

1. Business Highlights for the Three Months of 41st Business Period (Fiscal Year Ending March 31, 2025)

(1) Qualitative Information on Consolidated Results of Operations

During the three months ended June 30, 2024, the Japanese economy was said to be on a moderate recovery trend, amid an improved employment and income environment. Meanwhile, due to the continuing monetary tightening as a result of global inflation, in addition to soaring raw material and energy prices driven by such factors as the prolonged situation in Ukraine and the tension in the Middle East, the depreciating trend of the yen continues.

In the Information Infrastructure Business, as cyber-attacks primarily of large companies become more frequent and sophisticated, and legal regulations and corporate governance are strengthened, cybersecurity measures are considered as a management issue. As a result, the demand for cybersecurity products and services has continued to grow. Under these circumstances, in the Information Infrastructure Business, the Company's core business, we saw strong demand continuing for cloud-based security measure products. Integrated security monitoring services provided by the Company were also robust, proving that its value-added strategies are making progress.

In the Application Services Business, business has remained strong in the CRM field thanks to collaboration with a major system integrator and telemarketing vendor. Additionally, business has been steadily increasing through subscription-based products. Furthermore, AI (Artificial Intelligence) has been developing rapidly and companies are offering services that utilize AI technology. In such a climate, the Company has been working to launch products that utilize generative AI technology, having established a foothold in the form of the capital and business alliance agreement with Mobilus Corporation concluded in the previous fiscal year. In the Software Quality Assurance field, demand remained robust for testing tools used to ensure the quality of enterprise systems and embedded software. In particular, with the further application of IT in automobiles, there was a strong demand for improvement in the quality of embedded software such as in-vehicle software, and orders continued to be favorable. In the Business Solutions field, we have substantially expanded our business with the accumulation of projects including bidding projects. In the EdTech field, we are constantly receiving inquiries, resulting in a steady increase in the number of new adoption of our platform.

In the Medical Systems Business, the new PSP Corporation ("PSP"), which was started on April 1, 2022, has been working to unify our customer base and integrate our products and services, as well as promoting the shift of PACS (medical imaging management) to recurring revenue business models. PSP also collaborates with CANON MEDICAL SYSTEMS CORPORATION in the healthcare IT solution business field, and has expanded its business through a capital and business alliance with Medmain Inc. to promote the digital pathology-related business.

On May 9, 2024, the Company announced the new Medium-term Management Plan "Creating Customer Value in the New Era." We are now living in an era of emerging new technologies such as the ever-evolving AI, the decrease in the working population due to the falling birthrate and aging, and changes in corporate social responsibility. Even with the advent of this new era, the TechMatrix Group will continue to be a company that creates a better future by solving social issues with solutions packed with its "foresight" and "business know-how," thereby creating greater "customer value." Foresight involves finding state-of-the-art technologies and discovering social issues to be solved, and then solving the discovered social issues with our business know-how. The Group recognizes that its strength lies in its profound operational knowledge of specific industries or business processes requiring expert knowledge or skills gained by serving hundreds and thousands of customers. Customer value refers not only to the solutions and services we offer, but also to the entirety of the value perceived by our customers such as the way our employees serve customers, the procedures and interactions in their transactions with us, and the brand image of the Company offering the customer value. We will strengthen the basis (specifically, the internal infrastructure that supports our business) for offering customer value. We will create an environment where every single employee can take on challenges to grow through the provision of customer value. We consider that our source of customer value is creating new value mainly by handling new technologies, entering into business sectors that make a greater contribution to society, and supporting customers' operations primarily through AI and automation. At the same time, we will generate value by embracing both our credo and aspiration (corporate

culture), such as serving persistently to provide close support for customers and having a constantly learning mindset.

Under the new Medium-term Management Plan “Creating Customer Value in the New Era,” we have set key strategies and worked toward their achievement while continuing with the core business strategies of the previous Medium-term Management Plan “BEYOND THE NEW NORMAL.”

- The core business strategies (continued)
 - Strategic and accelerated promotion of cloud-related businesses
 - Pursuit of security and safety
- The key strategies
 - Expanding business domains
 - Expanding business in the overseas market
 - Creating businesses by utilizing data

Our Group implemented the following initiatives in accordance with the above strategies.

◇ Information Infrastructure Business

First quarter ended June 30, 2024

- Concluded a partnership agreement with Dispel, an OT security provider.
- Launched AeyeScan, the vulnerability diagnostic tool of cloud-based web applications.
- Received the Partner of the Year award from Proofpoint Japan K.K. for the fourth consecutive year.
- CROSS HEAD received two stars in the Integration Sector of the Cybozu Partner Network Report 2024, for the third consecutive year.

◇ Application Services Business

First quarter ended June 30, 2024

- CRM field: Announced the linking of the contact center CRM system “FastHelp5” with CAT.AI, a navigation-type dialogue AI of TOMORROW NET
- CRM field: Linked the contact center CRM system “FastHelp5” with the AI speech recognition/call analysis service “PKSHA Speech Insight.”
- CRM field: Added four products promoting DX of contact centers to the FastSeries to encourage greater operational efficiency using generative AI and comprehensively support customer experience.
- Software Quality Assurance field: Launched “CC++test 2023.2,” a test tool supporting C programming language/ C++ programming language.
- Software Quality Assurance field: Launched “dot TEST 2023.2,” a C#VB.NET-support, static/flow analysis tool.
- Software Quality Assurance field: Launched the “Japanese version of Lattix 2023.1.2,” an architecture analysis tool.
- EdTech field: “tsumugino,” a cloud service for educational institutions, was posted on the “Education DX Service Map” of the Digital Agency.
- EdTech field: The Ritsumeikan Trust officially adopted “tsumugino,” a cloud service to support the school administrative affairs of affiliated schools.
- CASAREAL, Inc. started sales of Google Cloud as an accredited domestic distributor.

◇ Medical Systems Business

First quarter ended June 30, 2024

- PSP Corporation concluded a business alliance agreement to promote medical AI with CANON MEDICAL SYSTEMS and M3 AI.
- PSP Corporation, together with Life Data Initiative and NTT DATA Japan, started to offer Japan’s

first medical imaging data based on the Next Generation Medical Infrastructure Act.

As a result of the above, consolidated revenue for the three months ended June 30, 2024 was ¥13,763 million, a year-on-year increase of ¥2,289 million (20.0%), achieving a record high for the first quarter. Gross profit amounted to ¥4,296 million, a year-on-year increase of ¥359 million (9.1%). Selling, general and administrative expenses were ¥3,191 million, a year-on-year increase of ¥155 million (5.1%), due to increases in personnel expenses and other costs. As a result, operating profit came to ¥1,113 million, a year-on-year increase of ¥215 million (24.0%).

Consequently, profit before tax was ¥1,130 million, a year-on-year increase of ¥220 million (24.2%), and profit attributable to owners of parent was ¥726 million, a year-on-year increase of ¥165 million (29.6%).

Results by operating segment were as follows:

1) Information Infrastructure Business

Results of the Information Infrastructure Business for the three months ended June 30, 2024 were strong thanks to orders for new projects, including large orders for subscription-based cloud cybersecurity measure products. Revenue steadily increased thanks to the abundant order backlog accumulated in the previous fiscal year and orders for new projects. Operating profit increased compared to the previous fiscal year. This was because the growth of the business covered the impact of factors such as the further weakening of the yen, increased headcount, and selling, general and administrative expenses. By product, cybersecurity measure products, including e-mail security products to protect against ransomware attacks, a security awareness training solution, and solutions to visualize vulnerabilities inherent in companies and organizations, are increasingly adopted as they gain recognition.

At CROSS HEAD, orders received, revenue, and operating profit increased compared to the previous fiscal year, due in part to the efficient allocation of resources and receiving orders for large projects.

At OCH Co., Ltd., orders received, revenue, and operating profit increased compared to the previous fiscal year. Orders were strong for the new-model UTM (Unified Threat Management) product (SG-ONE TANDEM) geared to small and medium-sized businesses.

As a result, revenue of the business amounted to ¥9,606 million, a year-on-year increase of ¥2,128 million (28.5%), achieving a record high for the first quarter. Operating profit amounted to ¥940 million, a year-on-year increase of ¥293 million (45.4%).

2) Application Services Business

Results of the Application Services Business for the three months ended June 30, 2024 exceeded those for the same period of the previous fiscal year thanks to strong orders received, revenue, and operating profit.

In the CRM field, orders received, revenue, and operating profit all exceeded those of the previous fiscal year. In addition, revenue increased while operating profit reported significant increases compared to the previous fiscal year, thanks to the accumulated sales of subscription-based services from the previous fiscal year.

In the Software Quality Assurance field, orders received increased from the previous fiscal year driven by the continuing strong demand for testing tools for in-vehicle software. In addition, both revenue and operating profit exceeded those of the previous fiscal year, thanks to the accumulated sales of subscription-based services from two fiscal years ago.

In the Business Solutions field, orders received significantly increased from the previous fiscal year due to the robust order receipt for bidding projects. Although revenue was on par with the previous fiscal year, operating profit reported significant increases compared to the previous fiscal year. At ARECCIA Fintech Corp. (former Information Design & Architecture Yamazaki Co., Ltd.), orders received, revenue, and operating profit exceeded the levels of the previous fiscal year. We will continue to expand and rebuild our Group's financial

systems-related business, which was spun off in the business reorganization of July 2023. At CASAREAL, Inc., orders received, revenue, and operating profit progressed strongly, exceeding the levels of the previous fiscal year. The education business such as IT training was robust.

In the new EdTech field, our school communication platform has been adopted by private advanced schools as well as national and other public schools. Both orders received and revenue progressed strongly. Greater operating loss was reported due to the investments (for product development and increasing sales and marketing staff as well as engineers who are required to implement the platform) made in the previous fiscal year.

As a result, revenue of the business amounted to ¥2,102 million, a year-on-year increase of ¥219 million (11.6%). Operating profit amounted to ¥63 million, a year-on-year increase of ¥29 million (85.8%).

3) Medical Systems Business

For the three months ended June 30, 2024, the Medical Systems Business saw continued strong orders for “NOBORI,” a cloud service for medical information, and the cumulative number of contracting facilities increased. We have also secured orders for the renewal of service agreements with existing users and orders received have exceeded the plan. Meanwhile, upfront investments are continuing in projects such as the development of PHR services targeted at general patients and the joint development with medical institutions, AI venture companies, and external partners to launch new businesses, and they have achieved strong results. Nevertheless, revenue and operating profit decreased compared to the previous fiscal year, due to the shift to cloud-based PACS (medical imaging management), the increase in personnel for the expansion of business, and aggressive investments into development, which had all been incorporated into the initial plan.

At Ichigo LLC, our medical-related consolidated subsidiary, orders received, revenue, and operating profit exceeded the planned figures.

At A-Line Co., another medical-related consolidated subsidiary, orders for MINCADI, a radiation dose management system, have been increasing as medical institutions are increasingly willing to invest in safety management systems for medical radiation, resulting in a steady increase in revenue and a significant reduction in operating loss.

As a result, revenue of the business amounted to ¥2,054 million, a year-on-year decrease of ¥57 million (2.7%), while operating profit amounted to ¥109 million, a year-on-year decrease of ¥107 million (49.7%).

(2) Qualitative Information on Consolidated Financial Position

Current assets increased ¥4,016 million (5.7%) from March 31, 2024 to ¥74,478 million as of June 30, 2024. The principal factor in this change was an increase of ¥4,894 million in advance payments to suppliers. Non-current assets stood at ¥15,393 million, an increase of ¥99 million (0.6%) from March 31, 2024. The principal factor in this change was a ¥268 million increase in other financial assets. As a result, total assets amounted to ¥89,872 million, an increase of ¥4,116 million (4.8%) from March 31, 2024.

Current liabilities stood at ¥55,714 million, an increase of ¥4,065 million (7.9%) from March 31, 2024. The principal factor in this change was an increase of ¥5,414 million in contract liabilities. Non-current liabilities stood at ¥7,000 million, a ¥64 million (0.9%) decrease from March 31, 2024. The principal factor in this change was a ¥142 million decrease in lease liabilities. As a result, total liabilities amounted to ¥62,714 million, an increase of ¥4,001 million (6.8%) from March 31, 2024.

Total equity was ¥27,157 million, an increase of ¥114 million (0.4%) from March 31, 2024. The principal factor in this change was an increase of ¥103 million in other components of equity. As a result, the ratio of equity attributable to owners of parent to total assets was 24.3%.

(3) Qualitative Information on Consolidated Financial Results Forecast and Other Forward-looking Statements

At this point, the financial results forecast is unchanged from the figures announced on May 9, 2024.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	27,265,398	26,366,205
Trade and other receivables	6,874,634	4,454,845
Inventories	484,768	1,094,383
Advance payments to suppliers	24,946,977	29,841,125
Advance payment - cost of maintenance service	9,792,446	11,245,718
Other financial assets	–	40,617
Other current assets	1,097,798	1,435,971
Total current assets	70,462,023	74,478,868
Non-current assets		
Property, plant and equipment	6,117,671	5,931,943
Goodwill	171,978	171,978
Intangible assets	2,420,292	2,488,338
Investments accounted for using equity method	1,003,917	978,734
Other financial assets	3,650,032	3,918,605
Deferred tax assets	1,525,861	1,483,939
Other non-current assets	404,549	420,068
Total non-current assets	15,294,304	15,393,607
Total assets	85,756,328	89,872,476

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trade and other payables	2,230,641	2,295,447
Borrowings	570,000	570,000
Lease liabilities	727,316	722,258
Income taxes payable	1,419,212	412,822
Contract liabilities	42,225,862	47,640,445
Other financial liabilities	533,893	609,117
Other current liabilities	3,941,478	3,464,187
Total current liabilities	51,648,404	55,714,278
Non-current liabilities		
Borrowings	100,000	50,000
Lease liabilities	2,769,352	2,626,906
Other financial liabilities	1,613,717	1,700,764
Retirement benefit liability	2,121,092	2,160,676
Provisions	166,541	166,873
Other non-current liabilities	293,713	295,143
Total non-current liabilities	7,064,416	7,000,365
Total liabilities	58,712,820	62,714,644
Equity		
Share capital	1,298,120	1,298,120
Capital surplus	4,767,089	4,766,120
Treasury shares	(930,159)	(930,279)
Retained earnings	16,037,638	16,001,964
Other components of equity	571,780	675,434
Total equity attributable to owners of parent	21,744,468	21,811,360
Non-controlling interests	5,299,038	5,346,471
Total equity	27,043,507	27,157,832
Total liabilities and equity	85,756,328	89,872,476

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

For the three months ended June 30

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Revenue	11,473,999	13,763,829
Cost of sales	(7,536,656)	(9,467,244)
Gross profit	3,937,343	4,296,585
Selling, general and administrative expenses	(3,036,285)	(3,191,984)
Other income	3,162	10,703
Other expenses	(6,034)	(1,671)
Operating profit	898,186	1,113,633
Finance income	16,769	53,717
Finance costs	(2,288)	(11,408)
Share of profit (loss) of investments accounted for using equity method	(2,209)	(25,183)
Profit before tax	910,457	1,130,759
Income tax expense	(273,279)	(354,911)
Profit	637,177	775,847
Profit attributable to:		
Owners of parent	560,900	726,775
Non-controlling interests	76,277	49,072
Earnings per share		
Basic earnings per share (Yen)	14.05	18.11
Diluted earnings per share (Yen)	14.00	18.05

Condensed Quarterly Consolidated Statement of Comprehensive Income
For the three months ended June 30

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	637,177	775,847
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	71,611	67,300
Total of items that will not be reclassified to profit or loss	71,611	67,300
Items that may be reclassified to profit or loss		
Cash flow hedges	22,334	73,592
Exchange differences on translation of foreign operations	1,561	177
Total of items that may be reclassified to profit or loss	23,895	73,769
Other comprehensive income, net of tax	95,507	141,069
Comprehensive income	732,685	916,917
Comprehensive income attributable to:		
Owners of parent	650,091	863,008
Non-controlling interests	82,593	53,908

(3) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

1) Overview of reportable segments

The Group's reportable segments are Group components for which separate financial information is available and subject to periodic review by the management to determine the allocation of management resources and evaluate business performance.

The Group has established a business division for each company's product/service, and each business division formulates comprehensive strategies for the product/service it handles and undertakes business activities based on these strategies.

Accordingly, the reportable segments of the Group comprise segments by product/service based on their business divisions, and the three reportable segments are the "Information Infrastructure Business," the "Application Services Business," and the "Medical Systems Business."

The Information Infrastructure Business comprises the Company and its subsidiaries CROSS HEAD and OCH Co., Ltd., and engages in the sale of network, security, storage products, etc., and provides integration as well as services involving maintenance, operations, monitoring, etc. The Application Services Business comprises the Company and its subsidiaries CASAREAL, Inc., ARECCIA Fintech Corp., TechMatrix Asia Holdings Co., Ltd., and TechMatrix Asia Co., Ltd. and provides business solutions, software quality assurance, system development for CRM face-to-face markets, application packages, cloud SaaS services, application and services with high added value such as tests. The Medical Systems Business comprises PSP Corporation, Ichigo LLC, and A-Line Co., and engages in the development/integration of medical-related software, cloud services, etc. for the medical market

2) Information on reportable segments

The accounting methods for reportable segments are the same as the accounting policy for the preparation of the Group's Condensed Quarterly Consolidated Financial Statements. The profit figures of reportable segments are based on operating profit. Intersegment revenues are based on market prices.

For the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(Thousand yen)

	Reportable segment			Total	Adjustment (Note 1)	Amount reported in the Condensed Quarterly Consolidated Financial Statements
	Information Infrastructure Business	Application Services Business	Medical Systems Business			
Revenue						
Revenue from outside customers	7,478,305	1,883,497	2,112,196	11,473,999	–	11,473,999
Intersegment revenue	54,565	60,291	–	114,856	(114,856)	–
Total	7,532,870	1,943,788	2,112,196	11,588,856	(114,856)	11,473,999
Segment profit (Note 2)	646,990	34,405	216,790	898,186	–	898,186
Finance income						16,769
Finance costs						(2,288)
Share of profit (loss) of investments accounted for using equity method						(2,209)
Profit before tax						910,457

Notes: 1. Adjustment of intersegment revenue is the amount of elimination of intersegment transactions.

2. Total segment profit represents the amount of operating profit in the Condensed Quarterly Consolidated Statement of Profit or Loss.

For the three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(Thousand yen)

	Reportable segment			Total	Adjustment (Note 1)	Amount reported in the Condensed Quarterly Consolidated Financial Statements
	Information Infrastructure Business	Application Services Business	Medical Systems Business			
Revenue						
Revenue from outside customers	9,606,888	2,102,674	2,054,266	13,763,829	–	13,763,829
Intersegment revenue	52,442	73,404	–	125,847	(125,847)	–
Total	9,659,330	2,176,078	2,054,266	13,889,676	(125,847)	13,763,829
Segment profit (Note 2)	940,663	63,912	109,056	1,113,633	–	1,113,633
Finance income						53,717
Finance costs						(11,408)
Share of profit (loss) of investments accounted for using equity method						(25,183)
Profit before tax						1,130,759

Notes: 1. Adjustment of intersegment revenue is the amount of elimination of intersegment transactions.

2. Total segment profit represents the amount of operating profit in the Condensed Quarterly Consolidated Statement of Profit or Loss.

(Notes on Quarterly Statements of Cash Flows)

Condensed Quarterly Consolidated Statement of Cash Flows has not been prepared for the three months ended June 30, 2024.

Meanwhile, depreciation and amortization for the three months ended June 30, 2023 and 2024 are as follows:

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation and amortization	549,406	608,893

(Significant Subsequent Events)

Not applicable.

3. Supplementary Information

Supplementary information on orders received and stock-type sales ratio

(1) Status of orders received

The status of orders received and order backlog of each segment during the three months ended June 30, 2024 is as follows.

Segment	Orders received (Million yen)	Order backlog (Million yen)
Information Infrastructure Business	16,280	56,534
Application Services Business	2,642	5,867
Medical Systems Business	2,740	14,063
Total	21,663	76,466

(2) Supplementary information on stock-type sales ratio

The stock-type sales ratio of each segment during the three months ended June 30, 2024 is as follows. Regarding the stock-type sales ratio, for the Information Infrastructure Business and the Application Services Business, non-consolidated figures for the Company are stated and for the Medical Systems Business, the figures for PSP Corporation, the consolidated subsidiary, are stated.

Segment	Stock type net sales (Million yen)	Flow-type net sales (Million yen)	Stock-type sales ratio (%)
Information Infrastructure Business	7,025	1,323	84.2
Application Services Business	1,249	531	70.2
Medical Systems Business	1,277	679	65.3
Total	9,553	2,533	79.0