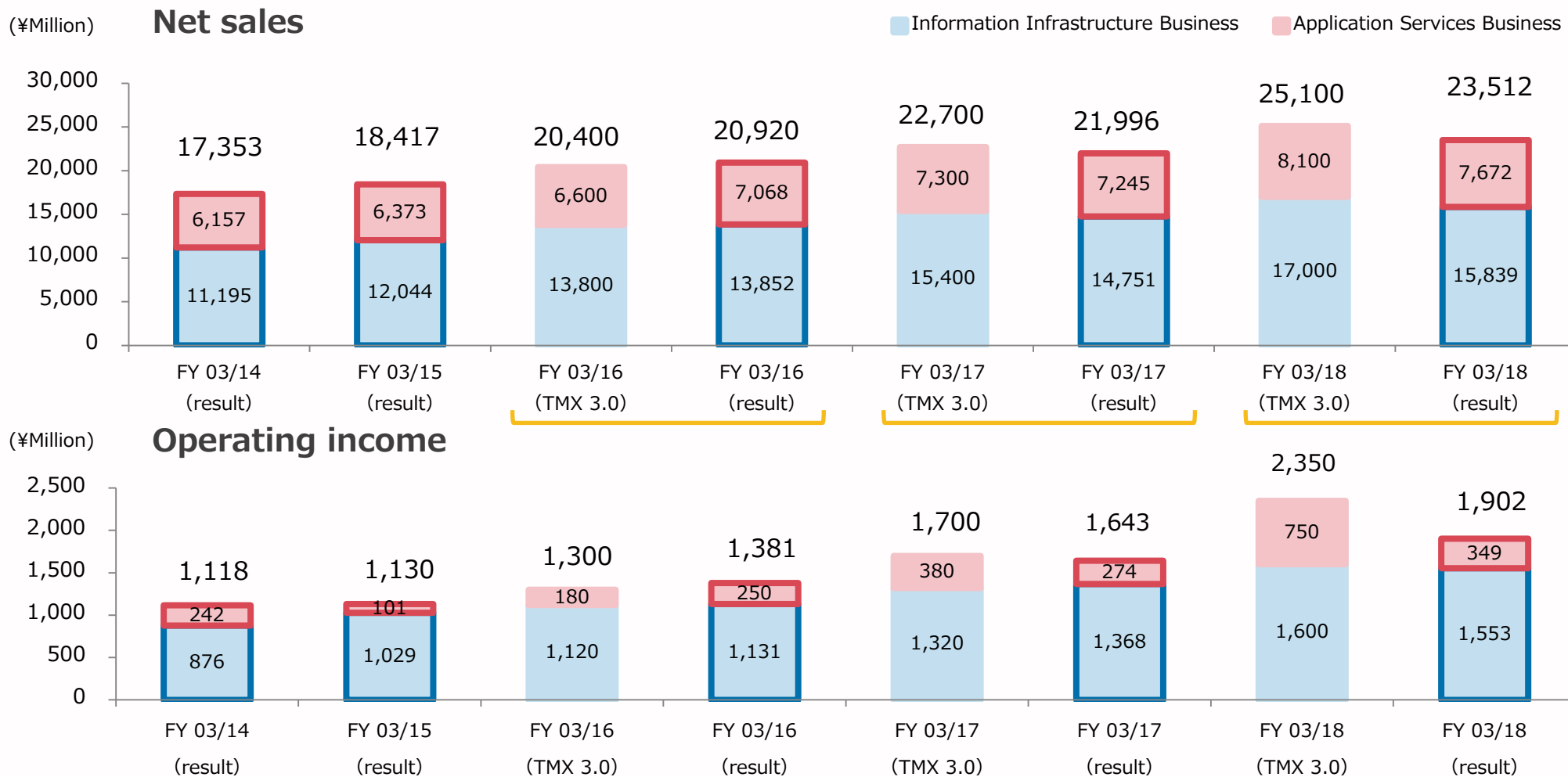
Standards of Business Conduct

- 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.

Future business expansion

Progress of the Medium-Term Management Plan "TMX 3.0"

- We achieved consolidated net sales and operating income targets in the first year of TMX 3.0, but didn't achieve those targets after the second year. We continued to expand our businesses for three years.
- The highest consolidated net sales and operating income



Strategic and accelerated promotion of cloud-related businesses

- Positive turnaround of the healthcare cloud business
- In Healthcare field: we advanced into the pathology sector. And we founded a joint venture company in China, but it is half way to goal.
- NOBORI Ltd. was established
- In CRM field: alliance with Transcosmos (Thailand) in ASEAN market was progressed (Representative Office in Bangkok was established)

Pursuit of security and safety

- Expanded security-related businesses in the government and companies due to increasing threats for cyber-attacks
- Launched a lot of new products and services
- Software Quality Assurance field: booking was steady due to the increasing awareness of the importance of functional safety for embedded software in IoT (Internet of Things) era

Operation strategy

- Offshore development in Vietnamese and China was progressed
- Expanded product sales and the maintenance, operation and monitoring services
- The growth of cloud businesses and stock-type businesses
- Additional relocation of regional offices
- Close ties with partners

Item	Valuation	Description
Strategic and accelerated promotion of cloud-related businesses		
Profit contribution by the cloud business (Realize profitability of the healthcare cloud business)	◎	<ul style="list-style-type: none"> • Positive turnaround of the healthcare cloud business /NOBORI Ltd. was established • Strengthen sales for "RAKURAKU Back-office services" • FastCloud (CRM) in good shape • Techma Cloud (Office 365 traffic control and user restriction) in good shape
Turn our cloud service into a platform (diversification)	◎	<ul style="list-style-type: none"> • "NOBORI-PAL" (expanded the services) • NOBORI-EX • ICHIGO LLC concluded business alliance with SoftBank Corp in the pathology sector
Establish cloud business in overseas (Asian) market (At first, the success of the joint venture in China is needed)	△	<ul style="list-style-type: none"> • Healthcare field: founded a joint venture company in China, but it is half way to goal. Alliance with Peking University in the pathology sector • CRM field: Alliance with Transcosmos (Thailand) in ASEAN market was progressed (Representative Office in Bangkok was established)
Quality improvement for cloud operation (Exponential improvement of operational skills)	○	<ul style="list-style-type: none"> • Driven by PMO section, stabilized operation, continuing facility investment
Strategic adaption of virtualization technologies (Cloud first)	○	<ul style="list-style-type: none"> • Hyper converged solution "VCE VxRail" • Okinawa Cross Head Co., Ltd.: nas2cloud Plus • CROSS HEAD : Trained many engineers for AWS
Analysis of Big data gathered in the cloud (Secondary use of the data)	○	<ul style="list-style-type: none"> • Pharmacy BI, Development of Budget management field • Main strategy of new Medium-Term Management Plan

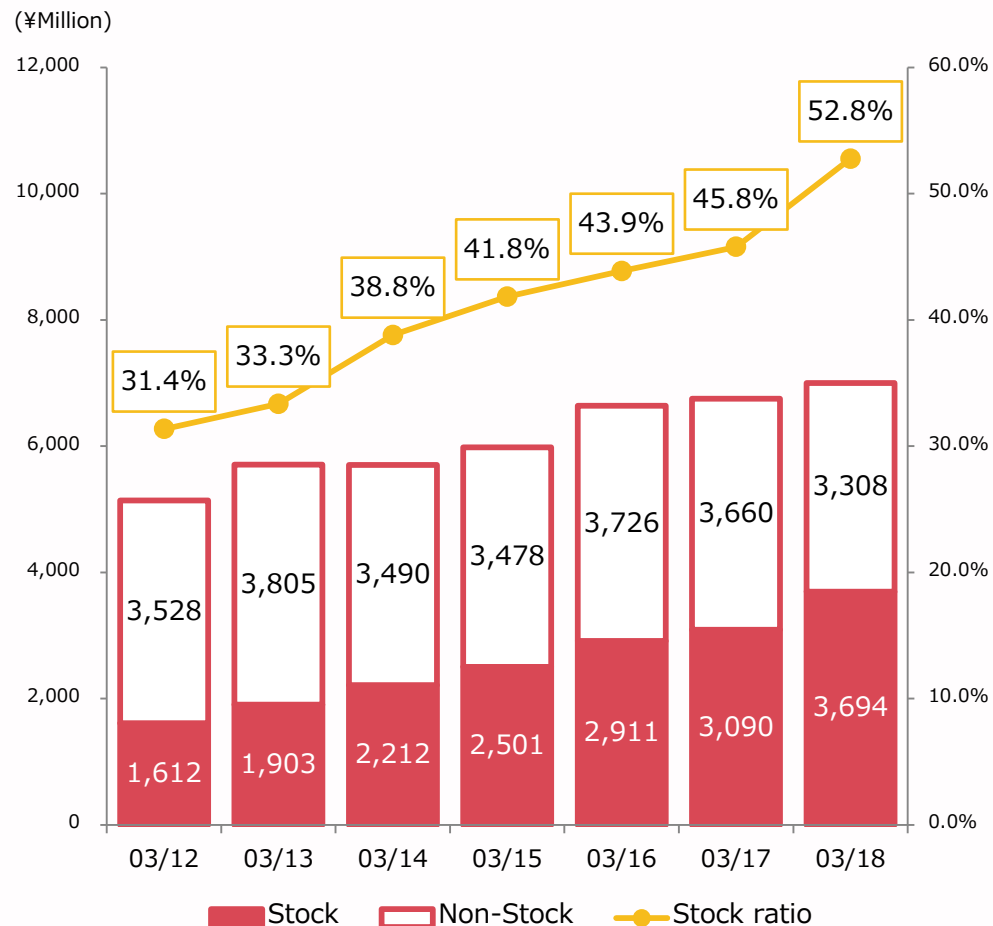
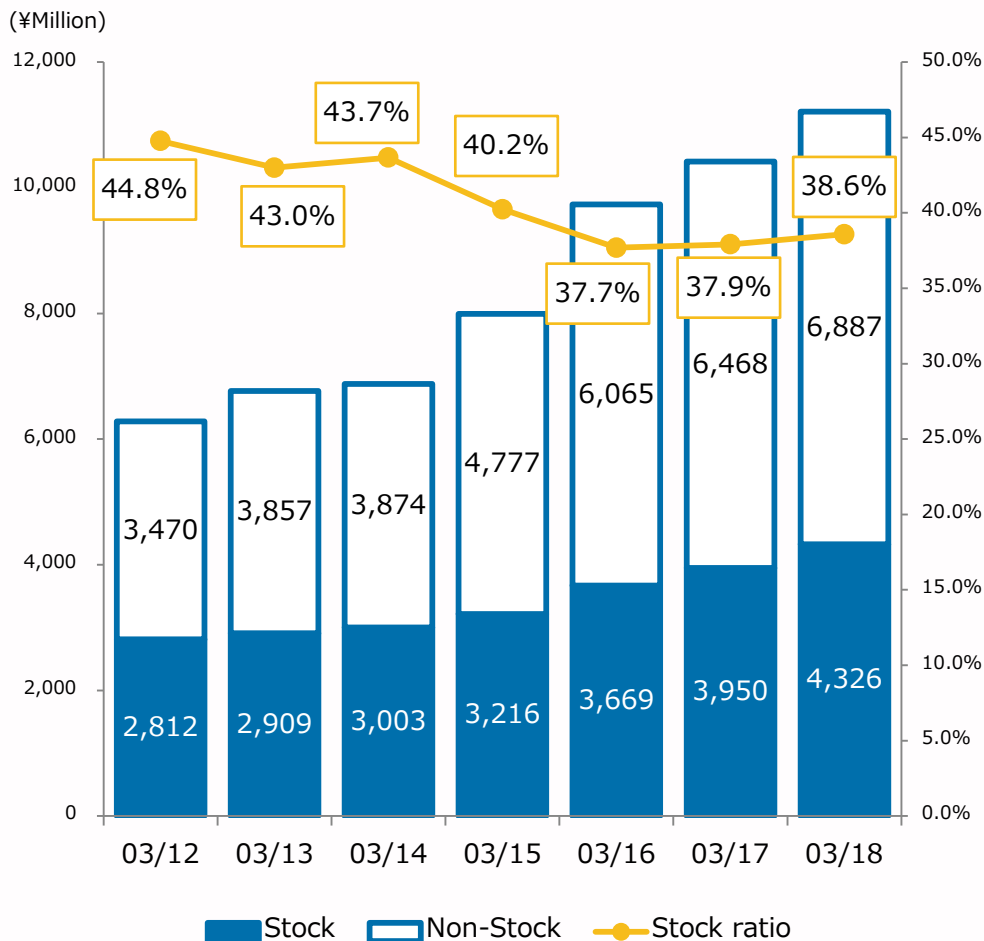
Item	Valuation	Description
Pursuit of security and safety		
Enhancement of defenses against cyber-attacks and provision of a one-stop service	◎	<ul style="list-style-type: none"> • Votiro Auto Mail Link with matrixgate, Votiro Auto SFT Plus, TRINITY security monitoring service for McAfee SIEM, Votiro Auto SFT Plus for m-FILTER, TRINITY security monitoring service for Palo Alto Traps
Design, construction, maintenance, operation and monitoring services Realize value chain of automatization	◎	<ul style="list-style-type: none"> • Expanded product sales and the maintenance, operation and monitoring services • NOC/SOC (. . . TRINITY)
Functional safety for embedded software in IoT (Internet of Things) era	◎	<ul style="list-style-type: none"> • Software Quality Assurance field : Booking was steady • Lychee Redmine • WhiteSource
Contribute to safety and security within Internet-based society (accumulation of knowledge as a professional group in the Technology for Information Security and Software Quality Assurance field)	◎	<ul style="list-style-type: none"> • Service virtualization and API testing by SOAtest/Virtualize of Parasoft (IoT filed including automotive) • Large-scale projects in automotive field

Item	Valuation	Description
Operation strategy		
Cost reduction for higher profitability		
<ul style="list-style-type: none"> ▸ Promote the active utilization of offshore development 	◎	<ul style="list-style-type: none"> • Offshore development in Vietnamese and China was progressed
<ul style="list-style-type: none"> ▸ Improve operation efficiency by integrating the office space of Head Office 	◎	<ul style="list-style-type: none"> • Additional relocation of regional offices • Deployment of a new ERP system
<ul style="list-style-type: none"> ▸ Transform business model without monotonic increase of human resources 	◎	<ul style="list-style-type: none"> • Stock ratio increased
Closer ties with partners	◎	<ul style="list-style-type: none"> • Information Infrastructure field : JB Service, JPIX, Yokogawa Rental & Lease Corporation, HP Japan Inc. • CRM field : LINE, Intercom • Internet Service field : MakeShop • Healthcare field : MITSUI & CO., LTD., Medical Data Vision Co.,Ltd.
Strengthen direct sales. Penetrate deeply into the market for the government and other public agencies	○	<ul style="list-style-type: none"> • Automatic data exchange tool for Secure Data Sanitization “Votiro Auto Suite” for local governments, Financial institutions and Educational institutions
Strengthen workforce by promotion of diversity	○	<ul style="list-style-type: none"> • Growing diversity on hiring of new graduates
Strengthen company's brand as a corporate group	○	<ul style="list-style-type: none"> • Strengthen IR

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

Information Infrastructure Business

Application Services Business



* Information Infrastructure Business: Stock ratio was healthy

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

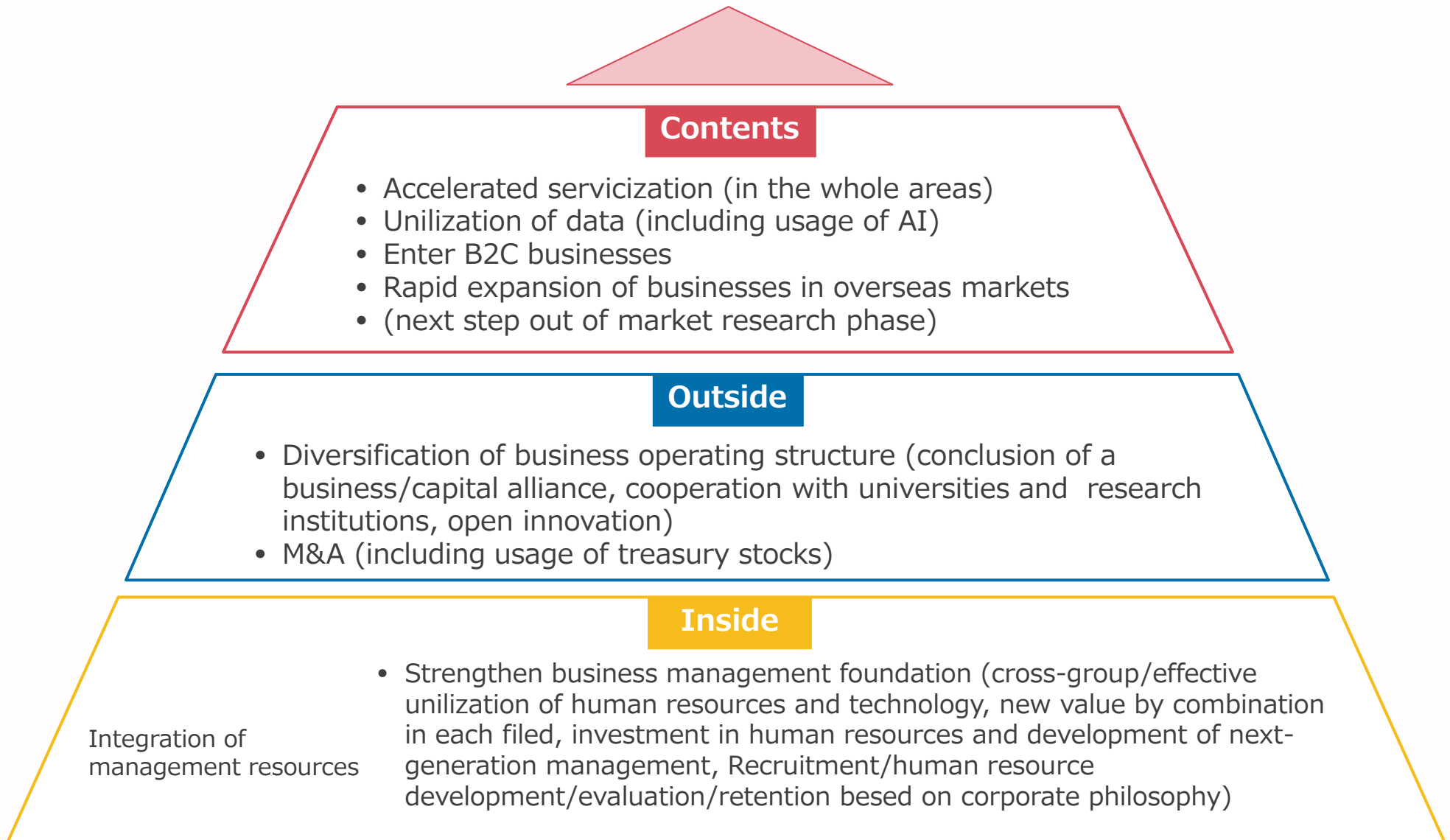
We continue business strategy of TMX 3.0

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

New business strategy

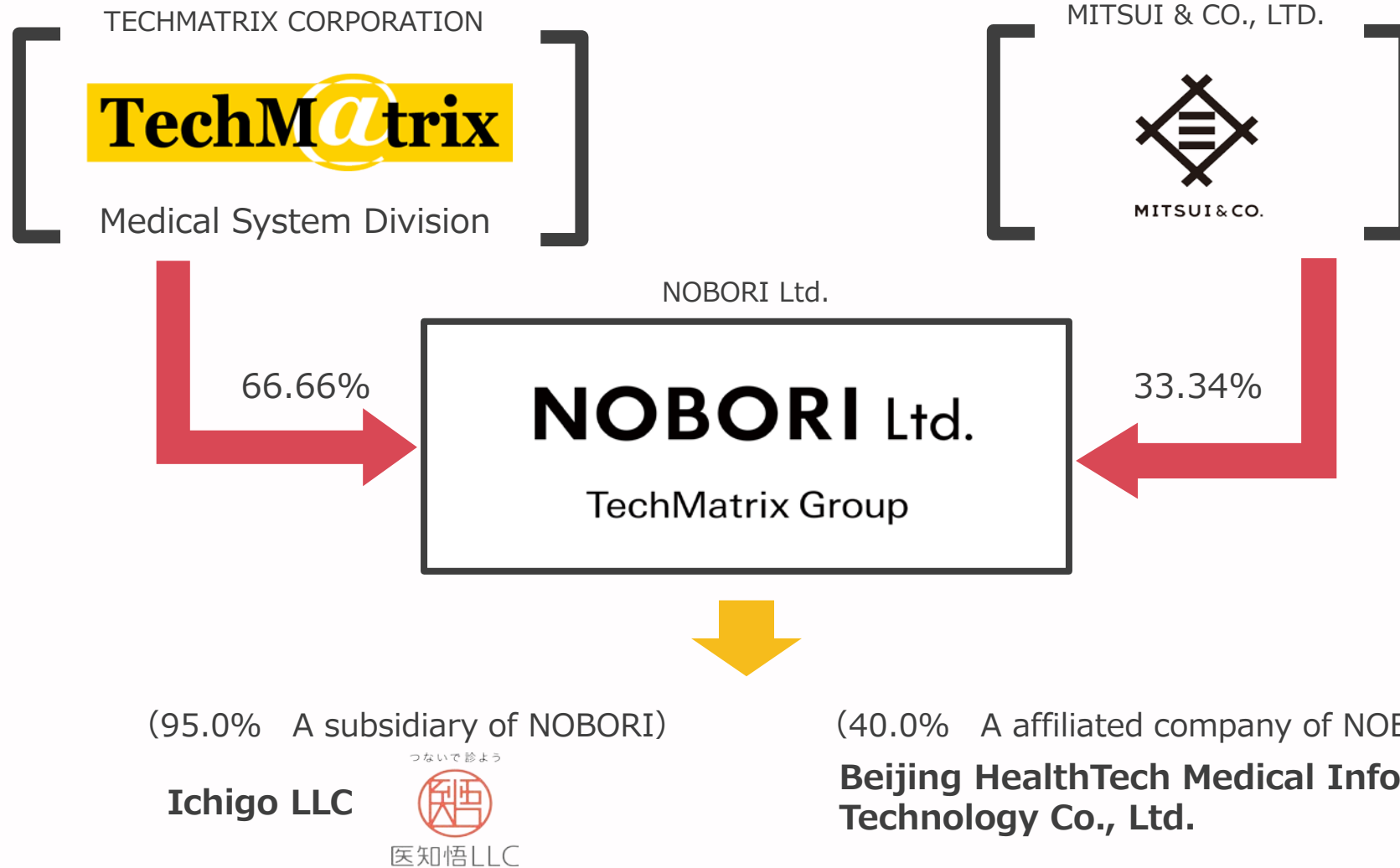
- 1 Diversification of business operating structure (conclusion of a business/capital alliance, cooperation with universities and research institutions, open innovation)
- 2 Accelerated servicization (in the whole areas)
- 3 Utilization of data (including usage of AI)
- 4 Enter B2C businesses
- 5 Rapid 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)

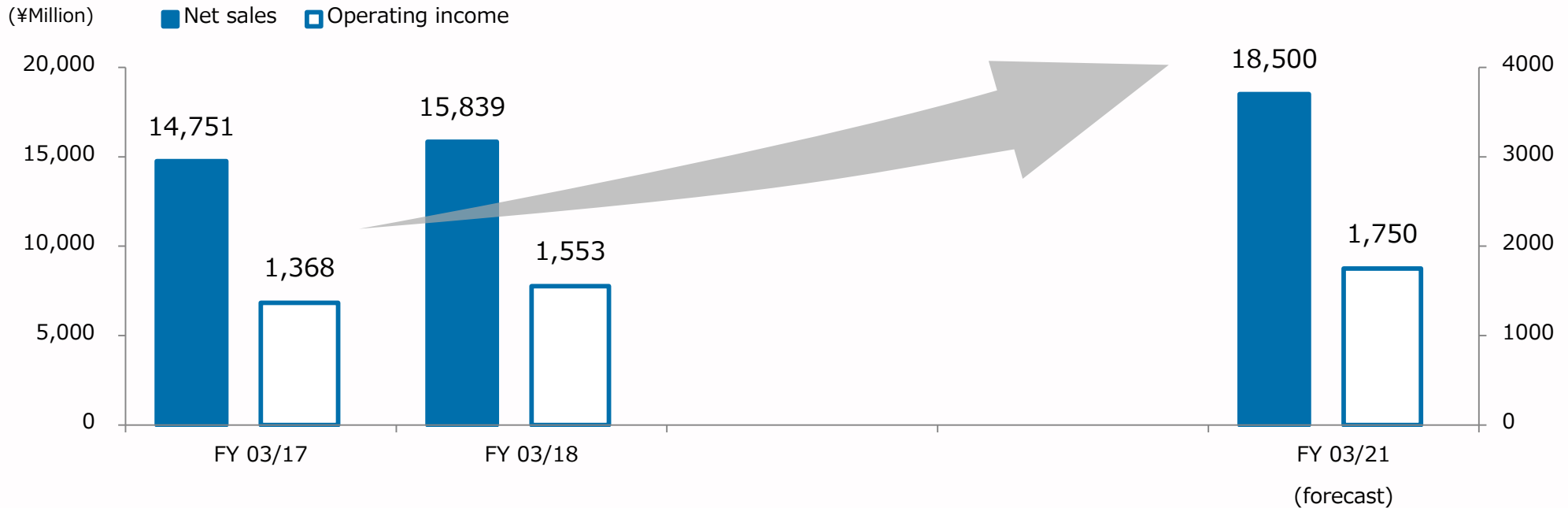
Creation of new business



Diversification of business operating system

We spin off the Medical System Division which provides a cloud service for healthcare information "NOBORI" into NOBORI Ltd. on April 1, 2018. We aggressively promote businesses in Helthcare filed.



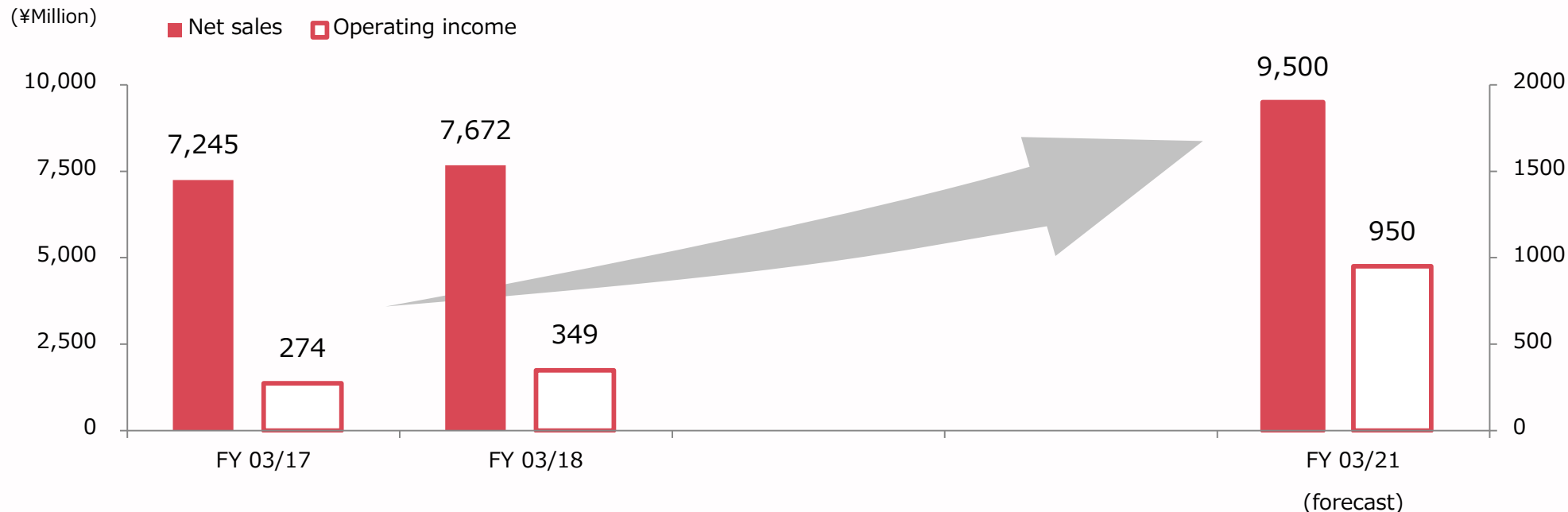


【Current situation】

- Change of business environment (Utilization of a cloud and virtualization technology, Proliferation of subscription businesses)
- Advanced and broad knowledge/technologies in security is required (change from product businesses)

【Future business expansion】

- Aggressive change of business structure and provision of high-value-added service by ourselves
- Provision of cloud services and virtualization products, and differentiation by the maintenance, operation and monitoring services
- Provision of advanced security services such as an analytical service through increasing knowledge in security
- Aggressive provision of services using TRINITY technologies, and efforts to sell those services by all sales teams
- Differentiation from other competitors by solutions satisfying the needs of various users
- Considerations of M&A and open innovation



【 Current situation 】

- Change of business environment (OSS, proliferation of cloud businesses, in-house software development, decreasing software development on a contract basis)
- Increasing the value of data (Utilization of data)

【 Future business expansion 】

- Accelerated servicization
- Enter B2C businesses
- Strategic transition from software development on a contract basis to our own value-added services
- Creation of new business like the field of education
- Cross-functional approach to Big data analysis, BI and AI
- Cooperation with start-up companies, universities and different industries
- Utilization of M&A for expanding businesses

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

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

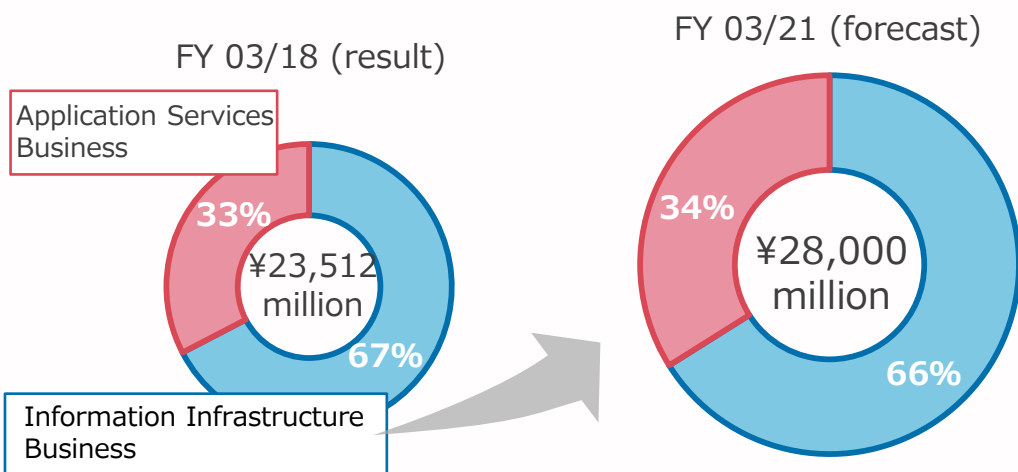
Application Services Business

	FY 03/19-FY 03/21 (forecast)
Net sales CAGR(%)	7.4
Operating income CAGR(%)	39.6

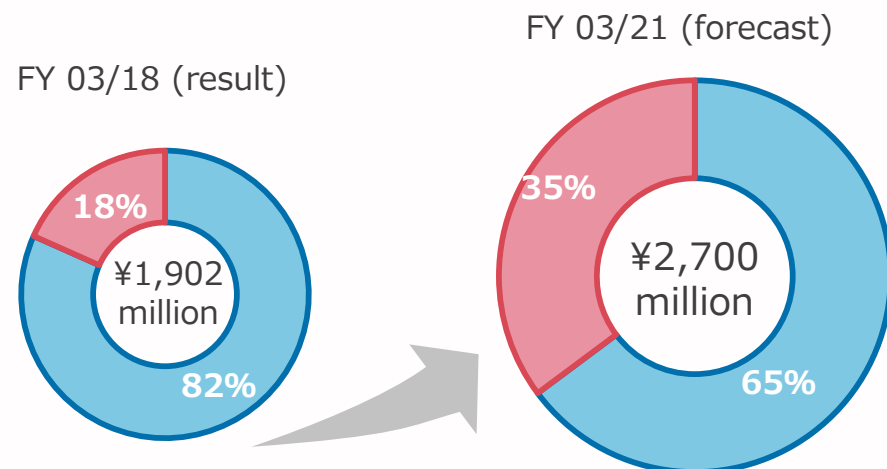
	FY 03/21(forecast)
Operating income to net sales(%)	10.0

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

Net sales

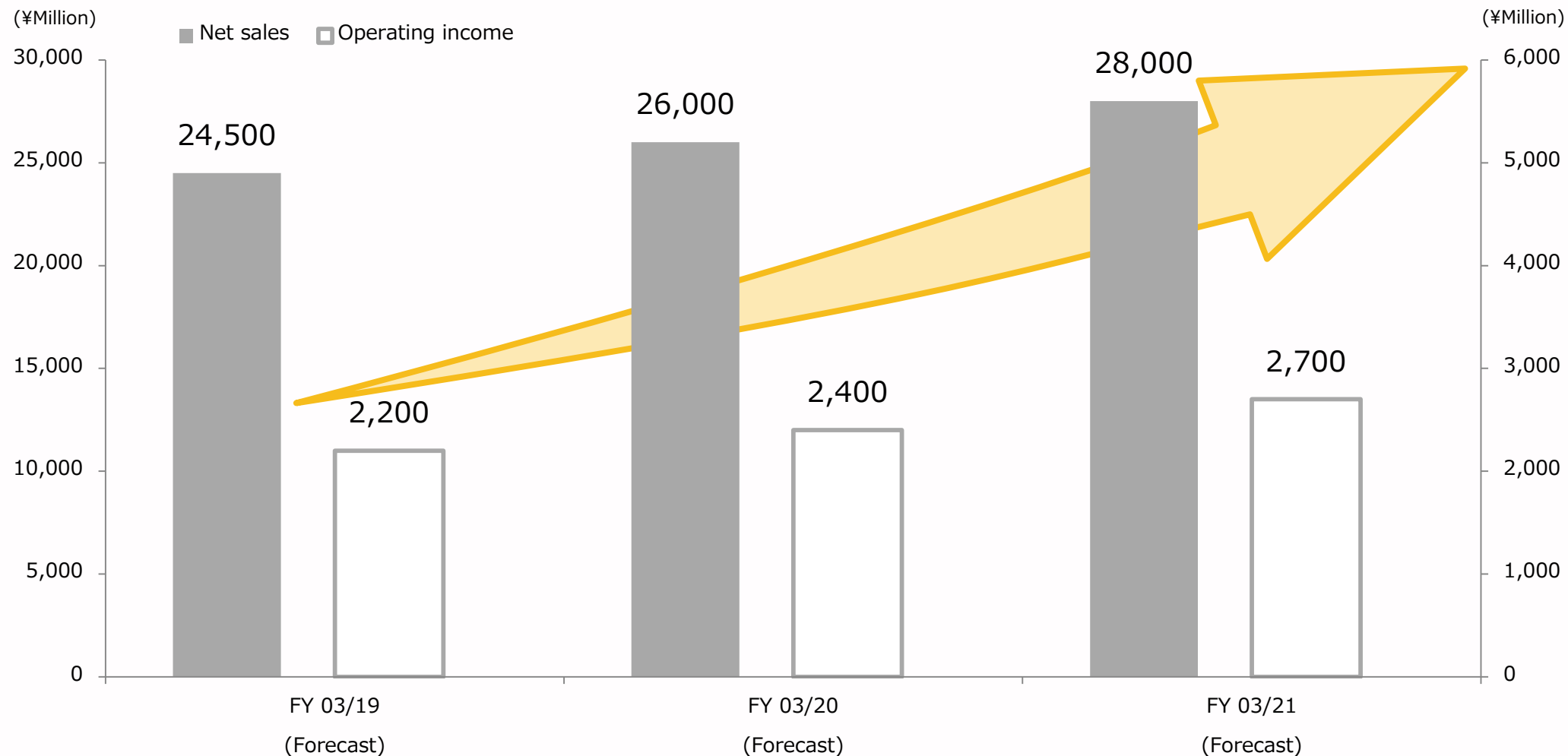


Operating income



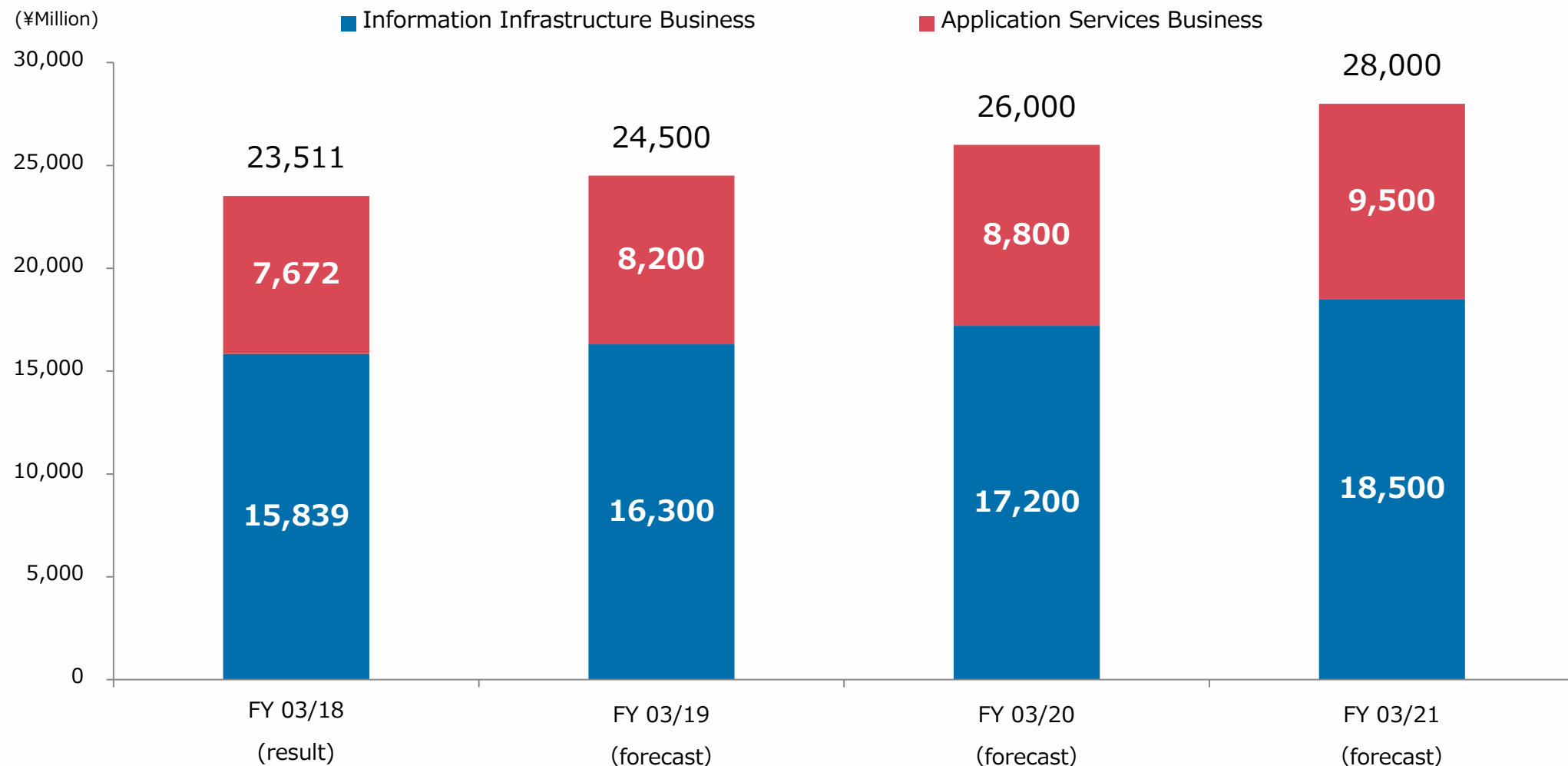
Planned value

Increasing net sales and operating continuously

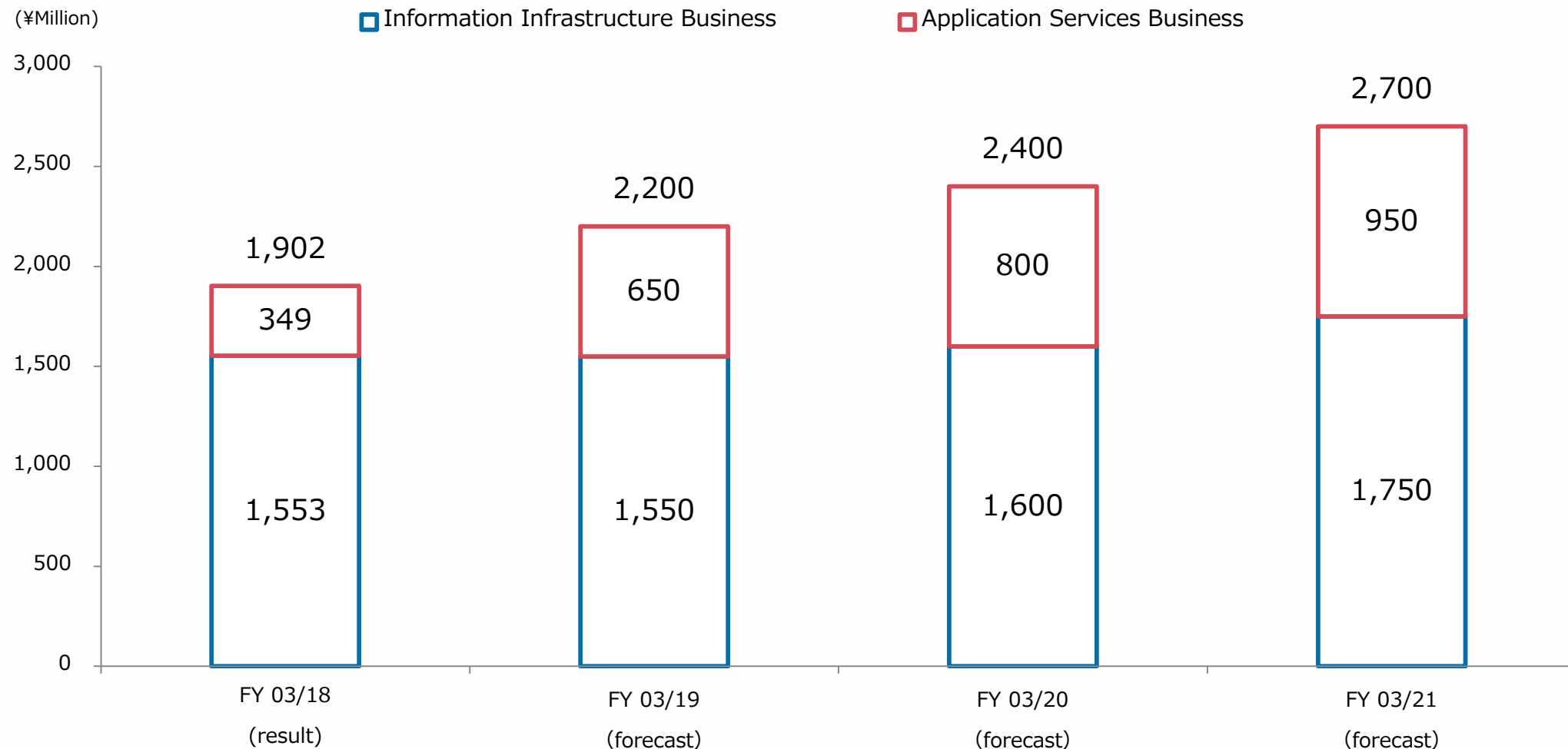


Planned value of GO BEYOND 3.0

Net sales



Operating income





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Planning and accounting division Corporate planning team

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